**MBA 841**

Every organization consists of these three critical elements:

- Resources

- Objectives

- Environment

*Resources:* Resources are those things that endow the organization with the capacity to pursue its objectives. These may be tangible [buildings, machineries and equipments, finance, human etc.] and intangible [ brands, copyrights, reputation, technology, industrial peace] and capabilities [the dexterity with which these resources are combined to create value for customers].

*Objectives:* These are the **SMAT** **[specific, measurable, attainable and time-bound]** results, which the organizationintends to achieve.

*Environment:* This is an assortment of factors that create **SWOT [Strengths, Weaknesses, Opportunities and Threats]** for organizations. Strengths and weaknesses stem from the

internal factors while opportunities and threats derive from the external factors.

Internal factors are within the control of the firm while external factors are outside the control of the firm and also imposes constraints on the activities of organization.

Management refers to the process of channeling the diverse resources effectively towards the achievement of the organization’s objectives in the most efficient manner while being conscious of the rapidly changing environment.

The manager must know that;

1) The organization must be properly properly structured.

2) Resources are limited and have alternative uses.

3) Its operations and successes today to do not harm its continued existence. In this regards, the short and long run consequences of every decision and action should be

 carefully weighed and balanced.

4) Should note that human resources are the most critical since man has will, can decide if, when and how to work, utilizes other resources, is capable of improvement and because of all this ‘requires motivation, participation, satisfaction, incentives,

 rewards, status, leadership and functions’.

5) Should note that ‘managing must be done within an environment.

6) Must produce results, which are measured vis-à-vis corporate objectives.

7) Must be aware that ‘managing’ cannot be done if the objectives are not properly set.

8) Must be both effective doing the right things and efficient doing them rightly.

9) Should not be reactive but should be proactive.

10) Should remember that a major responsibility will always be the integration and balancing of conflicting forces and event.

11) Should ensure that the organization discharges its social responsibility to its employees, immediate environment and the economy as a whole.

**Task/Responsibilities of Management**

1) Planning

2) Organizing

3) Leading

4) Staffing

5) Controlling

6) Managing social impact and social responsibility

7) Innovation and ensuring corporate perpetuation

**Relationship between these Managerial Tasks**

These tasks of management are interrelated and actually dovetail into each other. Planning sets the stage by helping the organization to determine where it wants to go (objectives) and how to get there(strategies and tactics).

These objectives and strategies determine the type of organizational structure most suitable for the organization. Organizational structures are designed to fit the strategies, which are meant to achieve the objectives.

The type of structure in place-how work is divided and coordinated determines the number and quality of people needed by the organization. This is the domain of staffing.

The quantity and quality of people in the organization greatly influences how they are led and directed to ensure unified and focused action and this refers to leading.

It is important to note that planning affects all these tasks.

**Organization structure**

**Staffing**

 **Planning**

**Leading**

**Control**

There is another model [Certo 1995]

 **Planning**

Planning and control are inseparable.

Planning depends where to go and how to go.

Control determines where we are presently and sets the base for further plans.

Planning without control is meaningless.

|  |  |  |
| --- | --- | --- |
|  | **Planning** | **Control** |
| 1. | Establish objectives | Establish standards |
| 2. | Determine activities | Measure and compare |
| 3. | Delegate | Evaluate results |
| 4. | Schedule task | Feedback and coach |
| 5. | Allocate resources | Take corrective action |
| 6. | Communicate and co-ordinate |  |
| 7. | Provide Incentives |  |

**Nature and scope of Planning**

Planning encompasses defining the organizations goals or objectives, establishing an overall strategy for achieving these goals and developing a comprehensive hierarchy of plans to integrate and coordinate activities.

It means deciding in advance what to do, how to do it, when to do it and who to do it.

It is an organization-wide process.

It is limited by the internal and external factors.

**Features, Characteristics and Perspectives of Planning**

1) It is the primary management function

2) It is an organization wide affair

3) It involves all levels of management

4) It is a means to an end

5) It is about futurity of current decision

6) It is a process and a system

7) It is a philosophy

8) It is structural

9) It is concerned about effectiveness and efficiency

10) It is easy when environment changes least[stable] but useful when environment changes most[unstable]

**Dimensions of planning**

- Repetitiveness

- Time

- Scope

- Level

**What planning is not**

1) It is not about making future decisions

2) It is not synonymous with budgeting and sales forecasting

3) It is not an attempt to blueprint the future

4) It does not necessarily have to be a complicated, massive and intimidating document

5) It does not replace managerial intuition and common sense

6) It is more than the extrapolation of current figures and it is not the aggregation of various functional plans of the organization

7) It is not useful when objectives are met

8) It cannot eliminate change

9) It cannot eliminate risk

**Evolution of planning**

- Unplanned stage[e.g. small one man business]

- Budgeting system stage

- Annual planning stage

- Strategic planning stage [e.g. bank]

What determines the stage is ownership, industry, size and environment.

**Planning system**

Planning as a system has input, processes and output.

The CEO is the chief planning officer and co-ordinates with other managers.

Input - Material resources invested in the planning process, information, organizational support

Process - Setting objectives, designing strategies and policies and mapping operational tactics

Output - Plan document

The planning system consists of a set of interdependent parts[plans at different levels] working as a whole[integrated as the corporate plan] for achieving organizational objectives.



**Approaches to planning system design**

1) Top down approach

2) Bottom up approach

3) Combined top down approach and Bottom up approach

4) Team approach

**Managing the planning system**

For the planning system to work effectively and efficiently, it has to be properly directed and managed.

CEO - Provides leadership and direction

Planning staff - Manage

**CEO and planning efforts**

1) Establish organizational climate

2) Ensuring that the planning system is designed in tandem with the peculiarities of the organization size, ownership, history, industry etc.

3) He or she should decide if and when a planning staff is needed, be directly involved in the selection, and keep the planner as close physically and operationally to his office as possible.

4) He should be involved in the planning as much as possible, given the circumstances.

5) He should ensure that plans are properly evaluated and the appropriate feedback given to the people involved in the planning

6) He should liaise with the board as it relates to the plan inform them about the plan and about its outcome.

In addition to the above roles suggested by Steiner, (1979), he should also ensure:

1) That organizational resources are placed at the disposal of planners;

2) That the plan is effectively communicated and marketed

3) That the action phase of the planning process is put in motion,

4) That all hands are on deck in the process and

5) That the plan is regularly reviewed in line with environmental realities and appropriate corrective actions taken whenever necessary.

**The Duties of the Planner**

Most large and well-organized companies have a staff official in charge of the planning function, which in any case is usually handled by the department.

The main duty of the planner and his department is to effectively and efficiently manage and coordinate the planning efforts in the organization.

- Prepare a suitable planning system for the organization

- Ensure that the planning system and the associated roles are know and understood by producing a planning manual.

- Continuously update the manual in line with changes in the planning needs of the company and planning techniques

**Activities of a planner**

- Preparation of the planning document

- Coordination and integration of unit/functional plans

- Preparation of the corporate plan

- Control procedures for evaluating progress

**Chapter 6 - Problems and pitfalls with planning**

Planning is beset with a lot of problems. Some of these problems arise from the external environment while some arise from the internal.

Specific planning problems are;

- Uncertainties in the environment

- Poor forecasting and planning expertise

- Alienation of staff in the planning process

- Making plans very complex and technical and therefore not understood by those who will implement it.

- Undue optimism or pessimism depending on the people doing the planning

- Lack of flexibility, sticking to the plan even when circumstances show that it can no longer work

- Poor coordination and control

- Seeing planning as an end itself instead of a means to an end

To avoid and minimize the problems with planning; a manager should take the following actions;

- Appreciate and anticipate the environment and plan with that in mind

- Acquire and/or improve on the appropriate skills-technical, interpersonal etc

- Get the staff fully involved in the planning process

- Make the plans simple enough for the operators to understand

- Plans should be properly coordinated and controlled

- Top management should be fully involved in the planning process; it should not be left for the “planning people”

- Plans should be used to measure managerial performance and there should be consistency between plans and other managerial decisions and actions

- Plans should be integrated into the entire management process

- The peculiarities of the organization should be borne in mind when designing the planning process

- Executives and planning official should also always bear in mind that a plan is a means to an end, not the end itself

**Chapter 7 - Communication and Planning**

Planning is a managerial process that involves several individuals across many vertical, horizontal and intellectual divides. It also involves several organizational units.

Communication thus plays an indispensable role in the planning process.

**Communication and Planning**

Communication is essential for all aspects of existence; domestic, social, organizational and interpersonal.

It may be defined as the mechanism for facilitating the interdependent existence of man by the exchange of emotions, feelings, thoughts and views, between the cooperating units through commonly shared symbols: speech, writing and action with the aim of, amongst others.

Others are Initiating action, Winning Support, Creating goodwill, Solving problems, Enhancing Knowledge, Influencing opinion, Making enquiries etc.

In discussing communication, note should be taken of the following:

1. Communication takes place between two units (individuals, groups, and organizations). Nobody communicates to himself

2. The message must be received before communication takes place. Particularly, the receiver must receive and understand the message as intended by the sender

3. Resultantly, the greatest attention in the communication matrix is paid to the receiver since without him/her, there can be no effective communication

4. Whether the receiver carries out the action requested is a function of other internal and external factors

5. Communication is by symbols and actions known to the communicating parties. But these symbols have meaning only within the given context

6. It is behavioral and relational. It pertains to what people do as perceived by others

7. Communication involves who, what, when, where, whom, how.

8. Communication is a process; it is a continuous affair. The process involves a Sender (ignites the process by concretizing his idea into a message in a form he considered most appropriate) who Transmits a Message (the idea being shared) through the most appropriate medium/channel, to a Receiver (the person to whom the message is directed) who usually Reacts (through actions or other forms of feedback). At times there are Interferences (noise) between transmission and reception and all this takes place within an Environment.

Organizations consist of people, tasks, technologies and processes, which need to be blended together in pursuit of corporate objectives. They have visions missions and objectives, which must be properly articulated and shared. The managerial duties of planning, coordination, organizing, staffing, leading and directing must be performed. Cordial relations have to be maintained with all stakeholders. All this require communication every inch of the way.

Communication helps the organization to:

- Achieve coordinated action

- Share information about goals, tasks, performance and decision making

- Enable members express their feelings and emotions.

It is generally aimed at:

- Transmitting corporate policies and instructions downwards

- Getting opinions suggestions and reports upwards

- Securing interest, commitment, goodwill and cooperation from all

Within the firm, communication moves formally and informally between the various departments, between the staff in the same department, among the top management, between the top management and the rest of the staff, and among the staff themselves. The communication follows various directions, which are classified as:

- Downwards(superior to subordinate)

- Upwards(subordinate to superior)

- Horizontal(peer to peer)

- Semi-vertical(upwards or downwards communication through an intermediary)

- Diagonal(upwards or downwards communication between two people without any reporting relationship)

These are complimented by two informal flows:

- The Grapevine

- Gossips

**Communication in Planning**

The role of communication in planning are;

1. Creating awareness about the process, the content, its purpose amongst the staff and other relevant stakeholders as the case may be

2. Collecting the input of the organizational citizens and relevant stakeholders and ensuring that those inputs are utilized in the planning process

3. Ensuring that the plan document is presented in a language and format that is professional and at the same time comprehensible to all

4. Generating involvement, commitment, participation and ownership among the various stakeholders about the plan.

**Preparing, Writing & Communicating the Plan**

The specific steps in preparing for, writing, and communicating/marketing the plan are as follows:

1. Collating of Background Information

2. Collation of Inputs

3. Writing the First Draft

4. Writing the Final Plan

5. Communicating/Marketing the Plan

**Ensuring Effectiveness of the Communication**

1. General Effectiveness

2. Use of Words/Language

3. Effective Writing and Presentation

4. Supporting behaviours and actions

5. Preventing Communication Breakdown

6. Communicating Within the Planning Team

7. Improving Organizational Communication

**Chapter 8 - Planning in Nigeria**

Corporate planning was introduced into Nigeria by the foreign businesses that came into Nigeria following the onset of colonialism.

They introduced managerial practices that were common in their headquarters. One of the earliest of the organizations was the Royal Niger Company (UAC Plc).

**Planning in Nigeria today**

It has become a norm. Most companies including indigenous ones see it as a veritable tool in their quest for strategic superiority.

Foreign owned firms, multinationals, and companies in which foreigners have significant interests direct or indirect are more committed to plan its initiation, execution and evaluation than purely indigenous ones.

A study of planning revealed;

A. Most organizations in Nigeria are engaged in planning and their mission statements drive most of these plans. Like plans elsewhere, they contain sections on review of internal and

external, SWOT analyses, actual strategies, objectives, contingencies and budgets.

B. Majority of them prepare business/corporate plans though some limit themselves to marketing and financial plans. These plans are mostly annual and long range.

C. The Chief Executives, Chief Finance Officers and Chief Marketing Officers are top executives most involved in planning and middle level managers closely follow them. Outside consultants are also involved in a few of the companies.

D. Some organizations have normal planning time tables while others plan as and when necessary.

E. Most of the plans are formal and the factors that influence the extent of formalization include the degree of competition, growth of the companies and increasing availability of information. Staffs are informed about the plans mostly through meetings. Written memos come a distant second.

F. The goals are set mostly by the board/management team and cover profitability, customer satisfaction, sales/revenue growth, quality, market share and leadership, returns on investment and equity and risk diversification. They see profitability as the most important.

G. These plans are monitored-mostly monthly and quarterly- and the tools used for the review are Management by Objectives, comparative analyses, sales analyses, and overall budgetary

control.

H. Corporate rewards are used to motivate the staff towards attaining the goals of the plan and the commonest of these tools are salary increases, promotion and bonuses.

I. A good number of the organizations originally confused budgeting with planning and even those that engaged in full fledged planning, budgeting was given star attention.

J. The above perhaps explain why in most of the cases, the planning function was undertaken by the chief finance officers. When the first study was executed in 1986, none of the companies sampled had a planning officer.

**Problems with planning in Nigeria**

*Generic Problems [Obstacles] With Planning*

- Unstable environment of business 30%

- Lack of Finance 29%

- Lack of sufficient information 18%

- Economic Uncertainties 15%

- Management Inefficiency 15%

- Inflation/Naira Devaluation 15%

- Competition/market over-saturation 14%

It is obvious that unstable environment is the overwhelming factor.

*Environment Obstacles to Planning*

The following variables were examined for their adverse impact on planning;

- Workers/Employees (the impact on union actions & strikes)

- Socio-Cultural Values (the impact of tribal or clannish groupings/influences)

- Legal/Political (the impact of changes in political/economic philosophies /policies e.g. sudden ban of raw materials)

- Government/Ministerial (the impact intervention of government ministries, departments or officials)

- Technology/Infrastructure (availability or otherwise of technical/managerial skills and equipments)

This survey also indicates that environment uncertainties/policy instabilities constitute the greatest obstacle to plans and planning (government/ministerial + legal/political). It is also an indication that planning effectiveness cannot improve unless there is significant improvement in the practice of economic governance in Nigeria.

*Planning and Policy Instability*

Plans and policies of government greatly affects an organization's strategic plans.

**Chapter 9 - The nature and scope of controls**

**The nature and scope of control**

*Meaning of control*

Controlling is a part of the management process that involves ascertaining the extent to which expectations are being met, taking actions to ensure that they are met and making some modifications in view of realities that emerge during execution.

In order to execute their plans, organizations have to commit resources to achieve those objectives. But while they can plan and anticipate, a lot of things can go wrong with their planning itself but more with the environment in which they operate. All this may lead to a departure from the planned agenda.

The control process enables the organization to know how far and how well they are going on the route they have chosen. With this knowledge, they are able to take corrective actions and return to the chosen path. On some occasions, they may even take the extreme step of abandoning the path entirely.

A formal definition of controlling is "A systematic effort by business management to compare performance to predetermined standards, plans or objectives to determine whether performance is in line with these standards and presumably to take any remedial action required to see that human and other corporate resources are being used in the most effective and efficient way possible in achieving corporate objectives."

Controlling is a continuation of the planning process because the standards that are used for controls are established as part of the plans while most of the techniques of control are instruments used to operationalize the plans.

It is important to note that control is also interlinked with another managerial responsibility, deciding. Thus, controlling is at the center of planning and deciding, three interlocking managerial activities.

Planning sets the goals and the actions to reach them. It also provides implied standards against which actual performance can be measured.

Controlling begins with the framework of expectations provided by the standards. From that step, control consists of a series of steps intended to assure that actual performance conforms with expected. Deciding begins with the information generated by controls.

But control is not just interwoven with planning and deciding; it is an inseparable part of the entire management process, which includes planning, deciding, leading, and organizing. These managerial processes form an integrated whole. Planning determines what results the organization will achieve; organizing specifies how it will achieve these results and controlling decides whether these results would be achieved.

In doing all these, managers decide and lead. They decide objectives, organizational designs, policies, procedures and methods. They lead their subordinates through their own behaviour and other influence tactics.

It is also important to stress at this point that there are certain conditions that must be present before controls can be implemented;

- There must be some organizational goals/objectives

- There must be a comprehensive plan on how to achieve these goals/objectives

- There must be standards which are ordinarily derivable from the objectives/plans

- There should be information to indicate deviations between the expected and the actual

- It must be possible to take remedial action

The controlling function is also faced with a delicate balancing task: it must simultaneously balance stability and objectives attainment! To maintain stability, the manager has to ensure that the organization is operating within established constraints as determined by policies, budgets, ethics, etc.

The attainment of objectives requires that continual monitoring so as to ensure that adequate progress is being made in the desired direction. The manager cannot focus on the constraints without ensuring that progress is being made towards the goals neither can he focus on progress while ignoring the boundaries of established constraints. The danger is that the manager may become overly concerned with one aspect at the expense of the other. If he is pre-occupied with stability of operations at the expense of goals, one is likely to notice a lot of activities without output: all motion, no movement! If the manager ignores stability, he may experience a glamorous but short-lived success as exemplified by a manager who sets production records by eliminating safety checks!

**Features/Characteristics of controls**

Every control system (mechanical, human, electronic) has four basic elements. These are:

- **A Detector or a Sensor:** A measuring device that identifies what is happening in the process being controlled.

- **An Assessor:** A device for determining the significance of what is happening. This significance is assessed by comparing information on what is actually happening with what should be happening.

- **An Effector:** a device that alters behaviour if the assessor indicates the need for doing so. This system is called the feedback.

- **A Communications Network:** A network that transmits information between the detector and the assessor and between the assessor and the effector.

The organizational control systems also contain these elements. Detectors report what is actually happening throughout the organization; assessors compare this information with the desired state, which is the implementation of strategies; effectors take corrective action if there is a significant difference between the actual and the desired state and there is a communication system that that tell members of the organization what is actually happening and how it compares with the desired state.

Management control processes however have some peculiarities;

- Unlike a thermostat or a body temperature system, the standard is not preset; it is rather the result of a conscious planning process in which management decides what it should be doing while control ascertains the extent to which it accomplishes those plans.

- Management control is not automatic. Some of the detectors may be automatic but a lot is detected through the manager’s eyes, ears and other senses. Personal judgment and interpersonal interactions are involved in the process.

- Management control requires coordination among other individuals unlike an automobile, for instance, that involves a single individual. An organization has several parts and these various parts must be coordinated to work harmoniously.

- The connection between the observed need for action and the behaviour that is required to obtain the desired action is not always clear cut. The manager as an assessor may observe that costs are high but there may be no automatic action or series of actions that would automatically return costs to the expected standards.

- Unlike a mechanical device-just like the thermostat, organizational control does not occur because of actions taken by external regulatory agency. Much of control is self-control: people act in the way they do not necessarily because they are given specific instructions by their superiors but rather because their own judgment tells them what action is appropriate.

Beyond these features, which compare organizational controls with mechanical and other types of controls, other features of objectives, some of which are not readily appreciated.

These characteristics include:

- Controls can neither be objective nor neutral. Since the process is social and perceptive, the event being controlled and the person doing the control are affected by the process. Personal values come into play. They are not objective but are rather, goal setting and value setting.

- Controls need to focus on results. Businesses exist to contribute to the society, to the economy and to the individual. Business results therefore exist outside the business in the economy, in the society, with the customer. It is the customer who creates profit. Controls have to focus on these results.

- Controls are needed for measurable and non-measurable events. Emphasis on only quantifiable, easily measurable variables is not good enough. Other intangible elements also need to be controlled if the company has to prosper. How do you quantify reputation? And would you because of that ignore reputation management?

**Types of control**

- Management Control

- Task control

- Feed Forward Control

- Concurrent Control

- Feedback control

*Management Control*

The process by which managers influence other members of the organization to implement organizations strategies. It involves planning what the organization should do, coordinating activities in several parts of the organization, communicating and evaluating information, deciding action to be taken and influencing people to change their behaviour. It involves interactions amongst individuals, lays emphasis on financial and non financial variables and aids in developing new strategies.

*Task control*

The process of assuring that specified tasks are carried out effectively and efficiently. This is transaction oriented since it involves the control of individual tasks. Rules for these tasks are issued as part of the management control process and the tasks must be executed according to those rules. These controls can be achieved without human beings as some of them may be automated.

*Feed Forward Control*

This involves taking control in advance of actual activity; it is the most desirable type of control as it prevents anticipated problems. It is future directed. Banks may post more staff to cash operations in the last weekends of the month and the last two weeks of December every year. Managers thus prevent problems rather than cure them.

*Concurrent Control*

The type of control that takes place while the activity is going on. In this instance, managers control the problems before they get out of hand. This occurs in the case of direct supervision. There is some delay between the problem and the corrective action but this is minimal.

*Feedback Control*

In this case, control takes place after the event. It is a post-mortem affair and at times, the damage is already too much before the information is received and action taken. But feedback provides meaningful information on how effective the planning effort has been; feedback enhances motivation as people want to know how far/well they are performing; and managers can study problems carefully before acting rather than acting on the spur of the moment.

**The Focus of Control**

Even though control is about organizational plans and performance, there are specific variables on which that control is usually focused generally. Control efforts are focused on:

- People: Managers achieve results through people. For things to work according to plans, there is compelling need to control the behaviour and performance of people as it concerns work. Managers oversee the work of their staff and correct them when those are found lacking; they also appraise them at the end of a given period.

- Finances: Managers also control organizational finance from which expenses, revenue and profits arrive. Assorted financial statements and ratios are sought and examined as a means of controlling expenses.

- Operations: This involves the control of the organizations input-output transformation process and this is critical for a manufacturing outfit. Physical, and mechanical monitoring as well as other types of controls are applied.

- Information: accurate, timely and sufficient information is essential for organizational management and control. The MIS has to be developed to ensure that the right person receives the right information at the right time for decision-making. Developments in ICT have greatly impacted on this.

- Organizational Performance: the organizations overall effectiveness and efficiency is of concern to various stakeholders.

Controls therefore have to be focused at this. Measuring organizational effectiveness is not an easy task particularly because there are many things to measure and there are many

ways to do it. These three methods however stand out;

1. *The Organizational Goals Approach:* This appraises organizational effectiveness according to how far it is able to accomplish its goals.

2. *The Systems Approach:* This measures organizations effectiveness according to how it is able to acquire and transform inputs into outputs. Using the systems framework, it assesses the effectiveness in terms of both means [inputs] and ends (outputs).

3. *The Strategic Constituencies Approach*: This approach measures organizational effectiveness by the extent to which an organization is able to satisfy the demands of its key constituencies. What constitutes the strategic constituencies depend on the firm, the industry and its operating environment.

**Optimal level of control**

1. Cost Benefit Analyses

2. Behavioural Considerations

**Chapter 10 - The need for controls**

Why do organizations get involved in controls? Why do they install expensive, complex and time-consuming control processes and systems? The answer is pretty obvious. From the very beginning, it is a known fact that controls ensure that plans are effectively and efficiently executed. But it goes beyond that. Our concern is to explore the various advantages which, organizations reap by installing effective control systems.

**Importance of control**

- Consummation of plans

- Facilitation of delegation

- Efficiency & effectiveness

- Safeguarding company’s assets

- Standardizing quality

- Performance measurement

- Delimitation of authority

- Ensuring certainty of operations

- Delimitation of authority

- Cost control and profitable operations

**Chapter 11 - Instruments of control**

Control is very important to organizational performance and survival. Consequently, managers have over the years ensured that the control function is effectively performed in the organizations through various techniques.

**Methods of Control**

*Budgeting*

Budgeting is a key control instrument.

A budget involves reducing the content of a plan, program or project even in numerical terms. These may be financial as the inflow of revenue or the outflow of expenses or non-financial as in the labour hours required to complete the foundation of a building. Most of the times, these measurements end up in the financial stable because, after measuring man hours, for instance, the next logical step is to convert them into financial terms to ascertain the cost implications.

It facilitate control because they establish the numerical/financial expected of people in various units of the organization.

It enables the manager to delegate authority without loss of control since the delegate is expected to operate within the limits of the budget and revert to the superior when things go awry.

It enables the manager to be certain of who would spent what amount on what item and in which unit as well as who is expected to garner a given quantum of revenue within which period and from which activity.

There are 3 approaches to budgeting;

- Traditional / Incremental budgeting

- Zero based budgeting

For budgets to be meaningful and useful they are based on assumptions and these assumptions must be realistic and reasonable. They are usually based on the type of operating, industry and overall strategic trusts, programmes and policies for the period.

A company that wants to budget it revenue would first of all start from sales. In estimating sales, realistic assumptions may have to be made in these areas:

- The likely rate of inflation

- The likely growth in the population of the area in question

- The number of new products the company would launch

- The type of marketing campaigns the company would launch

- Whether new competitors would join the fray

- The number of new products/market campaigns launched by competitors

- Likely changes in government policy

- Changes in overall strategy of the company

- Branch expansion plan

Some of these issues are facts that need to be established.

A budget is the product of budgeting while budgeting is the process of preparing a budget.

*Types of budget*

1. Revenue and expenditure budget

2. Time, space, material and product budget

3. Capital expenditure budget

4. Cash budget

*Optimizing budget as a control instrument*

The budget is the most popular control instrument and for companies to benefit most from it, the following conditions are imperative:

- There must be top management support

- There must be an optimal organizational structure in the firm where authorities, responsibilities and reporting relationships are very certain

- It should be a part of a company-wide planning system

- Responsibility for budgeting must be certain and well understood

- Budgets should not dominate decision making. Mutual trust, understanding and common sense are still very relevant.

- There must be reasonable flexibility

- Esoteric accounting jargons should be minimized

- It should not be too cumbersome, complex or restrictive. It should still facilitate delegation and discretion

- There should be clear standards for the measurement of performance. There should also be standards to translate programmes and work into needs for labour, operating and

 capital expenses, space and other resources. This makes it easy to review, approve or reject budgets objectively

- An awareness of the importance, purpose and limitations of the budgetary system should be created in the organization

- There should be general participation in the development of budgetary policies and procedures. People who would implement the budgets should be a part of its implementation. This will enhance the acceptability of the entire system

- The budgetary procedure, like all aspects of control should be economical and this should be reflected in its simplicity and reasonable cost

- Budgets should be meaningful and should be limited to important areas that should be monitored measured and understood

- The budgetary process should be ideal for the organization-size, location, industry, peculiarities, etc.

- Information for budgetary control must be readily available in time, in the exact format and the exact quantity. This would enable the manager being controlled as well as the one doing the control, to know the exact score at any point in time

*Reports*

Reports also constitute another set of control instruments. They are accounts of what an individual, a unit or a department had done over a given period. They may also be accounts of once and for all events like launching, marketing visit, etc. Reports may be in prose, figures or diagrams and most often, a report is presented in these three modes.

In designing reports as control instruments, the following issues should be properly addressed:

- What is the Purpose of the Report?

- Who will write the Report?

- Who will act on the Report?

- Who needs to know about the Report?

- What should be the Content of the Report?

- How often should the Report be Prepared?

- What is the Deadline for the Report?

Addressing these issues ensures that the report is useful and usable and that it continues to meet the needs of the organization. These issues are also interrelated. The purpose, for instant, would determine the content, the periodicity, the recipients and even the deadline.

To enhance the usefulness of reports as control instruments, the following conditions should be met:

- The presentation should be reader-friendly

- As has be mentioned earlier, it should be timely

- It should contain only the key issues. It should be short enough to be interesting and long enough to contain necessary information

- It should be written in the language of the industry/trade/profession.

- It should facilitate comparison: between periods [years, quarters, months] between actual and expected, between departments, between competitors.

*Management by Objective (MBO)*

MBO is a management tool with multiple applications. It is a consultative method of setting objectives, which also contains inbuilt mechanisms for planning, coordination, motivation and controlling.

*The MBO process*

MBO is consultative; it involves a lot of consultation between the manager and the subordinate in the process of setting mutually acceptable goals. These goals then serve as standards for controlling the performance of the respective employee.

The Process is as follows:

- The superior provides framework

- The subordinate proposes goals

- Superior and subordinate agree on goals

- Subordinate reviews progress and reports to superior

- Both agree on deviations, causes and remedies

- The subordinate’s appraisal is based on these objectives

*Advantages & Disadvantages of MBO*

MBO has several advantages and advantages. Some of the advantages are:

- As a control instrument, it sets a clear and acceptable standard for control. This leads to a more effective control

- It also leads to an improvement of the planning process-since control facilitates planning. This it does by setting clear goals.

- It leads to the satisfaction of achievement, power, and self esteem needs of the workers

- It leads to a more objective appraisal process in the work place

- It improves the relationships between the superior and subordinates.

 Communication is improved and superior acts as a counselor, coach and colleague; not a coach. A climate of trust is also created

- There is an improvement on corporate and individual performance whenever MBO is properly utilized

On the Other Hand, it has the following Disadvantages:

- Subordinates are on the receiving end when they are intimidated or coerced; when the goals are incompatible or un-attainable. In this instance, anxiety and frustration sets in.

- There is tendency to set easily attainable and or measurable goal since one’s appraisal are based on these goals. Emphasis is now on results and quantity becomes the god in the work place. Variables quality, teamwork, interpersonal relationship (all desirable in

 themselves but do not directly contribute to measurable quantity) are ignored and not rewarded.

- MBO involves burdensome paperwork and can only succeed if and when the staff is competent and wants to accept responsibility while the boss is well trained in the process including the intricacies of setting goals.

- At times, individual goals conflict with corporate objectives while goals that should have been abandoned are continuously pursued.

*Conditions for the Effective Implementation of MBO*

For MBO to perform creditably certain conditions are imperative and these include:

- Corporate objectives must be clarified and defined

- Performance standards must be clearly established

- The organizational structure must allow the manager to perform with freedom and flexibility

- Control information should be supplied at the appropriate time

- The subordinate should be provided with guidance when he needs it

- Reward should be related to performance and achievement

- Trust and mutual respect are essential

- There should be adequate training with regard to the job, goal setting and the MBO process

- The attitude of superiors must be aligned to the MBO process. They are now coaches, not headmasters

- There should be top management support for the program

**Chapter 12 - The Control Process**

Control is one of the management processes in that it has identifiable and sequential steps which though, may not be handled with mathematical precision. This process takes its bearing from planning which provides the baseline for controls. The control proper involves setting standards quantitative or qualitative, financial or time span; comparing the actual against the expected measuring deviations, and taking corrective action.

**The Control Process**

***Establishing standards***

Standards have been defined as “criteria for performance".

They are yardsticks against which actual performance is measured so as to ascertain whether the performance is adequate or inadequate.

Generally, these are the common types of standards:

- Physical Standards: these are non-monetary standards, which are very common at the operating level where materials are used, labour employed, services rendered or goods produced. It measures quantities like units per machine hour. It may also measure quality like durability of fabric.

- Cost Standards: these are monetary measurements reflecting cost per unit produced or labour cost per hour or diesel cost per hour of running on generator.

- Capital Standards: These relate balance sheet items and include returns on capital invested, current ratio, gearing ratio, inventory turnover etc.

- Revenue Standards: These arise from attaching monetary values to sales and include such measures as average sales per customer or rent per square meter.

- Program Standards: These include milestones and timelines set for the achievement of certain programmes and projects.

- Intangible Standards: performance that depends on human behaviours and attitudes and other intangible issues are difficult to measure. But standards and tools have been designed by psychologists that can be applied to these aspects of performance so as to have standards for control. Some however still depend on personal judgments and trial& error.

- Goals as Standards: goals-which may be quantitative or qualitative- are also used as standards of control

***Measure & Compare Performance against Standards***

Having established the standards; the next logical step is to measure performance and compare it with the standards already put in place. The measurement must be done by the applicable units designed for that purpose while what is measured is relevant to the type of activity being performed. Some are quantitative while some are qualitative; some can be measured exactly while some have to allow for a given margin of error or depend on the personal judgment of the manager in charge.

A key question here is: how do we measure? There are four common sources of information used in measuring performance. These are:

- Personal Observation, which provides first hand information and allows managers to read behind the lines. It is however time consuming and creates perceptual biases.

- Statistical Reports, which include graphs, bar charts, and numerical displays. They are easy to visualize but cover only key and quantifiable issues.

- Oral Reports-conferences, meetings, telephone calls and discussions, it is fast and allows feedback but can be filtered. Written Reports-more formal and concise but may be delayed and filtered

Another important question is: what do we measure? Most of what should be measured should have had standards developed for them. Comprehensive list of performance indicators which is useful:

*Financial*: revenue growth, market/customer/product profitability; return on sales/capital/equity, working capital turnover, economic value added, cash flows.

*Environmental:* hours of community service/industry activity; % of recyclable materials, amount of pollutants discharged, workplace accidents/injuries, regulatory sanctions.

*Market/customer Indicators:* share of market, new/lost customers, customer satisfaction/dissatisfaction indicators, quality/delivery performance, response time, market/channels/customer profitability, warranties/claims/returns.

*Competitor Indicators:* these include most of the market/customer indicators

*Internal Business Process Indicators:* product development/manufacturing cycle time; number of new products, inventory turns, sales/production per employee; reinvestment indicators; safety

performance.

*Human Resources Indicators:* employee morale, applicants/acceptance ratio, development hours per employee, employee competence/flexibility measures; employee suggestions/turnover ratio.

How often the measurement and comparison is done depends on the industry, the company and the activity. These may be annual, quarterly, monthly, weekly or daily. Some are even done hourly while there are some that are done continuously-mostly using automated mechanisms.

***Ascertain Deviations***

The essence of comparing the actual with the expected is to ascertain any deviations that might have occurred and the extent of those deviations. Of course, since the standards are set at the critical points, these deviations are only measured at the critical points. If there were no deviations or if the deviations were very minor, then, life goes on. If deviations were significant, then, it becomes imperative to move to the next step.

Because performance is by human beings (directly/indirectly), it rarely confirms to the exact standard. A certain level of deviation is therefore imperative as a part of the control process. Tolerable limits [upper and lower are therefore established and deviations are reported when these limits are violated. The manner in which the manager sets the tolerance limit depends on the goals and standards in question. The risk of the standard being out of control is also critical. Lower risk variables enjoy wider tolerance levels.

***Ascertain the Causes of the Deviation***

It is also important to discover the factors that jointly or severally led to the deviations. This makes it easy for the management to take the subsequent step successfully. The deviation may be caused by:

- External factors (political, economic, social, ecological, technological)

- Internal (policies, communication lapses, bureaucratic delays, etc)

- Human factors

- Mechanical factors

- Gradual developments

- Sudden developments

Whatever the case, it is important to know the cause of the deviation before genuine efforts could be made to remedy them.

***Take Remedial Actions***

Based on the nature, extent and causes of the deviations, the management would then take corrective actions. At times, an ad hoc action may be taken before the main solution is undertaken.

At times, the corrective action is undertaken once and for all. Before doing this, it is important to ensure that the problems were properly deciphered; that the standards were properly set and that what the management noticed was the problem, not mere symptoms.

In taking remedial actions, the effort is to ensure that those problems hindering the organization from attaining its objectives are solved so that the performance expectations and standards are met. The corrective actions may be simple or complex, short term or long term.

Generally, such corrective actions focus on one or more of the three management functions of planning, organizing and influencing.

It may include “modifying past plans to make them more suitable for future organizational endeavours; making an organizational structure more suitable for existing organizational plans and structures; or restructuring an incentive program to ensure that high producers are rewarded more than low producers”.

Specifically, depending on the circumstances, corrective actions may take any of the following forms:

Financial:

- Providing more financial resources

- Altering the sources of finance

- Modifying the financial structure

Mechanical:

- Repairing

- Upgrading

- Replacing

- Relocating the machine

Structural:

- Modifying the organizational structure

- Changing the reporting relationship

- Creating new departments

- Reducing the size of existing ones

Human Capital:

- Training

- Punishment

- Transfer

- Compensation

- Promotion

- Recall

Management Information System: Modifying the MIS so that information is:

- Received earlier

- In more compact format

- Distributed to more staff

- Distributed online

***Communicate***

These corrective actions should be effectively communicated. Actually, communication is a permanent feature of all aspects of the control process. Standards must be communicated; measurement involves a whole lot of people who provide, collate, or evaluate information.

Before remedial actions are taken, a comprehensive communication should be undertaken so that everybody is carried along in the process. Everybody in this case includes:

- Those who are directly involved

- Those who need to implement the new measures

- Those who monitor those who are directly involved

- Those whose support are necessary for the new measures

- Those who need to be aware of this new measures

- Those who need to approve the new measures

- Those who may benefit from implementing the new measure in their unit

In this case, a whole lot of people are involved and an effective communication program should be designed. It should vary with the category into which the receiver belongs. The person directly involved, his/her boss and those who would implement the new measures require the greatest dose of communication.

***Implement***

After the comprehensive and multidimensional communication, all the parties involved implement the corrective measures.

***Continuous Monitoring***

But implementation is not the end of the process; monitoring continues so as to ascertain whether the corrective actions are suitable for the purposes or whether they need to be modified again. If they are satisfactory, then the monitoring continues on other aspects of operations where performance is continuously being compared with standards and deviations established. The monitoring would also reveal when the standards or the units of measure may need to be reviewed.

**Chapter 13 - The Ideal control system**

The ultimate essence of control (and controlling) is to ensure that the objectives of the plan are achieved; in ordinary language, to ensure that things are working according to plans. This means that without controls, the plans and the anticipated objectives would come to naught. It also means that the organization that has placed its hope on the plans would also be in disarray. The importance of control as a management process (and actually as a part of planning) can thus not be over emphasized for the control process to perform its roles effectively; it has to possess some attributes.

**Qualities of an Ideal Control System**

1. It should be simple and applicable

2. It should not constrain performance

3. It should be tailored to the plans, structure and structure

4. It should be flexible

5. It should lay emphasis on the critical areas

6. It should fit the organization ,task, and the environment

7. It should be cost effective

8. It should be corrective, not punitive

9. It should be objective

10. It should be timely

11. It should be appropriate for the various goals

12. It should adopt a systems approach

13. There should be effective communication

14. It should be everybody’s business

**Chapter 14 - Control and the Strategic management process**

Organizations exist to achieve predetermined objectives; objectives that are specific, measurable, achievable, time-bound and which must be legal and in consonance with societal values.

Whatever the objectives of a commercial organization may be, it must include an element of profitability; at least the level necessary to maintain its wealth creating capabilities, to continue to be in business and to be able to pursue the other objectives. But profits can only be made when there is a mutually beneficial exchange between the organization and its customers and this exchange becomes more beneficial to both parties when the relationship is satisfactory and continuous. Resultantly, the ultimate major objective of every organization is to acquire, satisfy and retain customers.

Other organizations are targeting the same customers and this causes competition.

The customers are themselves becoming more enlightened, knowledgeable, informed and becoming increasingly difficult to satisfy and also disloyal.

The environment has also been increasingly complex, chaotic with discontinuous and rapid technological changes.

Companies are thus faced with the key challenge of how to achieve their objectives which must include an element of profitability- in a situation characterized by more enlightened customers, intense competition, a non-buoyant global economy and a rapidly changing environment. To

meet this daunting challenge, they need to have a plan of action; a road map, a plan of attack, that will enable then to achieve and maintain sustainable competitive superiority and which they can only do by creating and delivering better value than their rivals on a sustainable basis. This is the realm of corporate strategy and strategic management.

This unit chapter focuses on the nature and scope of strategic management with special reference to its meaning, significance and its tasks in the organization. It then discusses the special challenges which this process poses to control-because of its peculiarities and how these

challenges are managed.

**Strategic management and strategic control**

*What is Corporate Strategy?*

Corporate strategy refers to how organizations deploy internal resources and capabilities within the environment so as to create sustainable competitive superiority and achieve corporate objective.

The internal environment indicates a company’s strengths and weaknesses while the external environment shows the opportunities and threats facing the company. In the process of designing its strategy, the firm tries to optimize its strengths while overcoming or downplaying its weaknesses so as to profitably exploit available and emerging opportunities while warding off or minimizing the threats in the environment.

From the foregoing, it is obvious that corporate strategy:

- Involves the whole organization

- Involves objectives

- Is aimed at improved performance

- Is futuristic

- Is action oriented?

- Involves movement from one point (where we are) to another (where we would like to be)

- Requires the deployment of resources

- Concerns how the firm relates with its customers, competitors and the external environment

- Is a long-term affair

- Is critical because of the uncertainties in the external environment and the activities of competitors

For a corporate strategy to be meaningful to the organization, it must ordinarily:

- Be sustainable

- Be distinctive

- Offer competitive advantage

- Exploit linkages between organization and its environment

- Be based on a vision of the future

It is important to note that there are three levels of strategy; corporate strategy (the company’s overall plan of attack) business strategy (the strategy to be adopted by each strategic business unit in its competitive domain) and functional strategy (strategies applied to the various functional areas of the firm).

Factors that shape corporate strategy include:

- Opportunities and threats in the environment

- Organizational competence and resource capabilities

- Social obligations and ethical values

- Organizational culture and value system

*Strategic Management*

Strategic management refers to the entire process of designing, institutionalizing, executing and evaluating the corporate strategy; in other words, putting strategy to work in the organization.

A systematic management of strategic change which consists of:

- Positioning the firm through strategy and capability planning

- Real-time strategic response through issue management

- Systematic management of resistance during strategic implementation

**The Strategic Management Process**

Strategic management is a process that broadly involves sincerely and painstakingly asking and the following questions:

- Where are we? (The status quo)

- Where will we be? (What will the future be if things were to continue as they are?)

- Where should we be (what is the desired future if different from above) and

- How do we get there?

It requires the company analyzing the internal environment (to ascertain the strengths and weaknesses and also determine its purpose) and the external environment-also called PEST (Political, economic, socio-cultural and technological) analysis-(to ascertain the opportunities and threats).With this comprehensive information, the company designs various options, evaluates the options, chooses the optimal strategic package and implements.

There are however two schools of thoughts as to the exact nature of this process. There is the prescriptive school, which believes that the process is linear and that the objectives are defined up-front.

There is also the emergent school, which believes that it is incremental, continuous and interrelated; this school argues that the strategic process is ongoing with the actual strategy emerging along the line and that it is difficult to pigeon-hole the stages especially those relating to strategic development and implementation.

Whatever the classification used, strategic management involves three core areas: strategic analysis, strategic development and strategy implementation.

Each strategic management decision also involves a context (the environment in which strategy is operationalized); content (the actions proposed in the strategy) and process (how the actions link together).

It is also critical that organizations should adopt strategies:

- Appropriate to their circumstances

- Feasible given their resources and capabilities

- Desirable and or acceptable to their stakeholders

- Permissible within the extant regulatory framework

**The Tasks of Strategic Management in the Organization**

- It creates a distinctive way ahead for an organization, using whatever skills and resources it has against the background of the environment and its constraints. This is the primary task.

- It enhances the firm’s ability to prevent problems.

- It results in better decisions since the best is chosen from a basket of alternatives

- By getting the people involved, it creates a motivational effect and minimizes resistance

- Strategic management is central to the development of distinctiveness, which ensures corporate survival

- It helps the firm to manage the continuously changing relationship between the firm and its environment

- It provides managers with the basis for evaluating competing demand for resources; to determine priorities and determine the best course of action.

- It helps to create a proactive management paradigm in the organization.

- It makes managers more alert to changes in the environment especially those that create opportunities and threats.

**Imperatives for Effective Strategic Management**

Strategic management is the Critical Success Factor for organizational survival in the prevailing situation of intense competition and discontinuous changes. It provides organizations with a unified sense of direction by helping managers decide without much hassles, the optimal

courses of action.

But strategic management must be based on properly articulated strategies preceded by comprehensive and integrated analyses. For this to be possible:

- The strategy must be based on unambiguous, long-term goals

- The strategy should also based on a proper appreciation of organizational capabilities

- There must be a proper understanding of the external environment

- There is effective and coordinated implementation.

Some of the impediments to strategic management should be tackled including management crises and instability, lack of planning discipline and flexibility and inability to correctly predict likely developments in the external environment and readjust the process accordingly. Ultimately, strategic management is about competition and for companies to excel in the battlefield of strategic competition, they require:

- Ability to understand competitive behaviour as a system in which competitors, customers, money, people and resources continually interact.

- Ability to use this understanding to predict how a given strategic move will rebalance the competitive equilibrium

- Resources that can be permanently committed to new uses even though the benefits will be deferred

- Ability to predict risk and return with enough accuracy and confidence to justify that commitment

- Willingness to act

**Strategic Control**

Strategic control is concerned with tracking strategy as it is being implemented, detecting problem or changes in the underlying premises and making necessary adjustments that the management is always anxious to answer:

- Are we moving in the right direction? Are the underlying assumptions realistic, are critical success factors working out; should we readjust the strategy or abort it altogether?

- How well are we doing? Are objectives, schedules, budgets and milestones being met or are they in disarray?

In constantly seeking answers to these questions, four overall methods are used in the process of strategic control and these are:

- Premise Control

- Strategic Surveillance

- Special Alert Control

- Implementation Control

**Chapter 15 - Self controls, Empowerment & Delegation**

Operational controls is the process of controlling the daily operations of an organization.

There are 3 methods;

- Self control

- Empowerment

- Delegation

**Self Control**

Self-control refers to the ability of a person to exercise meaningful control over some aspects of his/her work. This makes it possible for him to always act in ways that are in the best interest of the organization at that given moment when he is taking the decision or action.

In this situation, instead of the staff relying on the rules that are written-and the foundations of which he may not know or understand he acts with an intrinsic understanding of the issues at stake (including the extant rules) with the confidence that what he/she has done is to the best of his knowledge (which is good enough) and for the good of the organization. The staff also acts instead of waiting for orders from above with the understanding that “heavens would not fall” because he/she has taken an initiative.

Self-control does not render the controls and rules irrelevant. It rather ensures that staff understand the why and how of these rules so that if there are minor deviations or even major ones from the usual occurrences, the staff on the spot would be able to act without any loss

of time or opportunities for the organization.

The major requirement of self-control is appropriate training of staff so that they acquire the relevant knowledge, skill and attitude so as to know how to control themselves. There should also be a new paradigm, which encourages the staff to take initiatives, commend them for doing it right and carefully correct/direct them when they get it wrong. It is also imperative that staff are not just told the know what/know how but also they know why organizational policies and processes so that they are fully educated about all aspects of organizational life. Running an inclusive administration is also essential.

Self-control (actual or perceived) also has some motivational benefits for the individual and the organization. People who believe they have such personal control tolerate unpleasant events and experience less job stress than those who do not; it also affects job satisfaction and absenteeism . Furthermore, people who feel that they are in control are better able to take on more tasks than others. This is so when they are given more tasks and are given control over how to manage those tasks. This motivational dimension of control relates more to the control of staff and how they do their work which is an aspect of overall control.

**Empowerment**

Empowerment literarily means enhancing the ability of an individual or group to take decisions/act especially when such decisions/actions were no-go areas before. Within the organizational context, it means allowing individuals or groups to make decisions affecting them or their jobs; the, process through managers help others to acquire and use the power needed to make decisions affecting themselves and their work. When staffs are empowered, they feel in control of their work and destiny; they feel that they are contributing meaningfully to work; that their abilities are being challenged and that they are fully involved.

*How Managers can empower their Staff*

There are several ways and methods through which the managers can empower the staff. But the willingness to empower, to share power must be there. Some of the methods of empowerment are:

- By getting the staff involved in selecting the task assignments and methods instead of just given them orders as to what they must do.

- By establishing a collaborative environment; an environment in which teamwork, consensus building, support culture and partnership paradigm pervade the organizational space.

- By encouraging others to take initiative. Of course that requires a visible exhibition of confidence that those people can perform and a lenient management of their errors.

- Encouraging others to design solutions when problems and opportunities arise or at least, co-opt them into the solution designing process.

- Let the staff put their ideas to work while you provide the needed organizational and personal support. Encourage them!

- Recognize successes. Nothing spurs achievement than the recognition of previous success however small- and the recognition does not have to be material. By doing so, you are encouraging further achievement.

- Use participative decision-making process.

- Create self-managed work teams; teams that are fairly autonomous in determining how they go about achieving their objectives.

- Design jobs that provide intrinsic feedback. Workers have a natural need to know how they are faring in their performance and they want that feedback on a continuous, on- going basis. When jobs are designed so that feed back becomes automatic and regular and can be assessed by the worker, the feeling of being in control is enhanced.

- Involve the staff in setting their goals. Their involvement increases commitment to those goals and overall motivation.

- Job enrichment:, job enrichment involves vertical job loading which gives the employee more control over his job. Vertical job loading enriches jobs through accountability (workers should be held responsible for their performance) achievement (workers should believe that they are doing something worthwhile) feedback (workers should receive direct and clear and direct information about their performance) work pace[as much as possible, workers should determine their own pace of work); control over resources (where possible, workers should control the resources used in their job) and personal growth and development ( workers should have the opportunity to learn new skills) .

- Other strategies include installation of upward appraisal systems, minimization of formalization/autocracy; and overall education/training of employees.

**Delegation**

Delegation is the management process of effectively utilizing the abilities of the subordinates by entrusting part of the superior’s responsibilities to them.

Commensurate authority should accompany the delegated tasks so that authority and responsibility have a ratio of I:1. Delegation does not imply that the superior would abdicate the ultimate responsibility for the job in question. Delegation may also specific or general, written or oral, quantitative or qualitative.

Delegation has some pure and applied advantages, which accrue to the subordinate, the superior the department/unit and the organization as a whole. Some of the benefits include:

- Training and development of subordinates.

- Creating a greater sense of involvement.

- It is motivational.

- It helps in succession planning and tasks are handled even when the superior is temporarily absent.

- It ensures continuity.

- Special skills possessed by superiors are transferred to subordinates.

- The burden of work is shared effectively.

*The Delegation Process*

Like many aspects of management, delegation is a process. As a process, it has several identifiable sequential steps. The process is as follows:

- Determine result expected

- Assign it to somebody

- Train him

- Provide resources

- Grant authority

- Exact responsibility/acceptance

- Communicate

- Follow up

- Assistance and support

- Performance-when, how where

*Delegation Strategies & Methods*

There are some common strategies, which managers use in the process of delegation.

These are:

*Telling:* The manager designs the job and delegates it to the staff (either as individuals or as groups).

*Participating:* The manager identifies a job that people might do and then get their commitment that they would do the job.

*Selling:* The manager gets the staff involved in developing the project/assignment and encourage them to volunteer for the execution of that job.

*Stewardship:* The manager gives the staff desired outcomes and leaves him to go ahead and do the job.

In terms of methods, the following 5 are most common in deciding the delegates;

*Accept Volunteers*: These volunteers are enthusiastic and responsible but may lack experience and expertise for the job.

*Select Skilled Members:* These are competent and will surely complete the job. But they may be overused and un-enthusiastic.

*Select Emerging Leaders:* The manager grooms future leaders from the staff; those who may bring fresh perspectives into issues. This group may however need special attention and support.

*Form Work Groups:* This is the best option for common causes but they may need guidance to stay focused on the task.

*Explore Hidden Talents:* Those who are slow to take leadership but have hidden talent. Involve them and nurture their talents.

*To Delegate or not to Delegate*

But despite the advantages derivable from delegation, some managers are very reluctant to do so. This because they are reluctant to share power, they feel that the issues are too important to be left for subordinates, they are perfectionists or they are psychologically insecure.

Some managers do not trust their subordinate or they are not willing to allow other people to make mistakes. The organizational culture/values may not even be pro- delegation. At times the

subordinates lack the skills, are afraid of being criticized or are just reluctant to take on responsibilities.

Factors that influence the extent of delegation include the skills of boss and subordinate, nature and cost of decision, available controls, third parties involved, behavioural make-up of the boss, legal & regulatory environment, corporate policy, history and size of the organization and availability of capable and willing managers.

*Ensuring Effective Delegation*

1. The instruction must be precise and concise. There is no way delegation can be effective if the instructions are vague. Clear standards must be set/communicated upfront in the following areas Desired result-scope and nature of assignment but do not prescribe methods. Express trust.

Guidance: identify any restrictions within which the staff must operate; delegate the right to be different and wrong.

Resources: identify human, material, financial and technical resources needed for the assignment. Train, orient and provide support.

Accountability: explain conditions for satisfactory performance and evaluation criteria; provide deadlines/timeline for accomplishments.

Consequences: specify what will happen when the task is or is not completed; give credit to members who help to complete the task recognize accomplishments publicly.

2. The Delegate must be capable and willing. The manager has to carefully choose whom to delegate to, understand his capability and his attitude to responsibility.

3. Communication-both initial and subsequent-must be effective.

4. Full authority, training, resources for the assignment

5. Organizational support/cooperation

6. There must be proper control/feedback system, which enables the manager to assess “how far and how well” about the assignment. The expected standard should have been performing. In fact, he should be able to ascertain his level of performance himself that is one of the elements of self-control. Progress should be recognized and rewarded and the manager should offer technical assistance to the staff when and where necessary.

7. The manager and the staff should discuss and agree on a timeframe for the assignment as well as the appropriate milestones where necessary.

8. The manager should however encourage and allow independent action and this mindset cannot be possible in the absence of trust.

9. The manager should however not forget his accountability and should remember always that delegation does not mean relegation/dereliction/abdication.