Graduate/Postgraduate Diploma in Marketing

Recommended Study Text

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Chapter 1
Management for Marketing

This chapter will cover

1. Definitions of Management
2. The Management Functions
3. Management Skills
4. Management Roles
5. Why Marketing is a Management Function

1. Definitions on Management

Management is a generic term and subject to many interpretations. A number of different ideas are attributed to the meaning of management and to the work of a manager in certain respects everyone could be regarded as a manager to some extent. We all manage our own time and everyone has some choice whether or not to do something and some control, however slight, over the planning and organization of their work. However, we are concerned with management as involving people looking beyond themselves and exercising formal authority over the activities of performance of other people.

Management can be regarded as:

- Taking place within a structured organizational setting and with prescribes roles
- Directed towards the attainment of aims and objectives
- Achieved through the efforts of other people; and
- Using systems and procedures

Definitions of management

- Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading and controlling organizational resources (Daft, 2003: 5).

- Management is the process of achieving organizational objectives, within a changing environment, by balancing efficiency, effectiveness and equity, obtaining the most from limited resources, and working with and through other people (Naylor).

The nature of management is variable. Management relates to all activities of the organization and is undertaken at all levels of the organization. Management is not a separate, discrete function. It cannot be departmentalized or centralized. An organization cannot have a department for management in the same way it can have a department for other functions, such as production, marketing, accounting or personnel. Management is
seen best, therefore, as a process common to all other functions carried out within the organization. Management is essentially an integrating activity.

2. The Management Functions

2.1 Planning Function

Planning defines where the organization wants to be in the future and how to get there. Plans give the organization its objectives and set up the best procedures for reaching them. Plans also are guides by which,

- The organization obtains and commits the resources required to reach its objectives;  
- Members of the organization carry on activities consistent with the chosen objectives and procedures; and  
- Progress toward the objective is monitored and measured so that corrective action can be taken if progress is unsatisfactory.

Planning requires broad-scale information gathering, an exploration of alternatives, and an emphasis on the future implications of present decisions.

Top level managers engage chiefly in strategic planning or long range planning. They answer such questions as "What is the purpose of this organization?" "What does this organization have to do in the future to remain competitive?" Top level managers clarify the mission of the organization and set its goals. Strategic planning sets the stage for the rest of the organization's planning.

Top level managers set very general, long-term goals that require more than one year to achieve. Examples of long-term goals include long-term growth, improved customer service, and increased profitability. Middle managers interpret these goals and develop tactical plans for their departments that can be accomplished within one year or less. In order to develop tactical plans, middle management needs detailed reports (financial, operational, market, external environment).

Tactical plans have shorter time frames and narrower scopes than strategic plans. Tactical planning provides the specific ideas for implementing the strategic plan. It is the process of making detailed decisions about what to do, who will do it, and how to do it.

Supervisors implement operational plans that are short-term and deal with the day-to-day work of their team. Short-term goals are aligned with the long-term goals and can be achieved within one year. Supervisors set standards, form schedules, secure resources, and report progress. They need very detailed reports about operations, personnel, materials, and equipment. The supervisor interprets higher management plans as they apply to his or her unit. Thus, operational plans support tactical plans. They are the
supervisor's tools for executing daily, weekly, and monthly activities. Operational plans include policies, procedures, methods, and rules. An example is a budget, which is a plan that shows how money will be spent over a certain period of time.

2.2 Organizing Function

Once managers have prepared plans, they must translate those relatively abstract ideas into reality. Organizing is thus the managerial function of creating a structure of relationships among employees that will enable them to carry out management’s plans and meet overall objectives.

Organizing is the management function concerned with assigning tasks, grouping tasks into departments, allocating resources to departments and allocating authority among an organization’s members so they can achieve the organization’s goals.

2.3 Leading Function

An organization has the greatest chance of being successful when all of the employees work toward achieving its goals. Since leadership involves the exercise of influence by one person over others, the quality of leadership exhibited by supervisors is a critical determinant of organizational success.

Providing leadership is becoming an increasingly important management function. Leading involves creating a shared culture and values, communicating goals to employees throughout the organization, and infusing employees with the desire to perform at a high level.

Leading also entails motivating entire departments and divisions as well as those individuals working immediately with the manager. In an era of uncertainty, international competition, and a growing diversity of the workforce, the ability to shape culture, communicate goals, and motivate employees is critical to business success.

Leadership studies can be classified as trait, behavioral, contingency, and transformational. Earliest theories assumed that the primary source of leadership effectiveness lay in the personal traits of the leaders themselves. Yet, traits alone cannot explain leadership effectiveness. Thus, later research focused on what the leader actually did when dealing with employees. These behavioral theories of leadership sought to explain the relationship between what the leaders did and how the employees reacted, both emotionally and behaviorally. Yet, behavior can't always account for leadership in different situations. Thus, contingency theories of leadership studied leadership style in different environments.
Transactional leaders, such as those identified in contingency theories, clarify role and task requirements for employees. Yet, contingency can't account for the inspiration and innovation that leaders need to compete in today's global marketplace. Newer transformational leadership studies have shown that leaders, who are charismatic and visionary, can inspire followers to transcend their own self-interest for the good of the organization.

2.4 Controlling Function

Management control is primarily a process for motivating and inspiring people to perform organization activities that will further the organization’s goals. It is also a process for detecting and correcting unintentional performance errors and intentional irregularities, such as theft or misuse of resources.

Control is often associated with the act of delegation. Payne and Payne define control as monitoring the performance of the delegated task so that the expected results are successfully achieved. However, this does not imply that control is undertaken only by managers. The person to whom the task is delegated can also effectively identify and operate day-to-day controls.

Control often has an emotive connotation and is interpreted in a negative manner to suggest direction or command by giving of orders. By their very nature, control systems are concerned with the regulation of behavior. Thus people see them as emphasizing punishment, an indication of authoritarian management, and a means of exerting pressure and maintaining discipline. Control is therefore a general concept which is applied to both individual behavior and organizational performance.

At the organizational level, management needs to exercise control over the behavior and actions of staff in order to ensure a satisfactory level of performance. Managerial control systems are a means of achieving progress to determine whether the objectives of the organization are being achieved. Control completes the cycle of managerial activities. Control provides a check on the execution of work and on the success or failure of the operations of the organization.

3. Management Skills

A manager’s job is complex and multidimensional, thus in order to carry out the process of management and execution of work, the manager requires a combination of technical competence, social and human skills, and conceptual ability.

Though the degree of each skill necessary at different levels of an organization may vary, all managers must possess these skills in each of these important areas in order to perform effectively.
### 2.1 Technical Skills

Technical competence relates to the application of specific knowledge, methods and skills to discrete tasks. Technical skills include mastery of the methods, techniques and equipment involved in specific functions such as engineering, manufacturing, finance. It also includes specialized knowledge, analytical ability and the competent use of tools and techniques to solve problems in that specific discipline. These skills are particularly important at lower organizational levels. Many managers get promoted to their first management job by having excellent technical skills. However, technical skills become less important than human and conceptual skills as managers move up the hierarchy.

### 2.2 Human Skills

This is the manager’s ability to work with and through other people and to work effectively as a group member. This skill is demonstrated in the way a manager relates to other people, including the ability to motivate, facilitate, coordinate, lead, communicate and resolve conflicts.

Today’s managers need to be genuinely concerned with emotional needs of their employees, not just the physical needs related to their job tasks. As globalization, workforce diversity, uncertainty, and competition for highly skilled knowledge workers increase, human skills become even more crucial.

Human skills are becoming increasingly important for managers at all levels, and particularly for those who work with employees directly on a daily basis.

### 2.3 Conceptual Skills

Conceptual skill is the cognitive ability to see the organization as a whole and the relationship among its parts. It involves the manager’s thinking, information processing and planning abilities. It involves knowing where one’s department fits in the organization and how the organization fits in the industry, community, and the broader business and social environment. In short, it is the ability to think strategically - to take the broad long-term view. Although this skill is needed by all type of managers, it is
especially important for managers at the top. As managers move up the hierarchy, they must develop conceptual skills or their promotability will be limited. Many of the responsibilities of top managers, such as decision-making, resource allocation and innovation, require a broad view.

4. Management Roles

To meet the many demands of performing their functions, managers assume multiple roles. Henry Mintzberg defines a role as an organized set of behaviors. Based on the study of the work of five chief executives of medium sized to large organizations, Mintzberg classifies the activities which constitute the essential functions of a top manager’s job to arrive at ten managerial roles.

The ten roles are divided into three groups:
- Interpersonal
- Informational
- Decisional

4.1 Interpersonal Roles

The interpersonal roles are relations with other people arising from the manager’s authority and status. The three interpersonal roles are:

*Figurehead role* – this is the most basic and simple of the managerial roles. The manager is a symbol and represents that organization in matters of formality. The manager is involved in matters of a ceremonial nature, such as signing of documents, participation as a social necessity, and greeting visitors.

*Leader role* – is among the most significant of roles and permeates all activities of a manager. The leader role encompasses relationships with subordinates, including motivation, communication, and influence.

*Liaison role* – the liaison role pertains to the development of information sources both inside and outside the organization. An important part of the manager’s job is linking between the organization and the environment.

4.2 Informational Roles

The direct relationships with people in the interpersonal roles place the manager in a unique position to get information. Thus the informational roles relate to the sources and communication of information arising from the manager’s interpersonal roles.
Monitor role – identifies the manager in seeking and receiving information. The information enables the manager to develop an understanding of the working of the organization and its environment. Information may be received from internal or external sources, and may be formal or informal.

Disseminator role – involves the manager in transmitting external information through the liaison role into the organization, and internal information through the leader role between the subordinates. The information may be largely factual or may contain value judgments.

Spokesperson role– involves the manager as formal authority in transmitting information to people outside each unit, such as the board of directors or other superiors, and the general public such as suppliers, customers, government departments and the press.

4.3 Decisional Roles

The unique access to information places the manager at the center of organizational decision-making. Therefore, decisional roles involve the making of strategic organizational decisions on the basis of the manager’s status ad authority, and access to information.

Entrepreneurial role – is the manager’s function to initiate and plan controlled (that is, voluntary) change through exploiting opportunities or solving problems, and taking action to improve the existing situation. The manager may play a major part personally, in seeking improvement, or may delegate responsibility to subordinates.

Disturbance handler role – involves the manager in reacting involuntary situations and unpredictable events. When an unexpected disturbance occurs, such as for example conflicts among subordinates the manager must take action to correct the situation.

Resource allocator role – involves the manager in using formal authority to decide where effort will be expended, and making choices on the allocation of resources such as money, time, materials and staff. The manager decides the programming of work and maintains control by authorizing important decisions before implementation.

Negotiator role – is participation in negotiation activity with other individuals or organizations, to attain outcomes for the manager’s unit of responsibility, for example a new agreement with a trade union. Because of the manager’s authority, credibility, access to information and responsibility for resource allocation, negotiation is an important part of the job.

It should be noted that every manager’s job consists of some combination of roles. Mintzberg emphasizes, even though the roles are described separately for understanding
purpose, in practice they are not easily isolated, but form an integrated whole. Furthermore the importance of these roles may vary considerably by managerial level (lower, middle and top level). For example, the decisional roles are more significant for managers at the strategic level rather than for those at a supervisory level.

5. Why Marketing is a Management Function

Marketing can indisputably be seen as having a managerial aspect to it. This can be further illustrated by considering some marketing activities which invariably involve certain elements of the management function in satisfying customer requirements.

a) Identifying customer requirements through market research  
b) Anticipate customer requirements into the future by way of forecasting  
c) Work with other functions in the organization and develop products to satisfy customer wants  
d) Work our costs, understand customer requirements and set prices  
e) Organize channels of distribution to distribute products  
f) Carry out promotional campaigns

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Chapter 2  
Structural Designs to Achieve Marketing Goals

This chapter will cover
1. The Horizontal Organization  
2. Traditional Organizations versus the New Workplace  
3. Factors Shaping Structure  
4. Organizational Structures to Support New Marketing Challenges

1. The Horizontal Organization

1.1 The Traditional vertical Organization and its Conflict with the Horizontal Process

The design of its organization is one of the management’s major problems. Any organizational structure should enable employees to work effectively toward accomplishing organizational goals. This can be done in three ways.

First, structure formally allocates people and resources to tasks that have to be done and provides the means for coordination. Job descriptions, organizational charts, committees, lines of authority can be designed to assist the manager. Second, members of the organization understand more clearly what is expected of them when operating procedure spell out ways in which tasks are to be performed. Standards of performance can be established. Using criteria such as output or quality of performance, enables the manager to plan and communicate effectively the organization’s operating procedures to all employees. Third, the structure helps the managers know who has the information needed to make decisions. Procedures can be established whereby information is collected, evaluated, and made available to managers on a regular basis.

When designing the organization, a fundamental requirement is that people be allocated responsibilities in agreement with the tasks to be performed. Given the total range of tasks to be performed by the organization, the question arises as to how tasks should be grouped. Another way to put the question is: on what basis should the people in the organization be specialized?

Many companies are recognizing that traditional vertical organization structures are ineffective in today’s fast shifting environment, which is one reason for the growing use of teams, networks, and virtual approaches. Managers are looking for ways to transform their organizations into more flexible systems that emphasize rapid response and customer focus. Particularly for companies using the internet to conduct business, a tight vertical approach such as traditional functional structure does not work.
In general the trend is toward breaking down barriers between departments, and many companies are moving toward horizontal structures based on work processes rather than departmental functions. Regardless of the type of structure, all organizations need mechanisms for horizontal coordination.

As organizations grow and evolve, new positions and departments are added to deal with factors in the external environment or with new strategic needs. As companies add positions and departments to meet changing needs, they grow more complex, with hundreds of positions and departments performing incredibly diverse activities. The formal chain of command the supervision it provides is effective, but is not enough. The communication among people in different departments and at different levels deteriorates. Functional departments tend to deemphasize the goals of the firm as a whole while departments concentrate on meeting their own costs and schedules without regard for the entire organization. Finance people are finance experts, and production people are production experts, experts often have a difficulty in seeing the firm as a whole, thus complicating coordination between activities. In other words, people develop loyalty to the department, thereby creating interdepartmental conflicts.

This poor coordination may become a problem for top management. Hence, considerable effort is required by top management to promote coordination, thereby deflecting them from important strategic activity. Although the vertical structure is effective in stable environments, it does not provide the horizontal coordination needed in times of rapid change. For the reason that innovation and change require the involvement of several departments which is often not available within the vertical structure.

### 1.2 Teams and Projects for the Horizontal Organization

Innovations such as teams, task forces, and project managers work within the vertical structure but provide a means to increase cross-functional communication and cooperation.

**a) Task Forces, Teams and Project Management**

A task force is a temporary tea or committee designed to solve a short term problem involving several departments. Task force members represent their departments and share information that enables coordination.

For example, General Motors uses task forces to solve contemporary problems in its manufacturing plants. When a shipment of car doors arrived from a fabricating plant with surface imperfections, the plant manager immediately created a task force o solve the problem. He got everybody together on the factory floor to examine the part that was causing the problem, and the task force resolved the problem in about two hours.
In addition to setting up task forces, companies also set up teams. As used for coordination, a team is a group of participants from several departments who meet regularly to solve ongoing problems of common interest. The permanent team is similar to a task force except that it works with continuing rather than temporary problems and might exist for several years.

Companies also use project managers to increase coordination between functional departments. A project manager is a person who is responsible for coordinating the activities of several departments for the completion of a specific project. Project managers might also have the titles such as product manager, integrator, program manager, or process owner. Project managers are critical today because many organizations are almost constantly reinventing themselves, creating flexible structures, and working on projects with an ever-changing assortment of people and organizations.

The distinctive feature of the project manager is that the person is not a member of one of the departments being coordinated. Project managers are located outside the departments and have responsibility for coordinating several departments to achieve desired project outcomes.

Project managers need excellent people skills. They use expertise and persuasion to achieve coordination among various departments, and their jobs involve getting people together, listening, building trust, confronting problems, and resolving conflicts and disputes in the best interest of the project and the organization.

1.3 Reengineering to Horizontal Processes

Reengineering, sometimes called business process reengineering, is the radical redesign of business processes to achieve dramatic improvements in cost, quality, service and speed. Because the focus of reengineering is on process rather than function, reengineering generally leads to a shift away from a strong vertical structure to one emphasizing stronger horizontal coordination and greater flexibility in responding to changes in the environment.

Reengineering changes the way managers think about how work is done in their organizations. Rather than focusing on narrow jobs structured into distinct, functional departments, they emphasize core processes that cut horizontally across the company and involve team teams of employees working to provide value directly to customers. A process is an organized group of related tasks and activities that work together to transform inputs into outputs and create value. Common examples of processes include new product development, order fulfillment and customer service.

Reengineering frequently involves a shift to a horizontal structure based on teams. For example, take the formation of a product development team. Each team is made up of
people drawn from engineering, marketing, and other departments and takes full responsibility for a product from concept to launch/functional departments still exist, but their responsibility is no longer to do the work but to train people in the skills required to work on horizontal tasks.

Reengineering basically means starting over, throwing out all the notions about how work was done and deciding how it can best be done now. It required identifying customer needs and then designing processes and aligning people to meet those needs.

Reengineering can lead to stunning results, but like all business ideas, it has its drawbacks. Organizations often have difficulty in realigning power relationships and management processes to support work redesign, and thus do not reap the intended benefits of reengineering. According to some estimates, 70 percent of reengineering efforts fail to reach their intended goals, because reengineering is expensive, time consuming, and usually painful, it seems best suited to companies that are facing serious competitive threats.

**1.4 New Workplace – Learning Organization**

The term learning organization is a contested one and writers continue to use it in different ways. Most agree that a learning organization involves an interaction between the development of the organization and the development of employees.

The following are a few definitions:

- It is an organization which facilitates the learning of all of its members and continuously transforms itself (Pedler, Boydell, and Burgoyne)
- It is a place where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together (Peter Senge)

The learning organization seems ideal. The picture that is painted of this type of organization is one that is ultimately highly flexible and open ended. It is able to continually transform itself and learn from experience and thus always be ready to take advantage of changing external conditions. Such an organization values individual development, open communication, and trust. It lends itself to flat, open and networked structures. Rather than occurring as separate and sometimes accidental activities, learning is a deliberate and central process in the learning organization.
2. Traditional Organizations versus the New Work Place

Elements of structure such as chain of command, centralization/decentralization, formal authority, teams, and coordination devices fit together to form an overall structural approach. In some organizations, the formal, vertical hierarchy is emphasized as the way to achieve control and coordination. In other organizations, decision making in centralized, cross functional team are implemented, and employees are given freedom in how they are to carry out their job.

The increasing trend toward more horizontal versus vertical structures reflects the trend toward greater employee empowerment, broad information sharing, and decentralized decision making. At the apex of this movement is a type of organization called the learning organization. There is no single view of what the learning organization looks like. It is an attitude or philosophy about what an organization can become.

The learning organization is characterized by

- A horizontal team based structure
- Open information
- Decentralized decision making
- Empowered employees
- Strong adaptive culture

2.1 Horizontal Structures

In the new workplace learning organization, the vertical structure that created distance between the top and bottom of the organization is disbanded. Structure is created around workflows or core processes rather than departmental functions. All the people who work on a particular process, such as new product development or customer care, have access to one another so they can easily communicate and coordinate their efforts, share knowledge, and provide value directly to their customers.

Self directed units are the fundamental unit in a learning organization. Self-directed teams are made up of employees with different skills who rotate jobs to produce an entire product or service, and they deal directly with customers making changes and improvements as they go along. Team members have the authority to make decisions about new ways of doing things, including taking responsibility for training, scheduling vacations, and decisions about work methods, pay and reward schemes, and coordination with other teams.

Learning organizations also strive to break down boundaries with other companies. New organizational forms such as the network organization are horizontal teams of companies rather than teams of individuals. Learning organizations may use a combination of self
directed teams, virtual teams, alliances and partnerships, virtual organizations, and other structural innovations to support collaboration within and between organizations.

2.2 Open Information

In the new workplace learning organization, information is widely shared. To identify needs and solve problems, people have to be aware of what’s going on. They must understand the whole organization as well as their part in it. Formal data about budgets, profits, and departmental expenses are available to everyone. Every employee is free to look at the books and exchange information with anyone in the company.

Electronic communication is essential to information and knowledge sharing in a learning organization. Networks of computers, internet technology, and the use of intranets and extranets change the locus of knowledge by getting information to the people who really need it and enabling employees to stay constantly in touch with one another.

However the learning organization also recognizes the importance of getting people to communicate face-to-face, with the emphasis on listening.

2.3 Decentralized Decision Making and Participative Structure

In traditional organizations, decisions are passed up the hierarchy for approval. In a learning organization, the people closest to the problem are given authority and responsibility for decision making. Because people at all levels are intimately involved in making decisions, this allows strategy to emerge bottom up as well as top down. In traditional vertical organizations, top executives are responsible for strategy because only they have the big picture, knowledge, and expertise to direct the corporation. In the learning organization, leaders still influence overall vision and direction, but they do not control or direct strategy alone. Everyone helps.

Information is gathered by employees who work directly with customers, suppliers, and other organizations. Perhaps thousands of people are in touch with the environment, providing data about external changes in technology and customer needs. They are the ones to identify needs and solutions, passing these ideas into the organization for discussion.

Participative strategy relies on an experimental mindset. People are encouraged to try new things, and failure is accepted. Managers realize that problems and decisions present new learning opportunities and they encourage employees to step outside their comfort zone and take risks. Strategy in learning organizations also may merge from partnership linkages with suppliers, customers, and even competitors. Learning organizations have permeable boundaries and are often linked with other companies, giving each organization greater access to information about new strategic needs and directions.
Instead of looking at customers or suppliers at arm’s length, the new workplace learning organization brings them into the company as partners working together to provide benefits for all.

2.4 Empowered Employees and Shared Responsibilities

Learning organizations empower employees to an extraordinary degree, giving them the authority and responsibility to use their own discretion and ability to achieve an outcome. Empowerment means giving employees the power, freedom, knowledge, and skills to make decisions and perform effectively.

Rather than dividing jobs into rigidly defined, specialized tasks, learning organizations allow people the freedom and opportunity to react quickly to changing conditions. There are few rules and procedures, and knowledge and control of tasks are located with workers rather than top managers. Individuals are encouraged to experiment, learn, and solve problems within the team.

How do companies implement empowerment? It starts by promoting the decentralization of decision making and broader worker participation. In learning organizations people are considered a primary resource of strength, not a cost to be minimized. Firms that adopt this perspective often employ the following practices:

- Treat employees well
- Provide employment security and good wages
- Provide a sense of employee ownership by sharing gains in productivity and profits
- Commit to education for all member’s growth and development
- Help employees become experts
- Cross train to help employees acquire multiple skills
- Promote from within

2.5 Strong Adaptive Culture

Corporate culture is the set of key values, beliefs, understandings, and norms shared by members of the organization. The culture is the foundation of a learning organization. The culture of a learning organization is strong and typically includes strong values in the following three areas:

i. The whole is more important than the part, and boundaries between parts are minimized. People in the new workplace learning organization are aware of the whole system and how the parts fit together. The emphasis on the whole reduces boundaries. People no longer hoard information or ideas for themselves. The move towards a borderless organization means reducing barriers among departments, divisions and
external organizations. The free flow of people, ideas, and information allows coordinated action to occur in an uncertain and changing environment.

ii. The culture is egalitarian. The culture of a learning organization creates a sense of community, compassion, and caring for one another. People count. Every person has value. The learning organization becomes a place for creating a web of relationships that nurture and develops each person to his or her maximum potential. Executive perks such as private dining rooms or reserved parking spots are eliminated. People are treated with respect and thereby contribute their best to the company.

iii. The culture values change, risk taking, and improvement. A basic value is to question the status quo, the current way of doing things. Can we do this any better? Why do we do this job that way? Constant questioning of assumptions and challenging the status quo open the gates to creativity and improvement. The organization learns to do things faster and to improve everything on an ongoing basis. An adaptive culture means that people care about important stakeholders, including employees, customers, and stock holders. Managers pay close attention to stakeholders and initiate change when needed. The culture also celebrates and rewards the creators of new ideas, products and work processes.

In the learning organization, the culture encourages openness, borderlessness, equality, continuous improvement, and change. The learning organization is always moving forward.

3. Factors Shaping Structure

How do managers know whether to design a structure that emphasizes the formal, vertical hierarchy or one with an emphasis on horizontal communication and collaboration? The answer lies in the contingency factors that influence organization structure. Contingency pertains to those factors on which structure depends.

Research on organization structure shows that the emphasis given to a rigid or flexible structure depends on the contingency factors of strategy, environment, production technology, and departmental interdependence. The right structure is designed to fit the contingency factors. The four contingency factors affect whether an organization should have a traditional vertical structure or a new workplace horizontal structure. These four areas are changing quite dramatically for most organizations, creating a need for stronger horizontal coordination.

3.1 Structure Follows Strategy

In his landmark study of seventy large organizations, Alfred Chandler found that organization design follows strategy. The choice of organization design makes a
difference because not all forms of design support a particular strategy equally well. This structure follows strategy theory is based on the idea that, like a plan, an organization’s design should be a means to an end, not an end in itself.

Businesses can adopt several strategies. Two strategies proposed by Porter are differentiation and cost leadership. With a differentiation strategy, the organization attempts to develop innovative products unique to the market. With a cost leadership strategy, the organization strives for internal efficiency. The strategies of cost leadership versus differentiation typically require different structural approaches, so managers try to pick strategies and structures that are congruent.

The pure functional structure is appropriate for achieving internal efficiency goals. The vertical functional structure uses task specialization and a strict chain of command to gain efficient use of scarce resources, but it does not enable the organization to be flexible or innovative. In contrast, the learning organization is appropriate when the primary goal is innovation and flexibility. Each team is small, is able to be responsive, and has the people and resources necessary for performing its tasks. The flexible horizontal structure enables organizations to differentiate themselves and respond quickly to the demands of a shifting environment but at the expense of efficient resource use.

### 3.2 Structure Reflects Environment

Environmental uncertainty means that decisions makers have difficulty acquiring good information and predicting external changes. Uncertainty occurs when the external environment is rapidly changing and complex. An uncertain environment causes three things to happen within an organization.

i. Increased differences occur among departments. In an uncertain environment, each major department – marketing, manufacturing, research and development – focuses on the task and environmental sectors for which it is responsible and hence distinguishes itself from the others with respect to goals, task orientation, and time horizon. Departments work autonomously. These factors create barriers among departments.

ii. The organization needs increased coordination to keep departments working together. Additional differences require more emphasis on horizontal coordination to link departments and overcome differences in departmental goals ad orientations.

iii. The organization must adapt to change. The organization must maintain a flexible, responsive posture, toward the environment. Changes in products and technology require cooperation among departments, which means additional emphasis on coordination through the use of teams, project managers, and horizontal information processing.
The following exhibit displays the relationship between environment and structure.

<table>
<thead>
<tr>
<th>Structure</th>
<th>Vertical</th>
<th>Horizontal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorrect fit:</td>
<td>Vertical structure in uncertain</td>
<td>Correct fit:</td>
</tr>
<tr>
<td></td>
<td>environment</td>
<td>Horizontal structure in uncertain</td>
</tr>
<tr>
<td></td>
<td>Structure too tight</td>
<td>environment</td>
</tr>
</tbody>
</table>

When the external environment is more stable, the organization can succeed with a traditional structure that emphasizes vertical control. There is little need for change, flexibility, or intense coordination. The structure can emphasize specialization, centralized decision making, and wide spans of control.

When environmental uncertainty is high, a horizontal structure that emphasizes lateral relationships such as team and horizontal projects is appropriate. Vertical characteristics such as specialization, centralization, and formalized procedures, should be downplayed. In an uncertain environment, the organization figures things out as it goes along, departments must cooperate, and decisions should be decentralized to the teams and task forces working on specific problems.

Not all organizations have to be super responsive to the environment, but using the correct structure for the environment is important for business as well.

3.3 Structure fits Technology

Technology includes knowledge, tools, techniques, and activities used to transform organization input into outputs. Technology includes machinery, employee skills, and work procedures. A useful way to think about technology is as production activities. The production activities may be to produce steel castings, television programs, or computer software.

Production technology is significant because it has direct influence on the organization structure. Structure must be designed to fit the technology as well as to accommodate the external environment. Technologies vary between manufacturing and service organizations. In addition, new digital technology has an impact on structure as well. In
the following paragraphs, we discuss each characteristic of technology and the structure that best fits it.

a) Woodward’s Manufacturing Technology

The most influential research into the relationship between manufacturing technology and organization structure was conducted by Joan Woodward, a British industrial sociologist. She gathered data from 100 British firms to determine whether basic structural characteristics such as administrative overhead, span of control, centralization, and formalization, were different across firms. She found that manufacturing firms could be categorized according to three basic types of production technology.

i. Small batch and unit production

Small batch production firms produce goods in batches of one or a few products designed to customer specification. Each customer orders a unique product. This technology is also used to make large, one-of-a-kind products, such as computer controlled machines. Small batch manufacturing is close to traditional skilled-craft work, because human beings are a large part of the process; they run machines to make the product. Examples of items produced through small batch manufacturing include custom clothing, special order machine tools, space capsules, satellites, and submarines.

ii. Large batch and mass production

Mass production technology is distinguished by standardized production runs. A large volume of products is produced, and all customers receive the same product. Standard products go into inventory for sale as customers need them. This technology makes greater use of machines than does small batch production. Machines are designed to do most of the physical work, and employees complement the machinery. Examples of mass production are automobiles, assembly lines and large batch techniques used to produce computers, tobacco products and textiles.

iii. Continuous process production

In continuous process production, the entire work flow is mechanized. This is the most sophisticated, and complex form of production technology. Because the process runs continuously, there is no starting and stopping. Human operators are not part of actual production because machinery does all of the work. Human operators simply read dials, fix machines that break down, and manage the production process. Examples of continuous process technologies are chemical plants, distilleries, petroleum refineries, and nuclear power plants.

The difference among the three manufacturing technologies is called technical complexity. Technical complexity means the degree to which machinery is involved in
the production to the exclusion of people. With a complex technology employees are hardly needed except to monitor the machines.

<table>
<thead>
<tr>
<th>Manufacturing technology</th>
<th>Small batch</th>
<th>Mass production</th>
<th>Continuous process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical complexity of production technology</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Structure:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formalization</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Centralization</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Top administrator ratio</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Indirect/direct labor ratio</td>
<td>1/9</td>
<td>1/4</td>
<td>1/1</td>
</tr>
<tr>
<td>Supervisor span of control</td>
<td>23</td>
<td>48</td>
<td>15</td>
</tr>
<tr>
<td>Communication Written (vertical)</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Verbal (horizontal)</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Overall structure</td>
<td>Flexible</td>
<td>Rigid</td>
<td>Flexible</td>
</tr>
</tbody>
</table>

The structural characteristics associated with each type of technology are illustrated in the table presented above.

Note that formalization and centralization are high for mass production technology and low for continuous process. Unlike small-batch and continuous process, standardized mass production machinery requires centralized decision making and well-defined rules and procedures. The administrative ratio and percentage of indirect labor required also increases with technological complexity. Because the production process is non-routine, closer supervision is needed. More indirect labor in the form of maintenance people is required because of the machinery’s complexity; thus, the direct/indirect labor ratio is high. Span of control for first line supervisors is greatest for mass production. On an assemble line jobs are so routinized that a supervisor can handle an average 48 employees. The number of employees per supervisor in small-batch and continuous process production is lower because closer supervision is needed. Overall, small-batch production and continuous process firms have somewhat loose, flexible structures, and mass production firms have tight, vertical structures.

The important conclusion about manufacturing technology was described by Woodward as follows:

*Chapter 02 - Structural Designs to Achieve Marketing Goals*
“Different technologies impose different kinds of demands on individuals and organizations, and these demands have to be met through an appropriate structure.”

**b) Service Technology**

Service organizations are becoming increasingly important. For the past two decades, more people have been employed in service organizations than in manufacturing organizations. Thus research has been undertaken to understand the structural characteristics for service organizations.

Examples of service organizations include, consulting companies, law firms, brokerage houses, airlines, hotel, advertising firms, amusement parks, and educational organizations. In addition, service technology characterizes many departments in large corporations, even manufacturing firms. In a manufacturing company, such as Ford Motor Company, the legal, human resources, and market research departments all provide service. Thus, the structure and design of these departments reflect their own service technology rather than the manufacturing plant’s technology.

Service technology has the following characteristics:

i. **Intangible output:** the output of a service firm is intangible. Services are perishable, and unlike physical products, cannot be stored in inventory. The service is either consumed immediately or lost forever. Manufactured products are produced at one point in time and can be stored until sold at another time.

ii. **Direct contact with customers:** employees and customers interact directly to provide and purchase the service. Production and consumption are simultaneous. In a manufacturing firm, technical employees are separated from customers, and hence no direct interaction occurs.

One distinct feature of service technology that directly influences structure is the need for employees to be close to the customer. Structural characteristics are similar to those for continuous manufacturing technology. Service firms tend to be flexible, informal and decentralized. Horizontal communication is high because employees must share information and resources to serve customers and solve problems. Services are also dispersed; hence each unit is often small and located geographically close to customers. For example, banks, hotels, fast-food franchises, and doctor’s offices disperse their facilities into regional and local offices to provide faster and better service to customers.

Some services can be broken down into explicit steps, so that employees can follow set rules and procedures. For example, McDonald’s has standard procedures for serving customers and Marriot has standard procedures for cleaning hotel rooms. When services
can be standardized, a tight centralized structure can be effective, but service firms in general tend to be more flexible and decentralized.

c) Digital Technology

Digital technology is characterized by the use of the internet and other digital processes to conduct or support business online. E-commerce organizations such as Amazon.com, which sells books and other products to consumers over the internet, eBay, an online auction site, Yahoo!, an internet search engine, are all examples of firms based on digital technology. In addition large companies such as General Electric are involved in business-to-business commerce, using digital technology to conduct transactions with suppliers and partners.

Like service firms organizations based on digital technology tend to be flexible and decentralized. The fast-paced digital world practically demands a focus on horizontal processes rather than departmental functions. Horizontal communication and collaboration are typically very high, and these companies may frequently be involved in network and virtual arrangements. Digital technology is driving the move toward horizontal forms that link customers, suppliers, and partners into organizational network, with everyone working together as if they were in one organization. People may use electronic connection to link themselves together in teams. For example, an employee may send an e-mail to people both within and outside the organization who can help with a particular customer problem and quickly form a virtual team to develop a solution. In other words, digital technology encourages boundarylessness, where information and work activities flow freely among various organizational participants. Formalization and centralization are low and employees are empowered to work in teams to meet fast changing needs. Verbal and electronic communication is high, both up and down as well as across the organization because up-to-the-minute information is essential. In the digital world, advantages come from seeing first and moving fastest, which requires extraordinarily openness and flexibility.

3.4 Structure Follows Workflow

The final characteristic of the organization’s situation that influences structure is called workflow interdependence. Interdependence means the extent to which departments depend on each other for resources or materials to accomplish their tasks. A low level of workflow interdependence means that departments do their work independently and have little need for interaction, coordination or exchange of materials. A high level of workflow interdependence means that departments must constantly exchange information and resources.
Three types of interdependence that influence organization structure are discussed below.

i. Pooled interdependence
Pooled interdependence means that each department is part of the organization and contributes to the common good, but each department is relatively independent because work does not flow between units. Branches of a particular bank are examples of pooled interdependence. They share financial resources from a common pool but do not interact with each other.

ii. Sequential interdependence
Sequential interdependence means that parts or outputs of one department become inputs to another department in serial fashion. The first department must perform correctly so that the second department can perform correctly. An example is assembly line technology such as in the automobile industry.

iii. Reciprocal interdependence
The highest level is reciprocal interdependence, which means that output of operation A is the input to operation B, and the output of operation B is the input back again to operation A. Departmental outputs influence other departments in reciprocal fashion. For example, hospitals must coordinate services to patients, such as when a patient moves back and forth among surgery, physical therapy, and X-ray departments.

**Structural Implication.**

When interdependence among departments is pooled, coordination is relatively easy. Managers can develop standardize procedures, rules, and regulations that ensure similar performance in all branches.

For sequential interdependence coordination is somewhat more difficult, requiring future planning and scheduling so that the flow of outputs and resources is coordinated to the benefit of all departments. Moreover, schedule meeting and face to face discussions are used for day to day coordination among the departments.

Reciprocal interdependence is the most difficult. These departments should be located physically close together in the organization so that communication is facilitated. Structural mechanisms for coordination include teams, task forces, unscheduled meetings, and perhaps project managers to ensure that departments are working out workflow coordination problems on a daily basis.

Within most organizations, interdependence will be high (reciprocal) for some departments activities and low (pooled) for others. For example, the design and
purchasing departments can work independently on many tasks, but for product development, they must be coordinated, perhaps with a team or task force. Purchasing must be coordinated with distribution for delivery of products.

4. Organizational Structures to Support New Marketing Challenges

Departmentation is the process of establishing departments within the company. It can be accomplished in a four general ways: by function, place, product and customer. Each way has advantages for management.

Types of departmentation
- Functional structure
- Product/divisional based structure
- Location based structures
- Product and location based structures
- Customer based structures
- Matrix structures
- Team structures
- Network structures

4.1 Departmentation by Function

Members of the organization who share common expertise and draw upon the same set of resources are grouped by function. Functional grouping of management activities is a widely used and accepted managerial practice. It covers what the organization actually does – production, marketing, finance.

The functional structure is strong vertical design. Information flows up and down the vertical hierarchy, and the chain of command converges at the top of the organization. In a functional structure, people within a department communicate primarily with others in the same department to co-ordinate work and accomplish tasks or implement decisions that are passed down the hierarchy from top managers. Managers and employees are compatible because of similar training and expertise. Typically, there are rules and procedures governing the duties and responsibilities of each employee, and employees at lower hierarchical levels accept the right of those higher in the hierarchy to make decisions and issue orders. Career progress is based on functional expertise, and people who develop their skills may be promoted up the hierarchy.

a) Advantages

- Grouping employees by common task permits economies of scale and efficient resource use. There is only one sales function, one manufacturing facility and one set of managers, hence capital and administrative expenses are held to a minimum.
Large functionally based departments enhance the development of in-depth skills because people work on a variety of related problems and are associated with other experts within their own department. Employees are motivated to enhance their skills and move up the hierarchy.

- Coordination and communication employees in within each department are excellent.
- Offers a way to centralize decision making and provide unified direction from the top.
- Promotes high quality technical problem solving. The pool of well trained experts, motivated toward functional expertise, gives the company an important resource.
- A manager’s job satisfaction is enhanced by working with others who share similar work interests.

b) Disadvantages

- Coordination and communication across departments are poor.
- Poor coordination leads to slow response to environmental changes, because innovation and change require involvement of several departments, and also because functional managers have to report to headquarters.
- It is often difficult to determine accountability and levels of performance. Take for example the case of an insurance company, for example, each function works on all products and performs only a part of the task for any product line. Hence if one life insurance product is not performing well, there is no specific department or group that bears responsibility.
- Coordination between departments may become a problem for top management. Functional departments tend to deemphasize the goals of the firm as a whole while departments concentrate on meeting their own costs and schedules without regard for the entire organization. Finance people are finance experts, and production people are production experts, experts often have a difficulty in seeing the firm as a whole, thus complicating coordination between activities. In other words, people develop loyalty to the department, thereby creating interdepartmental conflicts. Hence, considerable effort is required by top management to promote coordination.
- Because of this narrow task specialization, employees are trained to become experts in their fields and not to manage and coordinate diverse departments. Thus they fail to become groomed for top management and general management positions.

4.2 Departmentation by Product

A product structure becomes a more appropriate way to group activities when an organization produces two or more products that are different in technical make up, production process, and market distribution. This basis of grouping activities has become an emerging trend in large multi-product companies such as GM, Ford, Proctor and Gamble, etc. These organizations start with functional structures, but their growth and subsequent management problems made functional departmentation uneconomical. The
greater the pressures for rapid responses to external pressures, the greater the advantages the product structure has over the functional form.

*Examples of product based structures include* –

- Unilever Sri Lanka is divided into two sectors on the basis of products as the Foods sector and the Laundry sector.
- HSBC is structured on the basis of products as –Personal banking, Corporate banking, and Support services.
- Microsoft is structures as Operations and Product management.
- Universities are divided as –arts faculty, business schools, medical faculty, social sciences faculty etc.

**a) Advantages**

- The product structure has the advantage of all employees making specialized contributions to a particular product line.
- Coordination across departments is better because employees are committed to one product line.
- This structure enables top management to pinpoint responsibility for performance problems in product lines.
- Employees’ goals typically are directed toward product success rather than toward their own functional departments.
- Employees develop a broader goal orientation that can help them develop into general managers.
- Will react adequately to changing market requirements of customers.

**b) Disadvantages**

- Most functional activities are duplicated in each product line thus increasing expenses of doing business for the entire organization. For example, instead of having a single research department in which all research people use a single facility, there may be several.
- The organization loses efficiency and economies of scale. Because departments within each division are small, there is a lack of technical specialization, expertise, and training.
- Extensive communication lines and coordinating mechanisms between product lines are required. Hence coordination across divisions is often poor.
- Divisions may fell themselves in competition with one another, especially for resources from corporate headquarters. This can lead to political behavior that is unhealthy for the company as a whole.
- Top management may be drawn into day-to-day coordinating decisions between products too frequently. This is detrimental because it detracts from strategic issues.
4.3 Departmentation by Place

Departmentation on the basis of geographic area is a rather common method for organizing physically dispersed firms. On the assumption that efficiency will improve, all activities in a given territory are grouped and assigned to one manager. Place departmentation is used by major companies. Examples include large police departments that divide the city into precincts and the postal service.

Many multinational firms use this basis of departmentation as the basis of organization because of the differences in the cultural and legal factors in each country. The lack of uniformity in market structure, differences in production methods, and divergent patterns of a nation’s traditions and norms make geographical considerations important for the firm’s success. For example, Unilever is divided as Unilever North America, Unilever Europe, Unilever Asia Pacific, Unilever Australasia, Unilever Africa and Unilever Asia. Unilever Asia if further divided as Unilever Hindustani, Unilever Sri Lanka etc.

a) Advantages

- The advantages for place departmentation are primarily those of economy and efficiency.
- Consider for example, the production function, place departmentation involves establishing parts, refining or assembling the same product, and distributing the product to a given area. By catering to local factors, the production activity can realize gains from providing jobs for local labor, lower freight rates and perhaps lower labor costs.
- The marketing function can benefit from having more sales personnel spend more time in sales and less time in travel. They can get to know the customer’s needs and, in doing so, serve the customer better. Being closer to the customer may permit the salesperson to pinpoint the marketing strategy most likely to succeed.

b) Disadvantages

- Leads to duplication of many services that could be performed centrally in a functional organization. Hence this leads to higher costs.
- District managers usually want some control over their own purchasing, personnel, accounting, and others services so that they can truly be responsible for the profitability of the organization. Therefore each manager can easily build his or her own ‘empire’ at the expense of the entire firm’s effectiveness.
4.4 Departmentation by Customer

The grouping of activities to reflect the interests of different customers is common. Customers are the key to the way many utilities are organized because of the varied demands on the utilities’ services. For example, the Cleveland electric illuminating company’s marketing department is grouped according to 4 different customer groups – industrial energy, commercial energy, residential energy, and consumer services.

a) Advantages

- Various needs of the customer are met.
  - For example Penny’s, Macy’s and other department stores have men’s, women’s and infant’s departments to sell to different types of customers.

b) Disadvantages

- Difficulty in coordinating this grouping with functional, place and/or product groupings.
- To maintain sales, managers may want to give some customers privileges (rates, entertainment, discounts) that cannot be given to all of the firm’s clientele.
- Capital equipment may be left unused till orders are filled.
- In recessions, an entire customer market may disappear.

4.5 Matrix Structures

The matrix structure utilizes functional and divisional chains of command simultaneously in the same part of the organization. The matrix actually has dual lines of authority. The functional hierarchy of authority runs vertically and the divisional hierarchy of authority runs laterally. The lateral chain of command formalizes the divisional relationships. Thus the lateral structure provides coordination across functional departments, while the vertical structure provides the traditional control within functional departments. The matrix approach to structure therefore provides a formal chain of command for both the functional and divisional relationships.

The matrix structure typically is used when the organization experiences environmental pressure for both a strong functional departmentalization and a divisional departmentalization. Thus the organization may need to have in depth skills in functional departments (engineering, research) and at the same time the ability to respond flexibly and adaptively to changing environmental demands. The matrix structure enables the organization to achieve greater economies of scale than does the divisional structure, because functional employees can be shared across several divisions. Resource
duplication is minimized by having employees work for more than one division or by transferring employees among divisions as personnel requirements change.

In the above exhibit the engineering vice president can reassign engineers as the needs of each product line changes.

**Key relationships**

The success of the matrix structure depends on the abilities of the people in the key matrix roles. The unity of command concept is violated as one employee will be reporting to two superiors. However it is necessary to give equal emphasis to both functional and divisional lines of authority. Confusion is reduced by separating responsibilities for each chain of command. The functional boss is responsible for technical and personal issues, such as quality standards, providing technical training, and assigning technical personnel to projects. The divisional boss is responsible for program wide issues, such as overall design decisions, scheduling deadlines, and coordinating technical specialists from several functions.

a) **Advantages**

- It solves the problem of duplication.
- Personnel are fully utilized as they can be assigned half time to two divisions
It works well in a shifting environment, wherein the organization is expected to be adaptable and innovative.

The matrix provides training for both functional and general management skills. People within functional departments have access to in-depth training and specialization and at the same time coordinate with other specialists and programs, which helps them develop a general management perspective.

The matrix structure engages the participation of employees in team meetings and in the achievement of divisional goals. Thus it challenges and motivates employees, giving them a larger task than would be possible in a functional structure.

b) Disadvantages

- One major problem is the confusion and frustration caused by the dual chain of command. Matrix bosses and two-boss employees have difficulty with the dual reporting relationship.
- It generates high conflict because it pits divisional against functional goals.
- Time lost to meetings and discussions are devoted to resolving this conflict.
- Many organizations find it difficult to maintain the power balance. The functional and divisional sides of the matrix should have equal power. If one side acquires greater formal authority, the advantages of the matrix structure will be lost.

4.6 Team Structures

Probably the most widespread trend in departmentalization has been the effort by companies to implement team concepts. The vertical chain of command is a powerful means of control, but passing all decisions up the hierarchy takes too long and keeps responsibility at the top. Today companies are trying to find ways to delegate authority, push responsibility to low levels, and create participative teams and engage in the commitment of workers. This approach enables organizations to be more flexible and responsive in the competitive global environment.

There are two ways to think about using teams in organizations:

1. Cross-functional teams – consist of employees from various functional departments who are responsible to meet as a team and resolve mutual problems. Team members still typically report to their functional departments, but they also report to the team, one member of whom may be the leader.

2. Permanent teams – are groups of employees who are brought together, similar to a formal department. Each team brings together employees from all functional areas focused on a specific task or project. Emphasis is on horizontal communication and information sharing because representatives from all functions are coordinating their work and skills to complete a specific organizational task.
a) Advantages

- Team relationships often help overcome shortcomings of a functional, top-down approach to organizing. Helps break barriers across departments.
- Team members know one another goals rather than blindly pursuing their own goals.
- Allows quicker adaptation to customer requests and environmental changes and speeds decisions making because decisions need not go to the top of the hierarchy for approval.
- With cross functional teams, the organization is able to retain some advantages of a functional structure, such as economies of scale and in depth training, while gaining the benefits of team relationships.
- Gives a morale boost. Team members are enthusiastic about their involvement in bigger projects rather than narrower departmental tasks.
- Job enrichment.
- As responsibility and authority are pushed down the hierarchy, fewer managers are required for supervision.

b) Disadvantages

- Employees may encounter conflicts and dual loyalties.
- A large amount of time is devoted to meetings, thus increasing coordination time.
- Unless the organization truly needs teams to coordinate complex projects and adapt to the environment, it will loose production efficiency with them.
- May cause too much decentralization. Team members often do not see the big picture of the corporation and may make decisions that are god for their group but bad for the organization.

4.7 Network Structures

The most recent approach to departmentalization extends the idea of horizontal coordination and collaboration beyond the boundaries of the organization. The network structure means that the firm subcontracts many of its major functions to separate companies and coordinates their activities from a small headquarters organization.

The organization may be viewed a central hub surrounded by a network of outside specialists. Rather than being housed under one roof, services such accounting, design, manufacturing, and distribution are outsourced to separate organizations that are connected electronically o the central office. Networked computer systems and the internet enable organizations to exchange data and information so rapidly and smoothly that a loosely connected network of suppliers, manufacturers, assemblers, and distributors can look and act like one seamless company.
The idea behind networks is that a company can concentrate on what it does best and contract out other activities to companies with distinctive competence in those specific areas. This enables a company to do more with less. For example, R & D laboratories develop specialized vitamin and mineral supplements for dialysis patients, but the products are manufactured and packaged by subcontracted pharmaceutical companies and warehoused and distributed by 200 wholesalers.

Much like building blocks, parts of the network can be added or taken away to meet changing needs. The ability to arrange and rearrange resources gives the network organization greater flexibility and rapid response. However relationships with subcontractors are the glue that holds the organization together, so these ties are not taken lightly.

a) Advantages

- Competitive on a global scale. A network organization can draw on resources worldwide to achieve the best quality and price and can sell its products and services worldwide.
- Workforce flexibility
- Little supervision is required. Large teams of staff specialists and administrators are not needed.

b) Disadvantages

- Lack of hands-on control. Managers do not have all operation under one roof and must rely on contracts, coordination, negotiation, and electronic linkages to hold things together.
- Possibility of loosing an organizational part. If a subcontractor fails to deliver, goes out of business, or has a plant burn down, the headquarters organization can be put out of business. In short uncertainty is high because not all services are under direct management control.
- Employee loyalty can weaken. A cohesive corporate culture is less likely to develop, and turnover tends to be higher because emotional commitment between organization and employee is weak.

4.8 Shamrock Organizations

One particular approach to flexible structural design and the core and complementary model of employment is Handy’s concept of the ‘Shamrock organization.’

The three leaves to each stem of the shamrock are symbolic of the organization which is seen as made up of three distinct groups of people, who are managed, organized, and paid differently, and with different expectations:
The professional core – comprises qualified professionals, technicians, and managers essential to the existence and effective performance of the organization. Collectively these people own the knowledge which distinguishes the organization. They get most of their identity and purpose from their work and are likely to be committed to it and dependent on it. The professional core are expensive and the tendency has been for organizations to restructure in order to reduce their numbers.

The contractual fringe – comprises those people or other organizations, outside of the organization who provide specialist service and undertake all non-essential work which can be done by somebody else and in theory are able to do it better for less. The organization principle is that the contractual fringe are paid for results not for time, in fees not wages. It is wise for the shamrock organization to put boring and repetitive work out to contract, specifying the results expected and paying the fee.

The flexible labor force – represents all the part time and temporary workers who make up the fastest growing group in the pattern of employment. It provides for flexibility in human resourcing. People are brought in as occasional extra part-time labor or temporary staff as changing work situations demand. Their commitment will be to a job and work group rather than to a career or organization. Part time or temporary work may be a matter of choice, not just a necessity.

Shamrock organizations have 3 significant workforces -

- Each with a different kind if commitment
- Each with a different set of expectations
- Each needs to be managed differently

The concept of the shamrock organization can encourage managers to question the operations of their organizations. It gives rise to important decisions concerning what activities, and which people, should belong to the core, and concerning management and control of sub-contracting, and of the flexible workforce.

Handy suggests that although on the face of it the Shamrock is logical, these are not easy organizations to run. Each leaf of the shamrock has to be managed differently yet as part of the whole. The core is the critical hub of the organizational network and this raises important questions as to what activities belong in the core; and which people belong in the core, and for how long. Employing fewer people brings with it the need for better people, and pressure for alertness and quality will place greater demands on the core people.
Graduate/Postgraduate Diploma in Marketing

Marketing Management

Recommended Study Text

Module Two

Project Management for Marketing
Chapter 3
Basic Concepts Related to Project Management

This chapter will cover

1. The Meaning of Project Management
2. A Framework for Project Management
3. How Project Management relates to Other Functions
4. History of Project Management in Brief
5. Responsibilities and Skills required of the Project Manager
6. Building and Managing a Project Team
7. An Understanding of Project Stakeholders

1. The Meaning of Project Management

To discuss project management, it is important to first understand the concept of a project.

1.1 What is a Project?

Definitions of a project

- A project is a unique undertaking to achieve a specific objective that requires resources and activity (CIMA, integrated management).
- A project is a temporary endeavor undertaken to accomplish a unique purpose (Schwalbe, 2000: 4-5).
- A project is undertaking that has a beginning and an end and is carried out to meet established objectives within a cost, schedule and quality objectives (Haynes, Project Management)

Projects normally involve several people performing interrelated activities, and the main sponsor for the project is often interested in the effective use resources to complete the project in an efficient and timely manner. The following attributes help to further define a project.

i. A project has a unique purpose. Every project should have a well defined objective and it may have never been undertaken before.

ii. A project is temporary. A project has a definite beginning and a definite end. It is carried out within a fixed time scale.

iii. A project requires resources, often from various areas. Resources include people, finance (contained in budgets), information, materials, ideas and time. Many project cross departmental or other boundaries in order to achieve their unique purposes.
iv. A project should have a primary sponsor or customer. Most projects have many interested parties or stakeholders, but someone must take the primary role of sponsorship. The project sponsor usually provides the direction and funding for the project.

v. A project involves uncertainty. Because every project is unique, it is sometimes difficult to clearly define the project’s objectives, estimate how long it will take to complete, or how much it will cost. Thus inevitably uniqueness leads to a context of risk in the deliverables, the activities, and the contingencies associated with suppliers, subcontractors and with time/cost.

Common examples of projects include:
- Producing a new product
- Changing the structure of an organization
- Developing or modifying a new information system
- Implementing a new business procedure or process

Every project is constrained in different ways by its scope, time goals and cost goals. These limitations are sometimes referred to as the triple constraint. To create a successful project, scope, time, and cost must all be taken into consideration, and it is the project manager’s duty to balance these three often competing goals. He or she must consider the following:

- **Scope**: What is the project trying to accomplish? What unique product or service does the customer or sponsor expect from the project?
- **Time**: How long should it take to complete the project? What is the project’s schedule?
- **Cost**: What should it cost to complete the project?

In addition to scope, cost and time, constraints may also take any of the following forms:

- **Legal**: for example, planning permission requirements, health and safety regulations
- **Ethical**: behaving within ethical boundaries is becoming increasingly important as customers are becoming concerned about the ethical behavior of organizations
- **Quality**: technical requirements specified and desired by the customer
- **Environmental**: organizations must consider environmental legislation and control
- **Logic constraints**: planning that certain activities take place before others can start
- **Indirect effects**: the desire to minimize disruption to other areas of the business as a result of change in one area.

Managing the triple constraint involves making trade offs between scope, time and cost goals for a project. Because of the uncertain nature of projects and competition for resources, it is rare to complete many projects according to the exact scope, time, and cost plans originally predicted. The project’s sponsor, team members, or other stakeholders might have different views of the project as time progresses. Although the triple
constraint describes how the basic elements of a project – scope, time and cost – interrelate, other elements can play significant roles. In short, good project management includes more than meeting the triple constraint.

1.2 What is Project Management?

Definitions of project management

- Project management is the application of knowledge, skills, tools, and techniques to project activities in order to meet project requirements (Schwalbe, 2000: 7).
- Project management is the combination of systems, techniques and people used to control and monitor activities undertaken within project.

Many organizations claim that using project management grants them advantages, such as:
- Better control of financial, physical and human resources
- Improved customer relations
- Shorter development times
- Lower costs
- Higher quality and increased reliability
- Improved productivity
- Better internal coordination
- Higher worker morale

The project management process requires five different managerial stages and can be represented by a five-step process.

1. Initiation
   The phase sets out the development of a vision for a project and the establishment of goals and objectives. At this stage, the key individuals will be brought together to form a project team, to determine the needs, scope, objectives and customer expectations of the project. Feasibility analysis will be undertaken at this stage.

2. Planning
   Planning involved defining the resources required to complete the project, devising a schedule, developing a budget and planning how the project team will achieve the constraints of time, budget, performance specifications and resources.

3. Executing leadership
   Providing leadership and coordination to team members, subordinates and other (e.g. subcontractors or consultants) that will result in achieving project objectives. This stage stresses the need to keep resources and team members focused upon project tasks.
4. Controlling
Measuring the project’s progress and assessing whether it differs from the plan. If it differs, corrective action needs to be taken; this may lead to re-planning, which may in turn lead to a goal change. At this stage, the project manager must decide among alternatives for solving problems.

5. Completing
Ensuring that the project is finally completed and conforms to the latest definition of what was to be achieved.

2. A Framework for Project Management

Project management differs in scope from on-going operational management and employs its own specialized and distinctive techniques. However, it is embedded in the wider management environment and depends for its success on a range of considerations that will be familiar to you in general terms. These considerations are referred to by May/or as 7S.

- Staff
- Skills
- Style
- Structure
- Stakeholders
- Strategy
- Systems

It is the application of these considerations to project management that is different not their general nature.

**Staff and Stakeholders**

The most important member of the project staff is the project manager, whose skills are crucial. Then there are the members of the project team, both permanent allocated staff and those who have a temporary or part-time commitment alongside other responsibilities.

Stakeholders are people who have an interest in or are affected by the operation of the project or its outcomes. Their attitudes, perceptions and influence will vary and they must all be properly identified and dealt with if the project is to be a success.

**Structure**

Several aspects of structure are important in project management.

(a) The structure of the project itself must be considered. This is basically a matter of the project lifecycle, but other structure matters may arise, as when for instance a project involves new development work and the systems development lifecycle may be relevant.
(b) Project planning is to some extent a structure matter, as is the control of progress, approval and hand over.

(c) Structure as a concept is also relevant to the building of project teams and their internal and external relationships.

(d) Processes both within the project and outside it are an important aspect of structure. Project management often demands a kind of matrix structure. Work can be particularly challenging in larger, traditionally operated organizations.

(e) The degree of structure present in the project and its environment has an influence on risk.

(f) The higher management structure of the project is important. It will be usual for the project manager to report to some higher authority, such as a project committee or board that is seniors represent the interests of the major stakeholders.

**Systems**

The project may be regarded as a system in itself, with its own inputs and outputs or, probably more usefully, as a subsystem of the overall system that is the organization. This idea is that it implies the inevitability of interaction between the project and other organizational subsystems. These interactions are obviously of great importance and have the potential to cause failure.

**Strategy**

Just as the project system must mesh with the wider organizational system, so the strategy employed will bring the project to a successful conclusion must mesh with and support the organization’s overall strategic assumptions and practices. In particular, the object of the project must support the organization’s strategy.

**Style**

Here, as in the McKinsey 7S model, style effectively means culture. Culture is an important area of potential distinction between project operations and company operations and, likewise, a potential source of conflict.

**Skills**

Specific project management skills are dealt with in the next chapter. Remember, however, that people management skills are equally important; they must be appropriate to the project environment.
The following figure provides another framework for beginning to understand project management. Key elements of this framework include the project stakeholders, project management knowledge areas, and project management tools and techniques.

**Stakeholders** are the people involved in or affected by project activities and include the project sponsor, project team, support staff, customers, users, suppliers, and even opponents to the project. People’s needs and expectations are important in the beginning and throughout the life of a project. Successful project managers work on developing good relationships with project stakeholders to ensure their needs and expectations are understood and met.

**Knowledge areas** describe the key competencies that project managers must develop. The center of the figure above shows nine knowledge areas of project management. The four core areas of project management include project scope, time, cost, and quality management. These are considered to be ok core knowledge areas because they lead to specific objectives. Brief descriptions of each are provided below:

- Project scope management involves defining and managing all the work required to successfully complete the project.
- Project time management includes estimating how long it will take to complete the work, developing an acceptable project schedule, and ensuring timely completion of the project.
- Project cost management consists of preparing and managing the budget for the project.
- Project quality management ensures that the project will satisfy the stated or implied needs for which it was undertaken.

The four facilitating knowledge areas of project management are human resource, communications, risk and procurement management. These are called facilitating areas because they are means through which the project objectives are achieved. Brief descriptions of each are provided below:
- Project human resource management is concerned with making effective use of the people involved with the project.
- Project communications management involves generating, collecting, disseminating, and storing project information.
- Project risk management includes identifying, analyzing, and responding to risks relate to the project.
- Project procurement management involves acquiring or procuring goods and services that are needed for a project from outside the performing organization.

Project integration management, the ninth knowledge area, is an overarching function that affects and is affected by all of the other knowledge areas. Project managers must have knowledge and skills in all nine of these areas.

Project management **tools and techniques** assist project managers and their team in carrying out scope, time, cost and quality management. Additional tools and techniques help project managers and teams carry out human resources, communications, risk, procurement, and integration management. For example, some popular time management tools and techniques include Gantt charts, network diagrams (sometimes referred to as PERT charts), and critical path analysis. Project management software is a tool that can facilitate management processes in all the knowledge areas.

3. How Project Management relates to Other Functions

Much of the knowledge needed to manage projects is unique to the discipline of project management. However, project managers must also have knowledge and experience in general management and must understand the application area of the project in order to work effectively with specific industry and technologies. For example, project managers must understand general management areas such as organizational behavior, financial analysis, and planning techniques to name a few. If a project involves sales force automation, the project manager needs to understand the sales process, sales automation software, and mobile computing.

Although being a project manager requires some knowledge and practice in general management areas, the role of a project manager is different from the role of a corporate manager or executive. What distinguishes project management from general or operations management is the nature of the projects. Since projects are unique, temporary and involve various resources, project managers focus on integrating all the various activities required to successfully complete the project. In contrast most of the tasks performed by a general or operations manager are repetitive, ongoing and done as day to day activities.

General or operations managers also focus more on a particular discipline or functional area. For example, a manager of an accounting department focuses on the discipline of accounting. If a project manager were selected to manage an information technology project for the accounting department then he or she would need to know something about accounting as well as information technology. However, his or her main job would be to manage the project, not to perform accounting or information technology functions.
Project management also requires the knowledge of the particular industry or knowledge area of the project itself. For example, to handle an information technology project that involves computer hardware, computer software, and telecommunication technology, would be very difficult for someone with little or no background in information technology. Not only would it be difficult to work with other managers and suppliers, it would also be difficult to earn the respect of the project team.

4. History of Project Management in Brief

Project management, in its modern form, began to take root only a few decades ago. Starting in the 1960’s, businesses and other organizations began to see the benefit of organizing work around projects and to understand the critical need to communicate and integrate work across multiple departments and professions.

Most people agree that the concept of project management began with the Manhattan project, which the U.S. military led to develop the atomic bomb. In fact, the military was the key industry behind the development of several project management techniques. In 1917 Henry Gantt developed the famous Gantt chart as a tool for scheduling work in job shops. Managers drew charts by hand to show tasks to be performed against a calendar timeline. This tool provided a standard format for planning and reviewing all the work that needed to be done on early military projects.

Today’s project manager’s still use the Gantt chart as a primary tool to communicate project schedule information, but with the aid of computers, it is no longer necessary to draw charts by hand.

Network diagrams were first used in 1958 for the Navy Polaris missile/submarine project. The diagrams helped managers model the relationships among project tasks, which allowed them to create even more realistic schedules. The diagram shows which tasks are related and the sequence in which tasks must be performed. The concept of determining relationships among tasks is key in helping to improve project scheduling. This concept allows you to find and monitor the critical path – the longest path through a project network diagram that determines the earliest completion of a project.

By the 1970’s, the military had begun to use software to help manage large projects. Early project management software was very expensive and ran on mainframe computers. For example, Artemis was an early project management software product that helped managers analyze complex schedules for designing aircrafts. A full-time person was often required to run the complicated software and expensive pen-plotters were used to draw network diagrams and Gantt charts. As computer hardware became smaller and more affordable, and software became more graphical and easy to use, project management software became less expensive, easier to use, and more popular. Today many different industries use project management software on all types and sizes of projects. New software makes basic tools, such as Gantt charts easy to create, and available for anyone to update.
In the latter part of the 20th century, people in virtually every industry began to investigate and apply different aspects of project management to their projects. The sophistication and effectiveness with which project management tools are being applied and used today is influencing the way companies do business, use resources, and respond to market requirements with speed and accuracy.

5. Responsibilities and Skills Required of the Project Manager

The skills, attributes, and knowledge that the project members and especially project managers bring to the project are critical to its success; therefore it is important to understand:

- The roles of the project manager
- The responsibilities of the project manager
- The skills of the project manager

The person who takes the ultimate responsibility for ensuring the desired result is achieved on time, and within the budget is the project manager.

Duties of the project manager include: planning, team building, communication and coordination of project activities, monitoring and control, problem resolution and quality control.

Some project managers have the job title, ‘project manager.’ These people usually have major responsibility: the project. Most people in business will have ‘normal work’ responsibilities outside their project goals – which may lead to conflicting demands on their time.

The role a project manager performs is in many ways similar to those performed by other managers. There are however some important differences, as shown in the table below.

<table>
<thead>
<tr>
<th><strong>Project manager</strong></th>
<th><strong>Operations manager</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Are often ‘generalists’ with wide-ranging backgrounds and experience levels.</td>
<td>Usually specialists in the areas managed.</td>
</tr>
<tr>
<td>Oversee work in many functional areas.</td>
<td>Relate closely to technical tasks in their area.</td>
</tr>
<tr>
<td>Facilitate, rather than supervise team members.</td>
<td>Have direct technical supervision responsibilities.</td>
</tr>
</tbody>
</table>

5.1 The Responsibilities of the Project Manager

A project manager has responsibilities to both management and to the project team.

Responsibilities to management

- Ensure resources are used efficiently – strike a balance between time, cost, and results
- Keep management informed with timely and accurate communications
- Manage the project to the best of his or her ability
- Behave ethically, and adhere to the organization’s policies
- Maintain a customer orientation (whether the project is geared towards an internal or external customer) - customer satisfaction is a key indicator of project success

Responsibilities to the project and project team
- Take action and to keep the project on target for successful completion on time, within cost and to the quality standard set by the customer
- Ensure that the project team has the resources required to perform the tasks assigned
- Help new team members integrate into the team
- Providing leadership to the project team
- Provide any support required when members leave the team either during the project or after completion
- Coordinate activities

Planning

It is important to understand the responsibilities of the project manager within the planning stage. The primary responsibility is to define the project objective clearly with the customer, then to communicate this objective to the rest of the project team, making it clear what constitutes a successful project outcome.

The project manager must engender participation of the team members in the planning process, in order to instill involvement, commitment and ownership of the project.

Controlling

Following the planning stage of the project, the project manager is responsible for monitoring and controlling its progress towards successful completion. Along with the project team members carrying out the particular tasks, the project manager will collect and analyze actual project data on costs, schedule and progress. If the project manager considers that corrective action needs to be taken in order to get the project back on target, then action must be instigated at this level. It is important that project anger takes the advice of team members before deciding on a particular course of corrective action, because participation in the decision making process will help to foster commitment of the team members to the successful completion of the project objective. Control activities, when required, must be carried out as quickly as possible.

5.2 Skills Required of the Project Manager

The project manager requires a set of skills that will encourage and lead the project team to succeed and to meet his responsibilities as a project manager.

- Leadership skills
- Communications skills
Leadership skills

Leadership is the ability to obtain results from others through personal direction and influence. Leadership in projects involves influencing others through the personality or actions of the project manager. The project manager cannot achieve the project objectives alone; results are achieved by the whole project team. The project manager must have the ability to motivate the project team in order to create a team objective that they want to be a part of.

Good project management requires both participation and consultation. The project manager should provide overall direction but should not be autocratic or prescriptive in leading the team. As project managers are responsible for bringing together a team of experts, it would be inappropriate in most cases to tell them how to do their jobs.

Project managers require the skills to empower the project team. With empowerment comes ownership of and responsibility for their part of the project and this will encourage team members to also feel apart of the overall achievement. The project manager should encourage open communication between team members in order to encourage team spirit and support.

Another important attribute of leadership is recognition. Motivation will be enhanced if the project manager continually recognized the achievements of the team members via encouragement, praise or formal monetary rewards. Recognition must be carried through the life of the project so as to maintain motivation of the team.

As in other forms of management, different project managers have different styles of leadership. There is no best leadership style, as in individuals suit and react to different styles in different ways; the key is adopting a style that suits both the project leader abs the project team. The leadership style adopted will affect the way decisions relating to the project are made. Although an autocratic style may prove successful in some situations (e.g. simple or repetitive projects), a more consultative style has the advantage of making team members feel more a part of the project. This should result in greater commitment.

Not all decisions will be made in the same way. For example, decisions that do not have direct consequences for other project personnel may be made with no (or limited) consultation. A balance needs to be found between ensuring decisions can be made efficiently, and ensuring adequate consultation.

The type of people that comprise the project team will influence the style adopted. For example, professionals generally dislike being closely supervised or being dictated to.
Some people however, prefer to follow clear, specific instructions and not have to think for themselves.

- **Communications skills**

Project managers must be an effective communicator. They must communicate with a variety of people, including the customer suppliers, subcontractors, project team, and senior management. Communication is vital for the progression of the project, identification of potential problems, generation of solutions and keeping up to date with the customer’s requirements and the perceptions of the team.

Project managers should communicate by using a variety of methods:

1. Regular team meetings
2. Regular meetings face-to-face with the customer
3. Informal meetings with individual team members
4. Written reports to senior management and the customer
5. Listening to all the stakeholders involved in the project

It is important for the project manager to have regular and open communication with both the customer and the team members. The customer needs to be kept regularly informed of the progress of the project and needs to let the project manager know as soon as possible when changes are required. The project team members must have a formal forum on a regular basis when the whole team gets together to discuss project issues. Team members will also require less formal communication methods in order to bring individual concerns to attention of the project manager. The project manager must therefore be available for open informal discussion with team members when required. The project manager must also provide timely feedback to both the team and the customer.

- **Negotiation skills**

Project managers will have to negotiate on a variety of project issues, such as availability and level of resources, schedules, priorities, standards, procedures, costs, quality and people issues. Negotiation is a process of satisfying a project’s needs by reaching an agreement with others.

The project manager may have to negotiate with someone over whom he or she has no direct authority (e.g. the consultant) or who has no direct authority over him or her (e.g. the customer). Project managers need to be able to manage the outcome of a negotiation so that the differences in what each side gets are kept absolute minimum and conflict is avoided.

By developing negotiating skills delegates will become more confident, assertive, motivated, achieve better working relationships and obtain more win-win deals.
Guidelines for successful negotiation

**Show respect**
Success rests in accepting the other person despite differences in values, beliefs, educational experiences, ethnic backgrounds or perspectives. Negotiation permits you to examine a problem from all sides, and to promote understanding and interest in the other person without necessarily agreeing to her or his viewpoint.

**Recognize and define the problem**
Each person begins with a clearly identified statement of what he or she wants and/or needs. Negotiation should identify not only individual concerns, but mutual concerns, perceptions and interests. From this process, a common ground for agreement between the individuals is sought.

**Seek a variety of solutions**
More information about the problem may be needed before a solution can be decided upon. After all suggestions have been shared, they are reviewed to determine whether they might coincide or overlap with each other. Negotiation then becomes a matter of choosing a solution to which no one has an objection.

**Collaborate**
Working together doesn't mean "giving up" or "giving in" to another person's demands or goals. Two or more individuals can agree that disagreement exists. All negotiated work is completed by consensus. A negotiated solution is reached when everyone has given up something to gain common benefits.

**Be reliable**
It is important to follow through with negotiated agreements. The very work of negotiation implies a commitment toward whatever outcome has been decided.

- **Delegation skills**
A further key skill required for a project manager us that of delegation. A project manager will communicate and clarify the overall project objective to the team members, and will then further clarify the individual team member’s role in achieving that objective by a process of delegation.

Delegation is about empowering the project team and each team member to accomplish the expected tasks for his or her area of responsibility. The project manager has neither the time nor the skills to carry out all the project tasks, so he or she must delegate responsibility to those who do have the skills. Delegation is also partly about allowing team members to learn from their mistakes and, if they are able, to correct themselves, without fear of blame.
Delegation ensures effective performance by the project team and fosters conditions necessary for teamwork and coordination. There may be a times during the project’s life when the project manager needs to step in to stop serious errors occurring, but a good project manager will be able to spot potentially dangerous situations quickly and take control of the decision making process.

- **Problem solving skills**

Project managers will inevitably face numerous problems throughout the project’s life. It is important that the project manager gathers information about the problem in order to understand the issues as clearly as possible.

The project manager should encourage team members to identify problems within their own tasks and try and solve them on their own initially. Delegation should foster this approach. However, where tasks are large or critical to the overall achievement of the project, it is important that team members communicate with the project manager as soon as possible so that they can lead the problem-solving effort. Appropriate team members should be involved to analyze and present information in order to generate a solution.

Again, an important attribute of project management is communication, in particular listening skills, as various opinions and possible solutions are being generated. As the project manager is the person who retains the ‘big picture’, he or she is in the optimum position to consider how the decision will affect the overall project.

- **Change management skills**

One thing is certain in projects, and that is change. Change may be:

- Requested by the customer
- Requested by the project team
- Caused by unexpected events during project performance
- Required by the users of the final project outcome

Therefore it is important that the project manager has the skills to manage and control change. The impact that change has on accomplishing the project objective must be kept to a minimum and may be affected by the time in the project’s life cycle when the change is identified. Generally, the latter the change is identified in the project life-cycle, the greater its likely impact on achieving the overall project objective successfully. Most likely to be affected by change is the project budget and its timescale.

At the start of a project, procedures need to be put in place regarding how changes are to be documented and approved. If a customer requires a change, the project manager must request the appropriate team member to estimate the effect on the project schedule and cost. The project manager should then present these estimates to the customer for approval prior to implementing the change. Only after agreement by the customer should project schedules and budgets be updated to include the additional costs or activities. If change is initiated by the project team or the project manager, then the project manager must present a proposal to the customer for approval.
Some changes are necessary as a result of unexpected events such as the loss of a key member of staff or materials shortage. These will have an impact on the project schedule and/or cost and will require modification to the plan.

Project changes may also occur as a result of user requirements in the final project. In many projects, such as the introduction of computerized information systems, the project manager is not only responsible for designing, developing and implementing the new system, but also for ensuring that the users accept the final product. This will involve the project manager in regular communication throughout the development, design and implementation stage with the users in order to overcome fears and resistance to change. Again, good communication skills are vital in this situation as the users are likely to be suspicious and fearful of the change process, and this requires the project manager to listen carefully to those concerns and to communicate regularly to the users the objectives and benefits of the project undertaken. Discussion groups, open meetings and one-to-one meetings provide a good opportunity for users to express their concerns and fears. The project manager must listen carefully and considerately to these fears and concerns and must attempt to involve the users in the process of implementation as much as possible.

6. Building and Managing a Project Team

6.1 Building a Project Team

The project team comprises the people who report directly or indirectly to the project manager. Project success to a large extent on the team members selected. The ideal project team achieves project completion on time, within budget and to the required specifications – with the minimum amount of direct supervision from the project manager.

The team will comprise individuals with differing skills and personalities. The project manager should choose a balanced team that takes advantage of each team member’s skills and competencies elsewhere for their weaknesses.

The project team will normally be drawn from exiting staff, but highly recommended outsiders with special skills may be recruited. When building a team the project manager should ask the following questions.

- What skills are required to complete each task of the project? This list will be based on project goals established previously.
- Who has the talent and skills to complete the required tasks, whether inside or outside the organization?
- Are the people identified available, affordable, and able to join the project team?
- What level of supervision will be required?

Deciding who has the skills required for each task and if possible seconding those identified to the project team should be done as early as possible. Team members should
then be able to participate in the planning of schedules and budgets. This should encourage the acceptance of agreed deadlines, and a greater commitment to achieve project success.

The individuals selected to join the team should be told why they have been selected, referring to both their technical skills and personal qualities. This should provide members with guidance as to the role they are expected to play.

In an ideal world the project team would contain staff already capable of performing all the tasks to the standard required. However, compromises will often need to be made. For example, the outsiders required to complete certain tasks may prove to be too expensive. An alternative would be to provide training for in-house staff. However, the complexity of the skills required, and/or the time it would take to teach those skills may mean this is not feasible.

Although the composition of the project team is critical, project managers often find it is not possible to assemble the ideal team, and have to do the best they can with the personnel available. If the project manager feels the best available team does not possess the skills and talent required, the project should be abandoned or delayed.

Once the team has been selected each member should be given a (probably verbal) project briefing, outlining the overall aims of the project, and detailing the role they are expected to play.

6.2 Problems of Team Working

i. **Unclear team goals and objectives**
   It is the responsibility of the project manager to explain the project objectives to the team. He or she must demonstrate the importance of the project and the benefits its success will have for the organization and the team members. This should be presented and discussed at the first project meeting and the project manager must ensure that all team members understand these goals and benefits of achieving them. The project manager needs to review the project objectives on a regular basis, with the team and with individual team members to ensure that the objectives remain an important target and that the team remains focused. Being vague about the goals of a project or not reinforcing the importance of the achievement of the goal on a regular basis is likely to lead to a lack of team focus and a failure to meet the project objective.

ii. **Lack of team structure**
   Team members may not know or understand what roles or activities the other team members are contributing, or may feel that there are no established procedures. Therefore it is important for the project manager to involve the team members in project planning at an early stage, the project manager must also determine and communicate team-operating procedures, such as communication, reporting, approvals etc. using tools such as critical path
analysis and work breakdown structures, the project manager can demonstrate to the team how everyone’s work fits together to achieve the project objective. All procedures should be documented and kept in one location for reference by all team members.

iii. **Lack of definition of roles**
Team members may not clearly understand their roles in the project or may feel that their lines of responsibility and duty overlap with those of another team member. The project manager must meet with each team member early on in the life of the project to describe and discuss individual roles, duties and responsibilities, and to explain how they interact with other team members. When the project plan is formulated by the team, each team member must be given a plan of work, normally a work breakdown structure (WBS), which identifies individual tasks and when they need to be carried out. This plan must be given to each member by the project manager, so that all the team can understand clearly what they have to do, and what other team members are also doing. Also as stated earlier, all team members should be issued with a critical path analysis of the project and the baseline plan so that they can view all tasks together and see how their activities fit into the overall plan.

iv. **Poor leadership**
The project manager must create an environment in which the team members can feel free to contribute and provide feedback. It is important for the project manager to set guidelines for team options, but he or she must be able to balance the requirements of many individuals within this framework of project rules. The project manager must be flexible enough to listen and take advice from his or her team, but must also be strong enough to enforce his or her own suggestions and decisions when necessary. Fairness and objectivity when dealing with team members is critical.

v. **Poor team communication**
It is important that the project manager holds regular team meetings and status reviews, to communicate progress and to provide a forum for team discussion and airing of views. Participation in team meetings should be encouraged, and certain team members should be required to report on the status of their activities. Project documents such as plans or budgets, must be kept up to date and circulated to the team regularly. The project manager should encourage open and frank discussion among the team members, both formally and informally. Physical location of team members can often be an important factor in helping or hindering communication.

vi. **Lack of commitment**
Team members may not be committed to the overall project objective, perhaps as a result of poor communication. The project manager must speak to each team member in order to communicate his or her importance to the achievement of the project. The project manager needs to determine the motivating factors
important to each individual and should ensure that the project environment is a motivating one the project manager must continually discourage individuals and support progress. Effective team members need to be committed and want to feel accountable for their individual activities.

Commitment may also be lacking where an individual is being split between work on the project and a full-time job. The project manager should recognize and deal with the situation by clarifying priorities and, if necessary, bidding for the individual to join the team on a full-time job.

### 6.3 Managing the Project Team

Teams are an essential feature in the work pattern of organizations. Members of a team and managers will cooperate in order to carry out work. People in these groups influence each others behavior. Team building should be an ongoing process throughout the life cycle of the project, and should be the responsibility of all the team members.

A team shares most of the following characteristics:
- A definable membership
- Group consciousness
- A sense of shared purpose
- Interdependence
- Interaction
- Ability to act in unitary manner

How people behave and perform as a group is just as important as how they behave as individuals. Not only must these members work well, but they should also work well with other groups. Good teamwork helps make up high staff morale and work performance. Performance improves as teamwork involves making use of the various strengths of employees.

**Group Cohesion**

Group cohesiveness is an important factor for project success. Cohesiveness is central to the study of groups. It is considered vital in group decision making, goal attainment, and identity and member satisfaction.

Cohesion implies the esprit de corps or a feeling of solidarity with other group members. Cohesion may be defined as the degree to which members of the group desire to remain in the group, or the resultant of all the forces acting on the member to remain in the group. Another perspective is to view group cohesion as the degree to which a group exists or operates as a unified entity.

Positive outcomes of high group cohesion
• Members are more satisfied because
  – Increased expression of feelings
  – Increased listening
  – Increased interpersonal influence
  – Increased feelings of self confidence and self esteem
• Increased attendance, maintenance, and participation
• Cohesive groups appear to provide a buffer against stress and thus may positively contribute to individual mental and physical health.
• Identity with the group is much stronger in the case of cohesive groups
• Perseverance toward goals
• Increased willingness to take responsibility for group functioning
• Highly cohesive groups are able to enforce group norms more effectively than less cohesive groups

Nevertheless, examples of the negative effects of cohesion are plentiful.

  o Cohesive groups tend toward surface or superficial harmony. Thus in order to avoid confrontation, members will publicly agree when they privately disagree.
  o Cohesive groups are crueler to deviants – Scapegoating, hostility and aggression are more common toward deviants in highly cohesive groups.
  o Individual identity may be stifled and restricted in cohesive groups.

Factors that Affect Cohesiveness

a) Membership

• Size of group – as size increases, there will be problems with communication and coordination. Larger groups require more supervision, which results in higher absenteeism.

• Compatibility of the members – the more homogenous the group in terms of shared backgrounds, interests, attitudes and values the easier it is to promote cohesiveness.

• Permanence of group members – cohesiveness is more likely when group members have been together for a reasonable length of time.

b) Work environment

• The nature of the task – if work is similar or members share a common task, it assists in cohesiveness. This factor is there to bring people together when necessary.

• Physical setting – if members are in the same location or in the close proximity to each other, it’ll help cohesiveness.

• Communications – the easier it is for members to communicate the more likely it is that there will be group cohesiveness.
• Technology – where the nature of the work process involves craft or skill based technology there is higher likelihood of group cohesiveness.

c) Organizational factors

• Management and leadership – group activities cannot be separated from management and style of leadership. The management and leadership style will affect the relationships between workers and the organization. The way managers guide and encourage workers will affect factors like participation and attempts to solve conflicts.
• Personnel policies and procedures – if these are well developed, the group members are being treated equally and fairly, and there will be reward schemed to support group work, promoting cohesiveness.
• Success – the more successful the group, the more cohesive they are going to be. Success is a strong motivational influence on the level of performance.
• External threat – cohesiveness sometimes increases with the presence of an external threat as members become more cooperative.

d) Development processes

• The degree of cohesiveness is affected by the manner in which groups progress through the various stages of development and maturity.
  o Forming – when initially formed, a number of individual are brought together with a common purpose. Cohesiveness depends on leadership style, hierarchy of group, codes of conduct etc.
  o Storming – as members get to know each other, they put forward views more openly and forcefully. Disagreements are expressed, which may lead to conflicts.
  o Norming – as conflicts start to be controlled by members, norms and guidelines for acceptable behavior are established.
  o Performing – after passing the preceding stages, the group has developed cohesively to work as a team. Thus in this stage they will concentrate on achieving the purpose and performance of common task.

As a result of effective team building, the performance of the project team will be enhanced by the following.

• Effective communication
• All members being aware of the team’s purpose and the role of each team member
• Collaboration and creativity among team members
• Trusting, supportive atmosphere in group
• A commitment to meeting agreed schedule
• Innovative/creative behavior
• Team members highly independent
• Capacity for conflict resolution
• Results orientation
• High energy levels and enthusiasm
• An acceptance of change
• Group work can facilitate the development of skills; which include
  – Teamwork skills – skills in working within team dynamics, leadership skills
  – Analytical and cognitive skills – analyzing task requirements, questioning, critically interpreting material, evaluating the work of others
  – Collaborative skills – conflict management and resolution, accepting intellectual criticisms, flexibility, negotiation and compromise
  – Organizational and time management skills

Managing Conflict within the Project Team

It is inevitable when people from wide ranging backgrounds combine to form a project team that conflict will occasionally occur. Some conflicts may actually be positive, resulting in fresh ideas and energy being input to the project. Other conflicts can be negative and have the potential to bring the project to a standstill.

Most conflicts are able to be resolved, but some would require more effort to achieve a resolution than is justified. In these instances it may be more efficient to use creativity to devise a method for working around the problem.

An open exchange of views between project personnel should be encouraged as this will help ensure all possible courses of action and their consequences are considered. The project manager should keep in touch with the relationships of team members and act as a conciliator if necessary.

Ideally conflict should be harnessed for productive ends; conflict can have positive effects such as those below.

  i. Results in better, well thought out ideas
  ii. Forces people to search for new approaches
  iii. Causes persistent problems to surface and be dealt with
  iv. Forces people to clarify their views
  v. Causes tension which stimulates interest and creativity

7. An Understanding of Project Stakeholders

7.1 Definition of a Stakeholder

• Any individual or group that may affect or get affected by the organizational policies and actions. (Anonymous)

• A stakeholder is any group within or outside the organization that has a stake in the organization’s performance. (Daft)
• Project stakeholders are the individuals and organizations who are involved in or may be affected by, project activities (CIMA)

![Stakeholder Diagram]

We have already looked at the project manager and the project team. Other key stakeholders are defined as follows.

**Project sponsor**: provides and is accountable for the resources invested into the project and is responsible for the achievement of the projects business objectives.

**Project board**: is the body to which the project manager is accountable for achieving the project objectives. It represents the interests of the project sponsor.

**Project support team**: is a term used to designate the personnel working on a project who do not report to the project manager administratively.

**Customer**: the customer/user is the person or group whose needs the project should satisfy.

**Suppliers**: the project will often require inputs from other parties, such as material suppliers or possibly specialist labor such as consultants.

**Managing Stakeholder Expectations**

Even the simplest project is likely to have a large range of potential stakeholders. Identifying stakeholders, assessing their interests in the project and then using that information to manage the relationships with such groups is a vital project management activity. Once these have been identified it is useful to draw up a systematic plan to secure and maintain their support or to foresee and react to problems. This will allow the project manager to concentrate on those critical stakeholder relationships and thus reduce the vulnerability of the project when unexpected events rise.
In identifying and assessing in establishing various categories of stakeholders one may use the Mendelow matrix.

<table>
<thead>
<tr>
<th>Power</th>
<th>Low</th>
<th>High</th>
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<tbody>
<tr>
<td>Low</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>High</td>
<td>C</td>
<td>D</td>
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Each stakeholder has a different criterion of responsiveness because it has a different interest in the project, hence the impact that these stakeholders impose may differ. Some of them significant, while others are not.

**Type A** – low power and low interest
This type requires a minimum effort from the point of view of the project. On an individual basis they have a low capacity but as a group it may be different.

**Type B** – low power and high interest
The firm should focus on keeping this category of stakeholder informed of project activities. Even though they have low power when they join in with other groups and unions, the will hold high power and impose a larger impact.

**Type C** – high power and low interest
This type of stakeholder should be kept satisfied. These groups aren’t interested in all aspects of the project; they will only look into selected issues.

**Type D** – high power and high interest
These categories of stakeholders are key players in a project’s activities and decisions.

Hierarchy of stakeholders:
- Type D
- Type B
- Type C
- Type A

Based on this categorization stakeholder can be further classified as primary stakeholders and secondary stakeholders.

**Primary stakeholders**
Primary stakeholders are all those who are involved with the project and its activities on a direct and regular basis. In relation to the Mendelow matrix, stakeholders’ type B and D will be included in this category.
Secondary stakeholders
Secondary stakeholders are all those who are not involved with the project on a regular basis. In relation to the Mendelow matrix, stakeholders’ type A and C will be included in this type.

7.3 Strategies to Deal with Stakeholders

Type A (low interest and low power)

Direction -
- Lack of interest and power, therefore may not make any influence to the organization.
- They are more likely than others to accept what they are told and follow instructions

Type B (high interest and low power)

Education/communication -
- The positively disposed groups from this quadrant may lobby others to support the strategy
- Also if the strategy is presented as rational or inevitable to the dissenters or a show of consultation gone through, this may stop those joining forces with more powerful dissenters in types C and D.

Type C (high power and low interest)

Intervention -
- The key here is to keep the occupants satisfied to avoid them gaining interest and shifting into D.
- Usually this is done by reassuring them of the likely outcomes of the strategy well in advance.

Type D (high power and high interest)

Participation -
- These stakeholders can be major drivers of the change and major components of the strategy
- Initially, there should be education/communication to assure them that the change is necessary, followed by discussion of how to implement it.

7.4 Stakeholder Pressure/Power

If attention is not paid to various interests of stakeholders they may exert certain pressures. A few are listed in the table below.
<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Type of Pressure / Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Managers</td>
<td>Not executing management decisions adequately</td>
</tr>
<tr>
<td>Project team</td>
<td>Absenteeism, staff turnover, low morale and productivity</td>
</tr>
<tr>
<td>Customers</td>
<td>Reduce purchases, organize boycotts</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Supply competitors, reduce priority to your organization</td>
</tr>
<tr>
<td>Project sponsor</td>
<td>Withdraw sponsorship</td>
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### 7.5 Stakeholder Interest / Stakeholder Responsibility

An organization responsibilities toward its stakeholders maybe of economic, legal, ethical or discretionary nature.

- Economic responsibility are concerned with profit maximizations
- Legal responsibilities are concerned with rules laws and regulations that define appropriate corporate behavior.
- Ethical responsibilities require decision makers to act with equity fairness and impartiality.
- Discretionary responsibilities concerns an organizations desire to make voluntary social contribution not mandated by economics law or ethics.

### Responsibilities towards Project Stakeholders

#### Project team

Responsibilities to employees extend beyond terms and conditions of the formal contract of employment and gives recognition to the workers as a human being. People today have wider expectations of the quality of working life, including:

- Justice in treatment
- Democratic functioning of the organizations
- Opportunities for consultations and participation
- Training in new skills and technology
- Effective personnel and industrial relations policy’s and practices
- Dues on time
- Safe work conditions

#### Sponsors

Projects are in need of the collective investments of shareholders in order to finance their operations. Responsibilities toward sponsors extend to include the safe guarding of funds

#### Customers

To many people, responsibilities to consumers may be seen as no more than a natural outcome of good business. There are, however, broader responsibilities including:

- Providing good value for money
- The safety and durability of products
- Standard of after sales service
o Prompt and courteous attention to queries and complaints
o Long term satisfaction
o Fair standards of advertising and trading
o Full and unambiguous information to potential customers

**Natural Environment**
It is in the area of concern for the community at large that responsibilities can be seen most clearly. Projects have a responsibility not to misuse scarce factors of production upon which the wealth of the country depends. Projects have a responsibility to society, to respect environmental considerations and take care of amenities.

o Sustainable use of resources
o Proper waste disposal
o Refrain from illegal use of resources
o Promote being environmentally friendly
o Refrain from animal testing

**The Community**
o Assist in disaster management
o Ensure local culture is preserved
o Support community events
o Avoid immoral means or promoting or advertising

**Government**
Another important area of responsibility could arguably be to the government.

o Not evading tax
o Provide employment opportunities
o Infrastructure development
o Train locals
o Operating with legal framework set out

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<th>♫ My Short Notes</th>
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Chapter 4
Marketing Project Planning and Integration

This chapter will cover

1. Project Life Cycle
2. Stages of Project Planning
3. Project Integration Management
4. Project Risk Management
5. Marketing Situations which Call for Projects

1. Project Life Cycle

Projects can be thought of as having four phases or stages: this is the 4-D model.

<table>
<thead>
<tr>
<th>Stage in project life cycle</th>
<th>Component</th>
<th>Activities</th>
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</thead>
<tbody>
<tr>
<td>Define the project</td>
<td>Conceptualization</td>
<td>Produces a clear and definitive statement of needs</td>
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<tr>
<td></td>
<td>Analysis</td>
<td>Identify what has to be done and check its feasibility</td>
</tr>
<tr>
<td>Design the project</td>
<td>Planning</td>
<td>Show how the needs will be met</td>
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<tr>
<td></td>
<td>Justification</td>
<td>Compute costs and benefits</td>
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<tr>
<td></td>
<td>Agreement</td>
<td>Obtain sponsor agreement</td>
</tr>
<tr>
<td>Deliver the project</td>
<td>Start up</td>
<td>Assemble resources and people</td>
</tr>
<tr>
<td></td>
<td>Execution</td>
<td>Carry out planned project activities</td>
</tr>
<tr>
<td></td>
<td>Completion</td>
<td>Success or abandonment</td>
</tr>
<tr>
<td></td>
<td>Handover</td>
<td>Output passes to sponsor/user</td>
</tr>
<tr>
<td>Developing the process</td>
<td>Review</td>
<td>Identify outcomes for all stakeholders</td>
</tr>
<tr>
<td></td>
<td>Feedback</td>
<td>Document lessons and improvements for future use</td>
</tr>
</tbody>
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1.1 Definition of a Project

Projects start when someone becomes aware of the need for one. Therefore the first phase of the project life cycle involves identification of a need opportunity or problem. This can occur at any level and context.

a) Setting the Project Objective

Objectives are those things that the organization wants to achieve. Typically to-level objectives are profit oriented or in no-profit oriented organization, objectives will be to improve the standard of living or education, etc., of members. It is usually a function of
the board of directors to determine the high-level organizational objectives. These objectives are then converted from ‘whats’ to ‘hows’ by undertaking projects.

b) Identifying Project Proposals

Turning project objectives into realizable projects can be difficult for organizations for a number of reasons:

- Prioritizing objectives is not always straightforward, as different members of the organization will have different priorities.
- There is likely to be more than one way to achieve the project.
- Not all objectives can be attained within the same time frame because of limited resources.

At a strategic level the project manager may have very little or no input at all in the process of identifying projects. However, as the key organizational strategies are identified and increasingly defined by discussions, brainstorming and negotiation, strategies will become programs of change. A project becomes a strategy to achieve an objective. For example, if a corporate objective for a pharmaceutical company is to expand its Asian markets, a research project into an endemic disease might achieve this. This process of identifying objectives, refining and classifying them, rating them according to need and organizational importance and finally establishing links between objectives and strategies, leads to the final formulation of a project.

c) Formation of Project Proposals

As the organization determines its objectives and strategies to achieve these objectives, gradually a set of priorities will emerge, that is, those strategies that are considered the most effective to realize objectives. It is likely at this point that the organizations will have a number of strategic options. As yet no attempt will have been made to determine the benefits of achieving a particular objective, nor whether it is feasible. Obviously this must be done before a project can be carried out, that is, a project cannot exist without an objective to achieve. As organizations are unlikely to have the resources to carry out all strategies, it is important to identify those strategies that provide the most benefit and achieve the organization’s most important objectives. Also, as the organization identifies its key objectives more clearly, the proposals for action become more detailed and more accurate judgment can be made on costs and benefits.

d) Setting the Project Requirements

A requirement is a statement of what is expected of a project or product; it must be clearly defined, and appropriate to meet the organization’s objectives. If a project requirement is set out clearly from the outset, the project has a greater chance of success,
and less chance of escalation of costs due to rework, continual changes and customer dissatisfaction.

A requirement is different from a specification, in that the requirement is the statement of the reason for what is being done or developed, whereas a specification is the statement of the detailed characteristics of the project or product such as size or performance criteria.

e) The Feasibility Study

Once objectives and strategies have been identified and ranked and requirements and specifications have been identified, the next stage is to identify those strategies that should be investigated, in order to examine their feasibility. (i.e. how achievable they are). Feasibility studies may be carried out on a number of potential strategies and the aim of the study is to check the size of the potential benefits and evaluate in broad outline potential alternative solutions and their lifetime costs, and thereby decide on which proposal to choose.

f) Assessing Project Feasibility

The feasibility can be done by internal staff as a mini project or by requesting proposals from contractors. If contractors are used, the projects requirements will be presented by the company in a document called an invitation to tender (ITT) or a request for proposal (RFP). The company as the customer will ask contractors with a proven history of success at similar projects to submit proposals on how they propose to solve the problem or satisfy the need, together with schedules of time and cost estimates.

However, it is important for project managers to understand the process of feasibility assessment. Feasibility studies compare the ‘no change’ option of achieving objectives, with two or three alternative proposals for change. Criteria used are technical capability, fit with business goals, financial benefit, social impact and risk sensitivities.

- Technical feasibility

There are a number of key aspects regarding technology. The technical features of a strategy that need to be considered are as follows:

- Development, that is will it require further testing prior to usage or are we confident that the material, technology and processes have been thoroughly tested and are readily usable and available?
- Applicability, that is, is the technology suitable to satisfy the objective and the project effectively?

It is also important to assess a variety of technical aspects of the proposals. These are likely to vary greatly and may require numerous experts to evaluate them. For example marketing campaigns must take account of specific market, customer and economic conditions.
Other technical considerations could include the following:

- The ease of use of technology
- The degree of disruption during the construction and installation phase

- Fit with business goals
Some great project proposals, with high potential financial gain, may divert the company from its primary goals.

- Financial benefit
A technique often used in a feasibility study is the cost-benefit analysis. Cost-benefit analysis helps to identify and evaluate the costs of the proposal over its anticipated life (such as purchase, building, maintenance, repair, etc.) the other side to cost-benefit is the identification and evaluation of the benefits of the project over its life.

The types of costs and benefits involved in a project will depend upon the precise nature and scope of that project and can vary greatly.

For every item on the project proposal it is necessary to identify:

- Its value, (in monetary terms or in terms of benefits)
- Whether it is capital or revenue
- When it occurs
- Whether it is a one-off cost or recurring

Types of cost

*Capital costs* – these are incurred in the acquisition of assets. Capital costs will include the purchase price of an asset (e.g. land and buildings, equipment, plant) plus any additional cost of installation and maintenance. Capital expenditure usually occurs at the beginning of the project.

Revenue costs – includes any cost incurred by the project other than for the purchase of assets. These costs are those incurred at a regular basis and include repair and running costs of the assets, but also the general overheads not necessarily directly incurred by the project. Examples of such costs are rent and rates, depreciation, etc. the project will also incur direct revenue costs such as materials and the salaries and wages of the direct workers.

Finance costs – finance for project is required to pay for the original assets and may also be required to cover the recurring running expenses of the project. Financing costs are generally incurred as interest charges that have to be paid on the balance of the funds outstanding. Therefore if a project proposal requires funding it is important to know exactly how much it requires, when payments would be due and how much interest would be paid.
Sources of finance include:
- Finance borrowed from a lending bank
- Capital invested by shareholders
- Retained profit from business
- Grants or subsidies from government (for specified projects only)

- Social and ecological feasibility
It is becoming increasingly necessary to assess social factors affecting feasibility. These may include awareness of the social issues within a group or office (e.g., introducing a computerized system), or larger social awareness regarding the effect of projects or products on workers or employment. Relevant consideration may include questions such as: will the introduction of the computerized system lead to redundancy? How will the general public be affected or what position would the people take about a project such as constructing a new road or nuclear power plant on a community?

Ecological considerations may be driven by the understanding that customers would prefer to purchase alternative products or services as they are more ecologically sound and less harmful to the environment. Environmental considerations may be stimulated by primarily by health and safety legislation. It is important for the organization to consider the raw material input, the production processes and the disposal of the product at end of its life.

- Risk sensitivity
The assumptions upon which the financial feasibility is made need to be made clear. Also any political sensitivities need to be identified, since these are the most common reason for project failure.

At the end of this phase the company will decide whether to proceed with the project. If it does, then a project team is formed, and a project initiation document is raised.

### 1.2 Design the Project

The importance of planning prior to the commencement of a project cannot be stressed enough. It is vital to provide a thorough plan of action that demonstrates how project tasks will be accomplished, at what time, using which resources and at what costs. The planning phase involves taking the plan of activities, the schedule (time plan) and the budget (cost plan), and breaking it down into greater detail.

Planning determines:
- What needs to be done;
- Who will do it;
- How long it will take;
- How much it will cost.
This detailed planning is critical to the success of any project. It is important that the people who will be involved in performing the project also participate in the planning process. Participation is a key aspect in getting team member’s commitment to the project goals and success.

The planning process will covered in greater detail in the next section.

1.3 Deliver the Project

This is the operational phase of the project. Planning will continue as required in order to control agreed changes and to deal with unforeseen circumstances, but the main emphasis is on getting the work done. There are several important themes,

(a) Management and leadership: people management assumes a greater importance as the size of the project work force increases.
(b) Control: time, cost and quality must be kept under control, as must the tendency for changes to proliferate.
(c) Supply chain: all the aspects of logistic management must be implemented, especially with projects involving significant physical output.
(d) Problems and decisions: problems are bound to arise and must be solved sensibly and expeditiously.

1.4 Monitoring and Controlling the Project

As the project evolves, it is important to monitor it continually in order to ensure that it is progressing as expected, toward the final objective. This requires a continual measurement of actual activities, including monitoring activities started and completed, how long it has taken so far (and how long it is estimated to take up to completion), and how much money has been spent on that activity. This measurement of actual resources committed at any time or date must be compared against the plan of activities to assess progress and monitor deviations. If, after comparison of actual versus plan, a deviation is discovered (such as overspending or taking longer tan anticipated), the project manager must take corrective action to get the project back on target.

Corrective action requires consideration of alternatives before implementation. For instance, adding extra resources in order to get a project back on time will incur extra costs and may therefore overrun the project budget. The project manager needs to consider very carefully the implications of any corrective action upon project scope, budget, and schedule.

The most important aspect of project control is ensuring that the monitoring progress is carried out on a regular basis and that corrective action is considered and implemented
immediately. Effective project control will involve a system to regularly gather project data on actual project progress and performance and carrying out corrective action where necessary as soon as possible. A regular project reporting period should be set up (e.g. daily, weekly, or monthly), depending on the complexity or duration of the project.

1.5 Develop the Process

The final stage of the project life cycle is the closure of the project once the project work is finished. The main purpose of closure procedures is to evaluate the overall project and to learn from the experiences gained. This should help the project organization improve its performance on future projects. Project termination activities would include the following:

(1) Organizing and filling all project documentation. This is important for any project but it is vital if there are quality certification issues or it is necessary to provide the user with operating documentation. All project documentation must be stored efficiently for future reference. It is also necessary to keep information for future audit purposes.

(2) Receiving and making final payments to suppliers of resources and contractors.

(3) Handover must take place where the project has been managed for a client under contract. At some point the client must formally accept that the contract is complete and take responsibility for any future action that may be required, such as the operation and maintenance of a system.

(4) Reviewing project organization and methods to recommend future improvements provide staff with immediate feedback on performance and to identify short-term needs such as staff training or remedial action for procedure failures.

(5) Rewarding project team and ensuring that they have job to move on to

(6) Reviewing the business case to check that intended benefits are likely to be achieved

(7) Project systems must be closed down, but in a proper fashion. In particular, the project accounts and any special accounting systems must remain in operation and under control until all costs have been posted but must then be closed down to avoid improper posting.

The Review Process

A thorough review is the organization’s opportunity to make significant improvements in how it manages its projects. The review should cover all aspects of the project, possibly organized on a functional basis, and have clear terms of reference for each. This cannot be done on the cheap: appropriate quantities of management time and attention must be allocated to the review process and to the assimilation of its results and recommendations.
Longer-Term Review

Longer-term review is useful for the consideration of lifetime costs; which should be the eventual criterion for project success. It also allows individuals time to reflect on their experiences and to learn more thoroughly from them.

2. Stages of Project Planning

Detailed planning will include the following steps.

2.1 Dividing the Project into Work Packages

Breaking the project into work packages requires the identification of individuals responsible for elements of work. A work breakdown structure must be created, and the tasks therein completed by the project team during the project. This then involves further definition of all the specific activities that must be carried for each package. The work breakdown structure clearly identifies the person or people responsible for each activity or work package (described in detail in chapter 5).

2.2 Define the Activities Graphically

By using a network diagram (often referred to as the critical path analysis – see chapter 5) the required sequence and interdependencies of activities to achieve the project objective can be displayed in a more user-friendly format.

2.3 Estimation of Resources

It is necessary to plan how long it will take to complete each activity, and how much of each resource each activity will require to complete the activity on time. It is also necessary to provide a cost estimate based on the type of resources required and the quantities anticipated for each activity.

2.4 Determine the Project Schedule and the Budget

A baseline budget needs to be produced that presents a realistic assessment of the time and funding required, and the available resources to complete the project objective. This forms the baseline plan for the whole project – a compete guide for accomplishing the project scope on time and within cost.

3. Project Integration Management

Project integration management involves coordinating all of the other project management knowledge areas throughout a project life cycle. It ensures that all the elements of a project come together at the right times to complete a project successfully. The main processes involved in project integration management include:
a) **Project plan development**, which involves putting the results of other planning processes into a consistent, coherent document—the project plan,
b) **Project plan execution**, which involves carrying out the project plan by performing the activities included in it.
c) **Integrated change control**, which involves coordinating changes across the entire project.

As project integration management ties together all the knowledge areas, project integration management depends on activities from all eight of the other knowledge areas. It also requires commitment from top management in the organization sponsoring the project throughout the life of the project. Project integration management pulls together all of these elements to guide the project toward successful completion. By performing good project planning, execution, and change control, project managers and their teams can meet or exceed stakeholder needs and expectations.

Many people consider integration management to be the key to overall project success. Someone must take responsibility for coordinating all of the people, plans, and work required to complete a project. Someone must focus on the big picture of the project and steer the project team toward successful completion. Someone must make the final decisions when there are conflicts among project goals or people involved. Someone must communicate key project information to senior management. This someone is the project
manager, and the project manager's chief tool for accomplishing all these tasks is project integration management.

Integration management includes interface management. Interface management involves identifying and managing the points or interaction between various elements or the project. The number of interfaces can increase exponentially as the number of people involved in a project increases. Thus one of the most important jobs of a project manager is that of establishing and maintaining good communication and relationships across organizational interfaces. The project manager must communicate well with all project stakeholders, including customers, the project team, senior management, other project managers, and opponents the project.

In order to integrate across knowledge areas and across the organization, there must be a good project plan. Therefore the first process of integration management is project plan development.

3.1 Project Plan Development

A project plan is a document used to coordinate all project planning documents and help guide a project's execution and control. Project plans also document project planning assumptions and decisions regarding choices, facilitate communication among stakeholders, define the content, extent, and timing of key management reviews, and provide a baseline for progress measurement and project control. Plans should be dynamic, flexible, and subject to change when the environment or project changes. Plans should greatly assist the project manager in leading the project team and assessing project status.

To create and assemble a good project plan, the project manager must practice the art of integration since information is required from all of the knowledge areas. Working with the project team and other stakeholders to create a project plan will help the project manager have a good understanding of the overall project and how to guide its execution.

The following format will show elements that should be included in a project plan.

<table>
<thead>
<tr>
<th>Section title</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview or summary</td>
<td>Overview of the plan: project objectives, organization of the project team, schedule of work, especially the milestones, resources required including the budget and an assessment of significant risks.</td>
</tr>
<tr>
<td>Project name</td>
<td>Every project should have a unique name. Unique names help distinguish each project and avoid confusion among related projects.</td>
</tr>
<tr>
<td>Project players and responsibility</td>
<td>This section of the project plan should describe the major project functions and activities and identify those individuals who are responsible for them.</td>
</tr>
<tr>
<td>Topic</td>
<td>Description</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Project objectives</td>
<td>For example: to design and launch an upgraded product for the X company, maintaining pre-existent standards but catering for an increase in customer expectations.</td>
</tr>
<tr>
<td>Project scope and contract</td>
<td>This identifies reasons for undertaking this project and what is to be achieved in terms of deliverables. Project work is usually organized into several work packages using a work breakdown structure (WBS). This section should briefly summarize the main work packages for the project and refer to appropriate sections of the scope management plan. This section lists and describes the key products produced as part of the project. It should also describe the quality expectations for the deliverables.</td>
</tr>
<tr>
<td>Methodology</td>
<td>The project team will use project management techniques consistent with accepted standards. This section describes specific methodologies a project might use and how information is to be documented. Many companies or customers have specific formats for technical documentation. It is important to clarify these technical processes in the project plan.</td>
</tr>
<tr>
<td>Technical plan</td>
<td>The technical features of the project are identified. They will include requirements, specifications, system-diagrams, site plans, tools, techniques, support functions, standards and any relevant document relating the project deliverable.</td>
</tr>
<tr>
<td>Quality and management</td>
<td>The quality plan identifies the customer, the key outcomes it expects, acceptance criteria agreed, a test plan of how each outcome is to be tested, and responsibility for each test.</td>
</tr>
<tr>
<td>Communication plan</td>
<td>This will identify the key personnel in the project (or stakeholders), what their interest in the project is and their concerns that will need to be addressed consistently, what communication is planned and the responsible person.</td>
</tr>
<tr>
<td>Project control</td>
<td>This section describes how to monitor project progress and handle changes; will there be monthly status reviews and quarterly progress reviews? Will specific forms or charts be used to monitor progress? What is the process for change control? What level of management is required to approve different types of changes? (Change control is discussed later in this section).</td>
</tr>
<tr>
<td>Organization and personnel</td>
<td>The organization plan describes the structure of the project team and each person’s responsibilities. In addition to an organizational chart for the company sponsoring the project and for the customer's company (if it is an external customer), there should be a project organizational chart to show the lines of authority, responsibilities, and communication for the project. Also describes the number and types of people required for the project. It should refer to the staffing management plan, if one is required for the project.</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Project schedule</td>
<td>This will describe the main phases of the project and highlight all key milestones. It is usually illustrated by a Gantt chart with a network diagram.</td>
</tr>
<tr>
<td>Resources and facilities including budget breakdown</td>
<td>This may include the total estimate of the overall project's budget. It could also include the budget estimate for each month or year by certain budget categories. It is important to provide some explanation of what these numbers mean. For example, is the total budget estimate a firm number than cannot change, or is it a rough estimate based on projected costs over the next three years? Also includes more detailed budget information. For example, what are the fixed and recurring cost estimates for the project each year? What are the projected financial benefits of the project? What types of people are needed to do the work, and how is the labor costs calculated?</td>
</tr>
<tr>
<td>Risk assessment and risk management</td>
<td>The risks are identified and contingency plans made, including extra activities and cost and time buffer to be added to ensure reliable budget and completion date.</td>
</tr>
<tr>
<td>Acceptance</td>
<td>The project manager will submit deliverable for acceptance to the customer. Acceptance will be in writing.</td>
</tr>
<tr>
<td>Change management</td>
<td>Requests for change may be initiated by the project manager or the customer. These will be reviewed and approved by the project board with decisions in writing.</td>
</tr>
<tr>
<td>Post implementation audit</td>
<td>After the project, when all change requests have been reviewed to ensure completion, input should be sought from the project team, and subcontractors, suppliers and the customer. It will include a summary of performance reviewing all aspects of the project, including the way it was manage, the tools used, the costs incurred against estimates, the performance of the team and its relationship will other project members. The lessons learned to prevent recurrence of any problems should be identified. An action plan with recommendations for prevention should be drawn up.</td>
</tr>
</tbody>
</table>
3.2 Project Plan Execution

The second process of integration management is project plan execution. Project plan execution involves managing and performing the work described in the project plans. The majority of time on a project is usually spent on execution, as is most of the project's budget.

The application area of the project directly affects project execution because the products of the project are produced during project execution. The project manager would need to focus on leading the project team and managing stakeholder relationships to successfully execute the project plan.

Project integration management views project planning and execution as intertwined and inseparable activities. The main function of creating project plans is to guide project execution. A good plan should help produce good products or work results. What good work results consist of should be documented in a plan, and knowledge gained from doing work early in the project should be reflected in updates to the project plans. Anyone who has tried to write a computer program from poor specifications appreciates the importance of a good plan. Anyone who has had to document a poorly programmed system appreciates the importance of good execution.

A common sense approach to improving the coordination between project plan development and execution is to follow this simple rule: Those who will do the work should plan the work. All project personnel need to experience and develop both planning and executing skills.

Project managers must lead by example to demonstrate the Importance of creating good plans and then following them in project execution, project managers often create plans for things they need to do themselves. If project managers follow through on their own plans, their team members are more likely to do the same.

Good project plan execution requires many skills. General management skills- leadership, communication, and political skills-are essential. Project managers must provide leadership on their specific projects to interpret planning and executing guidelines. Project managers must also communicate well with the project team and other project stakeholders to create and execute good project plans. Product skills and knowledge are also critical for successful project execution. Project managers and their staffs must have the required expertise to produce the products of the project. If they do not, it is the project manager's job to help develop the necessary skills, find someone else to do some of the work, or alert senior management to the problem.
3.3 Integrated Change Control

Integrated change control involves identifying, evaluating, and managing changes throughout the project life cycle. The three main objectives of integrated change control are:

1. Influencing the factors that create changes to ensure that changes are beneficial: To ensure that changes are beneficial and that a project is successful. Project managers and their teams must make trade-offs among key project dimensions such as scope, time, cost, and quality.

2. Determining that a change has occurred: To determine that a change has occurred, the project manager must know the status of key project areas at all times. In addition, the project manager must communicate significant changes to top management and key stakeholders. Top management and other key stakeholders do not like surprises, especially ones that mean the project might produce less, take longer to complete, cost more than planned or be of lower quality than desired.

3. Managing actual changes as they occur: Managing change is a key job of project managers and their staffs. It is important that project managers exercise discipline in managing the project to help minimize the number of changes that occur.

Important inputs to the integrated change control process include project plans, performance reports, and change requests. Important outputs include project plan updates, corrective actions, and documentation of lessons learned.

The project plan provides the baseline for identifying and controlling project changes. For example, the project plan includes a section describing the work to be done on a project. This section of the plan describes the key deliverables for the project, the products of the project, and quality requirements. The schedule section of the project plan lists the planned dates for completing key deliverables, and the budget section of the project plan provides the planned cost for these deliverables. The project team must focus on delivering the work as planned. If changes are made during project execution the project plans must be revised.

Performance reports provide status information on how project execution is going. The main purpose of these reports is to alert the project manager and team of issues that might cause problems in the future. The project manager and team must decide if corrective actions are needed, what the best course of action is and when to ad.

In addition to updating project plans and taking corrective actions, documenting lessons learned is an important output from the integrated change control process. The project manager and team should share what they have learned with each other and other people in the organization. There should be some documentation of these lessons learned on...
change control, and discussing them at an open meeting is an effective way to share this information. Discussing lessons learned on change control should help manage the change control process in future projects. Thus a good change control system is also important for project success.

4. Project Risk Management

Projects and other undertakings carry an element of risk, for example, the risk of an inappropriate system being developed and implemented. Risk management is concerned with identifying such risks and putting in place policies to eliminate or reduce these risks. The identification of risks involves an overview of the project to establish what could go wrong, and the consequences.

The following sections provide an overview of risk terminology and the various approaches to its management.

4.1 Definition and Types of Risk

Definition of Risk

- Risk can be defined as the probability of an undesirable event. Risk can be classified under three headings:
  - Quantitative risk
  - Socially constructed risk
  - Qualitative risk

Quantitative Risk

This risk can be expressed as a financial amount. Estimation of risk is generally based on the probability of the event occurring, multiplied by the financial or non-financial consequence of the event.

It can be considered to be the product of three values:

The likelihood of an event occurring – \( p(E) \)
The likelihood that the event will lead to a loss – \( p(L) \)
The monetary cost of the worst possible potential loss associated with that accident – \( M \)

The value of the quantitative risk - \( p(E) \times p(L) \times M \)

Socially Constructed Risk

People believe some things to be risks, even when statistics indicate they are not (and vice versa). We are all ‘risk literate,’ in that we do not think logically about risk. Socially constructed risks may well exceed quantitative risk, so when seeking to put people’s mind at rest, qualitative risk assessment may not be enough. We must also manage people’s perceptions of risk.
An example of this can be seen on commercial airlines. Most evidence suggests that, in the event of a serious accident, wearing a ‘lap strap’ belt on a plane does nothing to reduce the risk of injury. It does, however, make people feel a lot more secure, so it reduces the socially constructed risk.

**Qualitative Risk**

Since risks cannot always be quantified accurately, but some way of categorizing risk is useful, we need a pragmatic solution. If we look at a subjective assessment of the scale and likelihood of risk, we can generate a table as follows.

<table>
<thead>
<tr>
<th>Potential scale or Significance of loss</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likelihood</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>

Having done this, in our risk management program we should address the category A risks first, then the B’s and so on. Do not worry about the E’s too much.

### 4.2 Managing Risk

Risk management comprises risk assessment (identifying and analyzing risk) and risk control (taking steps to reduce risk, provide contingency and monitor improvements).

i. Risk management can be seen as a series of steps:

   ii. Risk identification – producing lists of risk items;

   iii. Risk analysis – assessing the loss probability and magnitude for each item;

   iv. Risk prioritization – producing a ranked order of risk items;

   v. Risk management – deciding how to address each risk item, perhaps by avoiding, transferring or reducing the risk;

   vi. Risk resolution – producing a situation in which risk items are avoided or reduced;

   vii. Risk monitoring – tracking progress toward resolving risk items and taking corrective action.

Examples of risk management approaches which would include the following:
Avoidance
- Abort the plan
- Escape the specific clause in the contract
- Leave the risk with the customer or supplier

Transference
- Subcontract the risk to those more able to handle it, such as a specialist supplier or insurer.

Reduction
- Take an alternative course of action with a lower risk exposure
- Invest in additional capital equipment or security devices to reduce the risk or limit its consequences.

5. Marketing Situations which call for Projects

There are several situations which call for projects. To name a few:
- New product development
- Distribution channel development
- Entering into a new geographical market
- Development of software to support marketing activities

In each of the mentioned examples, it is obvious that the situation can clearly be divided into a definition, design, deliver and development stages. In other words the phases of the project life cycle are evident.

<table>
<thead>
<tr>
<th>Step</th>
<th>Application of project planning, integration and risk management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idea Generation</td>
<td></td>
</tr>
<tr>
<td>Screening</td>
<td></td>
</tr>
<tr>
<td>Concept Development and Testing</td>
<td></td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td></td>
</tr>
<tr>
<td>Business Analysis</td>
<td></td>
</tr>
<tr>
<td>Product Development</td>
<td></td>
</tr>
<tr>
<td>Test Marketing</td>
<td></td>
</tr>
<tr>
<td>Commercialization/Launch</td>
<td></td>
</tr>
</tbody>
</table>

‡ Activity
Take a new product development project. Based on the following steps relate to how a marketing manager could develop this in the form of a project, how the project could be integrated, how risk could be managed. Develop and present your own model. Clearly present the definition of the scope, design stage, delivery stage and development stage
Chapter 5
Project Management Tools and Techniques

This chapter will cover
1. Work Breakdown Structures
2. Gantt Charts
3. Network Analysis and Critical Path
4. Project Evaluation and Review techniques
5. Resource Histogram

1. Work Breakdown Structures

A complex project is made manageable by first breaking it down into individual components, in a hierarchical structure known as the work breakdown structure, or the WBS. Such a structure defines tasks that can be completed independently of other tasks, facilitating resource allocation, assignment of responsibilities, ad measurement and control of the project. The work breakdown structure can be illustrated in a block diagram.

```
+-----------------+
|     Project     |
+-----------------+
|      Task 1     |
|  +-------------+  
|  | Subtask 1.1  |  
|  +-------------+  
|      Task 2   |
|  +-------------+  
|  | Subtask 1.2  |  
|  +-------------+  
|     Work      |
|   Package     |
|  1.1.1        |
|              |
|  +-------------+  
|  | Work package |
|  |   1.1.2      |
|  +-------------+  
|              |
|  +-------------+  
|  | Work package |
|  |   1.1.3      |
|  +-------------+  
```

Because the WBS is a hierarchical structure, it may be conveyed in outline form.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub task 1.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work package 1.1.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work package 1.1.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work package 1.1.3</td>
</tr>
<tr>
<td></td>
<td>Sub task 1.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work package 1.2.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work package 1.2.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work package 1.2.3</td>
</tr>
</tbody>
</table>
1.1 Terminology for Different Levels

Each organization uses its own terminology for classifying WBS components according to their level in the hierarchy. For example, some organizations refer to different levels as tasks, sub-tasks and work packages, as shown in the above outline. Others may use the terms phases, entries and activities.

1.2 Organization by Deliverables or Phases

The WBS may be organized around deliverables or phases of the project life cycle. Higher levels in the structure are generally performed by groups. The lowest level in the hierarchy often comprises activities performed by individuals, though a WBS that emphasizes deliverables does not necessarily specify activities.

1.3 Level of Detail

The breaking down of a project into its component parts facilitates resource allocation and the assignment of individual responsibilities. Care should be taken to use a proper level of detail when creating the WBS. On the extreme, a very high level of detail is likely to result in micro-management. On the other extreme, the tasks may become too large to manage effectively.

1.4 WBS’s Role in Project Planning

The work breakdown structure is the foundation of project planning. It is developed before dependencies are identified and activity durations are estimated. The WBS can be used to identify the tasks in the critical path analysis and PERT project planning models.

2. Gantt Charts

During the year of scientific management, Henry Gantt developed a tool for displaying the progression of a project in the form of a specialized chart. An early application was the tracking of ship building projects.

However when planning for activities within a project, it can be difficult to get a clear picture of what is being done, when and by whom. Tools such as the Activity Network can be used to calculate dates, but it is still not immediately clear which tasks occur at the
same time and can result in people being scheduled to work on several tasks simultaneously.

The Gantt Chart is a simple horizontal Bar Chart, where bars represent the actual calendar time which is planned for each task (see Figure below). The scale used for the time will depend on the overall size of the project and the estimation increment used.

The horizontal axis of the Gantt chart is a time scale, expressed either in absolute time or in relative time referenced to the beginning of the project. The time resolution depends on the project – the time unit typically is in weeks or months. Rows of bars in the charts show the beginning and ending dates of the individual tasks in the project.

In some projects, each task is shown to begin when the task above it completes. However, in the example above, where the bars overlap represent cases where a task can begin before the completion of another, and there may be several tasks performed in parallel. For such cases, the Gantt chart is quite useful for communicating the timing of the various tasks.

For larger projects, the tasks can be broken into sub tasks having their own Gantt charts to maintain readability.

Other information may be added to the chart, such as the resources required to complete each task (people, machines and materials), as shown in above figure. This helps the management of the task in several ways:

- Over- and under-allocation of work can be easily seen and corrected. This is commonly highlighted by summing bars down into one Histogram per person, as in the illustration.
- The interaction of people within groups can be coordinated, for example where several people are working on the same or related tasks.
- The estimation of task duration may be matched with resources allocated to it.
- Scarce resources can be allocated to the most important tasks.
- Individual holidays can be taken into account.
- Additional resource may be budgeted for, in order to reduce the project completion time or to reduce any risk of slippage or failure.
2.1 Developing a Gantt Chart

a) Define the requirements of the project or work to be planned. This should contain sufficient detail to enable good decisions to be made during the planning process. Defining precise requirements can be helped by identifying the constraints on the project, which typically fall into three areas:
   a) Work, including tasks that must be completed and tasks that need not be completed. This may also include measures to determine the success of the project.
   b) Resource, including people available, machines, tools, materials and general discretionary budget.
   c) Time, including the calendar time by when the project must be completed, holidays and other periods when resources are not available.

b) Identify all tasks that need to be completed to meet the requirements from step 1. When breaking the work down, aim to find clearly allocable chunks, where the required skills and resources are obvious. The duration of each task should be of comparable length and be short enough to enable clear tracking. For example, in a 12 month project, it is reasonable to have tasks of around 1 week each, whilst a 4 week project may be broken down into tasks which take no more than 1 day. Each task should be uniquely identifiable, either from its name or an allocated code.

c) For each task, identify what is required to complete it, such as specific skills and resources. This may also take into account what is known about the risks in the task. For example, it may be decided that a task with known or uncertain risks will require the involvement of a more skilled person (or even more people). Note that at this stage actual resources are not allocated; the information from this step is fixed, whilst actual resources may be shuffled around between tasks.

d) Perform an initial allocation of resources to tasks, taking into account the requirements from step 3 and the resources actually available.

e) Estimate the time that will be taken to complete each task, given the allocated resources. There are many ways of doing this, few of which are particularly reliable. The best method is to use data that has been collected from previous similar tasks preferably by the same people.

f) Identify task priorities and dependencies. This typically means finding those tasks which must be completed before each task can begin (although there are sometimes more complex dependencies).

g) Calculate the start and end dates for each task. For anything more than a simple situation, this will require the use of an Activity Network.
h) Identify a scale for the Gantt Chart, for example one increment on the bar may represent anything from 1 hour to 1 month. Typically, this will enable the chart to be drawn within a single page width (although using the paper in landscape, rather than portrait format will give more width). For example, if there are 30 squares available for bars, and the project is calculated to take 6 months, then it may be decided that a single square will represent all or part of a week.

i) Identify periods during which tasks may not be worked on, such as public holidays, private holidays, conferences and company events which must be attended. Mark these on the chart.

j) Draw the horizontal bars on the Gantt Chart, against each task, using the information gained in steps b to i. At a minimum, this will include an identification of each task (name or code) plus the bar for that task. It may also include columns for additional information, typically anything from steps b to h, but most usefully the names of the people who will perform the task, as in the illustration.

The bar for each task will fill each time column (identified in step h), even if it represents only a part of this time. For example, in the illustration, the bar for 'Design new form' occupies two full day columns, even though it may only take a part of the second day. This potential confusion can be avoided by using the same scale for effort estimates and time columns, although this may result in a large number of columns or very coarse estimates. The best approach is usually to scale the time columns to fit on the page and be careful not to get confused by any task overlap.

2.2 Gantt Chart Role in Project Planning

The strength of the Gantt chart is its ability to display the status of each activity at a glance. For sequencing and critical path analysis, network models such as the network diagram or PERT are more powerful for dealing with dependencies and project
completion time. Even when network models are used, the Gantt chart is often used as a reporting tool.

### 2.3 Combine use of Gantt Charts

A disadvantage of the Gantt Chart is that dependencies between tasks are not shown, which can lead to tasks being ordered wrongly. This can be addressed by using an Activity Network beforehand, to calculate realistic start dates for each task. Other items from the Activity Network including slack time, tasks on the critical path, and milestones may also be displayed on the Gantt.

*Optimizing the schedule through rearranging tasks and resources is often aimed at reducing the total slack time, and may also result in a reduction in the total calendar time required to complete the project. This is called leveling or load balancing.*

Tasks are often shown as a hierarchy, where the lowest level tasks (or unit tasks) are those which are actually worked on by someone. The higher level tasks (called summary tasks) serve only to 'contain' lower level tasks, helping with their identification and understanding. The way they commonly appear is shown in the illustration.

**Example**

A project team in a printing works had a solution to an electrical problem which required all machines to be stopped whilst a fuse box was replaced and a cable was laid into a new machine. Normally, this would have taken two days, but they used two electricians and careful optimization of the Gantt Chart to minimize slack time, as in the illustration. As a result, the work was easily completed within one day.
3. Network Analysis and Critical Path

Network analysis also known as critical path analysis (CPA), requires breaking down the project into tasks, arranging them into a logical sequence and estimating the duration of each. This enables the series of tasks that determines the minimum possible duration of the project to be identified. These are critical activities.

CPA aims to ensure the progress of a project, so the project is completed in the minimum amount of time. It pinpoints the tasks which are on the critical path, i.e. those parts which, if delayed beyond the allotted time, would delay the completion of the project as a whole. The technique can also be used to assist in allocating resources such as labor and equipment.

Critical path analysis is quite a simple technique. The events and activities making up the whole project are represented in the form of a diagram. Drawing the chart involves the following steps.

1. Estimating the time needed to complete each individual activity or task that makes up a part of the project.
2. Sorting out what activities must be done one after another and which can be done at the same time, if required.
3. Representing these in a network diagram.
(4) Estimating the critical path, this is the longest sequence of consecutive activities through the network.

Note that the diagrams are drawn so that the flow of activities is from left to right.

Suppose that a project includes three activities, C, D and E. neither activity D nor E can start until activity C in completed, but D and E could be done simultaneously if required.

This would be represented as follows.

```
C  D  E
```

A second possibility is that an activity cannot start until two or more activities have been completed. If activity H cannot start until activities G and F are both complete, then we would represent the situation like this.

```
F  H
```

### 3.1 Constructing the Network Diagram for the given Example

<table>
<thead>
<tr>
<th>Activity</th>
<th>Immediately preceding activity</th>
<th>Duration (weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>B</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>C</td>
<td>A</td>
<td>2</td>
</tr>
<tr>
<td>D</td>
<td>B</td>
<td>1</td>
</tr>
<tr>
<td>E</td>
<td>B</td>
<td>5</td>
</tr>
<tr>
<td>F</td>
<td>B</td>
<td>5</td>
</tr>
<tr>
<td>G</td>
<td>C,D</td>
<td>4</td>
</tr>
<tr>
<td>H</td>
<td>F</td>
<td>3</td>
</tr>
<tr>
<td>I</td>
<td>F</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Task D</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID number</td>
</tr>
<tr>
<td>Duration</td>
</tr>
<tr>
<td>Earliest start:</td>
</tr>
<tr>
<td>Latest start:</td>
</tr>
</tbody>
</table>
Each node in the diagram may be divided as illustrated in the diagram above. These sections record the following things.

1. The **name** of the activity, for example task D. This helps people to understand the diagram.
2. An **ID number** which is unique to that activity helps computer packages understand the diagram, because it is possible that two or more activities could have the same name.
3. The **duration** of the activity.
4. The **earliest start time**. Conventionally for the first node in the network, this is time.
5. The **latest start time**.

The first step in the solution is to draw the network diagram, with the time for each activity shown.

We could list the paths through the network and their overall completion times as follows.

<table>
<thead>
<tr>
<th>Path</th>
<th>Duration (weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A C G</td>
<td>(5+2+4) = 11</td>
</tr>
<tr>
<td>B D G</td>
<td>(4+1+4) = 9</td>
</tr>
<tr>
<td>B E</td>
<td>(4+5) = 9</td>
</tr>
<tr>
<td>B F H</td>
<td>(4+5+3) = 12</td>
</tr>
<tr>
<td>B F I</td>
<td>(4+5+2+0) = 11</td>
</tr>
</tbody>
</table>
The critical path is the longest, BFH, with a duration of 12 weeks. This is the minimum time needed to complete the project. The critical path is indicated on the diagram by drawing thick (or double-line) arrows, as shown above.

Calculating earliest and latest start times

*Earliest start times*

To find the earliest start times, always start with activities that have no predecessor and give them an earliest starting time of 0. In the example we have been looking at, this is week 0.

Then work along each path from left to right through the diagram calculating the earliest time that the next activity can start.

For example, the earliest time or activity C is week 0+5 = 5. The earliest time activities D, E and F can start is week 0+4 = 4.

To calculate an activity’s earliest time, simply look at the box for the preceding activity and add the bottom left figure to the top right figure.

If two or more activities precede an activity take the highest figure as the later activity’s earliest start time; it cannot start before all the others are finished.

*Latest start times*

The latest start times are the latest times at which each activity can start if the project as a whole is to be completed in the earliest possible time, in other words in 12 weeks in our example.

Work backwards from right to left through the diagram calculating the latest time at which the activity can start, if it is to be competed at the latest finishing time. For example, the latest start time for activity H is 12-3 = week 9 and for activity E is 12-5 = week 7. Activity F might cause difficulties as two activities H and I, lead back to it.

(a) Activity H must be completed by week 12, and so must start at week 9.
(b) Activity I must also be completed by week 12, and so must start at week 10.

Activity F takes 5 weeks so its latest start time is either 9-5 = week 4 or 10-5 = week 5. However, if it starts in week 5 it will not be possible to start activity H on time and the whole project will be delayed. We therefore take the lower figure.

The final diagram is now as follows.
3.2 Criticisms of the Critical Path/Network Analysis

(a) It is not always possible to devise an effective WBS for a project.

(b) It assumes a sequential relationship between activities. It assumes that once activity B starts after activity A has finished. It is not very good at coping with the possibility that an activity later in the sequence may be relevant to an earlier activity.

(c) There are problems in estimation. Where the project is completely new, the planning process may be conducted in conditions of relative ignorance.

(d) Although a network analysis plans the use of resources of labor and finance, it does appear to develop plans for contingencies, other than crashing time.

(e) Critical path analysis assumes a trade-off between time and cost. This may not be the case where a substantial portion of the cost is indirect overheads or where the direct labor proportion of the total cost is limited.

4. Project Evaluation and Review Techniques (PERT)

Project evaluation and review technique (PERT) is a modified form of the network analysis designed to account for uncertainty. For each activity in the project, optimistic, most likely and pessimistic estimates of time are made, on the basis of past experience, or even guess-work. These estimates are used to determine the mean completion time. The
mean times are used to establish the critical path and the standard deviation of completion times for the entire project.

4.1 Constructing a PERT Chart

Just as in the section above describing the network diagram and critical path analysis, activities should be identified along with its sequence.

Following which using the activity sequence information a network diagram can be drawn showing the sequence of the activities.

Estimating activity times

However, in the PERT chart, the network analysis is complicated by uncertainty of events so that a single time given for an event is likely to have a degree of error. To overcome this uncertainty PERT uses three time estimates for each activity in the network:

- An optimistic estimate (denoted by the letter o) – the duration it would take if conditions were ideal.
- A probable/most likely estimate (denoted by the letter m) – the duration it would take if conditions were normal, or as expected.
- A pessimistic estimate (denoted by the letter p) – the duration it would take if a number of things went wrong.

The next step is to calculate an expected time for each activity, which can be found from the following formula:

\[
\frac{o + 4m + p}{6}
\]

Consider the following example:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Preceding activity</th>
<th>Optimistic time</th>
<th>Most likely time</th>
<th>Pessimistic time</th>
<th>Expected time</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>-</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>B</td>
<td>-</td>
<td>3</td>
<td>4</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>C</td>
<td>A</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>D</td>
<td>B</td>
<td>2</td>
<td>3</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>E</td>
<td>B</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>F</td>
<td>E</td>
<td>2</td>
<td>6</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>G</td>
<td>C,D</td>
<td>6</td>
<td>7</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>H</td>
<td>F</td>
<td>2</td>
<td>7</td>
<td>11</td>
<td>7</td>
</tr>
</tbody>
</table>
Then, the network diagram can be redrawn using the expected times for each activity:

![Network Diagram](image)

The critical path of activities is ADGH and the critical duration is 23 days.

5. Resource Histogram

The resource histogram is a useful planning tool that shows the amount and timing of the requirement for a resource (or a range of resources). The histogram shows the number of people required at a certain time during the project. These are found by adding the number of people working at any time during the project. Floats are not included, it is assumed that the activity will be completed on schedule by all the people involved.

A number of different ways of using and displaying resource histograms are shown in the table below.
Draw lines across the Histogram to ease estimation of the height of individual bars. Superimpose the expected distribution on top of the Histogram to show how close it is.

Compare the Histogram with a previous Histogram by showing the previous Histogram in outline only.

A *Dot Plot* shows bars as a series of dots, where each dot represents a fixed group of one or more measurements. It is useful where there are only a few measurements made, and can be used like a Check Sheet, to plot the distribution 'on the job'.

A *Frequency Polygon* draw a continuous line between the midpoints of where the bars would be, to emphasize the distribution.

Show the actual size of each measurement within each bar by building the bars from the measurement values. This enables the distribution within each bar to be seen. Space can be saved by putting only the fractional difference in the bar, with the full number below. This is called a *Stem and Leaf Plot*. 

```plaintext
| 9 |
| .8 |
| .7 |
| .3 .7 .3 |
| .3 .7 .3 |
| .1 .6 .2 .9 |
| .0 .0 .5 .1 .1 |
| .1 .6 .0 .5 | 5 5 2 |
| 3.0 3.5 4.0 4.5 5.0 5.5 6.0 |
```
### Case – Activity 01

#### The World Youth Indoor Games, in year X

The World Youth Indoor Games is a sporting competition which, every 2 years, brings together over 5000 young sportsmen and women from around the world to compete at the highest level in a range of indoor sporting events. The organization of the Games is a large scale and complex project, involving a diverse range of activities. The strict time constraints set for the project increase the difficulties of managing the other key constraints, namely cost and quality. The next Games are to be held in Winsin, a state capital in the USA, in 2 years time, and will last for 2 weeks.

#### Project Sponsor

The Winsin city government will guarantee to cover the cost of the Games. A significant part of the project will be the provision of new buildings and facilities. A number of the required buildings already exist, and most of the remaining requirements will be constructed as part of a re-development programme being undertaken by Winsin’s city government.

Major new work associated with the project include the construction of a 30000 seat indoor athletic stadium and a world press and media centre.

A further consideration is the upgrade of the current transport network, with major development work required on the local rail system between the main stadium and the city centre, and an airport bus link.

#### Winsin Games Co-ordination Committee (WGCC)

The overall management of the project, including the construction of the new facilities and the refurbishment of existing facilities, is being coordinated by the Winsin Games Co-ordination Committee (WGCC). The Committee is made up of local councilors, local businessmen and women, city government officials, sportsmen and women and senior managers from ZX Consultants. In addition to the provision of sporting facilities, transportation and accommodation, the scope of the project includes provision of:

- Communication facilities;
- Marketing;
- Fund raising;
- Recruitment and training of staff; and
- Organization of events and ceremonies.

These individual project activities are being managed by specialist teams, who are responsible for the delivery of the individual aspects of the project and reporting back to the Committee on a regular basis. Each specialist team is led by a project team manager.

#### Definition and objectives of the project

There are many stakeholders involved in this project: the paying spectators, the local citizens of Winsin, the state citizens, the sponsors and television companies, the athletes and the local business community. Success will be measured in terms of trouble-free performance of the events, level of customer enthusiasm and satisfaction, and sustained economic activity generated in the region. Completion of the project on time is critical; the Games must begin on 2 November XXX4. The current date is November XXX2 and the WGCC held its first official project meeting on the first day of this month.
Telecommunications and Information Technology

The last three World Youth Indoor Games have attracted a worldwide television audience, and the telecommunications network has to be adequate to cope with the additional television and telephone communications required to facilitate coverage throughout the world. A telecommunications infrastructure, including broadband web transmission and satellite communications, needs to be established to service both national and international demand.

Software Requirements

The main software development aspect of the project is the development of the Games communications software in the form of an information database, designed to provide all Games information to the general public. This will require development of a dedicated website to give public access to event information. The database will contain information about:

- All competitors;
- Which events they are competing in;
- At what time;
- Where each event is taking place;
- The capacity of the building for each event; and
- The availability of tickets.

The database will be designed to allow the general public to monitor the events they are interest in and to allow the Games coordinators to monitor progress of the Games both before and during events. In addition, the public will be able to order tickets from the website for any event, and purchase Games merchandise. The website will also contain links to local hotels and restaurant facilities. The whole package of communications software and the telecommunications and IT hardware has been called the ‘Communications Infrastructure.’

Project Activities

The project can be broken down into the following areas of work:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Activity Descriptor</th>
<th>Preceding Activity</th>
<th>Duration (after completion of preceding activities)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Obtain financing and sponsorship negotiation</td>
<td>-</td>
<td>22 weeks</td>
</tr>
<tr>
<td>B</td>
<td>Sporting facilities (refurbishment and new construction)</td>
<td>-</td>
<td>52 weeks</td>
</tr>
<tr>
<td>C</td>
<td>Analysis and design of communications software</td>
<td>A</td>
<td>14 weeks</td>
</tr>
<tr>
<td>D</td>
<td>Construct media facilities</td>
<td>B,C</td>
<td>16 weeks</td>
</tr>
<tr>
<td>E</td>
<td>Program communications system</td>
<td>C</td>
<td>26 weeks</td>
</tr>
<tr>
<td>F</td>
<td>Install communications software and telecommunications hardware</td>
<td>D,E</td>
<td>6 weeks</td>
</tr>
<tr>
<td>G</td>
<td>Transport network update and construct athletes’ accommodation</td>
<td>-</td>
<td>40 weeks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>Security arrangements and check (both physical and technological)</td>
<td>G,F</td>
<td>12 weeks</td>
</tr>
<tr>
<td>I</td>
<td>Public relations/advertising/marketing</td>
<td>F</td>
<td>10 weeks</td>
</tr>
<tr>
<td>J</td>
<td>Human resources and volunteers (including pre-Games training for volunteers)</td>
<td>I</td>
<td>12 weeks</td>
</tr>
<tr>
<td>K</td>
<td>Test games, trial events and media systems, and contingency.</td>
<td>HJ</td>
<td>6 weeks</td>
</tr>
<tr>
<td>L</td>
<td>Events (including the opening and closing ceremonies)</td>
<td>K</td>
<td>2 weeks</td>
</tr>
</tbody>
</table>

Each of the above activities is carried out by individual specialist project teams, and is led by a project team manager. It is critical that these events are coordinated and planned effectively, as timing is critical to the success of this project. There is little formal coordination between the individual project teams, but the WGCC intends to distribute regular project information to all project team managers.

**Critical project dimensions**

**Time dimensions**

The Games must begin on the stipulated date (2 November XXX4) even if quality or costs are adversely affected. The WGCC is investigating alternative methods of control which will help to control the timing of the project. Its plans include holding project team meetings (once every two weeks), setting target dates well in advance of the main event (to be set by individual project team managers), contingency planning and the design of ‘test events’ in order to trial key or complex events prior to the real thing. In addition, critical path methods and programme evaluation and review (PERT) will be employed to control time-related uncertainties.

**Cost dimensions**

The Games budget, excluding construction costs, is $25 million, which will be provided by a combination of city government finance, sponsorship and television rights. The budgeting and financial planning process for the Games will include:

- Consultations with national and international experts in sporting events management;
- Consultation with committees who have previously hosted the Games;
- Analysis and review of the budgets and financial planning from previous Games;
- Independent review and consultation with independent financial experts (including ZX Consultations)

All the specialist team project managers are responsible for their own budget, and will be required to report the financial position of their particular activity to the WGCC on a quarterly basis. Advice on budgetary control will be available from the consultants at ZX, but project team managers will not be given any specific financial training.

**Quality dimension**

The WGCC considers quality to fall into two main categories;

- Fit for purpose;
- Conforming to customer requirements

In projects such as the Games, there are clear difficulties in defining quality, particularly in the early stages of development. For example, quality of performance and ceremonies...
might be measured by how spectacular they are, how well they are displayed and how they appeal to a mass, multi-cultural audience.

Adoption of total quality management techniques could improve the quality of the project and help to ensure the success of the Games. In addition, continuous audit of all project activities has been suggested by ZX Consultants as a way to maximize the achievements of cost, quality and time criteria.

**Project status**

The WGCC held its first meeting on 1 November XXX2, at which the above issues were discussed. The second project review meeting is due to take place at the beginning of December XXX2. You have been asked to attend as part of the ZX consultancy team.

The WGCC is aware of the need to manage effectively the three major project dimensions of cost, quality and time. One of the key tasks to undertake immediately is the determination of the critical path.

**Required**

The meeting in December XXX2, you have been asked by the WGCC to prepare a report which includes:

a) A critical path analysis for the Games (using either the Activity on Node approach or the Activity on Arrow approach) clearly identifying:
   i. the critical path activities and the critical duration of the project;
   ii. the Earliest Event Time for each activity (EET);
   iii. the Latest Event Time for each activity (LET)

b) A calculation of the slack time on activity H and an explanation of how this information may assist decision making during this project

**Case –Activity 02**

You are the project manager responsible for a proposed new computer-based application for a medium sized retail chain. You have drawn up an outline timetable for the introduction of the new system. The first draft of this is shown below.

<table>
<thead>
<tr>
<th>Task</th>
<th>Description</th>
<th>Planned Duration (weeks)</th>
<th>Preceding activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Communication-inform staff at each shop of the proposal and indicate how it will affect them</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>Carry out systems audit at each shop</td>
<td>2</td>
<td>A</td>
</tr>
<tr>
<td>C</td>
<td>Agree detailed implementation plan with board of directors</td>
<td>1</td>
<td>B</td>
</tr>
<tr>
<td>D</td>
<td>Order and receive hardware requirements</td>
<td>4</td>
<td>C</td>
</tr>
<tr>
<td>E</td>
<td>Install hardware at all shops</td>
<td>4</td>
<td>D</td>
</tr>
<tr>
<td>F</td>
<td>Install software at all shops</td>
<td>2</td>
<td>D</td>
</tr>
<tr>
<td>G</td>
<td>Arrange training</td>
<td>3</td>
<td>D</td>
</tr>
<tr>
<td>H</td>
<td>Test systems at all shops</td>
<td>4</td>
<td>E and F</td>
</tr>
<tr>
<td>I</td>
<td>Implement changeover at all shops</td>
<td>10</td>
<td>G and H</td>
</tr>
</tbody>
</table>

**Required:**

Produce a critical path analysis of the draft implementation plan. (this should identify the critical path and the total elapsed time.)
Case – Activity 03

ABC is a small manufacturer of precision automotive components. It was established in 1923 by two brothers, and has managed to survive by continuous improvements in product quality and customer service. It is now one of very few family-owned businesses still supplying the automotive industry. One of ABC’s major customers, Barber Motor Manufacturing Inc. (BMM), is currently prototyping a new car model, the ‘Barber Blaster’ which uses some of ABC’s components in its braking system. These brake components are unable to provide the required level of performance, and BMM has asked ABC to redesign the components.

The Barber Blaster is due to enter manufacture in 30 weeks, and the production department of ABC require the re-design to be completed 6 weeks prior to this in order for the components to be manufactured and tested. You have been asked to assist with the project planning for the redesign. The design department has given you the following information relating to the re-design of the brake components.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Duration (weeks)</th>
<th>Depends on</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>A,B</td>
</tr>
<tr>
<td>D</td>
<td>7</td>
<td>C</td>
</tr>
<tr>
<td>E</td>
<td>5</td>
<td>C</td>
</tr>
<tr>
<td>F</td>
<td>6</td>
<td>D</td>
</tr>
<tr>
<td>G</td>
<td>4</td>
<td>E,F</td>
</tr>
</tbody>
</table>

Requirements:

a) Draw a Gantt chart for the redesign project, based on the information provided.

b) Calculate the project elapsed time, according to the information provided.

c) Identify the issues that should be investigated in order to determine if the project can meet its time constraints.

My Short Notes
Chapter 6
Project Documentation and Meetings

This chapter will cover

1. The Project Initiation Document
2. Project Management Plan
3. Project Quality Plan
4. Progress Reports
5. Project Completion Report
6. Project Meetings

1. The Project Initiation Document (PID)

This document defines all major aspects of the project and forms the basis for its management and the assessment of overall success.

There are two primary uses of the document:

- To ensure that the project has a complete and sound basis before there is any major commitment to the project
- To act as a base document against which the project can assess progress, change management issues, and ongoing viability questions.

**Suggested content:**

As a minimum the document should answer the following fundamental questions about the project:

- What the project is aiming to achieve?
- Why it is important to achieve it?
- Who will be involved in managing the process and what are their responsibilities?
- How and when the project will be undertaken?

The PID has to answer the above questions to a sufficient level of detail to maintain control of the project. The document should cover the following areas:

- Background, explaining the context of the project, and how we have arrived at the current position of requiring a project.
- Project Definition, explaining what the project needs to achieve. Under this heading will be:
  - Project objectives
  - Defined method of approach
  - Project scope what is included and what not
  - Project deliverables and/or desired outcomes
  - Exclusions
Chapter 06 – Project Documentation and Meetings

- Constraints
- Interfaces
- Assumptions

- Project organization structure, detailing who is going to be involved and what their responsibilities are (team management structure and job descriptions)
- Communication plan, describes how the project stakeholders will be kept informed during the project
- Project quality plan
- Project controls, laying down how control is to be exercised within the project, and the reporting and monitoring mechanisms that will support this
- Business case, covering the estimated costs, risks and benefits. The Business Case will require regular review throughout the project and may require updating
- Initial project plan. The plan will be reviewed and further developed at regular intervals during the project
- Risk register containing details of the identified risks so far. The Risk Register will be reviewed at regular points during the project to assess progress on managing risks and to identify new risks that may have appeared

The Project Initiation Document will need to be formally approved and signed off at the end of the initiation stage of the project. It is typically assembled by the Project Sponsor/Project Director and parts of it may be updated and refined throughout the project life cycle up to and including project closure.

The Project Initiation Document is not necessarily one document, but can be a set of documents. It is likely to be developed through several reiterations. It will have stable elements and dynamics ones which will need to have new versions created as the project progresses. The charter is more abstract than the project documentation that will follow. The charter is not likely to give many specifics about how the team and project are to proceed. The project management plan will do that.

2. Project Management Plan

The project management plan is used as a reference tool for managing the project. The plan is used to guide both project execution and project control. It outlines how the project will be planned, monitored and implemented.

The format of a project plan was given in Chapter 4: section 3.1.

3. Project Quality Plan

The project quality plan outlines the quality strategy to be followed and links this to any formal quality management approach the organization has chosen to follow.
There is no generally accepted format for a quality plan; in fact the distinction between a project management plan and a quality plan is becoming increasingly blurred.

Key elements of a quality plan include:

- The formal stages of the project
- Standards to be used throughout the project
- Controls that aim to ensure quality
- Checks to ensure quality

4. Progress Reports

A progress report shows the current status of the project, usually in relation to the planned status. The frequency and contents of progress reports will vary depending on the length of, and the progress being made on, a project. The report is control tool intended to show the discrepancies between where the project is, and where the plan says it should be.

The common form of progress reports uses two columns – one for planned time and expenditure and one for actual. Any additional content will depend on the format adopted. Some organizations include only raw facts in the report, and use these as a basis for discussion regarding reasons for variances and action to be taken, at a project review meeting. Other organizations produce more comprehensive progress reports, with more explanation and comment.

The report should monitor progress toward key milestones. A progress report may include a milestone slip chart which comprises planned and actual progress towards project milestones. Planned progress is shown on the X axis and actual progress on the Y axis. Where actual progress is slower than planned progress slippage has occurred.

![Milestone Slip Chart](image-url)
On the chart above milestones are indicated by a triangle on the diagonal planned progress line. The vertical lines that meet milestones 1 and 2 are straight - showing that these milestones were achieved on time. At milestone 3 some slippage has occurred. The chart shows that no further slippage is expected as the progress line for milestone 4 is the same distance to the right as occurred at milestone 3.

A format of a status report is provided below.

<table>
<thead>
<tr>
<th>Project status report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project title: Software implementation To date: 11 May 200X</td>
</tr>
<tr>
<td>Overall status Behind X days / On target / Ahead X days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KEY MILESTONES</th>
<th>Plan</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project scope and plans signed off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. SLA/ Contract signed off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Acceptance criteria signed off</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Training plan signed off</td>
<td></td>
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<td>5. Business processes signed off</td>
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<td>6. User training complete</td>
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<td>7. Pilot system established</td>
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<td>8. Pilot system reviewed</td>
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<td>9. Go live date confirmed</td>
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<td>10. Go live</td>
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## FINANCIAL STATUS

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<th>“a” Initial budget</th>
<th>“b” Current budget</th>
<th>“c” Actual spend to date</th>
<th>“d” R/cast – to complete</th>
<th>“e” Var</th>
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Note: Var = (c + d) – b

Other comments (notable achievements / major changes / planned absences etc.)

Project manager …………………………..

Project sponsor ………………………….

5. Project Completion Report

On project completion the project manager will produce the completion report. The main purpose of the completion report is to document (and gain client sign-off) the end of the project.

The final report might include the following:
1) Customer’s original need
2) Original project objective
3) Customer’s original requirements
4) Actual versus anticipated benefits to the customer as a result of the project
5) Degree to which the original project objective was met.
6) Brief description of the project
7) Future considerations.
8) A list of all deliverables provided to the customer
9) Test data from the final-acceptance testing.

The completion report will also include provision for any on-going issues that will need to be addressed after completion. Such issues would be related to the project, but not part of the project (if they are part of the project the project is not yet complete). An example of an on-going issue would be a procedure for any ‘bugs’ that become apparent after a
new software program has been tested and approved. Responsibilities and procedures relating to any such issues should be laid down in the report.

The manager may find it useful to distribute a provisional report and request feedback. This should ensure the version presented for client sign-off at the completion meeting is acceptable to all parties.

6. Project Meetings

6.1 Project Initiation Meeting

The project initiation document is presented at the project initiation meeting. The aim of the meeting is to ensure that the following questions have been answered:

- Are there good business reasons for the project?
- Does the initiation document correctly represent the project?
- Do all agree on what is to be done?
- Does it show a viable, achievable project that is in line with corporate strategy, or overall program needs?
- Is the project organization structure complete, with names and titles?
- Have all the roles been considered?
- Does it clearly show a control, reporting and direction regime that is implementable, and appropriate to the scale, business risk and business importance of the project?
- Is the project organization structure backed up by agreed and signed job definitions?
- Are the relationships and lines of authority clear?
- Does the project organization structure need to say to whom the Project Board reports?
- Do the controls cover the needs of the Project Board, Project Manager and Team Managers?
- Do the controls satisfy any delegated assurance requirements?
- Is it clear who will administer each control?
- Have risks involved been identified? Have stakeholder interests and participation been considered?

All projects will require the answers to the critical questions considered above. Put them in place and the chance of success increases dramatically. These factors should be put into pace during the initial stage of the project: the initiation phase. However many project sponsors and managers are tempted to jump into the definition and design phases without much organizational work. This urgency, while understood, can be the downfall of a project before it really begins.
Carrying out proper initiation meetings will confirm the project’s value to the organization, ensure that the people who participate are available and committed, create an ordered process and structure for conducting the project, and set the scope and define its expected results.

Furthermore, initiation meetings may also yield the following benefits:

- Improved communication
- Better project sponsorship
- Progress towards industry best practices
- Improved relationships with clients

### 6.2 Project Progress/Status Review Meetings

Project review is essentially asking questions about the progress of the project, the use of resources, the completion of tasks and sub-tasks etc, and recording information about these questions in the project management information systems. A review is about checking on the status of a project and recording information in such a way that decisions can be made from this information.

It does not matter how detailed or sophisticated the plan is, it is after all just a statement of what you want to happen. As the project progresses, you may deviate from original intentions. This interaction between what is planned and what actually happens, and how you manage this, is what will ultimately determine the success of the project.

Progress is recorded as ‘actuals’; in other words the actual work that is being undertaken. It is normal to choose a standard reporting period, for example, every second Friday. This reporting period is determined by the duration of the project, the number and frequency of milestones and the level of critical tasks. Thus for a short period of say three to six months, it may be weekly but a longer project of a year or more, it may be monthly.

At each reporting period, review meetings will cover the following:

- Actual completion dates (when did people start and finish?)
- Actual effort (how many hours of effort were expended?)
- Actual cost (how many dollars were expended?)
- Actual progress (how far along has the work advanced?)
- Problems (what unexpected problems or issues have arisen?)
- Projections (what is the current completion and expenditure forecast?)

The actuals can be gathered in a number of ways. You may choose to have team members report progress on their particular tasks at team meetings. Alternatively, they may report to your directly (e.g. fortnightly email progress).
Status reviews imply that the values are recorded and reviewed over a period of time. This is the only way that trends can be detected, and problems headed off before they impair the progress of the project.

Assuming that any problems are detected, progress review meetings should ensure that corrective action be taken in order to maintain control of the project. Such measures could be:

- Extend the duration of the task
- Add resources to a task (either current or future)
- Overlap tasks (revise or remove predecessor link)
- Re-scope the project
- Re-negotiate the end date with the owner
- Increase resource productivity

It should be noted that the project plan should be used as a guide for coordinating the project. For that reason, the project plan should be monitored and updated regularly.

Project progress reviews are of utmost importance as it is the decisions that you make as you progress through your project that determine success.

6.3 Post Project Review Meetings

The post completion review and audit

When the project solution has been delivered, the final phase – an audit of the entire project is conducted. The audit looks at all aspects of the project with regard to two questions.

(a) Did the end result of the project meet the client’s expectations?
   - The actual design and construction of the end product. Extent to which the required quality has been achieved.
   - Was the project achieved on time? Reasons for over/under expenditure identified.
   - Was the project completed within budget?

(b) Was the management of the project as successful as it might have been, or were there bottlenecks or problems? This review covers:
   - Problems that might occur on future projects with similar characteristics
   - The performance of the team individually and as a group
   - Significance of any problems encountered, and the effectiveness of the solutions generated to deal with them.
In other words, any project is an opportunity to learn how to manage future projects more effectively. Lessons learnt that relate to the way the project was managed should contribute to the smooth running of future projects.

The post completion audit should involve input from the project team. A simple questionnaire could be developed for all team members to complete, and a reasonably informal meeting held to obtain feedback, on what went well (and why), and what didn’t (and why).

This information should be formalized in a report. The post completion audit report should contain the following:

- A summary should be provided, emphasizing any areas where structures and tools used to manage the project have been found to be unsatisfactory.
- A review of the end result of the project should be provided, and compared against the results expected. Reasons for any serious discrepancies between the two should be provided, preferably with suggestions of how any future projects could prevent these problems recurring.
- A cost benefit review should be included, comparing the forecast costs and benefits identified at the time of the feasibility study with actual costs and benefits.
- Recommendations should be made as to any steps which should be taken to improve the project management procedures used.

A starting point for any new project should be a review of the documentation of any similar projects undertaken in the past.

### 6.4 Productive Meetings

It seems to strange to talking about something as simple as a meeting. However, meetings are such an integral part of project management. Yet they are often not conducted well enough.

A meeting is an amazingly simple process. If managed correctly, a meeting can be a useful project management tool. There are a few simple steps which can be taken to ensure that a meeting is effective. You should always determine who should be at the meeting; there is no requirement to have all team members at all meetings. It is important that a project meeting has an agenda and that the meeting follows this agenda. The meeting has been called for a number of reasons and if the discussion “wanders,” then some or all of the meeting objectives will not be achieved. It is important that the minutes of a meeting are recorded, and that these prescribe actions, where appropriate, to definite people to perform within defined times. There should also be follow-up action to ensure that the tasks are undertaken.
At meetings, people should be expected to give their full attention. It is up to the chairperson to keep the conversation on track, precise and to the point.

A meeting checklist

### BEFORE

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Determine objectives</td>
<td>• Confirm attendance</td>
</tr>
<tr>
<td>• Determine attendees</td>
<td>• Decide what is required of you</td>
</tr>
<tr>
<td>• Prepare agenda</td>
<td>• Decide what you want from the meeting</td>
</tr>
<tr>
<td>• Organize meeting place</td>
<td>• Do any preparation required</td>
</tr>
<tr>
<td>• Do any preparation required</td>
<td></td>
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</tbody>
</table>

### DURING

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Attendees</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Be punctual</td>
<td>• Be punctual</td>
</tr>
<tr>
<td>• Stick to the agenda</td>
<td>• Listen</td>
</tr>
<tr>
<td>• Retain control</td>
<td>• Participate</td>
</tr>
<tr>
<td>• Ask questions</td>
<td>• Don’t wander off the subject</td>
</tr>
<tr>
<td>• Keep the meeting brief</td>
<td>• Ask questions</td>
</tr>
<tr>
<td>• Summarize results</td>
<td></td>
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</tbody>
</table>

### AFTER

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Attendees</th>
</tr>
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<tbody>
<tr>
<td>• Assess your performance</td>
<td>• Assess your performance</td>
</tr>
<tr>
<td>• Follow up promptly on any items you are required take action</td>
<td>• Follow up promptly on any items you are required take action</td>
</tr>
<tr>
<td>• Ensure others do the same</td>
<td></td>
</tr>
</tbody>
</table>

♪ My Short Notes

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Chapter 06 – Project Documentation and Meetings 112
Graduate/Postgraduate Diploma in Marketing

Marketing Management

Recommended Study Text

Module Three

Human Resources Management for Marketing
Chapter 7
Understanding Human Resource Management

This chapter will cover

1. Definition of Human Resource Management
2. HRM Vs. Personnel Management
3. Soft Approach and Hard Approach to HRM
4. Key Activities of HRM
5. Importance of HRM to Marketing

1. Definition of Human Resource Management

Human resources are uniquely important in sustained business success. An organization gains competitive advantage by using its people effectively, drawing on their expertise and ingenuity to meet clearly defined objectives. HRM is aimed at recruiting capable, flexible and committed people, managing and rewarding their performance and developing key competencies.

The following are a few definitions:

- Human resource management refers to the activities undertaken to attract, develop, and maintain an effective work force within an organization (Daft)

- It is a process of analyzing and managing an organization’s human resource needs to ensure satisfaction of its strategic objectives. (Hellriegel and Slocum)

- The management function that deals with recruitment, placement, training and development of its members (Stoner)

- Human Resource Management refers to the design and application of formal systems in an organization to ensure the effective and efficient use of human talent to accomplish organizational goals (unknown).

2. HRM vs. Personnel Management

Some see the nature and degree of difference between personnel management and human resource management as remaining ‘largely matters of opinion rather than fact, and the similarities much greater than the differences.’ Nevertheless it is worthwhile distinguishing the two.

Personnel management is ‘work force’ centered, directed mainly at the organization’s employees. The people who work in the organization are the starting point. Although
indisputably a management function, personnel management is never totally identified with management interests. Underpinning personnel management are the idea that people have a right to proper treatment as dignified human beings and the role of personnel management interventions in everyday manager-subordinate relationships.

Human resource management is resource centered. Directed mainly at management needs for human resources to be provided and deployed. There is greater emphasis on planning, monitoring and control, rather than mediation. Underpinning human resource management is the idea that this is much the same as any other aspect of management and an integral part of it which cannot be separated out for specialists to handle.

<table>
<thead>
<tr>
<th>Personnel Management</th>
<th>Human resource management</th>
</tr>
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<tbody>
<tr>
<td>Short term</td>
<td>Long term</td>
</tr>
<tr>
<td>Compliance</td>
<td>Psychological contract based on commitment</td>
</tr>
<tr>
<td>External Controls</td>
<td>Self Control</td>
</tr>
<tr>
<td>Pluralist Perspective</td>
<td>Unitarian Perspective</td>
</tr>
<tr>
<td>Bureaucratic Structure</td>
<td>Organic Structure</td>
</tr>
<tr>
<td>Specialist or Professional roles</td>
<td>Integration with Line Management</td>
</tr>
<tr>
<td>Cost Minimization</td>
<td>Maximum Utilization</td>
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</tbody>
</table>

3. Soft Approach and Hard Approach to HRM

Two distinct approaches to HRM can be discerned:
- Soft approach
- Hard approach

The soft approach to human resource management is an integrated strategic function that is concerned with nurturing people because they are human beings whose feelings should be considered, and moreover, developing this valuable resource is the best way to achieve results. The approach places emphasis on the human element of the term.

The soft approach aims to increase efficiency through employee commitment. Commitment is fostered by means of focusing on communication and motivation. People are led, rather than being managed. Furthermore employees are involved in determining and realizing strategic objectives.

The hard approach to HRM is also based on the belief that human resources are the key assets, but the emphasis is placed on; getting the most out of people as a result of using them in the most productive way. The approach focuses attention on the resource element of the term.

The hard approach places control firmly in the hands of management, instead of attempting to achieve efficiency through employee commitment. The manager’s role was to keep the workforce closely matched with the requirements of the organization.
Roots in Management Theory

The soft and the hard approach can be identified to have their roots in management theory.

The hard approach has its roots in a line of thinking that was predominant in the 20th century; scientific management. This approach was significantly influenced by these early thoughts on managing the workforce. Scientific management was concerned with increasing productivity by providing financial incentives for higher levels of output. Similarly, the hard approach to HRM was concerned with getting the best out of workers, via early management thoughts such as finding the one best possible way to perform a task and offering financial incentives. Scientific management points out that workers should be controlled by giving order, maintaining discipline, and removing from them any decisions about the manner in which work is done. This thought was very much predominant in the hard approach.

The roots of the soft approach are believed to be in the human relations school of thought, a movement which dominated management thinking until the 1950’s. The human relations approach, just like the soft approach, focused on the human element in an organization. Following the shortcomings of the classical approach, the human relations movement began to focus its attention on the social factors at work and to the behavior of employees. It generated new ideas concerning the importance of work groups and leadership, communications, motivation, and job design. The soft approach too stressed the importance of achieving efficiency and commitment through leadership and motivation, rather than just managing workers.

Comparison of the soft and hard approach to HRM.

<table>
<thead>
<tr>
<th>Hard Approach</th>
<th>Soft Approach</th>
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<tbody>
<tr>
<td>Places emphasis on the resource part of the term</td>
<td>Places emphasis on the human element of the term</td>
</tr>
<tr>
<td>It emphasizes costs in the form of ‘headcounts’ and places control firmly in the hands of management</td>
<td>Aims to increase efficiency through employee commitment. Its concerns are with communication and motivation.</td>
</tr>
<tr>
<td>Manager’s role is to manage numbers effectively, keeping the workforce closely matched with requirements in terms of both bodies and behavior.</td>
<td>People are led rather than managed. They are involved in determining and realizing strategic objectives.</td>
</tr>
<tr>
<td>Linked with Maslow’s theory X worker</td>
<td>Linked with Maslow’s theory Y worker</td>
</tr>
<tr>
<td>Roots in scientific management school – This line of thinking were predominant in the early 20th century and had a significant influence on the early thoughts on managing the workforce.</td>
<td>Roots in human relations school - The US human relations movement dominated management thinking until the 1950s and was a significant influence on the development of modern HRM.</td>
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</table>
4. Key Activities of HRM

<table>
<thead>
<tr>
<th>Attracting</th>
<th>Job Analysis</th>
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<tbody>
<tr>
<td></td>
<td>Job Description</td>
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<tr>
<td></td>
<td>Person Specification</td>
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<td>Recruiting</td>
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<td>Selection</td>
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<td>Induction</td>
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<td>Developing</td>
<td>Learning</td>
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<td>Management Development</td>
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<td>Training</td>
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<td>Job Redesign</td>
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<td>Appraisal</td>
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<td>Maintaining</td>
<td>Dismissals</td>
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<td>Redundancies</td>
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<td>Motivation, Reward based pay</td>
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<td>Disciplinary action</td>
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<td>Administrative issues</td>
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</table>

Some of the above activities of Human Resources Management are discussed below.

4.1 Attracting an Effective Work Force

4.1.1 Job Analysis, Job Description, and Person Specification

- Job Analysis

Job analysis is the systematic investigation of job content, the physical circumstances in which the job is carried out, and the qualifications needed to carry out the job responsibilities. Once the job analysis has been completed you will be in a better position to write current and accurate job descriptions and person specifications. Thereby providing an impartial basis for hiring, evaluating, training, accommodating and supervising persons, as well as improving the efficiency of your organization. In preparing a job analysis, the analyst may make use of several data collection techniques, namely:
  - Interviews
  - Questionnaires
  - Checklist and inventories
  - Observation
  - self description
  - Diaries and logs
Each technique obviously with its benefits and limitations. Therefore, the technique chosen will depend on the availability of time, level of detail required etc.

- **Job Description**

A job description is a statement of the tasks, duties, and responsibilities of a job to be performed. Job descriptions can be very useful for a number of purposes.
  - For recruiting and selection processes
  - For orienting and training new employees
  - Succession planning
  - Developing performance standards

- **Person Specification**

A person specification is drawn up from the job description and should describe the knowledge, skills and attributes that are essential to perform the job.

The purpose of a person specification is:
  - To ensure desirable qualifications of the job holder are identified
  - Helps write job advertisements
  - Help applicants in deciding if they are fit to apply
  - Guides decision making in the selection process

**4.1.2 Recruiting**

Depending on the vacancies and the specified qualifications needed the organization must attract people to fill its jobs. Recruitment is the process of searching, both inside and outside the organization, for employees to fill vacant positions. In other words recruiting is the process of developing a pool of job candidates from which to select qualified employees.

Importance of recruitment:

Recruiting people who are wrong for the organization can lead to:

1) Increased labor turnover which increases costs in terms of time and money – extra time and money will need to be spent on further recruitment exercises, advertising and administrative expenses, and supervision and training
2) Lowering of morale, motivation and job satisfaction in the existing workforce which could lead to less flexibility and commitment of the workforce toward the organization
3) Disruptive effect on use of managerial time
4) Lost production, increased overtime & possibly added wastage
Recruiting policies vary considerably from one organization to another. There are many sources an employer can use in order to recruit new employees, some internal while others are external methods.

<table>
<thead>
<tr>
<th>Internal sources</th>
<th>External sources</th>
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</thead>
<tbody>
<tr>
<td>Job posting</td>
<td>Advertisements</td>
</tr>
<tr>
<td>Employee referrals</td>
<td>Placement agencies</td>
</tr>
<tr>
<td>Skill inventories</td>
<td>Unsolicited applicants</td>
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<td></td>
<td>Labor unions</td>
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<td></td>
<td>Professional organizations</td>
</tr>
</tbody>
</table>

4.1.3 Selection

The next step for managers is to select the desired employees from the pool of recruited applicants. In the selection process, employers attempt to determine the skills, abilities and other attributes needed to perform a particular job. Subsequently they assess the applicants’ characteristics in an attempt to determine the “fit” between the job and applicant characteristics.

To do this organizations rely on a number of selection devices, including:
  - Interviews
  - Selection tests
  - Assessment centers
  - Reference checks

4.1.5 Induction

On the first day of a new job, employees are faced with an unfamiliar situation to which they must somehow adjust. New surroundings, new coworkers, and new job procedures can make even the calmest and most competent workers feel anxious and insecure. Therefore most organizations offer some kind of orientation/induction:

- A program designed to help new employees get acquainted with the company and make a productive beginning on the job.

Induction program serves the purpose of:
  - Reducing anxiety
  - Ease the discomfort when faced with a new environment
  - Helps newcomers become familiar with their immediate workgroups
  - Introduces newcomers to the organizational culture
4.2 Developing an Effective Work Force

4.2.1 Training and Development

Helping employees to become effective in their jobs is one of the most fundamentally important tasks in people management that any work organization has to undertake. The initiative for providing this help must come mainly from the employers. The vocabulary to describe this kind of help in the context of work includes terms such as training, development, education, etc.

Training in a work organization is essentially a learning process, in which learning opportunities are purposefully structured by the managerial, HR and training staffs, working in collaboration, or by external agents acting on their behalf.

Importance of Training

1. Improving the knowledge and skills of staff
2. Increasing confidence, motivation and commitment of staff
3. Providing recognition, enhance responsibility and the possibility of increased pay and promotion
4. Creating a feeling of personnel satisfaction and achievement and broadening opportunities for career progression.
5. Improving the availability and quality of staff
6. Increasing the level of individual as well as organizational competence
7. Helping to recognize the gap between desired targets and actual levels of work performance
8. Ensuring the long-term survival of the organization by training for change.

There are a variety of training techniques available for one to choose from, ranging from on the job techniques to off the job techniques.

<table>
<thead>
<tr>
<th>On the job</th>
<th>Off the job</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the job training (OJT)</td>
<td>Lectures and conferences</td>
</tr>
<tr>
<td>Apprenticeship training</td>
<td>Programmed instruction method</td>
</tr>
<tr>
<td>Pre-employment and vestibule training</td>
<td>Computer assisted instruction method</td>
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<td></td>
<td>Simulation method</td>
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<td></td>
<td>Audio visual aids</td>
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<td>Management games</td>
</tr>
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<td>Case studies</td>
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</table>
4.2.2 Performance Appraisals

Performance appraisal and review is the formal, systematic assessment of how well employees are performing their jobs in relation to established standards and the communication of that assessment to employees.

Importance of performance appraisals

The most common uses of a performance appraisal are listed below;
- Compensation
- Performance improvement
- Feedback
- Documentation
- Promotion
- Training
- Transfer

Appraisals are important and the manner in which the appraisal is performed is vital to both the manager and the employee. Therefore attention should be given to the following areas.

- Why evaluate personnel?
- What should be the frequency of appraisals?
- Selection of performance criteria
- Training of evaluators
- Choosing the best appraisal type
  - Who should undertake the appraisal?
  - Method of appraisal
- The appraisal interview
- Review of an evaluators appraisal

4.3 Maintaining an Effective Work Force

4.3.1 Motivation of Employees

Motivation refers to the forces either within or external to a person that arouse enthusiasm and persistence to pursue a certain course of action. Maintaining a highly motivated team is a key to a company's success. A lack of employee enthusiasm can significantly affect your firm's productivity, and ultimately, your bottom line.

Theories of Motivation

There is no single, generally accepted theory of what motivates people in the workplace, but reviewing several contemporary theories is helpful in understanding the concept. These theories also have important applications for human resources specialists and managers for a significant reason: enhancing motivation can lead to improved performance and greater organizational success.
These theories include:
1) Early theories of motivation – scientific management and the human relations approach
2) Content theories of motivation – Maslow’s hierarchy of needs, Hertzberg’s 2 factor theory, theory X and theory Y
3) Process theories of motivation – Vroom’s expectancy theory
4) Edgar Scheine’s 4 category worker

There are many options and an uninitiated manager may not even know where to start. As a guideline, there are broadly seven strategies for motivation.
- Positive reinforcement / high expectations
- Effective discipline and punishment
- Treating people fairly
- Satisfying employees needs
- Setting work related goals
- Restructuring jobs
- Base rewards on job performance

4.3.2 Redundancy

Redundancies or layoffs are the temporary removal of employees from the payroll. Generally the purpose of the layoff is to reduce the organization’s burden of excess labor costs when human resources cannot be used effectively.

4.3.3 Disciplinary Action

Work rules serve as control devices in that they represent standards of behavior that ensure a reasonable level of conformity throughout the organization. An employee’s failure to conform to the rules can lead to disciplinary action. Disciplinary action is the penalty or punishment associated with violation of a rule. The following are some offenses that can lead to disciplinary action
- Dishonesty, deception, or fraud, including computer fraud
- Excessive absence
- Alcohol or drug abuse
- Discourtesy to customers
- Willful damage to material or property
- Fighting
- Theft of property, including trade secrets
- Failure to report inquiries
- Insubordination
- Sexual harassment

Effective discipline is not just a reprimand or the inflicting of penalties. True discipline involves an entire program that teaches or guides the employee to become a loyal, devoted, responsible person.
Progressive Discipline

The principle of progressive discipline is widely accepted in the administration of work rules. In essence, progressive discipline means that management responds to a first offense with some minimal action, such as an oral warning, but to subsequent offenses with more serious penalties, such as a disciplinary lay-off or discharge. These steps are designed to ensure fair treatment and to protect employees from impulsive, harsh punishment. A sequence of action might be as follows:

1) Oral warning
2) Written warning stating consequences of future offenses
3) Disciplinary layoff or demotion
4) Discharge

4.3.4 Other Administrative issues

Amongst other key administrative human resource management issues are

- Handling Resignations and Retirements
- Grievance procedures

5. Importance of HRM to Marketing

People are a very important element in marketing especially in service marketing situations where the product is intangible. Even otherwise every marketer involvement in management will deal with Human resources thus it is imperative that they are aware of the specific applications of human resources management. Concepts of HRM comes in handy when handling:

- Job designing of marketing personnel
- Developing job descriptions for marketing personnel
- Developing person specifications in selecting the correct people with a right profile
- Recruiting and selection marketing personnel for each job function
- Inducting and orienting marketing personnel to their jobs in order to orient them faster
- Training personnel with technical, people and other skills in serving consumers
- Developing performance appraisals in order monitor and reward marketing effort
- Developing performance related pay systems in motivating personnel
- Taking disciplinary action to ensure fairness in all forms of dealings
- Handling terminations, resignations and retirements of marketing personnel

In the proceeding chapters you will be exposed to the above activities in detail for marketing personnel to be competent with human resources management activities in managing effective performance.
Chapter 08
Human Resource Planning

This chapter will cover the following areas
1. What is HR Planning?
2. Purpose of HR Planning
3. Basic Elements of a HR Plan
4. Developing a HR plan for a Marketing Department

1. What is HR Planning?

Human resource planning is a process which anticipates and maps out the consequences of business strategy on an organization’s human resources (source: unknown).

It is a process of assessing the organization’s human resource needs in the light of the organizational goals and making plans to ensure that a competent, stable workforce is employed (French, 1990).

The significance given to planning the material resources of a venture has never been in question, and much effort has been committed to optimizing financial and capital resources. Oddly enough, the human resource which is at the end of the day the most crucial and least predictable asset has not attracted the same level of interest. Even with much of the current developments and change of attitude toward HR planning some still feel that a process that is largely common sense is being unnecessarily complicated. This however, is a misunderstanding of the nature and purpose of HR planning.

All management involves decision making in an environment of risk and uncertainty. In reducing such risks and uncertainty as far as possible managers acquire the best obtainable information and the utilization of a system. Then, cutting the long story short, human resource planning is an application of this philosophy in the area of effective employment of people.

When it comes to human resource planning it covers both quantitative and qualitative aspects of contribution. That is to say, the issue has become not only how many people should be employed, but ensuring that all members of staff are making an effective contribution. And for the future, the questions are what are the skills that will be required, and how will they be acquired.
2. Purpose of HR Planning

The general purpose of human resource planning has been described, but there are specific purposes in crucial areas of management which HR planning serves:

a) Balancing the cost between the utilization of plant and workforce:
   The costs of these two resources are compared in different combinations and the optimum is selected. This is especially important in costing projects.

b) Determining recruitment needs:
   This is done so as to avoid problems of unexpected shortages, wastage, blockages in the promotion flow and needless redundancies.

c) Determining training needs:
   This is fundamental to planning training programs as it is necessary to assess the quantity as well as the quality in terms of skills required by the organization. In other words to it is important for planning the education, development and training needed by a future workforce.

d) Management development:
   Based on accurate information about present and future requirements in all management posts, a succession of trained and experienced managers is vital to the effectiveness of the organization.

e) Retaining highly skilled staff:
   Issues of retention involve monitoring the extent of resignation, discovering the reasons for it, and establish what it is costing the organization. Having understood the nature and extent of resignation steps can be taken to rectify the situation.

f) To adapt more quickly to ever changing circumstances

g) To provide a smoother means of coping with redeployment, redundancies and retirements

2.1 Factors affecting HR planning

Planning is complicated by factors such as the nature of the organizational environment (e.g. stable and predictable or fast changing and unpredictable) and the lifecycle of products and services.

The following assumptions significantly impact on the planning process:
   • Overall corporate plan and the implied demands upon human resources
   • Changing output of the organization.
• Developments in technology.
• Availability of new technology.
• Organization of work.
• Employee (industrial) relations atmosphere.

The HR plan must be developed in order to:
• Be able to implement intended strategies;
• Protect fluctuations in the external environment for labor types;
• Effectively compete for labor against competitors.

HR planning therefore links to other business plans by implementing the resource element so that necessary numbers and quality of staff are available at the right time to implement the business’s other plans.

In the early 1990s Delta Airlines cut some 10,000 jobs from its workforce in order to reduce costs and compete more effectively. By 1995 however there were clear shortages of baggage-handlers and maintenance staff, customer service declined, and on time performance fell to the bottom of the major airline rankings. The loss of staff had been indiscriminate.

3. Basic Elements of a HR plan

One definition of a human resource plan is:

A strategy for the acquisition, utilization, improvement and retention of enterprises human resources. (UK’S Department for Education and Employment definition)

Such a plan must be integrated into the other organizational plans in order that HR can be effective and contribute properly to the achievement of organizational goals. The planning process requires management to think ahead and encourages a climate of awareness of issues key to organizational success such as:

• What has to be done to attain the objectives of the business?
• Who is to be responsible for the various stages of the plans?
• When will these stages have to be completed?
• How will they be accomplished?
### Elements of a HR Plan

#### Strategic Review
- Demand for additional staff due to change in strategy and labour turnover

#### HR action Plan
**Action plans to reconcile gap between demand and supply**

- Recruiting
- Training & Development
- Promotions
- Redundancies/Transfers

#### Implementing and Review

### 3.1 Strategic Review

The starting point of effective human resources planning is the organization’s overall purpose or mission, frequently written in the form of a mission statement. From this is derived the strategic plan, or plan for conducting business as profitably and successfully as possible. Strategic planning involves the development of the organizational goals and objectives.

The process of identifying organizational goals is usually based on careful research into market need, existing competition, and cost and profit estimates. This means that strategic plans and organizational goals must be periodically reassessed and adjusted. To a great extent, organizational goals influence the nature of all managerial processes and of human resource management in particular. This means that the structure of the organization, the financial and technological resources needed, and the qualifications and numbers of people employed consistently reflect organizational goals.

The success of a plan lies on how well the organization has considered and planned its corporate strategy and incorporated the objectives of its component departments.

### 3.2 Auditing of existing HR staff

In order to estimate future requirements a thorough and precise account of the present situation is needed. Although accurate and comprehensive information is much needed
for the planning process, the potential danger of turning out too much detail may make it difficult to see the bigger picture, waste valuable resources and poses the threat of information not being updated.

Ultimately the organization will have to decide on the quality and quantity of information it needs, but some broad divisions can be set up for analyzing existing resources, namely occupations, status and skill level, operational functions and other specific categories (for example, qualifications, trainees, age distribution).

- **Occupations**
  Employees are classified according to occupational groups. Even though broad homogeneous groupings would generally suffice, for certain key occupations detailed and specific classifications may be required. The broad groupings conventionally used for occupational analysis are managers, supervisors, professional staff, technical staff, clerical staff, manual and other staff (skilled, semi skilled and unskilled).

- **Status and skill level**
  Although categorization by occupation also implies a categorization by status and level of skills, it may at times be necessary to make a distinction between, for example, senior and junior administrative staff. This sort of analysis is particularly germane to the task of producing data for planning succession to senior levels.

- **Operational functions**
  A tally of employees is made based on division into functional units, for example, sales department, store’s branch, and repair workshop.

- **Other specific categories**
  In addition to the basic kinds of analysis described above, it may sometimes be required to produce particular types of information especially for critical groups and occupations, such as qualifications of employees, accounts of employees under training and age group distribution.

By recording detailed accounts of employee qualifications, experience, particular skills and aptitudes, the organization is able to evaluate the strengths and weaknesses in its general pools of skills and experience and in particular areas, and will be in a better position than it might otherwise have been to plan for recruitment and selection, transfer and promotion, etc.

Training details are important for the organization in areas such as job analysis, performance appraisals, and projecting the flow of numbers of employees passing through all forms training programs.
The age distribution of employees in an organization has a strong influence on questions of promotion, retirement, and especially wastage.

Given below in the table are other data (not discussed above) used to support HR planning.

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Overtime levels and trends</td>
<td>• Regional employment trends and unemployment levels</td>
</tr>
<tr>
<td>• Labor turnover analysis and reasons</td>
<td>• Demographic projections</td>
</tr>
<tr>
<td>• Absence level by category and trends</td>
<td>• Skill levels and shortages</td>
</tr>
<tr>
<td>• Comparison with national regional/industry trends</td>
<td>• Education levels and proposals</td>
</tr>
<tr>
<td></td>
<td>• Labor mobility</td>
</tr>
<tr>
<td></td>
<td>• Migration and immigration trends</td>
</tr>
<tr>
<td></td>
<td>• Growth of competing firms in the area</td>
</tr>
</tbody>
</table>

3.3 Determining Demand for Additional Staff Due to Change in Strategy and Labor Turnover (forecasting future demand)

Forecasts of people requirement are based on predictions. Most Industries estimate demand by asking each manager to project their people needs over the planning period. These can then be reviewed in the light of:

- Future output/volumes/sales/product projections
- Future methods of production and IT usage
- Likely external influences such as competitor action, trade unions, government and other pressures.
- Changes in corporate strategy

Having considered the existing supply of labor, an industrialist will need to project a view of what the workforce will need to be like in the future in order to fulfill its strategic plans. If the industrialist cannot meet its future HR needs internally, then it must look to the external labor market.

There are a number of important questions to be asked, for example:

- What will the overall employment situation likely to be over the planning period?
- How is this situation likely to affect our local labor market?
- What competition for labor is likely?
- Are there any trends in the wider environment (e.g. trends in education) which might affect our recruitment plans?
- Are there factors in our strategic plans that might speed up the voluntary leaving rate?
The answers to these questions will indicate the likely prospects of meeting future labor need from external sources. For example, labor (particularly skilled) may be extremely scarce resource in most advanced industrialized nations during times of economic prosperity. Another reason to recruit externally is driven by changes in technology or production processes which bring about changes in the numbers and types of employees required. Improved technology can for instance lead to less work for machine operators on the one hand, while leading to more jobs for skilled maintenance technicians on the other.

**3.4 HR Action Plan to Reconcile Gap Between Supply and Demand**

Based on the data collected, the HR plan is produced. This involves:

- Matching the forecasts for supply and demand
- Identifying key areas essential to the achievement of objectives
- Making plans to minimize the effects of possible shortages or excess of staffing
- Considering whether the best use is currently being made of the organization’s human resources

Having determined the gap between the two projections of supply and demand the plan can be developed accordingly, for example, retraining, part time workers, overtime, computerization recruitment, and redundancy policy.

Since employees are probably the most unpredictable organizational resource, the best plans will be those that allow the greatest flexibility. Most HR plans are developed on a rolling three-year basis, which means that forecasts for next year and the succeeding years in the cycle are updated every year in the light of this year’s out-turn. Detailed plans for securing sufficient and suitable employees for current needs are made for a one year period in line with current budgets.

**Recruitment**

Recruitment and selection procedures are considered as part of HR planning. A number of immediate questions arise such as:

- Do we want to recruit trained and experienced people or develop our existing staff?
- How much provision should be made for recruiting part-time and contract staff?
- What use, if any, should we make of recruitment consultants?
- What improvements could be made to our selection procedures?
These questions should be addressed within the HR strategy.

- **Training**

In terms of developing an HR plan issues such as what basic job and professional training needs should be provided to prepare new and existing staff to fulfill their roles satisfactorily. Special programs may need to be established to deal with retraining or updating and traineeships and apprenticeship training may need to be accounted for.

Less enlightened organizations may choose not to invest in training believing that it improves the employees’ marketability: Such an organization may believe it can save costs; by simply recruiting another’s trained employees at a slightly higher rate of pay, obviating the need for a training department, plans and systems and trainees.

Within Japan there is a tradition of lifetime employment with one organization. This is reinforced by the system of pay-for-seniority (nenko-juressu) meaning that employee wishing to leave have to take a pay cut at the new firm as they are then on the bottom of the new ladder.

- **Development, Promotion and Succession Planning**

Part of the process of Human Resource Planning is the analysis of the existing workforce with an identification of those with potential to undertake other roles in the organization in the future. Formal appraisals of individual performance and clear plans might be developed.

Alternatively succession plans for each key post might be a requirement to support a promotion policy. Managers indicate the names of potential successors to a particular management post. A component of HR planning becomes a consideration of how internal procedures are improved so as to facilitate the movement of staff to jobs where they can exercise greater, or different, responsibilities or roles.

Development, promotion and succession planning depend on good appraisal of performance and job evaluation. These allow organizations to promote workers to more demanding situations and positions as part of their overall learning and development. Within a large firm with a multi-level system there are more incumbents and more movements and so more scope for development. In a smaller organization, self-development by moving to other employer is possibly the only route for career development.

3.5 **Implementation and Review**

HR planning is a corporate activity across all the divisional and departmental boundaries.
of an organization. It is not the preserve of any one group of specialist managers (e.g. Personnel), even though such specialists may well play a key co-coordinating role in the implementation and review.

Major reviews of progress will usually take place annually and possibly half-yearly or quarterly. The principal vehicle of them monitoring process is the monthly budget statement. These may be expressed in terms of, terms of costs, headcounts or person hours, for example. The costs identified will be the total labour costs headcounts or person hour of staff for the period concerned, and will also indicate the running totals to date.

HR review activities are important for generating feedback information. This information tells the organization not only how well it is achieving its HR plans, but also points out the necessary changes that must be made at one or more points in the cycle. Some changes need only be made at the tactical level, (e.g. to amend next year’s plans). Other changes may have to be made at the highest strategic level where longer term modified.

**Case – Activity Example 01 – Developing a HR plan**

Company Z is operating a chain of restaurants in the city and in the suburban areas. At presents it operates 20 such restaurants. In order to manage its activities each restaurant is organised as a model with an equal number of human resources and the organisational structure is presented as follows.

The restaurant chain plans to open 5 more outlets in meeting the increasing seating capacity and plans to open these in the urban areas. Usual staff turn over is 10% in the customer service section and around 25% in the kitchen area. There have not been any resignations in the administration division for the year 2005. On top of the above it has a central home delivery section which has been operating with 5 delivery personnel manned by one telephone order taker, and a central kitchen with 5 people. The chain plans to decentralise this home delivery division where every restaurant will have its own delivery. Thus they intend to close down the central delivery division.
The telephone operator in the central division plans to retire and there are no plans of recruiting a new person to replace him with the existing plans. The responsibility of coordinating the telephone calls on home delivery at each restaurant will now be handled by the customer service division of each restaurant. No additional kitchen staff will be hired as well.

Based on the above information develop and present the human resources plan for company Z for the year 2006.

You may make reasonable assumptions in carrying this out.

**Suggested HR Plan**

A human resource plan refers to a strategy for the acquisition, utilization, improvement and retention of enterprises human resources.

The following steps would be used in order to present the human resources plan as requested in the case.

- Strategic Review of the business
- HR Audit
- Forecasting demand
- HR action plan
- Implementation and review

1. **Strategic Review**

   In this section, the organisations business strategy is reviewed in terms of activities that need to be done to grow or to maintain the business activities. This is an important review since the direction of the business would have an important impact on its human resources. As for company Z, its main focus is the restaurant business. It seems to have two clear business units as presented in the case.

   Business Unit One – Sit down restaurant network.
   At present the chain comprises of 20 outlets and the organisation seems to be following a growth strategy in terms of this sector. The plan to open another 5 more restaurants in the urban area gives us reasonable grounds in making this decision.

   Business Unit Two – Home delivery unit
   The organisation seems to be following a centralised approach with this unit. The decision to close down the central unit and open up individual delivery divisions under each section seems to follow a more decentralised approach in harnessing growth.

   In looking at both the business units, the case presents clear evidence that it attempts to grow its current operations. Also closing down the central delivery section and decentralising attempts to suggest that the earlier two SBU’s that were in operation ware to be amalgamated into one thus each restaurant would be considered as individual profit centres.
2. HR Audit

Sit down Restaurants

<table>
<thead>
<tr>
<th></th>
<th>Managers</th>
<th>Customer Care executives</th>
<th>F&amp;B executives</th>
<th>Waiters, Ushers, cashier</th>
<th>Adminstration</th>
<th>Kitchen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cadre per restaurant</td>
<td>01</td>
<td>01</td>
<td>01</td>
<td>10</td>
<td>02</td>
<td>04</td>
</tr>
<tr>
<td>No of restaurants</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Total cadre</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>200</td>
<td>40</td>
<td>80</td>
</tr>
<tr>
<td>Turn over %</td>
<td>Not given</td>
<td>Not given</td>
<td>Not given</td>
<td>10%</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>Resigned employees</td>
<td>Not given</td>
<td>Not given</td>
<td>Not given</td>
<td>20</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>Present cadre in the restaurants</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>180</td>
<td>40</td>
<td>60</td>
</tr>
</tbody>
</table>

Central delivery section

<table>
<thead>
<tr>
<th></th>
<th>Present</th>
<th>Retire/resignation</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery personnel</td>
<td>05</td>
<td>0</td>
<td>05</td>
</tr>
<tr>
<td>Telephone operator</td>
<td>01</td>
<td>01 (retire)</td>
<td>0</td>
</tr>
<tr>
<td>Kitchen</td>
<td>05</td>
<td>01 (resignation)</td>
<td>04</td>
</tr>
</tbody>
</table>

Assumption: 25% turn over applied to the central kitchen as well

3. Forecasting demand

<table>
<thead>
<tr>
<th></th>
<th>Managers</th>
<th>Customer Care executives</th>
<th>F&amp;B exe</th>
<th>Waiters, Ushers, cashier</th>
<th>Adminstration</th>
<th>Kitchen</th>
<th>Deliv</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Requirement for 25 restaurants</td>
<td>25 (1 x 25)</td>
<td>25 (1 x 25)</td>
<td>25 (1 x 25)</td>
<td>250 (10x25)</td>
<td>50 (2x25)</td>
<td>100 (4x25)</td>
<td>25 (1x25)</td>
</tr>
<tr>
<td>b) Present cadre in the restaurants</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>180</td>
<td>40</td>
<td>60</td>
<td>0</td>
</tr>
<tr>
<td>c) Present cadre in the central unit</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>05</td>
<td>04</td>
</tr>
<tr>
<td>d) Total in the company</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>180</td>
<td>40</td>
<td>65</td>
<td>04</td>
</tr>
<tr>
<td>e) Requirement</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>70</td>
<td>10</td>
<td>35</td>
<td>21</td>
</tr>
</tbody>
</table>

Assumptions: One delivery person per outlet

4. HR action plan

The following HR activities will have to be carried out in order to manage the given demand and the present situation in the company.
a) Recruitment and selection

<table>
<thead>
<tr>
<th>Managers</th>
<th>Customer Care executives</th>
<th>F&amp;B exe</th>
<th>Waiters, Ushers, cashier</th>
<th>Administration</th>
<th>Kitchen</th>
<th>Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>5</td>
<td>5</td>
<td>70</td>
<td>10</td>
<td>35</td>
<td>21</td>
</tr>
</tbody>
</table>

The organisation will have to recruit the above vacancies that have risen due to the new expansion programmes as well as the staff turn over. However before recruiting managers does an internal appraisal among the executives whether one could promote a few as manager since they would understand the Z company culture and would be easy to carry out the given task. The negative aspect of this would be promoting the wrong person since skills required for customer care; F&B will be different from managing an outlet.

In recruiting the organisation may use multiple sources for attracting suitable employees. Z Company could advertise or use employment agencies for this purpose. Since the number is quite large they may be expected to plan out the recruitment process.

b) Transfer
The preset cadre of 04 delivery personnel could be transferred to the restaurants. At times they may to resign due to inconvenience thus these needs to be understood before.

c) Induction/Training and development
The new recruits will have to be inducted to each of their function. Also proper training and guidance will have to be given for effective operations. This could be in all areas of the business.

d) Appraisals
Due to the relatively larger number of employees, Z Company may have to develop an adequate performance appraisal system to ensure that performance is rewarded.

e) Rewards/motivational schemes
In order to ensure quality and speedy service, Z Company could introduce reward based pays.

5) Implementation and review
Implementation will have to accurately gel with the outlet opening programme. Thus HR department will have to work closely with the outlet opening division. Reviews will have to be carried out every month, quarterly, bi annually and annually depending on the requirement.
4. Developing a HR plan for a Marketing Department

Developing an HR plan for the marketing department will take a similar note. The strategic review will require to focus on the organization's corporate plan as well as the other functional areas of the business. Another important consideration would be to link the marketing plan strategies to the HR plan in the marketing department. The above will all have to be considered under the strategic review.

Auditing the present human resources, forecasting future demand and then developing the HR action plan covering attracting, developing and maintenance activities could be related to the plan as carried out. Implementation and review could be done by the HR department which would execute the developed HR plan. However, one will have to take note that in developing the above plan the expertise of the human resources department will have to be resorted to at all times.

<table>
<thead>
<tr>
<th>‡ Case – Activity Example 01 – Developing a HR plan</th>
</tr>
</thead>
</table>
| A year ago, Mr. T, the marketing manager of a taxi service, diversified into the business of fitting tyres. His strategy for the new enterprise emerged from his experience of using unbranded tyres on his fleet of twenty taxis. Based on several years of use, he found that the unbranded tyres lasted almost as long as the branded tyres but had the advantage of being obtainable at half the price. The set-up costs of the tyre fitting business were relatively modest. Demand picked up quickly, however, and he was forced to employ three experienced fitters. A few months later, demand accelerated again and he has just advertised for another two fitters but, unfortunately, without success. The tyre-fitting business has produced additional challenges and Mr. T and his team are finding it increasingly difficult to manage both the taxi service and the new business. He already employs three taxi receptionist/controller but has realized that he now needs another.

As if this were not enough, he is in the middle of extending his operations still further. Customers who buy tyres frequently request that he check the wheel alignment on their car following the fitting of new tyres. He has started to provide this service, but when done manually it is a slow process, so the company has invested heavily in a new piece of electronic equipment. This new technology will speed the alignment operation considerably but neither one of their tyre-fitters can operate the equipment.

Finally to add to all these problems, five of his taxi drivers have resigned. This is not unexpected as he normally loses five to eight of his twenty drivers each year. Given the difficulties of staffing, he has realized that he needs to do some human resource planning. Mr. T has been advised by X, a consultant, on recruitment and selection, training and development. Mr. T is in charge of marketing and the operations of the company.

Produce a human resource plan for Mr. T's marketing department and explain each aspect of your plan.
My Short Notes
Chapter 09
Job Analysis, Job Descriptions, Person Specifications

This chapter will cover the following areas
1. Job Analysis
2. Job Description
3. Person Specification

1. Job Analysis

It is a logical process to determine:
   (1) purpose-the reason for the job,
   (2) essential functions-the job duties which are critical or fundamental to the performance of the job,
   (3) job setting-the work station and conditions where the essential functions are performed, and
   (4) Job qualifications-the minimal skills an individual must possess to perform the essential functions.

A job analysis describes the job, not the person who fills it.

1.1 Definitions of a Job Analysis

A definition of a job analysis may be presented in the following forms:

   Job analysis is the process of collecting, analyzing and setting out information about the content of jobs in order to provide the basis for a job description and data for recruitment, training, job evaluation and performance management (Armstrong, 1999).

   Job analysis is the systematic investigation of job content, the physical circumstances in which the job is carried out, and the qualifications needed to carry out the job responsibilities (French, 1990).

   A job analysis is the process of compiling, maintaining, reviewing, and modifying information about jobs for the purpose of developing job descriptions and job specifications.
1.2 Purpose of Job Analysis

Once the job analysis has been completed you will be in a better position to:

a) Develop objective job-related interview questions.
b) Write current and accurate position descriptions.
c) Perform objective performance appraisals.
d) Determine if accommodations can assist a person with a disability to perform the job.
e) Conduct personnel functions in a non-discriminatory manner
f) Better understand why the job exists and, in essence, what the job holder is expected contribute.

In essence, a job analysis provides an impartial basis for hiring, evaluating, training, accommodating and supervising persons, as well as improving the efficiency of your organization.

1.3 Approaches to Job Analysis

A job analysis is essentially about data collection and the basic steps are described below.

Data collection

- Acquire documents such as procedure or training manuals which provide information about the job.
- Inquire from managers about the basic information concerning a job, its purpose, and the core activities carried out, the responsibilities involved, and associations with others.
- Ask job holders similar questions or get them to keep an account of activities carried out over a week or two.
- If time permits, observe certain jobs, such as those involving manual skills.

The different techniques available for data collection are described below.

a) Interviews

The interview is a necessary and potentially useful method in job analysis, enabling the job analysis to raise questions to elucidate the evidence of observation.

The aim of the interview should be to reveal the details listed below.

- The job title of the job holder
- The job title of the job holder’s manager or team leader
- The job titles and numbers of people reporting to the job holder
• A brief description of the overall purpose role or purpose of the job
• A list of the main tasks or duties that the job holder has to carry out

Such details can be obtained by questioning job holders about the level of responsibility and the demands made upon them in the job. The questions can be difficult to phrase and answer in a meaningful way. The replies may be too vague or misleading and usually have to be checked with the job holders’ managers and in subsequent interviews.

However, they do give job holders an opportunity to express their feelings about the job and they can provide useful leads for development in discussion. These questions can cover such aspects of the job as:

• The amount of supervision received and the amount of discretion allowed in making decisions
• The typical problems to be solved and the amount of guidance available when solving problems
• The relative difficulty of the tasks to be performed
• The qualifications and skills required to carry out the work

Conducting the interview

In conducting a job analysis interview attention should be focused on the following:

• Work to a logical sequence of questions that help interviewees to order their thoughts about the job
• Probe as necessary to establish what people do
• Distinguish fact from opinion
• Obtain a clear statement from job holders about their authority to make decisions and the amount of guidance they receive from their manager or team leader
• Allow the job holder to talk by creating an atmosphere of trust
• Avoid questions to which the answer seems obvious

In order to obtain the full flavor of job, it is also necessary to interview job holders and check the findings with their managers or team leaders. Different views can be held about the job and these should be reconciled. Job analysis reveals such problems as well as various forms of organizational problems.

The advantages of the interviewing method are that it is very flexible, can provide in depth information and is easy to organize and prepare. But interviewing can be time consuming and the results not always easy to analyze.
b) Questionnaires

Here the job analyst compiles a series of questions designed to elicit the maximum possible useful information about the jobs under analysis.

The advantages of questionnaires are:

- They can produce information quickly and cheaply for a large number of jobs
- They enable the job analyst to put standard questions to all the job holders taking part in the survey
- Enabling the analyst to structure questions in advance to cover areas that need to be explored in greater depth
- Can save interviewing time by recording purely factual information

Disadvantages:

- Precision of the results also depends on the willingness and ability of job holders to complete questionnaires
- Many find it difficult to express themselves in writing about their work, however well they know and do it
- Specialized skill is needed in devising the questionnaire and framing the questions

It should also be taken into account that a substantial sample is needed and the creation of a questionnaire and should only be carried out on the basis of some preliminary fieldwork. It is highly advisable to pilot-test questionnaire prior to launching into a full scale exercise.

c) Checklists and Inventories

A checklist for completion by job holders is similar to a questionnaire, but response requires fewer subjective judgments and is likely to be of the YES or NO sort. Checklists may cover as many as 100 activities; job holders tick those tasks that are included in their jobs.

Like questionnaires checklists need to be thoroughly prepared and a field trial is essential to ensure that the instructions for completion are adequate and that the job response makes sense. Checklists can be used only when a larger number of job holders exist.

Rating scales or inventories are an improvement on the relatively makeshift checklist. Similar to the checklists they present job holders with a list of activities. But instead of simply asking them to mark those they carry out, scales are provided for them to give a rating, typically from one to seven. Rating is usually in accordance to the time spent and, sometimes the importance of the task.
An example of a job analysis rating scale

<table>
<thead>
<tr>
<th>Job analysis rating scale</th>
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<tbody>
<tr>
<td>Activity description</td>
</tr>
<tr>
<td>Dealing with requests for information by telephone</td>
</tr>
<tr>
<td>1.</td>
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<td>7.</td>
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</table>

**d) Observation**

Here the analyst observes actual work in progress and makes notes as necessary under the various headings of the job description. These notes can be used as a base for subsequent questions that the analyst may wish to ask.

It is most appropriate for situations where a relatively small number of key jobs need to be analyzed in depth.

However it is time consuming and difficult to apply in jobs that involve a high proportion of unobservable mental activities, or in highly skilled manual jobs where actions are too speedy to observe accurately. Also behavior that is formally observed is inevitably influenced by the act of observation, unless this is done without the knowledge of those being observed.
e) Self Description

Job holders can be asked to analyze their own jobs and prepare job descriptions. This saves considerable time a job analyst can spend in interviewing or observing a job holder.

People sometimes find this difficult to as what they do is so much a part of themselves that they find it difficult to be detached and break down the information into its various elements.

f) Diaries and Logs

Using this method, the job analyst provides job holders with the areas of the job description about which information is required. Job holders then analyze their own work over a period of time, recording information systematically, in diary form under the required headings and the time spent on each item.

Benefits of using diaries and logs:
- Self recorded data of this kind can be made over a longer period and thus provide a more reliable picture of the nature of the job.
- A means of saving time that would otherwise have been spent on interviewing and observation.

But the method has the following limitations:
- Affected by factors of subjectivity. Additionally as information is self recorded there are no means of verifying accuracy.
- As time passes, the task can soon become a chore, in which case it might be perfunctorily fulfilled or neglected.

2. Job Description

2.1 Definition of a Job Description

A job description can be defined as:

- A job description sets out the purpose of a job, where it fits in the organization structure, the context within which the job holder functions and the principal accountabilities of job holders, or the main tasks they have to carry out (Armstrong, 1999).

- A Job description is a statement of the tasks, duties, and responsibilities of a job to be performed (Chruden et al, 1984).
2.2 Purpose of a Job Description

Job descriptions can be very useful for a number of purposes.

(1) First job descriptions are purposeful throughout the recruiting and selection process. They can be used in writing advertisements for job openings and in writing letters to people or organizations that are in a position to refer candidates. They provide the recruiter, selection interviewer, and the interviewee with a basic outline of the job for which candidates are being considered.

(2) Job descriptions are also useful on orienting and training new employees. They can provide an overview of the activities that need to be carried out, which can be explained to the employee in more detail by the supervisor and training people.

(3) Job descriptions are made use of in the development of performance standards. Performance standards expand the job description and establish, in measurable terms, how well the job is to be performed. Descriptions are relevant to the development of performance appraisal forms, which are frequently designed to include some of the major categories covered in the job description.

(4) In addition job descriptions can contribute in a group discussion where it is necessary to clarify mutual expectations. This can lead to better understanding of what can and should be expected of workers holding particular jobs.

(5) Finally job descriptions can be utilized to think through and develop the avenues for transfer and promotion that lead to advancement in the organization. This process can culminate the development of career progression ladders, which depict possible career paths and advancement opportunities for individual employees.

2.3 Format of a Job Description

The list below is intended to give a general guide to indicate the kind of information that is recorded in a job description.

1. **Basic data:** exact title and grade if applicable. Numbers engaged in the job location(s).

2. **Purpose:** objectives and relationship to the organization.

3. **Tasks:** main tasks and key areas. Occasional tasks. Secondary duties. Hours of work.
4. **Competencies**: these combine standards for effective performance of tasks, the criteria indicating that tasks have been effectively performed with levels of knowledge, skills to perform the tasks.

5. **Responsibilities**: position of job in organization structure. Managers/supervisors to whom job holder is accountable. Subordinate staff for whom job holder is responsible. Responsibilities for:
   a) Finance
   b) Materials, equipment, etc.
   c) Information

6. **Physical and social environment**: particular features of work environment (e.g. sedentary, static, indoor-outdoor, mobile, dirty, hazardous, etc.). Contacts with others (e.g. small/large groups, isolated, external contacts, etc.).

7. **Training/education**: training planned to bring new job holders to required levels of performance (e.g. induction program, job rotation, visits, external courses, etc.). In-job training and educational courses normally associated with the job.

8. **Advancement opportunities**: opportunities open to job holders for promotion and career development.

9. **Conditions of employment**: salary and other emoluments and benefits. Possible overtime requirements. Sickness and pension schemes. Welfare, social and other facilities. Leave entitlement. Special employment conditions applying to the job.

10. **Trade union/associations**: appropriate unions/staff associations.

11. **Job circumstances**: aspects of the job commonly accepted as pleasant or unpleasant, easy/demanding.

A training administrator’s job description is illustrated in the figure given below.

<table>
<thead>
<tr>
<th>JOB DESCRIPTION</th>
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<tbody>
<tr>
<td>Training administrator</td>
</tr>
<tr>
<td>Training international</td>
</tr>
</tbody>
</table>

Location: 9-10 Sheffield St. London WC2A

Purpose of job: To provide all supporting services necessary for effectively organized courses.

Responsible to: Course director.
Responsible for: Clerical staff allocated to courses.

Tasks

Before courses
- Corresponding (letter, telephone, e-mail, fax, etc.) with: sponsoring agencies, overseas nominating authorities, course applicants, external course tutors, centers to be visited.
- Preparing of nominal rolls.
- Arranging for any visits during courses (travel, accommodation, special diets, etc.)
- Arranging for training accommodation (class and syndicate rooms), training aids and materials (e.g. books, hand-out articles, etc.)
- Preparing of course statement of accounts (income and expenditure)

During courses
- Working in close collaboration with program consultant and course director to meet their requirements.
- Conforming and checking arrangements made above.
- Meeting, liaising, and collaborating with external contributors.
- Attending to various needs and welfare of course members (liaising with British Council, sponsors, embassies, etc.)
- Maintaining course statement of accounts and keeping program consultant informed.

After courses
- Collating final report on course provided by course director and course members’ individual assessment reports.
- Finalizing statement of course accounts for program consultant.
- Ensuring that accounts of expenditure on the program, and income are recorded, invoices are authorized.

Standards
See person specification and schedule for performance appraisal.

Working environment
The training center is located in a completely modernized eighteenth century listed building characteristic of the area. Offices and classrooms are very large, well lit and equipped with modern equipment.

Training and development
Induction training; on-job training as required; external training as appropriate; development by job rotation.
Advancement opportunities
Opportunities may occur for suitably qualified and experienced staff to be promoted to senior administrative posts or occasionally, to be appointed as program consultant or course director.

Conditions of employment
- Salary £20,000 - £25,000, subject to annual review
- Contributory pension scheme available
- Interest free travel loan available.
- Subsidized restaurant available.
- Leave: 25 days per annum plus public holidays.
- Working day: Monday to Friday, normally 0900 – 1700. Unsocial hours occasionally required.

2.4 Development of a Job Description to a Marketing Position

Developing a job description for a marketing position will also have to be related to the above format.

<table>
<thead>
<tr>
<th>Activity - Developing a Job Description for a Marketing Position</th>
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<tbody>
<tr>
<td>Develop a job description for a marketing manager based on the above example.</td>
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</table>

<table>
<thead>
<tr>
<th>JOB DESCRIPTION</th>
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<tbody>
<tr>
<td>Marketing Manager</td>
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<tr>
<td>ABC Limited</td>
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<table>
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<tr>
<th>Location</th>
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<table>
<thead>
<tr>
<th>Purpose of the job</th>
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</table>

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3. Person Specification

A person specification is drawn up from the job description and should describe the knowledge, skills and attributes that are essential to perform the job.

To be effective the requirements in the person specification must be:
- Specific
- Justifiable in relation to job needs
- Not unnecessarily restrictive (for example, in relation to qualifications required)
- Measurable
- Specify which criteria essential or desirable

3.1 Definition of a Person Specification

The following are a couple of definitions of a person specification:

- A person specification sets out the education, qualifications, training, experience, personal attributes and competences a job holder requires to perform his or her job satisfactorily (Armstrong, 1999: 281).

- A job specification states the knowledge, skills and abilities required of the person who is to perform the job (Chruden et al, 1984: 82).

3.2 Purpose of a Person Specification

The person specification is especially important in providing the criteria for assessing effective performance and in particular is the basis for job advertisements and candidate details.
The purpose of the person specification is:

(1) To ensure that the essential and desirable requirements of the post-holder are identified and specified.

(2) Helpful in writing job advertisements for the job positions.

(3) To determine what evidence those involved in the selection process need to assess in order to identify whether the requirements of the post are addressed by the applicant.

(4) To make explicit to applicants what is required of them so that they can decide whether they possess the mix of abilities to make it worth applying.

(5) To provide a document which will guide the decision-making at each stage of the selection process and helps ensure objectivity in shortlisting and selection.

### 3.3 Format of a Person Specification

The list below is intended to give a general guide to indicate the kind of information that is recorded in a person specification.

| 1. Competencies required, including knowledge, skills, attitudes and personal attributes. |
| 2. Specific qualifications (if any are needed). |
| 3. Previous experience (if any is needed). |
| 4. Age range (if this is significant). |
| 5. Health (general and specific requirements). |
| 6. Special condition (e.g. travel, unsocial hours, etc.). |

In shaping the format of a job description and job specification there have been two particular frameworks that have been influential for many years. They are:

- The seven point plan (Roger, 1973)
- The fivefold grading system (Munro Fraser, 1966)

#### 3.3.1 The seven point plan

1. *Physical health*: physique, age, appearance, bearing, speech
2. **Attainments**: academic attainments, training received, experience and skills and knowledge already acquired.

3. **Intelligence**: general intelligence, specific abilities and means for assessing these.

4. **Special aptitudes**: special aptitudes (e.g. manual, mechanical, verbal, numerical, artistic, etc.)

5. **Interests**: personal interests as possible indicators of aptitudes, abilities or personal traits (e.g. intellectual, practical/constructional, physically active, social, artistic).

6. **Disposition**: personality characteristics needed (e.g. equability, dependability, self reliance, assertiveness, drive, energy, perseverance, initiative, motivation).

7. **Circumstances**: personal and domestic circumstances and occupations).

### 3.3.2 The fivefold grading system

1. **Impact on others**: general demeanor, appearance, speech.
2. **Qualifications**: education, training, work experience.
3. **Innate abilities**: mental alertness, aptitude for learning.
4. **Motivation**: consistency, persistency, success in achieving goals.
5. **Adjustment**: stability, reaction to stress, relationships with others.

### 3.4 Development of a Person Specification

Illustrated below is the person specification for the job description given above.

The training administrator’s person specification.

<table>
<thead>
<tr>
<th>Person specification</th>
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<tbody>
<tr>
<td><strong>General requirements</strong></td>
</tr>
</tbody>
</table>

**Knowledge**
- Work and organization of the training center and associated agencies.
- Contacts in regular collaboration with external tutors.
- Purpose and contents of courses and consultancy projects.
- Computing packages, office procedures and equipment.
- Training methods, resources and materials.

**Skills**
- Office administration, organization and procedures
- Use of office equipment (word processors, copiers, etc.)
- Interpersonal communication


**Attitudes and attributes**

- Sympathetic to nature of the work of the organization
- Conscientious
- Able to stand pressure
- Equable and calm in temperament
- Patient and tolerant
- Cheerful, cooperative and willing
- Able to relate effectively with a very wide variety of people
- Able to use initiative

**Specific requirements**

<table>
<thead>
<tr>
<th>Age range</th>
<th>Probably about 22-50 years (flexible)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appearance</td>
<td>Smart and tidy</td>
</tr>
<tr>
<td>Health</td>
<td>No history of recruiting illness likely to affect performance</td>
</tr>
</tbody>
</table>
| Qualifications | (1) Education to GCE A level or equivalent  
                | (2) Recognized certification/diploma in business studies, office administration, etc. (not essential but desirable). |
| Experience     | previous employment relevant to this job, e.g. office administration  
                | Training support (flexible) |
| Special conditions | Occasionally required to work away from home (e.g. during residential courses away from the training center or for overseas projects. |

‡ **Activity - Developing a Person Specification for a Marketing Position**

Based on the job description developed by you, develop a suitable person specification using either the five fold grading system or the seven point plan.

♫ **My Short Notes**

| My Short Notes |
|----------------|----------------|
|                |                |
|                |                |
|                |                |
Chapter 10
Recruitment and Selection

This chapter will cover
1. Recruitment
2. Selection Processes

1. Recruitment

Recruitment is the phase that immediately precedes selection. Its purpose is to pave the way for selection procedures by producing, ideally the smallest number of candidates who appear to be capable either of performing the required tasks of the job from the outset, or of developing the ability to do so within a period of time acceptable to the employing organization.

Efficient recruitment of staff may be described as knowing what resources you want, what resources are available, and where and how they may be found. For purposes of studying the main details and requirements of an efficient and systematic recruitment process, the task may conveniently be examined under the following headings:

1. Determining vacancies and defining requirements
2. Attracting candidates and recruiting sources
3. The application
4. Processing and assessing applications
5. Making a selection decision
6. Notifying applicants
7. Follow up

Step 1- Determining the Vacancies and Defining Requirements

The first stage in the procedure is concerned with the question of what resources are needed, that is, the demand. Details of requirements, such as numbers and categories of people required, will emerge from the compilation and regular revision of the human resource plan.

Requirements for particular position are set out in the form of job descriptions and person specifications (see chapter 09). These provide the basic information required to draft advertisements, brief agencies or recruitment consultant, and assess candidates. From the job description, the requirements can be listed as an official job opening.
Sep 2 - Attracting Candidates and Recruiting Sources

Attracting candidates is primarily a matter of identifying, evaluating and using the most appropriate sources of applicants.

Prior to discussing the sources available for recruitment it is worthwhile understanding some of the factors that can affect the success of the recruitment program.

- Organizational Factors

The company projects a certain image to the community at large, and this will influence its ability to attract workers. In most cases, good advertising and successful public relations efforts can increase community knowledge of the company, raise public appreciation, and thus make a dramatic impact on recruitment.

Relations with labor unions can be critical to public perceptions of the firm, as can the company’s reputation for offering high or low wages. Subtle elements in the organizational culture and climate are also important. Since many people hear about job possibilities from friends or relatives already working at the firm, attitudes about the company are passed along through this informal network. For instance, if current employees

- Environmental Factors

In addition to factors within the organization, the external environment influences recruitment success in a variety of ways. Most obviously the condition of the labor market affects the supply of qualified applicants. If a firm cannot find enough skilled applicants in the immediate area, it may need a regional or national search program. Competition from other companies can reduce the pool of qualified workers or raise salary expectations beyond what the firm is willing to pay.

Economic conditions can influence both the number of people pursuing certain occupations and the demand for their services. While computer scientists are in demand, textile workers may face lay-offs. Due to rapid technological change, not only the manufacturing process but the skills needed to carry them out too have altered. Finally federal and state regulations concerning equal employment opportunity and affirmative action set the framework within which a recruitment program must function.

a) Sources of Recruitment

Recruiting policies vary considerably from one organization to another. There are many sources an employer can use in order to recruit new employees, some internal while others are external methods.
Internal recruiting

For positions above the entry level, the best source of applicants may be the organization itself. Recognizing this, most firms follow a deliberate practice of recruiting from within.

The possibility of filling vacancies internally should always be given very careful considerations for the following reasons:

i. Existing employees are known to the organization and are generally familiar with its customs and practices.
ii. The costs and the time that external recruitment, selection and induction procedures consume can be significantly reduced.
iii. Internal recruitment to fill vacancies may be used as a means of career development, widening opportunities, and stimulating motivation among existing employees.

However internal recruitment does have its limitations:

i. By focusing extensively on utilizing the most cost effective option an organization may promote an individual who is not the most qualified, or is not the group choice, thereby causing resentment.
ii. Over reliance on internal recruitment can be harmful as without the occasional new blood from the outside, management could become stagnant, out of touch with competition and the marketplace.

Finding qualified applicants within the organization is the main goal of the internal recruiting effort. There are several methods for locating these applicants. Among the most common are job posting, referrals, and skills inventories.

• Job Posting

This is perhaps the most common method. It involves announcing job opening to all current employees. Bulletin board notices or printed bulletins may be used for this purpose. The announcements carry information about the nature of the position and the qualifications needed, and any employee who is interested may bid on the job. Job posting can help ensure that minority workers and other disadvantaged groups become aware of opportunities to move up in the organization.

• Employee Referrals

Another way to find applicants within the organization is through employee referrals by other departments. Informal communications among managers can lead to the discovery that the best candidate for the job is already working in a different section of the firm.
• **Skills Inventories**

Many firms have developed computerized skills inventories of their employees. Information on every employee’s skills, educational background, work history, and other important factors is stored in a data base, which can then be used to identify employees within the attributes needed for a particular job.

**External Recruiting**

Unless there is to be a reduction in the work force, any vacancy occurring within the organization must eventually be filled with a replacement form the outside. Thus when the president of an organization retires, a chain reaction of promotions may subsequently occur. This creates an opening for a messenger or a clerk at the bottom of the organizational pyramid. The question to be resolved, therefore, is not one of determining whether or not to bring people into the organization, but rather one of determining the level at which they are to be brought in.

Potential reasons as to why an organization may decide to take on external recruiting:

i. To prevent inbreeding and to encourage new ways of thinking.

ii. In the competitive field of high technology, for example, it is not uncommon for firms to attempt to gain secrets from competitors by hiring away their employees.

iii. For certain job openings it may be necessary to hire individuals from the outside who have gained from another employer the knowledge and expertise required for those jobs.

Typically the external recruitment program makes use of a variety of methods. Such as:

- Advertisements
- Placement agencies
- Unsolicited applicants
- Labor unions
- Professional organizations

- **Advertisements**

Advertising being one of the most common methods of contacting applicants may range from the simplest “Help Wanted” ad to a nationwide multimedia campaign. While newspapers and trade journals constitute the media used most commonly, radio, television, billboards, posters, ad even sound trucks also have been utilized.

Advertising has the advantage of reaching a large audience of possible applicants. Some degree of selectivity can be achieved by using newspapers and journals that are directed
toward a particular group of readers. Professional journals, trade journals and publications of unions and various fraternal or non profit organizations fall in to this category.

Advertisements can place a severe burden on the employment office. Even though the specifications for the openings are described thoroughly in the advertisement, many applicants who know they do not meet the job requirements may still be attracted. They may apply in the hopes that the employer will not be able to obtain applicants who meet the specifications.

There are two ways that you may list the job opening in the newspaper. One is the open ad whereby the applicants can apply directly to the personnel office or to the manager. The second is the blind ad whereby all résumés and information pertaining to the job can be sent to the post office box. This method eliminates the necessity of seeing all applicants and avoids a deluge of telephone calls or personnel applications. Traditionally the blind ad had not drawn as well as the open ad. Applicants like to know the type of company they are applying to, the job requirements, and possibly the salary range. The more information you can provide, the more likely the applicant is going to answer your ad.

**Advertising via internet**

There has been a growth in the use of the internet to attract applicants. Benefits from this method are the speeds by which applicants can obtain information about the organization, and application documents may be downloaded from the internet. Responses by e-mail to the organization can of course be made whatever the advertising method.

- **Using Placement Agencies**

At times it may be advantageous for companies to use employment agencies, particularly when there is a likelihood of a flood of applicants for certain position. Employment agencies can screen out many applicants for you and send you only the top candidate.

Some agencies are publicly supported or operated on a non-profit basis, while most are profit making enterprises and charge a fee to the applicants or the employer.

The agencies of this kind that employers are likely to need and use most regularly are:

**Public Employment Agencies**

State placement agencies are another source of referrals. According to one study, more than 70 percent of the companies surveyed made use of the state employment service. Such agencies provide referrals without charge either to the applicant or to the prospective employer.
Private Employment Agencies
Most private agencies deal with secretarial staff and office staff. They are usually quick and effective but quite expensive. Agencies can charge a fee of 15 per cent or more of the first year’s salary for finding someone. It can be cheaper to advertise, especially when the company is in a buyers market. Agencies should be briefed carefully on what is wanted. They produce unsuitable candidates but the risk is reduced if they are clear about your requirements.

Executive Search Firms
In contrast to public and private employment agencies, the function of executive search firms is not to find positions for job seekers. These firms do not advertise in the public media for job candidates, do not accept a fee from the individual being placed, and do not accept assignments on a contingency basis. Their role is to seek out candidates that match the requirements of the positions their client firm is seeking to fill.

The retainer fees charged by search firms may range from 25 to 3 per cent of the annual salary for the position to be filled. This fee is paid whether or not the recruiting efforts result in an individual being hired.

Because they may lure the right executive away from another company, these firms have been derisively referred to as “headhunters”; yet many large corporations have come to rely on them.

Educational Institutions
The educational institutions typically are a source of young applicants with formal training but with relatively little full-time work experience. Educational institutions ranging from high schools to universities generally have placement offices to assist their graduates in finding work. Some universities and technical programs have their own newsletters to alert students and graduates to work opportunities, and an enterprising recruiter will take full advantage of this resource.

• Unsolicited Applicants
Many employers frequently receive unsolicited applications by letter or in person from people who would like to work for them many of these applications are from persons who appear to be qualified, but who cannot be hired immediately. Therefore such applications should be kept in a file as a source of future employees. A difficult problem however, is filing them according to possible job titles. In fact, Breugh’s study revealed that performance of individuals who have been hired through their own initiated contact with the employer proved to be more successful than those recruited from college placement services or newspaper advertisements.
• **Labor unions**

Labor unions are a principal source of applicants for most blue-collar jobs. In the construction industries, printing and maritime fields, unions are able to furnish a labor pool from which they can quickly dispatch personnel through hiring halls to employers. Furthermore because of the power that some unions can exercise over hiring practices, employers who desire to avoid a confrontation may find it prudent to use this union service.

• **Professional Organizations**

Many professional organizations and societies, such as those for teachers, engineers, and contractors, operate a placement services for the benefit of members. Many organizations have their own trade or professional magazines that list job openings. These openings are often announced at local, state, and national meetings, workshops, or conventions. Unfortunately, this may discourage some companies from sending representatives to such professional meetings for fear that their personnel may be pirated by another company.

**Step 3 – The Application**

When that vacancy or vacancies have been advertised, the employing organization may seek information about applicants by any of the following means.

**a) Application Forms**

The application form is the foundation of the recruiting and selection process. It is a sheet or small booklet with blanks to be filled in by the applicant. Its purpose is to supply the organization with basic information about the candidate’s background: education, work experience, previous salary, and so forth. Although it must contain all the necessary information you would like to know about an applicant, yet still conform to federal and state government guidelines. The applicants resume may cover much of the same ground, but the application form has the advantage of a standardized format, which allows managers throughout the organization to glean the relevant information at a glance.

**b) Résumé**

Perhaps one of the most important tools of a successful job search is your resume. It is an “advertisement” of your significant qualifications and experiences. Careful planning and preparation are necessary prerequisites for a clear and concise resume. Consider the following ways in which a resume can be utilized:

Resume can be used to:

- Answer employment advertisements by mailing resume with an appropriate cover letter.
Mail to potential employers with a letter of inquiry about current and future job vacancies. Respond to job leads or existing vacancies by sending resume with cover letter.

Disseminate to business and personal (networking) contacts for direct referral to employer associates.

Present to employers when making direct contact i.e. career fairs, interviews.

2. Selection Process

Step 04 - Processing and Assessing Applications (Selection Process)

When all the applications have been received by the due date, the next task is to select those applicants who, on the evidence available, appear to be the most suitable as future employees of the organization, and therefore, worth the time and cost of further examination in the selection procedures.

a) Pre-selection

To systematize the process, it is normally useful to carry out a preliminary selection. Such a preliminary selection of applicants is often done by setting minimum standards for the job, and communicating these standards to your employees, and agencies who help you recruit. The fact that some potential applicants may not apply because of their inability to meet the minimum requirements serves as an initial screening device.

Then, when reviewing resumes and application forms, firms are further able to screen out unacceptable job candidates. At this point, firms can also assign priorities to the resumes so that the most promising candidates may be seen first.

b) Selection of Personnel and Devices Available To Do So

On concluding pre-selection the organization faces the task of choosing out of the short listed, the best applicant for the specific job. This phase of the selection process involves judging candidates on a variety of dimensions, ranging from the concrete and measurable (for example, years of experience) to the abstract and personal (for example, leadership potential). To do this organizations rely on a number of selection devices, including, interviews, tests, and assessment centers.

c) Interviews

An interview can be describes as a conversation with a purpose. It is a conversation because candidates should be induced to talk freely with their interviewers about themselves, their experience and careers. But the conversation has to be planned, directed and controlled to achieve the main purpose of the interview, which is to make an accurate prediction of the candidate’s future performance in the job for which he or she is being considered.
• Purpose of a Selection Interview

The purpose of the selection interview is to obtain and assess information about a candidate which will enable a valid prediction to be made of his or her future performance in the job in comparison with the predictions made for any other candidates. In particular, selection interviews aim to provide answers to three fundamental questions:

Can individuals do the job? – are they competent?
Will individuals do the job? – are they well motivated?
How will individuals fit into the organization?

Interviewing therefore involves processing and evaluating evidence about the capabilities of a candidate in relation to the person specification. Some of the evidence will be on the application form, but the aim of the interview is to supplement this data with more detailed or specific information about experience and personal characteristics that can be obtained in a face-to-face meeting.

Such a meeting provides an opportunity for judgments by the interviewer on whether the individual will ‘fit’ the organization, and by both parties as to how they would get on together. Although these judgments are entirely subjective, and are often biased, it has to be recognized that they will be made.

• Advantages and Disadvantages of Interviews

The interviewing methods may yield the following benefits:

- Provide opportunities for interviewers to ask probing questions about the candidate’s experience and to explore the extent to which the candidate’s competencies match those specified for the job.
- Enable interviewers to describe the job (a realistic job preview) and the organization in more detail, providing some indication to the terms of the psychological contract
- Provide opportunities for candidates to ask questions about the job to clarify issues concerning training, career prospects, the organization and terms and conditions of employment
- Enable a face-to-face encounter to take place so that the interviewer can make an assessment of how the candidate would fit into the organization and what he or she would be like to work with
- Give the candidate the same opportunity to assess the organization, the interviewer and the job
However it may also like any other has its limitations. Such as:

- Can lack validity as a means of making sound predictions of performance, and lack reliability in the sense of measuring the same things for different candidates
- Rely on the skill of the interviewer, but may people are poor at interviewing, although most think that they are good at it
- Do not necessarily assess competence in meeting the demands of the particular job
- Can lead to a biased and subjective judgments by interviewers

**Interview Scenarios**

Interviews can follow several scenarios.

- **One-on-one interview**
  The most common scenario is the on-on-one interview, in which the candidate meets privately with a single interviewer. It involves face-to-face discussion and provides the best opportunity for the establishment of close contact - rapport - between the interviewer and the candidate. However, if only one interviewer is used there is more scope for a biased or superficial decision, and this is one reason for using a second interviewer or an interviewing panel.

  Often a well qualified candidate will pass through a series of such interviews, first with a members of the human resources department, then with the manager in whose unit there is a job opening, and finally perhaps with the manager’s superior.

- **Group interview**
  In the group interview a number of candidates are interviewed at once. Generally they allowed to discuss job related matters among themselves while one or more observers rate their performance. This type of interview is usually considered most appropriate in the selection of managers; it can also be used with groups of current employees to evaluate their potential for supervisory roles.

- **Panel interview**
  In the panel interview, one candidate meets with a panel of two or more representatives of the firm. One of the panelists may act as the chairperson, but each of the firm’s representatives takes part in the questioning and discussion. This format allows the interviewers to coordinate their efforts and follow up on each other’s questions.

  It requires more pre-planning than one-to-one interviews, but in the long run it saves time for both the applicant and the company. Being interviewed by a number of
people can be overwhelming, but it can also give the applicant a more realistic idea of what a job entails and personalities he or she would be working with.

- **Interview Techniques**

The three basic scenarios lend themselves to a variety of specific interviewing techniques. The most common are the structured interview, the non-directive interview, and the situational-problem interview.

- **Structured Interview**
  
  In the structured or patterned interview, the interviewer follows a standard list of questions to be asked of all applicants. This method produces uniformity of data from one interview to the next; it ensures that no important questions will be forgotten; and it helps guarantee that all applicants have been treated the same way. If the interview is too rigidly structured, however, the interviewer may neglect the chances for follow-up questions, and the candidate is unlikely to provide any information spontaneously.

- **Nondirective Interview**
  
  The nondirective interview, as its name implies, takes the opposite approach. The interviewer’s questions are held to a minimum, and they are open ended. Rather than asking about specific details of the candidate’s last job, the interviewer may say, “Tell me about your work in this field”. The aim is to follow the applicant’s own lead, to let him or her express thoughts and feelings that might be relevant to the job.

  The nondirective technique can reveal information that would never have come up in a structured interview. It requires substantial time; however, it may fail to touch on important aspects of the candidate’s qualifications. For these reasons, few organizations use it in its pure form. Typically the interviewer tries to mix the nondirective technique with a structured approach, encouraging the applicant to expand on his or her ideas, but making certain the standard topics are covered.

- **Situational-Problem Interview**
  
  In this type of interview the candidate is given a specific problem to solve or a project to complete. Often this technique is used in the group interview scenario; while the group discussed a problem and works out an answer, the interviewers rate each candidate on, for example, quality of ideas, leadership capacity, and ability to work with others.

- **Asking questions**

  The interviewer’s job is to draw the candidate out, at the same time ensuring that the information required is obtained. In doing so a good interviewer will have an armory of type’s questions to be asked as appropriate, as briefly described below.
Open questions – open questions are the best ones to use to get the candidates to talk – to draw them out and encourage full response. Single word answers are seldom illuminating. It is a good idea to begin the interview with one or two open questions, thus helping candidates to settle in.

Probing questions – probing questions are used to get further details or to ensure you are getting all the facts. A candidate could say something like: ‘I was involved in a major business process reengineering exercise that produced significant improvements in the flow of work through the factory.’ This statement conveys nothing about what the candidate actually did. You have to ask probing questions such as: ‘what was your precise role in the project?’ or ‘what exactly was the contribution you made to its success?’

Closed questions – closed questions aim to clarify a point of fact. The expected reply will be an explicit single word or brief sentence. In a sense, a closed question acts as a probe but produces a succinct factual statement without going into detail.

Hypothetical questions – hypothetical questions put a situation to candidates and ask them how they would respond. They can be prepared in advance to test how candidates could approach a typical problem. Such questions may be phrased: ‘what do you think you would do if…?’

Behavioral event questions – these questions aim to get the candidate to tell you how they would behave in situations that have been identified as critical to successful job performance. The assumption upon which such questions are based is that past behavior in dealing with or reacting to events is the best predictor of future behavior.

Capability questions – capability questions aim to establish what the candidates know, the skills they possess and use and their competencies – what they are capable of doing.

Questions about motivation – the degree to which candidates are motivated is a personal quality to which it is usually necessary to give special attention if it is to be properly assessed. This is best achieved by inference rather than direct questions. In making inferences the interviewer may question the candidate on his or her careers, achievements and triumphs over disadvantages and spare time interests.

Continuity questions – continuity questions aim to keep the flow going in an interview and encourage candidates to enlarge on what they have told you, within limits. Examples of such questions are, ‘What happened next?’ or ‘Can we now move on to…?’

Play back questions – these questions test your understanding of what candidates have said by putting to them a statements of what it appears they have told you, and asking them if they agree or disagree with your version.
Career questions – career questions can provide some insight into motivation, as well as establishing how they have progressed in acquiring useful and relevant knowledge, skills and experience. You can ask questions such as: ‘what did you learn from your new job?’ or ‘why did you leave that job?’

Focused work questions – these are questions designed to tell you more about particular aspects of the candidate’s work history.

Questions to be avoided –
- Multiple questions as it will often confuse candidates and will probably result in misleading or partial replies.
- Any questions that could be constructed as being biased on the ground of sex, race or disability.

• Selection Interviewing Skills

The following are a few skills that a good interviewer will possess.

- Establishing rapport
  A good interviewer is able to establish a good relationship with candidates – get on their wavelength, put them at ease, encourage them to respond and generally be friendly. If you achieve a rapport you are more likely to get them to talk freely about both their strengths and their weaknesses.

- Listening
  You need not only to hear but understand what the candidates are saying. When interviewing you must concentrate on what candidates are telling you.

- Maintaining continuity
  As far as possible, questions should be linked to the candidate’s last reply so that the interview progresses logically and a cumulative set of data is built up.

- Keeping control
  Candidates should talk, but not too much. When preparing for the interview, you should have drawn up an agenda and you must try and stick to it. Focus on specifics as much as you can.

- Note taking
  You will not remember everything candidates tell you. It is useful to take notes of the key points they make, discreetly, but not surreptitiously.
c) Selection Tests

Tests are generally administered and evaluated before the final stage of interviewing. However, some companies give tests before the initial interview too. The tests eliminate applicants that do not meet the minimum requirements. After the tests are validated, the score show the interviewer what talents the applicant has. A test may either be a paper and pencil test or a simulation exercise which attempts to measure dexterity.

The test of applicants offers to apparent advantages:
- Test results seem to be objective; free from personal bias.
- They are usually expressed numerically, so that they lend themselves to statistical analysis and thus can be validated.

Nevertheless testing can be the most controversial part of the selection process. It may have the following disadvantages:
- The employment of professional to interpret and administer tests, the training of human resources staff in test use, and provision of space and time for testing can involve considerable expense.
- It is not as reliable as other selection devices

There are several types of selection tests

- Aptitude tests
  These tests assess the candidate’s ability to learn new skills rather than the amount he or she has already learnt. Common types of aptitude tests include measures of short-term memory, spatial perception, number discrimination, and motor abilities.

- Competency tests
  Through these tests a wide range of skills and information can be measured. In a test of manual dexterity, for example, an applicant might be asked to place small pegs into tight holes using a pair of tweezers. A test of clerical skills may involve spelling, reading comprehension, and arithmetic.

- Personality tests
  Personality inventories attempt to construct a profile of a person’s attitudes, behavior and habits. “Friendliness,” “confidence,” “conventionality,” and “dominance” are examples of what such a test might measure. Personality tests are considered the least reliable of the employment tests. This test has received strong criticism on the grounds that it requires answers that are nobody else’s business.
o Performance tests
Performance tests are frequently given to involve and actual doing of a sample of work that would be required on the job. For example, a standard driving course can be used as a performance test for forklift drivers. Standard typing tests can be given to test an applicant’s ability to type with speed and accuracy.

e) Assessment Centers

A more comprehensive approach to selection is provided by the use of assessment centers. These incorporate a range of assessment techniques and usually have the following features.

- The attention of the center is on behavior
- Exercises are used to capture and simulate the key dimensions of the job.
- Interviews and tests will be used in addition to these exercises.
- Performance is measured in several dimensions in terms of the competencies required to achieve the target level of performance in a particular job or at a particular level in the organization.
- A number of candidates may be assessed together in order to allow interaction and to make the exercise open and participative.
- Several assessors are used to increase objectivity.

Assessment centers provide a good opportunity to find out if candidates match the organizational culture or not. These centers also give candidates a better feel of the organization and its values so that they can decide for themselves whether or not they are likely to fit in.

f) Reference Checks

Reference checks involve communicating with previous employers and others who can provide information about the applicant.

The checks serve two purposes:
i. Verify (or contradict) what the applicant has told the organization.
ii. Produce supplemental information that can be very useful in a hiring decision.

Reference checks are commonly conducted over the telephone; less often they are accomplished through an exchange of letters, and in rare cases they involve a personal visit.

However many firms have found it increasingly difficult to obtain information about applicants beyond simple factual data. The main reason is that, increasingly, applicants
have sued their former employers on the grounds of defamation in references, dismissal interviews, or press releases. Although employers have a right to share factual data, they become vulnerable to expensive lawsuits when they provide negative opinions.

g) Physical Examinations/Medicals

As one of the final steps before the hiring decision, some companies require that all applicants complete a medical questionnaire or take a physical examination before they are hired.

Physical examinations serve several purposes:

i. They help an organization place its employees in suitable positions.
ii. The tests may also permit firms to screen out applicants whose health problems may result in high rate of absenteeism.
iii. By establishing a record of the employee’s health at the time of hiring, physical tests forestall possible claims for workers’ compensation for preexisting conditions.

It is also important to prevent the hiring of those with serious communicable diseases. This would be particularly true in hospitals and food service areas where disease could be easily transmitted.

Step 5 - Making a Selection Decision

While all of the steps in the selection process are important the most critical one is the decision to accept or reject applicants. When all the candidates have been tested and interviewed and their references checked, the final decision generally rests with the supervisor or head of the department in which the job opening exists, who will select the one candidate most qualified for the job. The personnel department usually provides advice and data for the interviews, any background information, and the interpretation of test results. Furthermore the human resources department must approve salary and benefit package to ensure consistency of pay scales throughout the firm.

Criteria to consider

Individual candidates should be assessed against the criteria. These could beset under the headings of:

- Competence/skill
- Education
- Training
- Experience
- Overall suitability
Ratings can be given against each heading, for example, very acceptable, acceptable, marginally acceptable, and unacceptable. The person specification should indicate which of the requirements are essential and which are only desirable. Next compare the assessment of each of the candidate’s against one another. A conclusion is then reached on those preferred by reference to their assessment under each heading.

In the end the decision between qualified candidates may well be judgmental. There may be one outstanding candidate, but quite often there are two or three. In these circumstances you have to come to a balanced view on which one is more likely to fit the job and have potential for a long term career, if this is possible. Selectors must not however settle for second best in desperation. It is better to try again.

**Step 6 - Notifying Applicants**

The offer is sometimes extended by phone or in a letter; in other cases, the candidate is called in for a final interview and the offer is made in person. At this time the salary and benefits are stated precisely; the prospective employee is told of any further conditions that must be met, such as passing a physical examination; a starting time is established; and if the candidate needs time to think over the matter, a date should be set for notifying the firm of acceptance or rejection.

In the satisfaction of filling a job opening, the human resource staff should not forget the applicant who failed to get the job. All those who participated in tests or interviews should be quickly notified of the firm’s decision, or be told if they are not contacted within a certain length of time, they are not being considered. Those who went furthest in the selection process should receive personal letters. Consideration for these people is important for the organization’s reputation. Moreover, the ‘near misses’ may be candidates for future job openings.

The success of a selection decision depends on all of the previous steps in the staffing process: the initial planning, the recruitment of qualified candidates, and the various selection techniques used to find the best candidate for the job. Only by careful attention to all of these stages can organization assure itself of hiring capable people.

**Step 7 - Follow Up**

It is essential to follow up newly engaged employees to ensure that they have settled in and to check on how well they are doing. If there are any problems, it is much better to identify them at an early stage rather than allowing them to fester. Following up is also important as a means of checking on the selection procedure. If by any chance a mistake has been made, it is useful to find out how it happened, so that the selection procedure can be improved. Misfit can be attributed to a number of causes; for example, inadequate job description or specification, poor sourcing of candidates, weak advertising, poor
interviewing techniques, inappropriate or invalidated tests, or prejudice on the part of the selector. If any of these are identified steps can be taken to prevent their recurrence.

### Key Concepts - Recruitment and Selection Process in a Snap Shot

<table>
<thead>
<tr>
<th>Job description</th>
<th>Person specification</th>
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<td></td>
<td>Strategy</td>
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<td></td>
<td>Sourcing strategy</td>
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</table>

- Internal/external advertisement
  - Send application form
    - Request CV
  - Pre-selection
  - Short-list
  - Tests
  - Interview/ group selections
  - References/ medicals
  - Appointment
  - Induction program
  - Follow-up
Chapter 11
Induction and Training

This chapter will cover
1. Definition and Purpose of Induction
2. Induction Crisis
3. An induction Program for a Marketing Position
4. Training and Development for Marketers
5. The Planned Training Process

1. Definition and Purpose of Induction

1.1 Definition of Induction

On the first day of a new job, employees are faced with an unfamiliar situation to which they must somehow adjust. New surroundings, new coworkers, and new job procedures can make even the calmest and most competent workers feel anxious and insecure. Therefore most organizations offer some kind of orientation/induction:

- A program designed to help new employees get acquainted with the company and make a productive beginning on the job.
- Induction is concerned with addressing the problem of ensuring the smooth entry of newcomers into their jobs - bringing them to a level of job mastery/independent functioning as quickly as possible

Effective induction delivers a message to new employees that the organization supports its staff. Induction is a welcome into the “family of the firm” - it reflects that period of socialization when the newcomer not only learns about the firm but absorbs the expectations and value systems of the firm. In the induction period new employees pick up the norms and behaviors that are expected by their colleagues and the body corporate

1.2 Purpose of Induction

Induction program serves the purpose of:
- Reducing anxiety
- Ease the discomfort when faced with a new environment
- Helps newcomers become familiar with their immediate workgroups
- Introduces newcomers to the organizational culture

Nevertheless induction involves costs. For a City department store taking on extra staff for the Christmas peak period and January sales - a whole cohort of new people have to be indoctrinated into the store and be introduced to everything from the staff restaurants to their new departments, the return of goods procedures and the merchandise in their
department. Further briefing on their terms and conditions of employment, company rules and policies and introductions to their boss and work colleagues are necessary.

2. Induction Crisis

Regular analyses of labor turnover statistics show that a higher turnover occurs during the first year of employment. The wastage in financial and human terms needs no elaboration. Undoubtedly a portion of the blame can be attributed to faulty recruitment and selection procedures equally certainly; the reasons why so many people leave organizations shortly after joining them are connected with the treatment they receive from their employers during this initials phase of employment.

Research shows that of the various factors that cause stress, a change of job receives high weighting. Thus the early phase in a new job is well known to be a stressful period both from a personal experience and form the evidence of research data. Yet organizations continue to tolerate high rates of labor turnover and often do not seem to be able to deal effectively with this problem that has been described as the ‘induction crisis.’

The induction crisis will result in:
- High rates of labor turnover
- Workers could become demotivated

a) Causes of the Induction Crisis

The cause of the induction crisis can be ascribed to one of more of the following reasons:
- Discomfort faced when placed in a new work environment
- Failure to appreciate the variety of work, supervision, travel to work, payment system etc.
- Insecurity in taking up a new position
- Difficulty in accepting and internalizing new group norms and behavior
- Poor group cohesiveness
- Difficulty in adapting to the psychological contract

3. An Induction Program for a Marketing Position

The induction of new employees has to be regarded as a comprehensive and systematic program continuously monitored and evaluated. Too often it has come to mean little more than a day or two set aside, during which time employees may have interviews, attend short courses, listen to talks about the organization, receive a quantity of literature, be taken on quick guided tours to glimpse the various sections of the organization and meet a variety of people. Induction arrangements of this kind may well do as much if not more harm than good. When a mass of information, much of which is unnecessary is crammed into a very short space of time, and many of the questions on which newcomers need reassurance are left unanswered, it is likely that initial feelings of confusion, inadequacy and insecurity will be increased rather than allayed.
New starters need full briefing about

- Workplace geography (where things are), their duties, their terms and conditions of employment, job activities and procedures and have opportunity to settle down with work colleagues.
- Company policies and standards, job related procedures and methods. There is a history to absorb - old post-holder's unfinished business and the schedule for continuity.
- There are obviously lots of personnel function matters - health and safety, disciplinary codes, payroll administration.

The aim of an induction program should be to integrate new employees as soon as possible functionally and socially into the organization and its environment. Thus in setting the objectives for the program it important to take into account the following checklist as it provides a guideline in highlighting the areas an induction program should ideally cover.

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<tr>
<th>The job</th>
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<tr>
<td>Tasks, cycles, routines, non-routines,</td>
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<tr>
<td>Back-logs, backgrounds/histories, clients/suppliers</td>
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<tr>
<td>Policies, procedures, standards, imperatives procedures</td>
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<tr>
<td>The key stages and tasks of the job - the methods, the risks, the calculations. This is the detail of job, task induction and the list will be based on a good understanding of the job in action. A program of introduction to the key - non-generic aspects needs to be prepared. If there is no systematic program - then the danger is that the first weeks may be confused and the new starter experiences a &quot;bring thrown in at the deep end&quot; situation.</td>
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<tr>
<th>The role network</th>
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<tr>
<td>The boss</td>
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<tr>
<td>Reporting relationships</td>
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<tr>
<td>Other departmental/project functions</td>
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<tr>
<td>Co-workers, groups</td>
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<tr>
<td>External contacts - supply chain, customer contacts etc</td>
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<tr>
<th>Conditions of employment</th>
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<tr>
<td>Full contract familiarization: hours, physical conditions - the office, the locker, the keys, the car park</td>
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<tr>
<td>Hours, holidays</td>
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<tr>
<td>Salary, pension arrangement, sickness rules</td>
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</table>
• Staff facilities and entitlements
• Trade union membership, professional associations etc
• Welfare and recreation of employees
• Health and safety rules
• Catering arrangements

**Company and Function Overview**

• The firm - its products, services, policies and programs
• The function, aims and objectives of the organization as a whole
• Strategic imperatives
• Opportunities for development
• It facilities and software - email, the desk top and menus etc

**Law and Ethics**

• What legislation will they be required to follow in relation to their job? Health & Safety, Data Protection, Equal Opportunities?
• How will these requirements feature on induction?
• In what ways might the induction program continue the socialization of the new employee into the accepted (presumably ethical) modes of behaviour required by the organization?

### 3.1 Developing an Induction Program

**Main elements of an Induction Program**

- **Initial interviews**
  Conducted by line manager and HRM, covering:
  - Details of the induction program
  - Personal objectives and job
  - Work conditions and facilities
  - Personal needs problems etc.

- **Training**
  - On the job
  - Specific courses (internal/external)

- **Work experience**
  - Job variety
  - Visits and attachments

- **Training**
  - Assistance by line managers and members of the work group

- **Follow up interviews**
  Conducted by line managers and personnel officer in the form of performance appraisal and career development interviews. Check progress and general welfare.
Initial Interviews

Induction interviews need to be given to all employees taking up jobs for the first time, whether from inside or outside the organization. These interviews are carried out by the HR manager responsible for supervising the career of the newly appointed job holder, and, obviously by the line manager. Coming as they do at a time when employees may well be feeling insecure and anxious about an unknown future, induction interviews are extremely important. They need to be carried out with particular care and skill because of the obvious importance to newcomers of making a good start in their new jobs.

The three main purposes of induction interviews are:

1. To provide all the necessary information that job holders need about the job and its attendant circumstances.
2. To allow them to ask questions about any matters on which they are uncertain.
3. To give reassurance and to develop positive attitudes, confidence and motivation.

These interviews will need to cover the contents of the above checklist.

Induction phase

The induction phase broadly comprises three elements – training, work experience and social adaptation, as described below.

- Training
  Induction training is mainly vocational and designed in order to give new employees the skills and knowledge required for productive employment. It may take the form of short full-time courses or very much longer programs where a high level of performance is essential, for example, flying training. Induction training is sometimes given on the job itself. More often that not the program is a combination of both forms of training.

- Work experience
  This covers a wide range of possibilities and is a matter for each organization to decide. Whether new employees remain with one occupation, or are rotated to meet particular requirements of experience, an imaginative approach is necessary to widen new employees’ knowledge of their organizational environment as much as possible. This could include, for example, a schedule of visits or short attachments to other units. Increased knowledge of the organization will help to develop confidence and is a significant means of simulating interest and motivation.

- Social adaptation
  This is a particular source of difficulty in the induction phase. Managers need to develop a psychological awareness of group and individual behavior in order to assist their new staff to settle down. This requires a close knowledge of the individual members of their groups, the ability to anticipate where interpersonal difficulties could arise and how the
social forces within the group could be used to advantage. In this way the varied experience and strengths of the different members of the group may be used skillfully to help newcomers to adapt. The more the members of the group that can be usefully involved in this process the better.

**Follow up Interviews**

Since an organization is faced with ever-changing conditions, its plans, policies and procedures must change with these conditions. Unless present employees are kept up to date on these changes, they may embarrassingly find themselves unaware of activities about which new employees are currently being advised. Thus it is important that all employees be continually reoriented to changing conditions.

After the employee has been on the job for a month or so and again at the end of the year, a personnel staff member should follow up to determine the current effectiveness of the orientation. Evaluations can then be conducted through in-depth interviews, questionnaires and surveys, and discussion groups.

**3.2 Development of an Induction Program for a Marketing Position**

‡ **Case – Activity**

Prepare an induction checklist in order to help guide an induction program for the following positions.

a) product manager
b) front line marketer

Using the checklist as a guideline, explain in greater detail the induction program that you would design for the respective positions, in each case specifying what the initial interview, the induction phase itself, and follow up interview would cover.

‡ **Case Study**

**The first day**

Jim Greenlee was embarrassed. This was his first day as production supervisor at Marlin Chemical Company, and he was late for the 8.00 a.m. meeting at which he was supposed to be introduced to the other supervisors. The rain had slowed traffic to a crawl, and the parking lot was jammed. The elevator had taken forever to come, and then it had stopped at every floor.

The meeting was under way when Jim finally arrived, but Jim’s new boss, Adele Swanson, sounded warm and pleasant as she introduced him to the group. Jim apologized for being late, and then the meeting turned to other matters. Jim leaned back and tried to look relaxed, but his anxiety was intense. “New job, new people, new surroundings, and I’m off to a bad start,” Jim thought. Everyone’s name had gone out of
his head, and he couldn’t concentrate on the meeting. Mostly he watched faces – some of which looked friendlier than others, he decided.

At the end of the meeting, Adele asked for a volunteer to show Jim around the building, escort him to the personnel department, and then bring him back to her office by 10 a.m. two or three people volunteered, and Murray was given the assignment. Murray seemed friendly enough, and he showed Jim most of the features of the building, including the location of the cafeteria and the washrooms. As they walked, Murray commented on the responsibilities of each of the other supervisors in the department, and Jim detected that Murray had definite likes and dislikes about different members of the group. Murray also had a comment about Adele: “She’s O.K., but she gets so busy that she forgets to tell us some important things. Then when you ask for the information you need, she seems irritated about being bothered.”

When Jim got to personnel, he was taken to the employee benefits section, where he was briefed on the retirement plan, various insurance programs, and other company benefits. He understood some of what he was being told, but he left realizing he would have to study the pack pf pamphlets he had been given.

When Jim got back to Adele’s office she was on the phone, so Jim sat in a comfortable chair outside her office for some fifteen minutes. He tried to concentrate on reading the pamphlets, but his mind was preoccupied with what his group of subordinates would be like and whether there was going to be much resistance to his coming in as the new supervisor. When Adele was free, she escorted Jim to his section and introduced him the members of his staff. At one point she said “We’re glad to have Jim here. Things are going to be different now.” This remark mystified Jim, and he hoped the comment didn’t sound a threatening to the others as it did to him. Everybody seemed polite in a guarded sort of way, and Jim tried his best to be friendly.

Questions:

1. Was Jim Greenlee’s orientation and induction successful?
2. If you were the employee benefits person, how would you have improved Jim’s orientation process?
3. Adele’s remark “things are going to be different now” really threw Jim. What can he do now to make his staff feel less threatened and to ease his own tension?

4. Training and Development for Marketers

4.1 Definition of Training

Helping employees to become effective in their jobs is one of the most fundamentally important tasks in people management that any work organization has to undertake. Employers depend on the quality of their employees’ performance to achieve
organizational aims and objectives; employees have motivational needs for development, recognition, status and achievement that can and should be met through job satisfaction.

The initiative for providing this help must come mainly from the employers. The vocabulary to describe this kind of help in the context of work includes terms such as training, development, education and, more recently human resource development.

There is no adequate, all embracing term to describe this process, thus the word ‘training’ will be used throughout in discussing the process in the widest possible context, starting with the following comprehensive definitions.

- Training can be defined as: “The organizationally directed experiences that are designed to further the learning of behaviors that will contribute to organizational goals” (French, 1990).

- Training is the systematic modification of behavior through learning which occurs as a result of education, instruction, development and planned experience (Armstrong, 1999).

- Training in a work organization is essentially a learning process, in which learning opportunities are purposefully structured by the managerial, HR and training staffs, working in collaboration, or by external agents acting on their behalf (York et al., 2000).

- Training can be defined as any procedure initiated by the organization to foster learning among organizational members (Chruden et al, 1984: 185).

4.2 Purpose of Training

The fundamental aim of training is to help the organization achieve its purpose by adding value to its key resource – the people it employs. Training means investing in people to enable them to perform better and to empower them to make the best use of their natural abilities.

The particular objectives of training are to:

- Develop the competences of individuals up to desired standards and improve their performance.
- Help people to grow within the organization so that, as far as possible, its future needs for human resources can be met from within.
- Reduce learning time for employees starting in new jobs on appointment, transfer or promotion, and ensure that they become fully competent as quickly and economically as possible.
- Develop new skills and knowledge to replace those that have become obsolete as a result of technological and organizational changes.
4.3 Benefits of Training

Effective training can:

- Minimize the cost.
- Improve individual, team and corporate performance in terms of output, quality, speed and overall productivity.
- Improve operational flexibility by extending the range of skills possessed by employees (multi-skilling).
- Attract high quality employees by offering them learning and development opportunities.
- Increase levels of competence and enhance employees' skill, thus enabling them to obtain more job satisfaction to gain higher rewards and enable them to progress within the organization.
- Increase the commitment of employees by encouraging them to identify with the mission and objectives of the organization.
- Help to manage change by increasing understanding of the reasons for change.
- Provide higher levels of service to customers.

5. The Process of Planned Training

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Identify training needs
  Define training needs
  Plan training program
    Techniques
    Facilities
    Locations
    Trainers
  Implement training
  Evaluate training
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5.1 Training Needs Analysis

The first major step in developing a training program is to determine the organization’s need for such a program. Training needs analysis is then partly concerned with defining the gap between what is happening and what should be done.

There are several reasons as to why this need for training should be determined. First training can be expensive. Good training justifies its expense, but improper training increases cost with no corresponding benefits. Second, training that is not of sufficient quality to meet the needs of the organization and its members can actually be damaging. Workers who go through a training program and remain undertrained for the tasks their jobs require can become discouraged and discontented. Third, overtrained workers can become discouraged because of boredom with an unchallenging job or frustration with a lack of appropriate promotion opportunities.

Management and the human resources staff should be alert to any indications that employees need additional training. Excessive customer complaints about service could indicate a need for training. Similarly excessive waste material could indicate that machine operators need more training. High employee turnover in a department could indicate that supervisors need additional training in human relations. Excessive mistakes by employees might indicate a need for remedial reading, mathematics or other basic training.

Although any of these deficiencies might indicate a need for additional training, a more systematic approach is required to assess needs properly. Management should analyze:

- Business and human resource plans
- Job analysis
- Performance reviews
- Training surveys

- Business and human resource plans
  The training strategy of an organization should largely be determined by its business and HR strategies and plans from which flow human resource plans. The plans should indicate in fairly general terms the types of skills and competences that may be required in the future and the numbers of people with those skills and competences who will be needed. These broad indicators have to be translated into more specific plans which cover, for example, the outputs from training programs of people with particular skills or a combination of skills.

- Job analysis
  Job analysis for training purposes means examining in detail the content of jobs, the performance standards required in terms of quality and output and the knowledge, skills and competences needed to perform the job competently and thus meet the performance standards. As such the analysis should reveal the following information:
o Any problems faced by job holders in learning the basic skills and applying them successfully
o Any weaknesses in the performance of existing job holders arising from gaps in knowledge, lack of skill or poor motivation which needs to be rectified by training
o Any areas where competence levels are clearly not up to the standard required
o Any areas where future changes in work processes, methods or job responsibilities indicate a learning need
o How training is carried out at present and how effective it is

These details in turn would assist in attempting to determine training needs.

- Performance reviews
  Performance reviews should be a prime source of information about individual learning and development needs. The performance management approach to learning concentrates on the preparation of performance improvement programs and learning contracts or personal development plans. The emphasis is on continuous development.

- Training surveys
  Training surveys assemble all the information obtained from the other methods of analysis in order to provide a comprehensive basis for the development of a training strategy and its implementation. But it is essential to supplement the information by talking to people about work requirements and problems and develop an understanding of their training needs. A training survey pays particular attention to the extent to which existing training arrangements are meeting training needs.

5.2 Define Training Needs/Objectives

Once training needs have been determined, the human resource staff is ready to translate the skills needed into specific training objectives, or desired outcomes of the program. Training objectives should state the specific numbers of people to be trained, the specific skills on which the training should focus, and the period within which the training should be completed. Thus it is understood that training objectives include the general content of the training to be given. Training programs should then be designed to meet these objectives.

5.3 Planning the Training Program

Every training program needs to be designed individually, and the design will continually evolve as new learning needs emerge, or when feedback indicates that changes are required. Before consideration is given to special aspects of training programs, decisions are necessary in the areas discussed below:

- Content
- Length
• Location
• Trainers

a) Content
The content of training programs should be determined entirely by the learning and training needs analysis and an assessment of what needs to be done to achieve the agreed training objectives.

b) Length
The length of the training program obviously depends on its content. But careful consideration should be given as to how long learning can be speeded up by the use of techniques such as computer-based training. Thought should also be given to where more time needs to be allowed for ‘discovery learning’ to take place, or for the amount of involvement required to ensure that those undergoing training have the opportunity to fully understand and own he new ideas or techniques to which they have been exposed.

c) Location
There are three places where training can take place:
   i. In-company, on the job
   ii. In-company, off the job
   iii. External, off the job

   o In-company, on the job training
   This is most commonly used method in the training of non-managerial employees. This may consist of teaching or coaching by managers, team leaders or trainers at the desk or at the bench. It may also consist of individual or group assignments and projects and the use of mentors. It is the only way to develop and practice the specific managerial, team leading, technical, selling, manual, and administrative skills needed by the organization.

   It has the advantage of providing a “hands on” experience under normal working conditions and an opportunity for the trainer to build good relationships with new employees. The individual works, learns, and develops expertise at the same time. Theory is put into practice immediately and its relevance is obvious. Much of the learning can take place naturally as part of the performance management process and through day-to-day contacts. The disadvantages are that the effectiveness of the learning is strongly influenced by the quality of the guidance and coaching provided on the job. Many managers and team leaders are unskilled at training and disinclined to carry it out or to encourage it. The instruction may be inadequate and the training may perpetuate bad habits. Above all, the learner may be distracted by the environment and find it difficult to acquire the basic skills quickly.
o  In company, off the job
In company, off the job training can take place on special courses or training areas or centers which have been specially equipped and staffed for training. It is the best way to acquire advanced manual, office, customer service or selling skills and to learn about company procedures and products. It helps to increase the identification of the trainee with the company as a whole.

The main disadvantage arises when trainees are transferred from the training course to a job or to apply their knowledge and skills in practice. For managers and team leaders, the problem of transferring from the ‘training situation’ to ‘real life’ may be even more difficult. This is partly because much management training tends to deal with relatively abstract concepts like motivation and leadership.

o  External training
External training is useful for the development of managerial team leading, technical and social knowledge and skills, especially if the courses cover standard theory and practice which can easily be translated from the general to the particular. External training should be able to supply the quality of instruction that it might be uneconomic to provide from internal resources. It can be used to implant highly specialized knowledge or advanced skills and has the added advantage of broadening the horizons of those taking part, not least because they will be exposed to their peers from other organizations.

The main disadvantage is that of transferring learning into practice – even more acute with external courses. However, effective the training, the knowledge and skills acquired may be quickly dissipated unless they are used immediately. It may also be difficult to select relevant courses from the bewildering variety available.

•  Training Techniques

  o  On the job techniques
  i.  On-the-job training (OJT)
No matter what skill training is necessary to acquire a job, some on-the-job training is helpful. Without it, new employees learn only through trial and error. OJT can include informal comments and suggestions from others, but supervised OJT is the most effective.

In OJT the burden is on the trainer: it is generally assumed that when a worker does not learn the job thoroughly, the teacher has not taught correctly. If the instructor is to present material consistently, OJT should be pre-planned. Information should be presented in manageable sections and in a logical sequence. To facilitate this process, the trainer should break down on paper the job to be learned.
A person new to the job is nervous, and has difficulty concentrating, therefore the newcomer must be put at ease and not feel rushed. There should not be any impatience, irritation or criticism on the part of the trainer. The learner’s accomplishments should be praised, helping to build self confidence. When the employee is trained to do the job alone, the trainer should be available to answer questions, and should continue to observe the employee frequently, but without breathing down the trainee’s neck.

ii. Apprenticeship training
A system of training in which the young worker entering industry is given thorough instruction and experience, both on and off the job, in practical and theoretical aspects of the work in a skilled trade is known as apprenticeship training. Most apprenticeship programs begin with classroom training that focuses on theory and on auxiliary skills needed to perform the job. Trainees then go on the job, where at they are first slowed to perform limited tasks only. The performance of more elaborate or sophisticated tasks is allowed and encouraged as the trainees’ skill and experience increase. Eventually they should be able to perform all of the job related tasks of a skilled craft worker.

iii. Pre-employment and vestibule training
Pre-employment training is training by an organization in which job seekers are tested and instructed in employment fundamentals without pay. Vestibule training is the practice of giving skills training to individuals after they are hired but before they are assigned to specific jobs. Vestibule training is not widely used because it focuses on skills that firms expect workers to have when they are hired.

- Off the job techniques
  i. Lectures and Conferences
Many firms use lectures and conferences as vehicles for delivering training in many types of skills. In fact, most training programs use lectures and/or conferences as part of their overall approach. A good number of training programs, for example, actually begin with a lecture or a conference. This method allows for considerable flexibility in the amount of employee participation that is encouraged or permitted as well in the mount of material presented. Like written material, the lecture method is best employed to convey ideas. But lectures do not cater to individual needs and they provide for little feedback. A question-and-answer period interspersed throughout or following a lecture, allows for some individual participation to occur and should be used whenever possible.

Depending on several factors, lectures and conferences can be held on site or at facilities away from the firm. Organizations typically conduct these meetings on-site if qualified trainers are available in-house or if trainers can be brought in temporarily and if no special facilities are required. Organizations sometimes hold
conferences off-site to provide a more relaxed environment and to minimize the usual workplace distractions such as telephone calls.

ii. Programmed instruction method
Programmed instruction is a self-teaching method particularly useful for transmitting information or skills that need to be learned and placed in logical order. A program represents an attempt to break down subject matter into highly organized, logical sequences which demand continuous responses on the part of the trainee. After being presented a small segment of information, the trainee is required to answer a question either by writing an answer in a response frame or by pushing a button on a machine. If the response is correct, the trainee is advised of that fact and is presented with the next step in the material. If the response is incorrect, further explanatory information is given and the trainee is then told to “try again”. An advantage of this method is that it reduces training time by a significant amount.

iii. Computer assisted instruction method
Programmed instruction has evolved into the more sophisticated Computer Assisted Instruction. The memory and storage capabilities of computers make it possible to provide drill and practice, problem solving, simulation, gaming forms of instruction, individualized tutorials etc. For example the trainee can read questions directly from the computer screen, supply the answer via the keyboard, and immediately receive a grade or a corrected answer. This immediate feedback can be quite beneficial, especially if the trainee must master one unit of material before proceeding to new material.

iv. Simulation method
For some jobs it either impractical or unwise to train the worker on the equipment that is used on the job. An obvious example is found in the training of personnel to operate aircraft and space equipment. The design of simulators emphasizes realism in equipment and its operation at minimal cost and maximum safety.

v. Audio-visual aids
Audio-visual materials such as videodiscs, videocassettes, and films, are also used in skills training programs. They can be used with other approaches, such as lectures and conferences, or alone for initial skills training or brush-up training. The wide availability of videocassette recording (VCR) equipment has encouraged greater use of audio-visual training. A potentially valuable use of VCR materials involves taping training sessions conducted by the best in-house trainers and distributing these tapes throughout the company as instructional cassettes. This approach can yield the benefits of quality training without the expense of sending the best trainers to remote sites. The most serious disadvantage of this approach is the lack of interaction between the trainer and the trainee. However the value of such taped can be augmented by the use of classroom or group discussions of the tapes.
vi. Management games

A management game is a form of problem solving. At least two teams, each of which represents an organization, make decisions concerning their company’s operation. Simple management games place emphasis on making good judgments in a minimum amount of time, based on a specific problem and limited rules. In simple games effective strategies can be arrived at without making too many decisions and without having to use large amounts of managerial know-how. These management games may oversimplify business relationships and give the impression that running a company can be easy, when in fact, even the simplest management decisions require the consideration of many factors.

vii. Case study

The case method involves presenting a problem or case in writing to a group. Cases are intended to simulate real work situations and therefore include descriptions of the organizational structure and the personalities involved. Group members study the problem, and then offer their solutions. Because of group participation, group members are able to get immediate reaction to their ideas of others. The case method is based on the assumption that in business practice there is no one ‘right’ way. It acknowledges that the ‘best’ solutions often rely on personal preferences. Although the case method does not increase skills in human relations, it usually deals with problems that affect individuals in organizations. It involves the ability to justify management decisions, to give priorities to problems that are important to the company and its employees.

d) Trainers

○ Who provides training?

On the job training can be provided by managers, team leaders, colleagues or mentors’ (fellow employees who are given a particular responsibility to guide advice and generally look after trainees). As mentioned earlier it is essential to train anyone involved in on-the-job training in techniques such as coaching, instructing, and mentoring.

Off-the-job training may be provided by members of the training department, external education and training establishments, or training providers – training consultants or guest speakers. Increasingly organizations are turning to external training providers rather than maintaining their own establishment of training staff.

Line managers should also be involved as much as possible to bring reality in into the classroom, to ease the transfer of learning to work (always a difficult problem) and to underline their prime responsibility for training. Anyone who provides off-the-job training must be carefully selected, briefed and monitored to ensure that they make the right contribution. Natural trainers are fairly rare and even professionals need all the guidance you can give them to ensure they are providing relevant training.
Organizations then have the option of selecting either staff trainers or of seeking contract trainers outside, or of doing both, each with their advantages.

- **Staff trainers**
  Advantages –
  - Less expensive than trainers who are independent contractors.
  - If workers are chosen as trainers they are taken away from their production tasks.
  - Firms may choose their best workers as trainers. High productivity does not ensure good training.

- **Contract trainers**
  Advantages –
  - Productive employees are not taken off the job.
  - Ensures hiring of firms specialized in training and has experienced trainers who understand the process of training and how it should be done.
  - The time, effort and cost of arranging specialized outside training can sometimes be less than for internal development of a similar training program.
  - The organization needing training has a wider choice from which to select training programs.
  - Firm has more control because it is generally easier to dismiss an external trainer than to redirect and improve an internal training program.

### 5.4 Implement/Conduct Training Programs

The only general rules for conducting training programs are that first, the courses should continually be monitored to ensure that they are proceeding according to plan and within the agreed budget and second, all training should be evaluated after the event to check on the extent to which it is delivering the required results.

### 5.5 Evaluating Training

It is important to evaluate training in order to assess its effectiveness in producing the learning outcomes specified when the training intervention was planned and to indicate where improvements or changes are required to make the training even more effective. Understandably evaluation is an integral feature of training. In its crudest form, it is the comparison of objectives with outcomes to answer the question of how far the training has achieved its purpose.

The results of training program should be evaluated. The five key purposes of conducting this evaluation are as follows:

1. Determine whether a program meets its objectives
2. Identify strengths and weaknesses in the training process
3. Calculate the cost/benefit ratio of a program
4. Determine who benefited the most from a program and why
5. Establish a database for future decisions about the program
The setting of objectives and the establishment of methods of measuring results are, or should be, an essential part of the planning stage of any training program.

**a) Levels of Evaluation**

Four levels of evaluation have been suggested by Kirkpatrick (1994):

*Level 1 - Reaction*

At this level, evaluation measures how those who participated in the training have reacted to it. In a sense it is a measure of immediate customer satisfaction. Kirkpatrick suggests the following guidelines for evaluating reactions:

- Determine what you want to find out
- Design a form that will quantify reactions
- Encourage written comments and suggestions
- Get 100% immediate response
- Get honest responses
- Develop acceptable standards
- Measure reactions against standards, and take appropriate action
- Communicate reactions as appropriate

*Level 2 – Evaluating learning*

This level obtains information on the extent to which learning objectives have been attained. It will aim to find out how much knowledge was acquired, what skills were developed or improved, and, as appropriate, the extent to which attitudes have changed in the desired direction. So far as possible, the evaluation of learning should involve the use of tests before and after the program – paper and pencil or performance tests.

*Level 3 – Evaluating behavior*

This level evaluates the extent to which behavior has changed as required when people attending the program have returned to their jobs. The question to be answered is the extent to which knowledge, skills and attitudes have been transferred from the classroom to the workplace. Ideally, the evaluation should take place both before and after the training. Time should be allowed for the change in behavior to take place. The evaluation needs to assess the extent to which specific learning objectives relating to changes in behavior and the application of knowledge and skills have been achieved.

*Level 4 – Evaluating results*

This is the ultimate level of evaluation and provides the basis for assessing the benefits of the training against its costs. The evaluation gas to be based on before and after measures and has to determine the extent to which the fundamental objectives of the training have been achieved in areas such as increasing sales, raising productivity, reducing accidents or increasing customer satisfaction. Evaluating results is obviously easier when they can be quantified. However, it is not always easy to prove the contribution to improved results made by training as distinct from other factors.
Evaluation can take place at any level. In the Kirkpatrick scheme it is easier to start at level one and progress up with increasing difficulty to level four. It could be argued that the only feedback from evaluation that matters is the results in terms of improved performance that training achieves. But if this is hard to measure, training could still be justified in terms of any actual changes in behavior that the program was designed to produce. This is based on the assumption that the analysis of training needs indicated that this behavior is more than likely to deliver the desired results. Similarly at the learning level, if a proper analysis of knowledge, skills and attitude requirements and their impact on behavior has been conducted, it is reasonable to assume that if the knowledge etc. has been acquired, behavior is likely to change appropriately. Finally, if all else fails, reactions are important in that they provide immediate feedback on the quality of training given (including the performance of the trainer) which can point the way to corrective action.

Different Forms of Training Programs in a Marketing/Management Context

a) Marketing Management and Team Leader Training

As the old saying goes, managers learn to manage by managing under the guidance of a good manager. The emphasis should always be towards on-the-job training, by planned experience, coaching or assignments. This can be supplemented – but never replaced by off-the-job training to extend knowledge, fill in gaps, develop skills or modify attitudes.

Management and team leader training courses can provide:
- Concentrated knowledge.
- An opportunity to acquire new skills or to develop and practice existing skills
- A framework for analyzing past experience.
- The chance to reflect on ways in which better use can be made of for future experiences
- A means of getting new ideas accepted and changing attitudes through group activities not available on the job.

Management and team leader training should be seen as a continuous process. One of the greatest fallacies of the typical external management course is that this is sufficient. A management and team leader training program should therefore be established as a continuing activity at all levels of management to avoid dissipation of the interest and enthusiasm that follows an isolated course, and to promote the progressive development of managerial and team leader skills as new experiences are encountered and as conditions change.

b) Sales Training

The aim of sales training should be to equip sales representatives with the knowledge, skills, attitudes and habits required to meet or exceed their sales targets.
The first requirement is knowledge of the company and its products, customers, competitors and sales administration procedures.

Secondly they have to acquire and develop skills: prospecting, making the approach, making presentations, handling objections, closing the sale, and handling complaints. Perhaps the most important skill to be developed however is analytical ability. Sales representatives must be taught how to analyze their product into its technical characteristics and, most important, its selling points – those aspects that are likely to appeal to particular customers.

Thirdly, training should aim to develop attitudes: of loyalty to the company and belief in its products, and of understanding and tolerance with regard to potential and existing customers. The importance of customer service must be emphasized.

The fourth requirement is to develop sound work habits: organizing time, planning activities, following up leads, maintaining records and submitting reports.

Sales training like any other form of training should be based on an analysis of the job and the problems sales representatives are likely to meet. Use should be made of classroom training to provide basic knowledge and an opportunity to practice skills. But most training should be carried out on the job, by sales managers or team leaders who can demonstrate sales techniques and observe and comment on the efforts of the sales representatives.

c) Technical and Skill Training

Technical and skills craft training can be divided into four main types –

- Graduate – postgraduate training leading to a professional qualification.
- Student – a course of education and practical training leading to a degree or some other qualification as an engineer, scientist or technologist or technician.
- Technician – a course or of education and training which could last up to three or four years.
- Skill or craft – a course lasting a number of years, depending on the level of skill that has to be attained and often leading to a craft certificate or other record or achievement.

Phases of skill training
In the major craft industries – engineering or construction – the skill training for craft trainees or apprentices consist of the following three phases.

Basic training – in this period training period trainees receive training in basic skills in a basic training workshop.
General training – in this phase trainees are given experience in a number of different departments, processes or operations to consolidate training.
Final training – in the final training period trainees settle down in the department of their choice, or the department for which they are best fitted, and will probably be doing the same work as experienced skilled operators, technicians or technologists.

d) Office Staff Training

Office training is the most neglected form of training. Perhaps this is because both line and training managers often underestimate the skill content of most office work. A company cannot afford to neglect training in office skills and departmental procedures as the inefficiency in office can be an important factor in reducing the efficiency of the organization as a whole.

Office training should be divided into three basic areas; basic training, further education and continuation training. During the basic training process, trainees should obtain background knowledge of the company and acquire basic knowledge and skills they need. Afterwards office trainees should be encouraged to follow a further course of studies leading to a professional or commercial qualification. The third area, continuation training, is where trainees should receive a broader experience within the company and by short technical courses. The aim at this stage should be to ensure that staffs with potential are not allowed to stagnate within a department and that they are prepared for greater responsibility.

| Activity |
|------------------|------------------|---------------------|-----------------|------------------|------------------|
| Identify specific steps involved for the following training programmes. |
| Training process | Managem ent and leadership training | Sales training | Technical and skills training | Office staff training | Operations training | Logistics handling training |
| Identify training needs | | | | | | |
| Define training needs | | | | | | |
| Plan training programs 1.Technique 2.Facilities 3.Location 4.Trainers | | | | | | |
| Implement training | | | | | | |
| Evaluate training | | | | | | |
‡ Case study 01

Richer Renteria has been employed six months in the marketing division of a large aircraft manufacturing firm. You have been his supervisor for the past three months, and you have conducted a random sampling of the quantity and quality of all employee output. With the exception of Renteria, all seem to be producing at or close to the standards set earlier in the year. Along with numerous errors, Renteria’s work is characterized by low performance – often he does 20 per cent less than others in the department.

As you begin to examine Renteria’s work again, you begin to think about some sort of remedial training for people like him.

1. As Renteria’s supervisor, can you determine if the poor performance is due to poor training or to some other cause?
2. If you find Richard has been inadequately trained, how do you go about introducing a remedial training program?
3. If he has been with the company six months, what kind of program would be best?
4. Should you supervise him more closely? Can you do this without making it obvious to him and his co-workers?
5. Should you discuss the situation with Richard Renteria?

‡ Case study 02

One Monday morning Mike McHugh a recent college graduate walked into the sales office as a new sales trainee. Ron Noel, the zone sales manager for a business machine company, was there to greet him. The large volume of sales in his area was attributed to recent population growth; industries were finding this section of the state very attractive.

Ron had collected several sales reports, catalogues, and pamphlets describing in detail the type of office equipment sold by the company. After a pleasant chat about their backgrounds, Ron gave Mike the collected material and showed him to his assigned desk. Soon afterward, the sales manager excused himself and did not return. Mike spent the day reading over the material, and at five o’clock he picked up his things and went home.

1. What can you say about Ron’s training program?
2. What kind of sales training program would you suggest?
3. What method of training would have been best under the circumstances?
Chapter 12
Performance Appraisals

This Chapter will cover

1. Definition of Performance Appraisal
2. Importance and Purpose of Performance Appraisals
3. Types of Appraisals
4. Requirements of an Effective Appraisal System
5. Developing an Appraisal System for Marketing Jobs

1. Definition of Performance Appraisal

- Performance appraisal and review is the formal, systematic assessment of how well employees are performing their jobs in relation to established standards and the communication of that assessment to employees (French, 1990: 381).

- Performance appraisal comprises the steps of observing and assessing employee performance, recording the assessment, and providing feedback to the employee (Daft, 2003)

2. Importance and Purpose of Performance Appraisals

Performance appraisal is important in organizations because of the numerous purposes for which it is employed and its impact on individuals as well the organization. The most common amongst those purposes are listed below: for

- Compensation
- Performance improvement
- Feedback
- Documentation
- Promotion
- Training
- Transfer
- Discharge
- Layoff
- Personal research
- Manpower planning

Determining compensation is by far the most frequent use of appraisals, but performance improvement and feedback to employees are also major uses. Documentation of personnel decisions, partly as a defense against potential charges of unfair employment practices, is also a major use of appraisals.
An effective appraisal scheme, offers a number of benefits to both the individual and the organization.

a) Identify an individual’s strengths and areas of development and indicate how such strengths may be best utilized and weaknesses overcome.
b) Developing valid data for pay (salary and bonus pay) and promotion decisions and providing a means for communicating these decisions.
c) Helping the manager make retention and discharge decisions and providing a means for warning employees about unsatisfactory performance.
d) Counseling and coaching employees in order to improve their performance and develop future potential.
e) Developing commitment to the organization through discussion of career opportunities and career planning.
f) Motivating employees through recognition and support.
g) Strengthening superior-subordinate relations.
h) Diagnosing individual and organizational problems which may be restricting progress and causing inefficient work practices.
i) It can improve communications by giving staff the opportunity to talk about their ideas and expectations and how well they are progressing.

2.1 Impact on the Individual

Because of the importance of performance appraisals to employees, the appraisal method used and manner in which results are communicated can have positive or negative effects on the employees’ morale. When appraisals are used for discipline, pay increases, promotions, discharges, or layoffs, they are likely to be regarded with apprehension by those employees who tend to underestimate themselves, by the less productive members of the organization, or by those who feel appraisals will be arbitrary or unjust. These feelings can lead to a sense of insecurity.

Similar feelings result when employees don’t know or understand the criteria being used to assess them, when they believe they are being compared to others, and when they see the appraisal as overly critical rather than helpful. The more employees understand about the appraisal process, and the more appraisals are used as development opportunities rather than occasions for criticism, the more need for self actualization will be satisfied.

2.2 Impact on the Organization

Performance appraisal can also affect the organization generally. Of particular importance are its effects on other human resource processes. Performance appraisal information can serve as feedback on the success of other personnel functions, as well as on employee performance. Specifically, the results of performance appraisals can provide useful data about the quality of the organizations recruiting, selection, orientation, and other training
processes. If large numbers of employees are receiving poor appraisals, there may be some deficiency in these other processes.

Performance appraisals also provide information that can feed into other human resource processes. Appraisal data can serve as a basis for pay increases. The information helps the training and development process by identifying areas in which employees need additional training or development. The information is also very useful in human resource planning. Appraisal information can indicate employees’ suitability for promotion, which is important in assessing the organization’s ability to meet its future human resource needs.

Nevertheless there are shortcomings of an appraisal system, namely:

- Standards and ratings tend to vary widely and often unfairly.
- Personal values and biases can replace organizational standards.
- Inappropriate design
- Poor implementation of the systems
- Unprepared interviewers
- Lack of appropriate training
- Employees may not know how they are rated due to the possible lack of communication.
- Managers tend to resist and avoid the task of making formal appraisals, particularly when critical judgments are involved.

3. Types of Appraisals

In selecting the type of appraisal, one should consider the answers to the following two questions.

3.1 Who Should Undertake the Appraisal?

Determining who will evaluate employees is critical in designing the appraisal program. It is generally conceded that appraisal by the immediate supervisor is necessary and the most effective method. However other persons are sometimes in the appraisal process and in various combinations. For example, it may be done by a committee of several superiors, a group of coworkers, people outside the employees work environment, a committee of subordinates, or even by self-evaluation.

a) Supervisor appraisal

Appraisals by the immediate supervisor are the most common. The supervisor has the formal authority to conduct appraisal and usually controls the rewards for performance. In addition this person is typically in the best position to observe the subordinate’s performance and to judge how well that performance serves the goals of the unit and the organization.
b) Self appraisals

In some organizations, subordinates appraise their own performance. There are pros (in terms of morale) and cons (ratings tend to be less reliable) to this approach. Self appraisal can be combined with supervisor appraisals to yield more useful results. One advantage of the combined approach is that the two independently prepared evaluations provide a formal basis for a discussion to clarify supervisors and subordinate’s expectations and perceptions.

c) Peer appraisal

Peer appraisal, although not that common, have the advantage of being relatively reliable, partly because peers interact with each other on a daily basis and partly because the use of peer raters presents a number of independent judgments. Some firms have found employees to be generally satisfied with peer appraisal systems, particularly when used for development purposes – as long as ratings are kept confidential and used in conjunction with performance feedback from supervisors. Peer ratings can have undesirable consequences, however. On study found that negative peer ratings led to significantly lower performance, group cohesion, and satisfaction among those receiving negative ratings.

d) Subordinate appraisals

Appraisals by subordinates, like peer ratings, are not widely used. Some businesses, however, have used subordinates’ ratings of their supervisors to help the supervisors improve their own performance. In some colleges and universities, students’ ratings are used to help professors improve lectures and course content, and in some cases they are used in compensation and promotion decisions as well.

e) Group or Committee appraisals

There are two types of group appraisals, the 180 degree appraisal and the 360 degree appraisal.

f) 360 degree appraisal

The notion of 360 degree feedback is that employees benefit from feedback from those who are colleagues, customers, their manager and their subordinates, from all directions: below, above and at the same level. The idea is to provide a broader appraisal covering good working relationships, teamwork, leadership, decision making, and quality of service provided.

g) 180 degree appraisal

In the 180 degree appraisal employees receive feedback from those who are above and below their positions. That is their work will be evaluated their superiors and subordinates.
3.2 Method of Appraisal

Many approaches are used in appraising performance. This section examines some of the more commonly used methods.

a) Essay or narrative method

In the essay method, the appraiser writes a free form essay describing the subordinate’s performance in a number of broad categories. Some categories that can be included in these forms are:
- Overall appraisal of the employee’s performance
- The employee’s promotability
- Jobs the employee can currently perform
- The employee’s strengths and limitations
- Additional training needs

This approach gives the appraiser flexibility by not requiring attention to a specific set of factors. On the other hand because of the method’s open-endedness, it is difficult to compare essay appraisals made by different supervisors. The method is also dependent on the writing skills of the supervisor and is a time consuming procedure. It also difficult to do because it demands an in-depth knowledge of the employee, which can be acquired only from regular and frequent observation. Close observation is highly desirable but not always possible, since many employees are separated by distances from supervision.

b) Graphic rating scale

The graphic rating scale method, also called the conventional rating method is used most often. There are many versions of graphic rating scales, but all concentrate on specific employee behaviors or characteristics as they relate to work performance. In early versions of this method, the rater places a check mark on a form under the word or phrase best describing the degree to which an employee demonstrated each behavior or characteristic.

Among the many types of rating scales in use in organizations, some are numerically based and others present raters with a choice of adjectives with which to describe employee behavior. Contemporary versions are more likely to use characteristics that are closely related to actual job performance and to use scales that include descriptive statements of different performance levels for each characteristic.

This method has advantages and disadvantages. Since the supervisor only puts checks on the form, it is easy to prepare. When all supervisors use the same form and all employees are judged in the same terms, comparisons are easy to make but not necessarily fair, because the appraiser’s opinions and prejudices can still influence the rating. However,
this is not necessarily a drawback, for the only way to remove the element of subjectivity from an appraisal method is to eliminate the appraiser.

There are some clear disadvantages to the rating scales method. Categories and factors listed on the form often overlap, which makes the form difficult for the conscientious supervisor to use. Also, the graphic method is fairly rigid, and it does not give a complete picture of the individual. For these reasons the method is often used in conjunction with the narrative appraisal.

c) Check list

Another relatively straightforward appraisal approach uses the check list method. Under this approach, the rater is presented with a list of positive or negative adjectives or descriptive behavioral statements and is asked to check off all those that apply to the person being rated. A score can be developed by tallying the positive checks. The following are illustrative check list statements:

___ Cooperates with workers
___ Keeps work station neat and clean
___ Can be expected to complete work on time
___ Maintains detailed records
___ Reluctant to ever work overtime
___ Cannot accept constructive criticism

d) Critical incidents

The critical incidents technique requires the appraiser to keep a record of unusually favorable or unfavorable occurrences in an employee’s work. An example of a positive critical incident would be the following:

3/15 Employee stayed late to correct machine malfunctions that were causing high number of product rejects for poor quality. Correction of problem enabled completion of special project on time.

An example of a negative critical incident would be the following:

9/12 After repeated warnings to follow all safety procedures, employee failed to close shut-off valve, thereby flooding entire work area.

The positive aspects of this approach are that it provides a factual record for subsequent discussions and decision making and that it provides data that are directly related to job performance. On the negative side, the approach requires close and continuous
observation by the appraiser. This is time consuming and costly, and workers may become very apprehensive when they know their supervisor is keeping a “log” on them.

*e) Management by objectives (MBO)*

Management by objectives is a system that features an agreement by a superior and a subordinate on the subordinate’s objectives for a particular period and a periodic review of how well the subordinate achieved those objectives. An attempt is usually made to write objectives in quantitative terms, although some experts believe that certain objectives or targets can and should be stated in qualitative terms.

The MBO system generally includes the following steps;

- The supervisor and subordinate mutually agree on the primary elements of the subordinate’s job.
- The supervisor and the subordinate mutually agree on the subordinate’s specific objectives for the specified period (usually six months or a year).
- The subordinate establishes a plan of action necessary to meet each objective.
- During the specified period, the subordinate periodically reviews progress toward objectives. Progress checks may indicate the need to change action plans or modify objectives.
- At the end of the specified period, the supervisor and subordinate meet jointly to evaluate the subordinate’s performance on objectives.

Perhaps the greatest benefit of MBO is that it provides an objective, performance-based method of appraisal. At the individual level, MBO can give individual employees greater direction and self control, build their self confidence, motivate them, improve their performance, further their growth and development, and provide them with full knowledge of the criteria on which they will be evaluated. In an interpersonal sense, MBO can strengthen superior-subordinate relationships, improve communications, and provide a better coaching framework.

However this system should not be viewed as perfect one. When a superior’s directives are unreasonable, however, the MBO program can become a one-sided, autocratic and time consuming mechanism. Other potential problems include negligence of important responsibilities due to over emphasis on quantitative measurable objectives; emphasis on quantification may sacrifice quality, inclination to set low goals so as to ensure achievement etc.

4. Requirements of an Effective Appraisal System

Appraisals are important and the manner in which the appraisal is performed is vital to both the manager and the employee. Therefore attention should be given to the following areas.
4.1 Why Evaluate Personnel?

Purposes should be very carefully thought out defined and published. They indicate organizational philosophy and determine the nature of the details of the schemes used in practice, and of the way psychological contract is acted out. These purposes and details must be carefully explained to all newly appointed employees during induction interviews, following the discussion of their job descriptions and person specifications.

4.2 What should be the Frequency of Appraisals?

With the majority of schemes, staffs receive an annual appraisal; and for many organizations this may be sufficient. However the frequency of appraisal should be related to the nature of the organization, the purpose and objectives of the scheme, and the characteristics of the staff employed. For example, employees who have probationary status may be evaluated more often. More frequent appraisals may also be appropriate for those recently promoted to a new position or for those whose past performance has not been up to the required standard.

4.3 Selection of Performance Criteria

Before any evaluation occurs, the criteria against which employees are to be evaluated should be clearly defined. These criteria, or standards, must be based on job requirements. Although the specific criteria may vary from one job to another, in general they are based upon the concepts of quantity and quality of performance.

In selecting performance criteria there are three basic considerations:

i. Relevance – this refers to the extent to which criteria relate to the objectives of the job.

ii. Freedom from contamination – a comparison of performance among production workers, for example, should not be contaminated by the fact that some have newer machines than others. Similarly a comparison of the performance of traveling salespersons should not be contaminated by the fact that territories differ in sales potential.

iii. Reliability – the reliability of a criterion refers to its stability or consistency. It refers to the extent to which individuals tend to maintain a certain level of performance over time.

4.4 Training of Evaluators

A weakness of many performance evaluation programs is that managers and supervisors are not adequately trained for the task as evaluators and provide little meaningful feedback of their evaluations to subordinates. Lacking precise standards for evaluating
subordinates, their evaluations often tend to become inflated to the point of having little meaning. Thus evaluators should be made aware of various factors that may influence their evaluation. Training should also stress the development of interviewing skills, ethical considerations in employee appraisal etc.

4.5 Choosing the best Appraisal Technique/Type

With a wide range of appraisal methods currently available, an organization is faced with a difficult task in selecting what it believes will be the best approach for its needs. The choice of method to be used should be based largely on the purpose of the appraisal. Note that the easiest and least expensive techniques are also the least accurate. They are also the least useful for purposes of personnel decisions and employee development. The more sophisticated and more time-consuming methods offer more useful information. Managers must make cost-benefit decisions about which method to use.

4.6 The Appraisal Interview

Most performance appraisal systems include an appraisal interview. Traditionally, the interview has been a verbal communication of the results of the appraisal to the employee concerned.

Purposes

The overall purpose of the appraisal interview is to let employees know where they stand or how they are doing. Other purposes include, but are not limited to, the following:

1. Encouraging present behavior
2. Explaining what is expected of employees
3. Communicating results of salary and promotion decisions
4. Planning for future performance improvement
5. Improving supervisor-subordinate relationships

Procedural guidelines

Because appraisal interviews often have the conflicting purposes of evaluating the employee’s past performance and helping develop future performance, it is often recommended that the interview have two distinct parts. The first is the evaluation stage, which provides information for administrative uses, such as pay-increase decisions, and presents base-line data for establishing future goals. The steps for this stage are:

1. Schedule the interview in advance and prepare for it. Both the supervisor and subordinate should review the subordinate’s performance ahead of time.
2. Create an atmosphere that facilitates two-way communication. Put the subordinate at ease and minimize interruptions.
3. Begin with a statement of the purpose of the interview.
4. Encourage the employee to participate. One way is to ask the employee to appraise his or her own performance verbally.
5. Discuss total performance. Do not focus on weaknesses; cover strengths as well.
6. Summarize and document the interview. Ask the employee to summarize the key aspects of the session, record the primary conclusions, and have both parties sign the document.

The second stage is the development stage, and here the supervisor’s role shifts to that of a counselor. The supervisor and the subordinate work together toward performance improvement. The steps in this stage are:

1. Repeat steps 1-4 in the evaluation stage.
5. Set future performance goals. This involves establishing specific goals and plan for achieving them.
6. Formulate a development plan. Here the focus is on specific personal growth and development goals, such as acquiring new skills.
7. Prepare a working document. Goals and development plans are put in writing.

Close the interview effectively

After all the points have been discussed, summarize an employee’s strong and weak points. This will enable the employee to carry away the main points the appraiser and the employee agree on. Always reassure the employee of your interest in the progress that is being made, and indicate a willingness to take up the discussion again if necessary.

4.7 Review of an Evaluators Appraisal

Where supervisors evaluate employees independently, as is usually the case, provision is made for a review of their evaluations by the evaluator’s superior. In some organizations, a review system which requires supervisors to substantiate their evaluations before a committee comprised of peer supervisors also is used. Having appraisals reviewed by an evaluator’s superior reduces the chance of superficial or biased evaluations. Reviews by superiors generally are more objective and provide a broader perspective of employee performance than do evaluation by immediate supervisors.

The reviewer who is typically required to make comments that will be meaningful to both the evaluator and the person being evaluated has a more difficult role than the supervisor. It involves communicating with two individuals rather than one. In the process reviewers should, moreover, be aware of the types of errors discussed earlier and of the biases that can enter the chapter.
4.8 Frequent Errors made in Rating Employees

Unfortunately, appraisers can make several kinds of errors when conducting appraisals that make the process less reliable or less valid than it might otherwise be.

*Halo effect*

The halo effect occurs when the appraiser allows one aspect of a person’s performance to influence a portion of the evaluation, for example, the supervisor may rate the “quantity of work” for Bill as “excellent,” and then inappropriately rate all other dimensions as “excellent” when they actually one “average” or “good.”

*Personal Bias*

Personal bias is difficult to avoid. Every human being has prejudice of one sort or another. For example, preference may be given to employees of the same race or the opposite sex, intelligent or good looking persons may receive better ratings than their actual job performances deserve.

*Central tendency*

When central tendency prevails, the appraiser tends to rate the performance of all or most of the persons being appraised around the center of the rating scale. In efforts to be fair, and not discriminate among different workers, the performances of all employees are given average ratings.

5. Developing an Appraisal System For Marketing Jobs

The following diagram presents a guideline as to how an appraisal should be developed.
Activity

Develop an appraisal system for the following positions. State all steps that you intend to perform in carrying out the appraisal. Most importantly specify the type of appraisal, i.e. who is to undertake the appraisal and what method/s of appraisal is to be used for each position, give your reasons.

a) Customer care representative
b) Brand manager
c) Sales executive

Draw up a table and compare the major differences and reasons for such differences, in each phase of the appraisal process for two of the above positions.

By carrying out performance appraisals performance is likely to improve with respect to two aspects.

The first one being, as a result of appraising a marketer's work, depending on whether or not performance targets have been met, rewards can be administered. This in turn may act as a source of motivation for these marketers, further improving performances through dedication and commitment.

Secondly, an appraisal can lead to the diagnosis of individual and organizational problems which may be restricting progress and causing inefficient work practices. Thus enabling the organization to carry out a training needs analysis and thereafter conduct any training programs needed to overcome the shortcomings identified.

Also in a competing world, accountability is an important aspect of organizational performance. Thus a performance evaluation will allow marketers to set standards in terms of customer service, marketing performance and other forms of marketing activities in rewarding effective performance. If performance is not up to the requirement then these employees could be subjected to training. If no improvement is not shown, then issues relating termination and other performance competency assessments or transfers could be effected.
Chapter 13
Motivating and Maintenance of Marketers

This chapter will cover

1. Definition of Motivation
2. Theories of Motivation
3. Developing a Motivational Programme for Marketers
4. Maintenance Issues

1. Definitions of Motivation

The term motivation originally was derived from the Latin word *movere* which means “to move.” While a number of definitions of it are to be found in the current literature, there is no one definition that describes motivation adequately. An analysis of motivation indicates that motivation is primarily concerned with three factors: what energizes behavior, what directs or channels such behavior, and how this behavior is maintained or sustained.

The following are a few definitions -

- Motivation refers to the forces either within or external to a person that arouse enthusiasm and persistence to pursue a certain course of action.

- Motivation may be defined as the desire and willingness of a person to expend effort to reach a particular goal or outcome (French, 1990).

- The driving force within individuals by which they attempt to achieve some goal in order to fulfill some need or expectation (Mullins, 2002)

- The internal psychological process of initiating, energizing directing and maintaining goal directed behaviors.

2. Theories of Motivation

There is no single, generally accepted theory of what motivates people in the workplace, but reviewing several contemporary theories is helpful in understanding the concept. These theories also have important applications for human resources specialists and managers for a significant reason: *enhancing motivation can lead to improved performance and greater organizational success.*
2.1 Early Theories of Motivation

a) Scientific Management

The scientific management era probably began somewhere around the turn of the century and peaked out in the 1930’s or the 1940s. The use of scientific management involved a more objective and systematic approach to improving worker efficiency based upon the collection and analysis of data. Frederick W. Taylor, whose contributions stimulated the scientific management movement, is often referred to as the father of scientific management.

For Taylor, the science of management included systematic job design that began with observation, recording, and classification of job activities as they were typically carried out. Tasks could then be simplified and jobs made more efficient. Scientific selection involved choosing workers with the skills and capacities needed to carry out the now efficiently organized jobs. Scientific training and development meant training workers for particular tasks and was intended to replace the centuries-old practice of permitting workers to choose their own work methods and train themselves as best they could. By applying these principles, Taylor was able to raise the average worker’s productivity at the Bethlehem Steel Corp. by over 300 percent.

Furthermore, Taylor considers workers as rational, economic beings motivated by money linked to the level of work output. Taylor also believed in the idea of functional foreman, where he thought each worker should be as far as possible be confined to a single leading function. Taylor concluded by saying that workers should be controlled by giving orders, maintaining discipline and removing from them any decisions about the manner in which work is done.

b) Human Relation Approach

The short comings of Taylor’s scientific management led to what came to be called the human relation movement, which has been a major influence on modern human resource management. This movement is characterized by an increased concern for the human element in management. With this era came research in the area of human behavior and the development of new tools and techniques for managing people.

- The Hawthorne Studies

Begun in the 1920’s, Hawthorne studies represented an effort to determine what effect work hours, periods of rest, and lighting might have upon worker fatigue and productivity. These experiments comprised of one of the first cooperative industry/university studies. As the studies progressed, however, it was discovered that the
social environment could have an equal if not greater effect upon productivity than the physical environment. Conducted by Mayo, Roethlsberger, and Dickson, these studies were a pioneering endeavor in what eventually evolved into the present day field of behavioral science. The Hawthorne studies revealed the influence that the informal work group can have upon the productivity of employees and upon their response to financial incentives. Also these studies popularized the use of nondirective counseling with employees.

The human relations approach recognized the importance of the informal organization which will always be present within the formal organization. This informal group influenced the motivation of employees because they view it through the values and attitudes of their colleagues. The approach demonstrated how people got to work to satisfy a complexity of needs and not just for monetary rewards.

2.2 Content Theories of Motivation

It is fairly accepted that a good deal of motivation has its origins in certain basic needs. Need theories of motivation are based on the assumption that basic wants or requirements govern much of people’s behavior. People possess, in varying strengths, a multitude of needs and desires. These needs create a driving force within the individual. This in turn will cause him to behave in a certain way to fulfill his need. Abraham Maslow, in particular, has been identified with the development of a content theory of motivation. Other researchers, such as Clayton Alderfer, have revised and extended Maslow’s ideas. Another theorist David McClelland has focused largely on three needs: achievement, power and affiliation. A brief review of the major need theories will help understand the complex process of motivation.

a) Hierarchy of Needs Theory

The most widely used model for studying motivation within organizations is Maslow’s hierarchy of needs model. Maslow suggested that people have a complex set of needs. Maslow’s model contains five categories of needs, which he arranged in order of importance – physiological (at the base), safety, belongingness, esteem and self-actualization (at the top).

Four basic assumptions underlie Maslow’s hierarchy of needs

- A satisfied need is not a motivator. Once a need is satisfied, another emerges to take its place. Thus people are always striving to satisfy some need.
- The need network for most people is very complex. That is a number of different needs affect a person’s behavior at any one time.
- In general, lower level needs must be satisfied before higher-level needs become strong enough to stimulate behavior.
There are many more ways to satisfy higher level needs than there are to satisfy lower level needs.

**Physiological needs:**
These are the most basic human physical needs, including food, water, and oxygen. In the organizational setting, these are reflected in the needs for adequate heat, air and base to ensure survival. They occupy the lowest level in the hierarchy.

**Safety needs:**
These are the needs for a safe and secure physical and emotional environment and freedom from threats - that is, for freedom from violence and for an orderly society. In an organizational workplace, safety needs reflect the needs for safe jobs, fringe benefits, and job security.

**Belongingness needs:**
These needs reflect the desire to be accepted by one’s peers, have friendships, be part of a group, and be loved. In the organization setting, these needs influence the desire for good relationships with coworkers, participation in a work group, and a positive relationship with supervisors. Employees with low affiliation needs may be content to work on solitary tasks. When an organization doesn’t meet his or her affiliation needs an employee’s dissatisfaction may be expressed in the form of several behaviors, including frequent absenteeism, low productivity, stress related behaviors, and even emotional breakdown. Managers who strive to satisfy these needs should act in a supportive manner. They may encourage employees to participate more in company-organized social activities, such as softball teams and picnics.

**Esteem needs:**
These needs relate to the desire for a positive self-image and to receive attention, recognition and appreciation from others. Within organizations, esteem needs reflects a motivation for recognition, an increase in responsibility, high status, and credit for contributions to the organization. In order to satisfy these people seek opportunities for achievement, promotion, prestige, and status – for recognition of their competence and worth. Managers who perceive employees are motivated by esteem needs emphasize the hard work and finely honed skills required for success. They may publicly reward achievement with published performance lists, bonuses, praise, lapel pins, and articles in the company paper. These forms of recognition help build pride. When esteem needs are dominant, managers can promote job satisfaction and high-quality performance by providing opportunities for exciting, challenging work and recognition of an accomplishment.

**Self-actualization needs:**
These represent the need for self-fulfillment, which is the highest need category. They concern developing one’s full potential, increasing one’s competence, and becoming a
better person. Self-actualization needs can be met in the organization by providing people with opportunities to grow, be creative, and acquire training for challenging assignments and advancement. Traits commonly exhibited include: initiative, spontaneity, and problem solving ability.

The major implication of Maslow’s theory for human resources management is that policies and practices in the organization, including leadership style, must pay attention to all of these needs if the organization hopes to have people working up to their full potential. For example, making supervisors and managers work such long hours that they do not get enough sleep probably reduces their desires for achievement and creativity. Being arbitrary and capricious about employee’s job security interferes with cooperation, initiative, and other desirable behaviors. On the other hand, paying exclusive attention to the more basic and physiological and security needs and ignoring the needs for achievement and self esteem would defeat organizational purposes. Thus the human resources director and all managers would be wise to examine periodically the extent to which organizational practices further or impede fulfillment of human needs and the extent to which there is an appropriate balance in need fulfillment.

b) Hertzberg’s Two-Factor Theory

Frederick Hertzberg identified two factors that he thought influenced the behavior of employees. Although controversial the two factor theory has stimulated a great deal of research focusing on ways of improving performance through a clearer understanding of motivation and satisfaction.

- Hygiene Factors
  
  This set of factors is associated with the context in which work is performed and includes things such as working conditions, pay, interpersonal relationships, company policies and supervision. Hertzberg claimed that if these factors are negative or absent, dissatisfaction results. The presence of positive hygiene factors by themselves, however, does not lead to satisfaction and motivation.

- Motivators
  
  This set of forces is job centered and includes recognition, responsibility, achievement, advancement and growth. When these factors are present they promote a high level of motivation and spur the individual to superior performance. On the other hand when they are absent the workers would be neutral towards work.

  Like any well formulated theory, the two factor theory has stimulated a considerable amount of research, as well as controversy. Logic and research suggest that, in reality, these factors do not operate separately from one another in a given person. For example, the desires for advancement and for recognition – considered motivators – are probably
both connected to feelings and attitudes about salary – a hygiene factor. In addition, research indicates that some factors, such as salary, appear to be associated with both satisfaction and dissatisfaction.

In spite of the controversy, the theory and the research stimulated by it have contributed to a better understanding of employee motivation. A major impact of the theory is the redesign of jobs to maximize the motivator factors, because it has made managers more aware of the importance of such matters as job challenge and responsibility in motivation.

c) **Theory X and Theory Y**

The style of management adopted can be seen as a function of the manager’s attitudes towards people, and the assumptions about human nature and behavior. McGregor, for example, put forward two sets of suppositions – Theory X and Theory Y.

**Assumptions of Theory X**

- The average human being has an inherent dislike of work and will avoid it if possible.
- Because of the human characteristic of dislike for work, most people must be coerced, controlled, directed, or threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
- The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, wants security above all.

Thus key motivating factors for the Theory X worker would be economic rewards and punishments.

**Assumptions of Theory Y**

- The expenditure of physical and mental effort in work is as natural a play or rest. The average human being does not inherently dislike work.
- External control and the threat of punishment are not the only means for bringing about effort toward organizational objectives. A person will exercise self-direction and self-control in the service of objectives to which he or she is committed.
- The average human being learns, under proper conditions, not only to accept but seek responsibility.
- The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.

Thus key motivating factors for the Theory X worker would be creating a supportive/participative environment, encouraging self direction, recognition etc.
2.3 Process Theories of Motivation

a) Vroom’s Expectancy Theory

The expectancy theory has developed out of the work of those psychologists who consider human beings as thinking, reasoning persons who have beliefs and anticipations concerning future events in their lives. This theory argues that motivational force to perform (efforts) is a function of the expectancies that individuals have concerning future outcomes times the value they place on these outcomes. Vroom defines expectancy as a “monetary belief concerning the likelihood that a particular act will be followed by a particular outcome.” Thus a belief that “hard work leads to quick promotions” or “coming early will win the boss’s favor” is expectancies. Expectancies thus serve as guidelines by which an individual can go about planning to fulfill personal needs.

Interest in the expectancy theory has grown significantly. Others have expanded on the theory and have conducted many empirical studies. Because of the complexity of the theoretical model, it is difficult to test fully. However, there is substantial support for its general principles. “It can provide the manager with a framework for explaining the direction of behavior of employees and for highlighting certain organizational influences that may have an effect on their motivated behavior.”

2.4 Theories to Support Money as a Motivator

a) Taylor’s scientific management (discussed above in section 2.1)

b) McGregor’s Theory X and Theory Y (section 2.2)

c) Edgar Scheines 4 category workers

Edgar Scheines identified four types of people. Each of these types depended on different sources of motivation.

The four categories are as follows

1. Rational economic man – stresses that a person would essentially seek to achieve economic needs and this would act as strong motivators.
2. Social man – presented how socialization at work motivated people. Thus managers should pay attention to people social and psychological needs.
3. Self actualizing man – for this type self fulfillment is seen as the prime driving force behind individual as an alternative to money.
4. Complex man – motivation is very much in terms of a psychological contract, based on the expectations that the employee and the organization have of each other, and the extent to which these are mutually fulfilled.
2.5 Why Marketers Need to be Constantly Motivated

Importance of motivation

Motivation, a process that causes, channels and sustains people’s behavior, is an important subject for managers. People are the most important asset to a manager. The way managers motivate people can bring about a dramatic effect on the company profits. The reasons as to why this is an important subject to managers is given below.

1. By motivating workers, managers are able to tap into the unique sets of talents, skills, interests, attitudes and needs. Through this identification managers are able to put people into the right jobs through which the individuals gain satisfaction and intrinsic rewards, while moving the collectivity toward the goal of the organization itself.

2. When a manager is able to motivate a worker, it increases their sense of involvement towards work. Increased involvement will obviously result in higher output levels.

3. As workers are attaining better levels of performance they will want to meet their higher level needs, such as, growth and development and desire for challenging work. When these needs are met abilities of the workers are expanded favorably and lead to improved job performance once again.

4. Also when abilities are expanded, there’s room for innovation. Innovative ideas are an essential tool in fighting off competition.

It is also important to look at how lack of motivation will affect performance in order to show why it’s important for a manager to have an understanding of motivation.

When motivation is in short supply people become less interested and involved in their work. Thus production will not reach desired standards. When the organization on the whole is not doing well, it becomes difficult for the manager to retain employees and get them to perform their tasks well. Hence the manager will exercise close supervision more control to get the work done. This leads to de-motivation, which bring about the result of decline in performance. Therefore its clear motivation is an important subject for the manager to be aware of in order to promote behavioral actions that bring out the best of his/her subordinates.

3. Developing a Motivational Programme for Marketer’s

Motivation application and techniques

• Vertical job loading
  Vertical job loading changes jobs to include larger areas of responsibility. Jobs are restructured so that they will become intrinsically more interesting. The worker is motivated because the job is more challenging and more meaningful. For instance, a
dishwasher’s job would be changed vertically if he or she were also made responsible for keeping track of worn and broken dishes and reporting defects to a supervisor.

Vertical job loading includes the idea of closure, employees understand the organization of which they are part. They are no longer a cog in a wheel, but instead can participate in and contribute to the entire work process. To provide for closure, tasks that belong together logically are grouped into one job – steps that one employee can carry through from beginning to end.

Vertical loading implies that employees should be given as much responsibility as possible. They should be encouraged to be accountable for their work, with little supervision. When employees feel that they are in charge, it naturally improves morale.

- **Job rotation**
  In job rotation, employees learn to do all the different activities necessary in one operation or unit of work. Teams that are used to working together adapt well to the rotation method. Job rotation can be subjected easily to horizontal loading. The monotony may be relieved by rotating similarly meaningless tasks, but this does not help make the job more significant. It is quite possible to arrange for vertical job rotation, where both routine and complex tasks are passed around and new skills have to be applied to each job in the operation.

- **Delegation**
  One way in which to satisfy the need for achievement, recognition, and responsibility is to give employees a task and the authority to carry it out. Authority is one of the most important positive motivators delegated to employees. If workers are allowed to have it, they may be willing to take on new challenges. Some leaders, however, are afraid to grant authority because an employee make a poor decision that would embarrass the supervisor or the management.

  The personnel manager should be looking for new ways in which to expand, rather than to limit, the employee’s scope of activities. For example, in a particular firm marketing correspondents are allowed to send letters affixed with their own signatures rather than with those of their executives, thus increasing company pride and job satisfaction.

- **Participation encourages motivation**
  The world is filled with boring jobs. Managers must rely on incentives to encourage employees to perform their jobs well because many jobs cannot be made satisfying. But managers can have a great influence on the design of even the dullest jobs. Ideally jobs should be structures in expand the employee’s capabilities. Workers can be
motivated most effectively when managers allow employees to assume responsibility and to participate in decision making.

- Let workers see the end product of their efforts
  In today’s automated society, too often employees work on parts or pieces of equipment that they never see. Such a limited view of the product can lead to a more complacent attitude on the job. Some manufacturing firms have sent employees from their supply plants to visit assembly plants and see where their parts fit into the finished product. Other firms put the assemble line workers into inspection jobs for one week stints. Said one Welder, “I now see metal damage, missing welds, and framing fits that I never would have been able to see before.” The employee who sees more of the company as a whole can identify with it in more positive terms. There is a greater chance of loyalty and motivation under these conditions.

- Privacy and production
  A little privacy can make office workers more productive, according to a study conducted at the University of Tennessee. Administrative and technical people performed better when their workplaces were private rooms, isolated from traffic pathways and out of sight of co-workers and the boss. Privacy seemed to encourage job satisfaction and performance, in part because it reduces distractions. Further it enhances status and a sense of identity.

- Listening supervisors
  Studies seem to indicate that employees with listening supervisors have higher morale than those who do not. To be an effective communicator it is necessary to know far more than the rules for writing memos or making effective speeches. It is important to listen, and to develop an insight into the human motives and aspirations of employees in order to interact effectively.

4. Maintenance Issues

4.1 Disciplinary Action

Work rules serve as control devices in that they represent standards of behavior that ensure a reasonable level of conformity throughout the organization. An employee’s failure to conform to the rules can lead to disciplinary action. Disciplinary action is the penalty or punishment associated with violation of a rule. A few organizations give positive rewards for above-average compliance in such matters as attendance or on-time arrival, but this practice is not widespread.

The following list illustrates some offenses that can lead to disciplinary action in business, industrial, and other organizations.
• Dishonesty, deception, or fraud, including computer fraud
• Unexcused absence
• Repeated tardiness
• Excessive absence
• Leaving work without permission
• Alcohol or drug abuse
• Possession of liquor or illegal drugs
• Discourtesy to customers
• Willful damage to material or property
• Fighting
• Horseplay
• Gambling
• Theft of property, including trade secrets
• Sleeping on the job
• Failure to report inquiries
• Failure to meet quality or quantity standards
• Safety-rule violations
• Use of abusive or threatening language
• Insubordination
• Carrying concealed weapons
• Sexual harassment
• Working for a competitor
• Violation of grooming or dress code

The majority of employees accepts rules and directions as conditions of employment and would not knowingly break a rule. These same people, however, will observe how you conduct yourself with those few who do get out of line. Everyone is concerned with getting fair treatment. It hurts morale when employees either see someone get away with violating rules or witness unduly harsh disciplinary action.

Effective discipline is not just a reprimand or the inflicting of penalties. True discipline involves an entire program that teaches or guides the employee to become a loyal, devoted, responsible person.

a) Manager’s Role

No manager relishes the idea of having to dish out discipline, but it is an unavoidable part of a supervisory job at any level. The primary responsibility for preventing or correcting disciplinary problems rests with employee’s immediate supervisor. The supervisor is best able to observe evidence of unsatisfactory behavior or performance and to discuss the matter with the employee. Such discussions frequently may be sufficient to correct the problem so that taking disciplinary action becomes unnecessary. However, when disciplinary action becomes necessary, the supervisor should attempt to use a problem
solving approach. The causes underlying the problem are as important as the problematic behavior itself, and any attempt to prevent any further recurrence will require an understanding of these causes.

In attempting to uncover reason for unsatisfactory behavior, the supervisor must keep in mind the fact that employees may not be aware of certain work rules. Before initiating any disciplinary action, therefore, it is essential that supervisors consider whether or not they have given their employees careful and thorough indoctrination in the rules and regulation relating to their jobs.

Practicing sound human relations and demonstrating leadership ability should minimize the need to be punitive. If subordinates respect superiors and like their jobs, supervisors have the best insurance available to head off problems. Employees who know that supervisors are interested in their welfare and not bent on disruption will not let you down intentionally.

Even though the supervisor is considered to responsible for discipline in his or her unit, many business firms, require each discharge case to be reviewed by higher authority before the discharge is made final. For example, a supervisor may be required to bring a recommendation for termination to the department head for review. The human resources department is usually involved in this review of the substance of the case and also usually monitors the procedures followed to make sure they are in accord with company policy.

b) Why Discipline

A reprimand is like a surgical operation; there are times when it must be performed. Often a suggestion, some additional instruction, or a casual remark may correct a situation or an employee’s attitude. The primary purpose of corrective action is to eliminate the cause of ineffective performance rather than to punish the employee. Management must be able to take corrective action involving its employees as it is necessary to maintain efficiency and insure the survival of the enterprise. Similar action are also required if services are to provided at a reasonable cost.

A mistake can even be overlooked at times. Nevertheless, when the infraction is serious, or when a bad habit has become chronic, discipline is necessary so the organization can function without undue disturbance. Another purpose is to protect employees from hazardous conditions. Reasonable disciplinary action help fulfill human needs for security, order, predictability, and avoidance of physical harm.

c) When to Discipline

There is natural temptation for supervisors to tolerate employee behavior that should be subject to disciplinary action. Some supervisors may fear that taking disciplinary action
may cause an unpleasant situation to become even more unpleasant. Consequently, they may wait until an employee’s behavior becomes intolerable. Then, with their courage reinforced by anger, they seek to terminate the employee only to have such action reversed through the appeal system. If that employee remains under the supervisor, cooperation in the future may become even more difficult to obtain.

Discipline should be administered as soon as possible after the infraction has taken place or has been noticed, and after the supervisor has obtained all the facts related to the incident. If discipline is not prompt, the infractions may continue.

d) Where to Discipline

Each employee has a reputation to uphold, both with you and with his or her peers. An employee’s pride and self-esteem need your protection. Most people fear public embarrassment more than discipline itself. In general, reprimands should be made in private, away from the listening ears of other employees. The cardinal rule is: *Discipline in private, praise in public.* But there are exceptions to this rule. You must reprimand in public, for example, when an immediate correction is necessary to protect the workers, or when company property may be ruined. When it is necessary to correct the employee right on the spot, it is best to “soft pedal” the reprimand as much as possible. The important point is to stop the employee from continuing the harmful action.

e) Disciplinary Policies and Procedures

If disciplinary action is to be objective and consistent, there must be effective policies to govern its use. These provisions serve to assist those responsible for taking such action and to help ensure that employees will receive fair and constructive treatment. Equally important, these guidelines help to prevent disciplinary action from being avoided or from being reversed through the appeal system.

f) How to Discipline

In giving a reprimand, it is evident that each case is different and that each employee must be handled differently. The better you know your employees and how each one reacts, the better you can handle personal infractions. With some employees, supervisors must be firm or even-hard boiled, for it is the only type of discipline the employee will understand.

Here a few ideas that you might try when you are required to impose disciplinary action.
1. The interview should be as informal as possible, to put both you and the employee at ease and to enable you to discuss the matter calmly. This does not mean that you should not be firm.
2. You should first ask the employee to tell his or her side of the story. Ask questions in order to get further details, but try not to interrupt too often until the employee has finished.

3. Listen with an open mind, with as few preconceptions as possible. It is easy to prejudge the employee without hearing his case.

4. After you evaluate all sides of the case, give a constructive reprimand. Don’t overlecture. Make your reprimand fair and clear, so the employee knows what will happen and what he or she must do in the future.

5. Try to keep your emotions under control, and don’t argue. You may win an argument but lose the productivity of a valuable, loyal employee.

6. Whatever action you decide is appropriate, be sure to inform the employee and the union, where applicable. You don’t need permission from the union or your steward to discipline, but it is wise to let them know of your decision. Don’t ask the steward for advice. If the union is dissatisfied with your decision, it will file a grievance.

7. Remember that you are not the final voice in the matters of discipline. Your company and unions will have provisions for review of your decision, since matters of discipline are too important to entrust to any one person.

g) Guidelines for handling discipline

- **Credit or criticism**
  Mot supervisors will admit they criticize more often than they give credit. Some supervisors say it is their jib to criticize and correct. But giving credit is just as important, particularly since sound discipline depends on gaining the respect of the employees.

- **Be firm but fair**
  Being firm does not mean getting tough or throwing your weight around. Being fair includes why an employee’s behavior is unacceptable, how it violates the rules of good conduct, and why the rule exist. A fair reprimand requires the supervisor or manager to tell the employee what behavior is acceptable. Even in the extreme situation of discharge, there is little justification for humiliating an employee.

- **Enforce rules consistently**
  Rules are made to be followed by everyone in the department. It is extremely difficult for an employee to understand on-again, off-again enforcement. The supervisor’s position in enforcing rules becomes untenable if the violator can respond “Yeah, but you didn’t say anything when Joe did the same thing last week.” Reprimands may not be necessary with every violation, but it is important to remember that consistency provides minor infractions from becoming serious problems.
Discipline should fit the crime
When disciplinary action is taken, it soon becomes common knowledge in the
department. Thus it is important that the action you choose fits the “crime.” Most
firms have certain rules that if violated, mean automatic discharge. Examples of
such rules are: theft of company property, sabotage, intoxication on the job, etc.
although discharge is authorized on the first offense, a supervisor should carefully
weigh all the circumstances surrounding the incident before taking such drastic
action. Determining the appropriateness of disciplinary action involves serious
consideration of the following factors:
1) the circumstances surrounding the violation
2) the seriousness of the offense
3) the past record of the offender and the intent of the offender
4) disciplinary action taken in similar situations

Follow-up after reprimand
If disciplinary action was necessary because of poor workmanship, it is easy to
check whether the employee’s work has improved. If an employee was disciplined
he or she did not comply with a regulation, you must observe the employee’s
actions for a while to see that the discipline was successful.

h) Progressive Discipline
The principle of progressive discipline is widely accepted in the administration of work
rules. In essence, progressive discipline means that management responds to a first
offense with some minimal action, such as an oral warning, but to subsequent offenses
with more serious penalties, such as a disciplinary lay-off or discharge. these steps are
designed to ensure fair treatment and to protect employees from impulsive, harsh
punishment. A sequence of action might be as follows:
1) Oral warning
2) Written warning stating consequences of future offenses
3) Disciplinary layoff or demotion
4) Discharge

First offense: Oral warning
For the first offense it is presumed that the employee did not understand why he or she
erred, and so the standard of conduct is explained. It is made clear that such misconduct
will not be condoned and that further violations will require stronger action.

Second offense: written warning
For the second offense, the employee is informed in writing that his or her misconduct is
in violation of company standards and that the next infraction will result in loss of pay or
work. All concerned parties are informed of the action taken. A copy of the warning is
placed employee’s personal file. A copy is given to the supervisor’s boss and if, a union
exists, to the steward.
• **Third offense: Disciplinary layoff or demotion**
For the third offense, the employee is suspended from the job without pay for a period of time consistent with the seriousness of the offense. The employee is told that another violation will call for discharge.

• **Fourth offense: Discharge**
After the third offense it is presumed that the employee has been given the chance to conform. For the fourth offense, then, termination is considered, in the best interest of both the company and the employee. Some infractions are so serious that discharge is permitted with the first violation. In other cases the seriousness of the offense might dictate a short-cutting of these steps.

The overall goal of progressive discipline is to correct problems early and avoid the last-resort step of discharge.

### 4.2 Termination
Termination is management action in which an employee is separated from the organization for violation of company rules or inadequate performance (French, 1990).

Because discharge is a traumatic experience for the affected employee, and usually for others as well, most managers are extremely reluctant to dismiss an employee unless there are substantial and well documented reasons for such action. In many cases, timely warnings and effective supervisory involvement in correcting problems can eliminate the need for employee termination. The policy of many organizations is that each discharge case be reviewed by a higher authority before a final decision is reached.

**a) Informing the Employee**
Regardless of the reason for discharge, it should be accomplished with personal consideration for the individual affected. Every effort should be made to ease the trauma a discharge creates. Therefore, the employee must be informed honestly, yet tactfully, as to the exact reasons for the termination. Such candor can help the employee face the problem and adjust to it psychologically in a constructive manner.

**b) Utilizing Outside Assistance**
Some employers utilize employment agencies or outside consultants to assist in locating other employment for employees who are being terminated. This assistance is more likely to be provided for employees who are being terminated for economic reasons or because they don’t fit the current corporate mould. Rather than being called a discharge, a termination under such conditions may be referred to as disemployment, outplacement or dehiring.
An increasing number of employers are also utilizing the service of outplacement consultants to assist the employee being terminated. Outplacement consultants can help this individual regain self-confidence and begin seriously the search for a new job. Since many terminated employees have been out of the job market for some time, they may lack current knowledge and skill in how to look for a job. The outplacement specialists can coach them in how to develop contacts, how to probe for job openings through systematic letter writing and telephone campaigns, and how to handle employment interviews and salary negotiations.

c) Forced Resignations and Change of Conditions
To allow the dismissed employee to “save face,” the employee requests the employee to resign “voluntarily” from his or her position. If the employee chooses not to resign, the process necessary to fire him or her will be pursued, and the employee will usually be fired. Therefore, employees in this position often resign to exit at least somewhat gracefully.

Firms that wish for an employee to exit on his or her own accord, but do not wish to pursue firing or forces resignation, may degrade the employee’s working conditions hoping that he or she will leave voluntarily. The employee may be moved off to a different geographical location, assigned to an undesirable shift, given too few hours, demoted or re-delegated to a menial task or small cubicle instead of a more comfortable office. Other forma of manipulation may be used such as being unfairly hostile to the employee, and punishing his or her for things that are deliberately overlooked with other employees. Such tactics may amount to constructive dismissal, which is illegal in some jurisdictions.

4.3 Redundancies

Redundancies or layoffs are the temporary removal of employees from the payroll (French, 1990). Generally the purpose of the layoff is to reduce the organization’s burden of excess labor costs when human resources cannot be used effectively. Layoffs may affect relatively small groups of people, but when a large organization runs into financial problems, large numbers of workers may be laid off.

In some instances, management is too quick to lay off employees because of financial downturn, thus depleting the organization’s valuable human resources for the long terms damaging the morale and security of retained employees. In other instances, however, layoffs may be the only option remaining for an organization facing possible bankruptcy.

4.4 Other Administrative Issues

4.4.1 Resignations and Retirements

a) Resignations
Resignation is the voluntary separation of an employee from the organization. Resignations should be analyzed for their implications for the particular organization.
Although some resignation may permit an organization to correct a mistake in staffing or to bring in ‘new blood,’ excessive turnover can be very costly: with each departure, the organization loses the investment it has made in recruiting, selecting, and training the departing employee.

Many companies systematically analyze their rate of turnover, which is usually calculated as the ratio of separations to total work force for some period, and attempt to maintain it within reasonable proportions. This analysis is sometimes made for particular departments, divisions, or classes of employees to identify areas where turnover is excessive. Obtaining this information is an important first step in understanding and controlling turnover. Exit interviews are widely used to obtain information about the causes of turnover. Usually the interview is conducted by a representative of the personnel department, who tries to determine why the employee is leaving the organization. These interviews are also used to make certain that company property has been checked in and that the employee understands the disposition of various benefit programs.

Post employment surveys that ask separated employees to supply reasons that their resignations are sometimes used in place of exit interviews, on the assumption that data obtained a few weeks later are more valid than those obtained at the time of departure in either case, supervisors are likely to be defensive about any criticism of their performance, but this data should be used in a constructive, non-punitive way if supervisors are to learn from experience.

The resignation of an employee to take a job with greater responsibilities can reflect positively on a supervisor’s training and development skills, although it can also be a signal that the organization needs to increase the opportunities for advancement.

b) Retirement

Retirement is the separation of older workers from the organization; it allows them to pursue interests outside of work while opening up positions and career opportunities for other employees.

The majority of employees in most organizations are retired with a guarantee of a regularly paid retirement income, or pension.

Retirement can be a difficult transition, since it involves a radical change in lifestyle and can mean the end of a number of meaningful relationships and experiences. Many organizations have responded to this reality by introducing a number of programs to help the older employee prepare for retirement. Activities such as pre-retirement seminars to discuss retirement problems and opportunities, individual and group counseling, and newsletters or magazines written especially for those of pre-retirement age are frequently included in such programs. In addition, some firms make an effort to continue a
relationship with retirees by inviting them to social events, having special days for retirees to visit the company, retaining the names of retired employees on mailing lists for the company’s newspaper or magazine, and sponsoring clubs for retired employees.

4.4.2 Grievance Procedures

The systems and procedures for carrying out organizational due process vary from informal methods to formal methods. Organizational due process consists of established procedures for handling employee complaints and grievances, protection against punitive action for using these procedures, and systematic and thorough review of complaints and grievances by unbiased or neutral parties.

a) Informal Procedures

- Open door policy
One way of handling grievances is through an open door policy, in which employees are given access to their superiors so that problems can be brought into the open and resolved in a mutually satisfying way. Many complaints of unjust treatment can be handled through informal discussion of the problem by the employee and his or her supervisor.

b) Formal Grievance and Appeal Procedures

Employee complaints can also be handled through formal grievance procedures that allow employees to present their complaints to designated parties and that generally specify who is ultimately responsible for settling the issue.

- Arbitration
In unionized organizations, employee grievances are usually handled through grievance arbitration procedures specified by the labor contract. These procedures involve systematic, union-management deliberation of a complaint at successively higher organizational levels. If the problem is not settled at any of these internal levels, the complaint is submitted to an outside, impartial; party, or arbitrator, whose decision is final and binding.

Most grievances are brought by employees, although management may use this procedure to process a complaint about the union.

Almost all labor contracts contain grievance procedures, and about 96 percent contain provisions for arbitration as a final step.

The following diagram illustrates the typical grievance procedure under a union contract.

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Step 1
Employee takes grievance to supervisor or union official; human resources department notified

Step 2
Employee presents written grievance through union official or committee to next level of management

Step 3
All earlier parties, union grievance committee, and higher level of management discuss grievance

Arbitration
Neutral outsiders hears grievance, reviews documentation, reaches decision

The procedure for selecting arbitrators is spelled out in the labor contract. In most cases, decisions are made by a single arbitrator. Some contracts, however, call for three member arbitration boards that consist of union and company representatives plus an impartial chairperson. The arbitrators role is generally considered, quasi-judicial, that is, analogous to or approaching the role of a judge. The arbitrator is expected to listen to evidence, weigh impartially and objectively, and make a decision based on the labor contract.

• Review boards
Review boards are sometimes used in business and industrial firms to review instances of disciplinary action and to correct or amend a penalty that an employee considers too unfair or too harsh. These boards usually consist of three or more managers and, in a small number of companies, a psychiatrist or psychologist. By emphasizing a corrective, problem-solving approach, disciplinary review boards can successfully counteract any punitive tendencies in supervisors’ dealings with subordinates.

• Tribunals
Internal tribunals as distinguished from external tribunals such as arbitration proceedings and courts of law are frequently found in leading nonunion companies. The task of these tribunals is to hand down a binding decision consistent with company-published policies and procedures. Although these tribunals, sometimes called peer review panels, vary in their membership, most of them include one or more of the fellow workers of the person filing the complaint or grievance in addition to management representatives. These tribunals also typically include a representative of the personnel or human resources department, who can interpret company policies and procedures to other members of the panel.