SECTION – "A"

Q. 2 (a) THREE DIFFERENT MODES OR APPROACHES FOR MAKING STRATEGY:

Three modes of strategy making are entrepreneurial mode, adaptive mode, and planning mode.

Entrepreneurial Mode:

1. Strategy-making is dominated by active search for new opportunities.
2. Power is centralized in the hands of the chief executive.
3. Strategy making is characterized by dramatic leaps forward in the face of uncertainty.
4. Growth is the dominant goal.
5. Lends itself to organizations that are small and/or young.

Adaptive Mode:

1. Clear goals do not exist; strategy-making reflects a division of power among members of a complex coalition.
2. The strategy-making process is characterized by the "reactive" solution to existing problems rather than the "proactive" search for new opportunities.
3. Makes its decisions in incremental, serial steps.
4. Decisions are disjointed.
5. Lends itself to large established organizations with great sunk costs and many controlling groups holding each other in check.

Planning Mode:

1. Analyst or planner plays a major role in strategy-making.
2. Focuses on systematic analysis, particularly in the assessment of the costs and benefits of competing proposals.
3. Characterized above all by the integration of decisions and strategies.
4. Lends itself to organizations of reasonable size that do not face severe and unpredictable competition.

ROLE OF THE CEO IN STRATEGIC MANAGEMENT PROCESS:

CEO is the one person most responsible for strategic management. Many attempts at strategic management have failed because a CEO professed commitment but never became personally involved. Other members of the organization take their cues from the CEO. If he or she demonstrates involvement, others are likely to follow. Unfortunately, the reverse is also true; if the CEO exhibits a lack of involvement, others will interpret this as a sign of disinterest. The importance of the CEO's active involvement cannot be overstated.

SUGGESTED ANSWERS

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1. The CEO must understand that strategic management is his or her responsibility. Parts of this task, but certainly not all of it, can be delegated.
2. The CEO is responsible for establishing a climate in the organization that is congenial to strategic management.
3. The CEO is responsible for ensuring that the design of the process is appropriate to the unique characteristics of the company.
4. The CEO is responsible for determining whether there should be a corporate planner. If so, the CEO generally should appoint the planner (or planners) and see that the office is located as close to that of the CEO as practical.
5. The CEO must get involved in doing the planning.
6. The CEO should have face-to-face meetings with executives for making plans and should ensure that there is a proper evaluation of the plans and feedback to those making them.
7. The CEO is responsible for reporting the results of the strategic management process to the board of directors.

(b) DEFENSIVE STRATEGIES:

Defensive strategies, sometimes referred to as retrenchment strategies, are used when a company wants or needs to reduce its operations. Most often, defensive strategies are used to reverse a negative trend or to overcome a crisis or problem situation. Consequently, defensive strategies usually are chosen as a short-term solution or because no better alternative exists. Specific reasons for using defensive strategies include:

1. The company is having financial problems. These problems can stem from the fact that all or only certain parts of the organization are doing poorly.
2. The company forecasts hard times ahead. This can be caused by such factors as new competitors entering the market, new products, or changes in government regulations.
3. Owners either get tired of the business or have an opportunity to profit substantially by selling.

Defensive strategies include turnaround, divestiture, liquidation, filing for bankruptcy, and becoming a captive.

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Turnaround:

A turnaround strategy is designed to reverse a negative trend and to get the organization back on the track to profitability. Turnaround strategies usually try to reduce operating cost, either by cutting "excess fat" and operating more efficiently or by reducing the size of operations. Specific actions that can be taken to operate more efficiently include eliminating or cutting back employee compensation and/or benefits, replacing higher-paid employees with lower-paid employees, leasing rather than buying equipment, reducing expense accounts, and even cutting back marketing efforts. Companies that employ a turnaround strategy are usually forced into it and do so with the hope that it will be only a temporary measure until things improve.

Divestiture:

A divestiture occurs when an organization sells or divests itself of a business or part of a business. There are many reasons why an organization may adopt a divestiture strategy, but probably the most frequently encountered one is that a previous diversification did not work out.

Certain business may have an indefensible market position, poor profitability, or anaemic growth prospects. In such cases, divestiture may be necessary for survival. Sometimes a company's situation has deteriorated to the point that the only chance for survival is to sell major components and thereby raise sufficient capital to put the remaining parts on firm footing. Sometimes companies successfully fend off an unfriendly takeover attempt by buying up large blocks of stock.

A final reason for engaging in divestiture is government antitrust action or fear of such action.

Liquidation:

Liquidation occurs when an entire company is either sold or dissolved. The decision to sell or dissolve may come by choice or force. When liquidation comes by choice, it can be because the owners are tired of the business or are near retirement. Similarly, the chance to "get rich quick" has lured many owners of small, privately held organizations into selling.

When an organization is forced to sell out, or to liquidate its assets, the decision often occurs because of a deteriorated financial condition.

Filing for Bankruptcy:

Filing for bankruptcy under Chapter 11 of the Federal Bankruptcy Act has recently emerged as a type of defensive strategy. The Bankruptcy Reform Act, which took effect on October 1, 1979, was the first major alteration of the bankruptcy law in 40 years. Chapter 11 of the act allows a company to protect itself from creditors and from enforcement of executor contracts, which legally are those not yet completed, including labour contracts. The reasoning behind Chapter 11 is that a company should have an opportunity to rehabilitate itself and avoid insolvency. A prime factor used by several companies in the decision to file for bankruptcy under Chapter 11 is the desire to void current labour contracts which

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management feels are "onerous and burdensome" to the point of threatening the solvency of the company.

Becoming a Captive:

Becoming a captive of another organization occurs when an independently owner organization allows another organization management to make certain decisions for it in return for a guarantee that the managing organization will buy a certain amount of the captive's product or service. A captive organization may give up decisions in the areas in the areas of sales, marketing, product design, and even personnel. A company can make a conscious decision to do business as a captive, or it can become a captive over a period of time (the company does more and more business with one other company until it no longer has a choice about becoming a captive).

(c) INVOLVEMENT OF LOWER-LEVEL MANAGERS:

Ultimately all decisions made by strategic managers must be interpreted and implemented though many individuals throughout the organization. If this process is to be successful, the different individuals must not only understand the decisions but also accept them.

A good way to get individuals to understand and accept decisions is to involve them in the strategic management process. The primary responsibility for determining corporate strategy usually rests with some combination of top management, the board of directors, and corporate-level planners. On the contrary, it is good management practice to involve directly affected owner-level managers. From a practical standpoint, it usually works well to involve the net lower level of management. Likewise, when setting divisional objectives, a division manager should involve the affected department managers. Actively involving the next lower level of management does not alter who is ultimately responsible, but it does generate additional inputs, ensure consistency, and foster commitment.

The resources contributing to a strategic manager's power base include such factors as the manager's professional reputation, his or her relationships with other managers (both superiors and subordinates), the manager's ownership position, and the manager's ability to recognize and use the available resources.

A manager's professional reputation is very much influenced by his or her past performance record. A manager's relationships with other managers can have a tremendous impact on the manager's power base. Relationships with the chairperson and the board of directors are two of the most crucial factors in determining the manager's power base. A CEO who is at odds with the chairperson and/or the board is generally not in a position to exercise much influence.

A manager who owns a significant portion of an organization is naturally in a much more powerful position than one who doesn't, but what constitutes a "significant portion" depends on the size of the organization. In large organizations, owning a small percentage may be significant.

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Implementing Power:

Recognizing that every situation is unique, a manager can do many things to better his or her chances for influencing others.

- Present a nonthreatening image. Most people do not respond to threats, and even when they do, the threats create a negative environment.
- Ask for input from others. Everyone likes to be asked his or her opinion. Doing so increases the likelihood of employee support.
- Diffuse opposition by bringing it out into the open. It is usually better to bring the opposition out into the open and to confront it than to try to stifle it.
- Align with others in power. As the old saying goes, "don't argue with the man whose name is on the building!"

There is little doubt that both values and power relationships have a significant impact on the formulation of organizational objectives. These relationships are often evidenced through top-level turnover and power struggles that are made public.

Q. 3 (a) STRATEGIC MANAGEMENT EVOLUTIONARY PROCESS:

The researchers segmented the evolutionary process into four sequential phases. Each phase is marked by clear advances over the previous one in terms of explicit formulation of issues, quality of preparatory staff work, readiness of top amativeness of implementation.

Phase 1 – Financial-Based Planning:

It is rare today to find a manager in any type of organization, at any level, who is not involved in some phase of the budgeting process. Organizations in phase 1 emphasize preparing and meeting annual budgets. Financial targets are established and revenues and costs are carefully monitored. Generally speaking, most organizations in this phase exhibit few other characteristics relating to the future. It should be point out that organizations in phase 1 may very well have developed more sophisticated strategies which have not been formalized.

Phase 2 – Forecast-Based Planning:

The first evidence of phase 2 is usually an extension of the time frames covered by the budgeting process. Capital expenditure planning often initiates this decision. As the time frame is extended, managers tend to seek more sophisticated forecasts and to become aware of their external environment and its effect on their organizations. The resulting multiyear view of the future often improves the effectiveness of the planning process. Two useful results are more effective resource allocation and more timely decisions relating to the organization's long-range competitive position.

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As might be suspected, certain problems are associated with phase 2. The new interest in long-term events may conflict with the organizational reward systems, which often focus on short or intermediate-term performance. Also, the desire for sophisticated forecast can cause major issues to be buried under masses of data. A very real danger of phase 2 is that the planning process can become merely a slightly altered repeat of the previous year's plan.

Phase 3 – Externally Oriented Planning:

Organizations progress to phase 3 after they have become frustrated with the forecasting approach emphasized by phase 2. Phase 3 is characterized by the attempt to understand basic marketplace phenomena. The emphasis shifts from perfecting forecasting techniques to being responsive to customers and market shifts. Planners in phase 3 begin to search for new ways to define and satisfy customers needs. At the same time, managers consider altering their current products and services to meet customer needs better. This causes management to take a much more dynamic view of the resource allocation process.

Phase 3 differs from the earlier phases in that businesses usually are formally grouped into strategic business units (SBUs). The SBU managers are asked to engage in strategic planning, which requires that they answer strategic questions about the external environment. The most significant difference of phase 3 is that the corporate planners are expected to generate a number of alternative courses of action for top management. This process signals the beginnings of true "strategic" thinking. It is in phase 3 that tope management first beginnings to evaluate strategic alternatives in a formalised manner. Until this time, such evaluations, if considered at all, were undertaken informally by one or more members of top management. The major weakness of phase 3 is that the planning efforts of the different organizational units are often splintered and not thoroughly integrated.

Phase 4 – Strategic Management:

Phase 4 is characterized by the merging of strategic planning and management into a single process. The strategic planning process is directly linked to operational decisions. This integrated approach to planning and actions is accomplished through the presence of three elements:

1. Pervasive strategic thinking. Managers at all levels have learned to think strategically; all managerial levels, including the supervisory level, are involved in strategic management in some way.
2. Comprehensive planning process. The planning process is comprehensive, yet flexible and creative. Special care is taken to ensure that strategic planning does not degenerate into a meaningless bureaucratic, number-crunching exercise.
3. Supportive value system. The value system held by top management must establish a supportive climate. It is this value system that reflects the attitude of top management toward such critical issues as teamwork, entrepreneurial spirit, open communication, and the destiny of the organization.

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(b) FOUR SECTORS OF AN ORGANIZATION'S ENVIRONMENT:

Defining the Broad Environment:

Every organization is subject to general trends which are felt in many industries and which are not usually amenable to influence by a single organization. These trends can be classified as technological, economic, social and political, according to the sector of the environment from which they come. The force of trends varies with the geographical scope of competition, so it is helpful to identify the scope of the sector which required scanning.

The Economic Sector:

The fluctuations of local, national, and world economics are related in many ways, but it is still important to make separate assessments based on organizational scope. Local conditions can moderate or deepen the effects of national economic trends. To assess the local situation, an organization might seek information concerning the economic base and future of the region and the effects of this outlook on wage rates, disposable income, unemployment, and the transpiration and commercial base, disposable income, unemployment, and the transportation and commercial base. On the national level, trends in growth, income levels, inflation, balance of payments, and taxation are only a few of the indicators of the ability of the economy to produce and consume goods and services. The international economy can be divided into four economic categories: (1) the western democracies (including Japan), (2) the eastern bloc, (3) the underdeveloped nations, and (4) the developing nations.

The Technological Sector:

Technology refers to the means chosen to do useful work. "Technological trends include not only the glamorous invention that revolutionizes our lives, but also the gradual painstaking improvements in methods, in materials, in design, in application, in diffusion into new industries and in efficiency". It includes hardware, software, and "liveware". For centuries, the simple process of handling business correspondence has involved dictation, transcription, and final review and signature.

The Social Sector:

The behaviour patterns of individuals and groups reflect their attitudes, beliefs, and values. The social environment includes the attitudes and values of society as well as the behaviour which is motivated by those values. A community's attitude toward legalized gambling, the composition of families and households, and the preference for fast food over home cooking are all manifestations of the social environment. The impact of the social sector is felt in changing needs, tastes, and preferences of consumers, in relations with employees, and in the expectations of society about how the organization should fulfill its citizenship role.

The Political Sector:

The political sector of the environment presents actual and potential restrictions on the way an organization operates. These restrictions can take form of (1) laws which require or prohibit certain actions, (2) regulations which interpret and detail laws, or (3) avenues for reporting relationships and oversight functions. The differences among local, national, and

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international subsectors of the political environment are often quite dramatic. Political instability in some countries makes the very form of government subject to revolutionary change.

In addition to the basic system of government and laws the system promulgates the political environment might include such issues as monitoring government policy toward income tax, relative influence of unions, and policies concerning utilization of natural resources.

SECTION – "B"

Q. 4 (a) **PROJECT PLAN EXECUTION:**

Project plan execution is the primary process for carrying out the project plan – the vast majority of the project's budget will be expended in performing this process. In this process, the project manager and the project management team must coordinate and direct the various technical and organizational interfaces that exist in the project. It is the project process that is most directly affected by the project application area in that the product of the project is actually created here.

PROJECT INTEGRATION MANAGEMENT

Project Plan Execution
1. Inputs
1. Project plan
2. Supporting details
3. Organizational policies
4. Corrective action
2. Tools and Techniques
1. General management skills
2. Product skills and knowledge
3. Work authorization system
4. Status review meetings
5. Project management information system
6. Organizational procedures
3. Outputs
1. Work results
2. Change requests

INPUTS TO PROJECT PLAN EXECUTION:

1. Project plan;

2. Supporting detail;

3. Organizational policies;

4. Corrective action.

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OUTPUT FROM PROJECT PLAN EXECUTION:

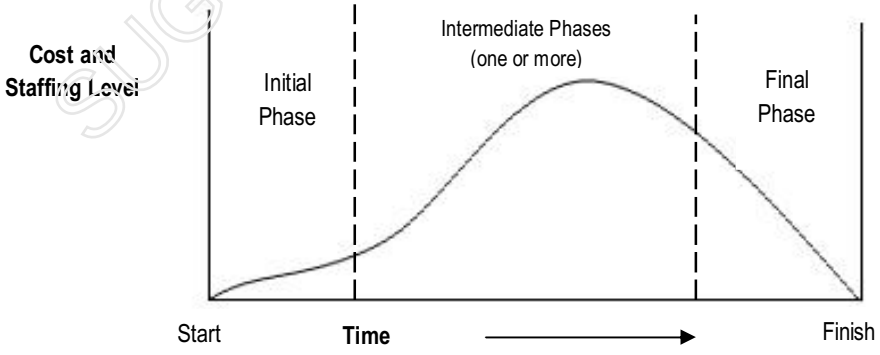
1. **Work results:** Work results are the outcomes of the activities performed to accomplish the project. Information on work results – which deliverables have been completed and which have not, to what extent quality standards are being met, what costs have been incurred or committed, etc., – is collected as part of project plan execution and fed into the performance reporting process.

2. **Change requests:** Change requests (e.g., to expand or contract project scope, to modify cost or schedule estimates, etc.) are often identified while the work of the project is being done.

(b) PROJECT PHASES AND PROJECT LIFE CYCLE (PLC):

Because projects are unique undertakings, they involve a degree of uncertainty. Organizations performing projects will usually divide each project into several *project phases* to provide better management control and appropriate links to the ongoing operations of the performing organization. Collectively, the project phases are known as the *project life cycle.*

The project life cycle serves to define the beginning and the end of a project. for example, when an organization identifies an opportunity that it would like to respond to, it will often authorize a feasible study to decide if it should undertake a project. the project life cycle definition will determine whether the feasibility study is treated as the first project phase or as a separate, stand-alone project.



The project life cycle definition will also determine which transitional actions at the end of the project are included and which are not. In this manner, the project life cycle definition can be used to link the project to ongoing operations of the performing organization.

The phase sequence defined by most project life cycles generally involves some form of technology transfer or hand-off such as requirements to design, construction to operations, or design to manufacturing.

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Project life cycles generally define:

- What technical work should be done in each phase?
- Who should be involved in each phase?

Most project life cycle descriptions share a number of common characteristics:

- Cost and staffing levels are low at the start, higher towards the end, and drop rapidly as the project draws to a conclusion.
- The probability of successfully completing the project is lowest, and hence risk and uncertainty are highest, at the start of the project.
- The ability of the stakeholders to influence the final characteristics of the project product and the final cost of the project is highest at the start and gets progressively lower as the project continues.

Care should be taken to distinguish the *project* life cycle from the *product* life cycle. Although many project life cycles have similar phase names with similar work products required, few are identical. Most have four or five phases, but some have nine or more. Subprojects within projects may also have distinct project life cycles.

SUGGESTED ANSWERS

Q. 5 (a) PROCESSES INVOLVED IN PROJECT TIME MANAGEMENT:

Project time management includes the processes required to ensure timely completion of the project. An overview of the following major processes:

(i) Activity definition;

(ii) Activity sequencing;

(iii) Activity duration estimating;

(iv) Schedule development;

(v) Schedule control.

(i) ACTIVITY DEFINITION:

Activity definition involves identifying and documenting the specific activities that must be performed in order to produce the deliverables and sub-deliverables identified in the work breakdown structure. Implicit in this process is the need to define the activities such that the project objectives will be met.

(ii) ACTIVITY SEQUENCING:

Activity sequencing involves identifying and documenting interactivity dependencies. Activities must be sequenced accurately in order to support later development of a

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realistic and achievable schedule. Sequencing can be performed with the aid of a computer (e.g., by using project management software) or with manual techniques.

(iii) ACTIVITY DURATION ESTIMATING:

Activity duration estimating involves assessing the number of work periods likely to be needed to complete each identified activity. The person or group on the project team who is most familiar with the nature of a specific activity should make, or at least approve, the estimate.

Estimating the number of work periods required to complete an activity will often require consideration of elapsed time as well.

(iv) Schedule Development:

Schedule development means determining start and finish dates for project activities. If the start and finish dates are not realistic, the project is unlikely to be finished as scheduled. The schedule development process must often be iterated (along with the processes that provide inputs, especially duration estimating and cost estimating) prior to determination of the project schedule.

(v) Schedule Control:

Schedule control is concerned with (a) influencing the factors which create schedule changes to ensure that changes are beneficial, (b) determining that the schedule has changed, and (c) managing the actual changes when and as they occur. Schedule control must be thoroughly integrated with the other control processes, overall change control.

(b) TEAM DEVELOPMENT:

Team development includes both enhancing the ability of stakeholders to contribute as individual as well as enhancing the ability of the team to function as a team. Individual development (managerial and technical) is the foundation necessary to develop the team. Development as a team is critical to the project's ability to meet its objectives.

Team development on a project is often complicated when individual team members are accountable to both a functional manager and to the project manager. Effective management of this dual reporting relationship is often a critical success factor for the project and is generally the responsibility of the project manager.

TOOLS AND TECHNIQUES FOR TEAM DEVELOPMENT:

1. Team-building activities:

Team-building activities include management and individual actions taken specifically and primarily to improve team performance. Many actions, such as involving non-management-level team members in the planning process, or establishing ground rules

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for surfacing and dealing with conflict, may enhance team performance as a secondary effect. Team-building activities can vary from a five-minute agenda item in a regular status review meeting to an extended, off-site, professionally facilitated experience designed to improve interpersonal relationships among key stakeholders.

There is a substantial body of literature on team building. The project management team should be generally familiar with a variety of team-building activities.

2. General management skills:

General management skills are particular importance to team development.

3. Reward and recognition system:

Reward and recognition systems are formal management actions which promote or reinforce desired behaviour. To be effective, such systems must make the link between performance and reward clear, explicit, and achievable.

Projects must often have their own reward and recognition systems since the systems of the performing organization may not be appropriate.

Reward and recognition system must also consider cultural differences. For example, developing an appropriate team reward mechanism in a culture that prizes individualism may be very difficult.

4. Collocation:

Collocation involves placing all, or almost all, of the most active project team members in the same physical location to enhance their ability to perform as a team. Collocation is widely used on larger projects and can also be effective for smaller project (e.g., with a "war room" where the team congregates or leaves in-process work items).

5. Training:

Training includes all activities designed to enhance the skills, knowledge, and capabilities of the project team. Some authors distinguish among training, education, and development, but the distinctions are neither consistent nor widely accepted. Training may be formal (e.g., classroom training, computer-based training) or informal (e.g., feedback from other team members). There is a substantial body of literature on how to provide training to adults.

If the project team members lack necessary management or technical skills, such skills must be developed as part of the project, or steps must be taken to restaff the project appropriately. Direct and indirect costs for training are generally paid by the performing organization.

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SECTION – "C"!

Q. 6 (a) CRITICAL MANAGERIAL SKILLS:

An important element of managerial work is the skills necessary to carry out basic functions and fill fundamental roles. In general, most successful managers have a strong combination of technical, interpersonal, conceptual, and diagnostic skills.

Technical Skills:

Technical skills are skills necessary to accomplish specific tasks within the organization.

Interpersonal Skills:

The manager uses *interpersonal skills* to communicate with, understand, and motivate individuals and groups.

Conceptual Skills:

The manager uses *conceptual skills* to think in the abstract. More recently Jobs has also used his conceptual skills to identify the potential in digital media technologies, leading to the introduction of such products as the iPod and iTunes and overseeing the creation of the firm's Pixar animation studio.

Diagnostic Skills:

Most successful managers also bring diagnostic skills to the organization. *Diagnostic skills* allow managers to better understand cause-and-effect relationships and to recognize the optimal solutions to problems.

Of course, not every manager has an equal measure of these four basic types of skills. Nor are equal measures critical. For example, the optimal skills mix tends to vary with the manager's level in the organization. First-line managers generally need to depend more on their technical and interpersonal skills and less on their conceptual and diagnostic skills. Top managers tend to exhibit the reverse combination – more emphasis on conceptual and diagnostic skills and less dependence on technical and interpersonal skills. Middle mangers require a more even distribution of skills. Similarly, the mix of skills needed can vary depending on economic prosperity. One recent survey suggested that during very tough economic times, the most important skills for a CEO are that he or she be an effective communicator and motivate, be decisive, and be a visionary.

(b) POLITICS AND THE POLITICAL BEHAVIOUR IN ORGANIZATIONS:

Organizational politics are activities people perform to acquire, enhance, and use power and other resources to obtain their preferred outcomes in a situation where there is uncertainty or disagreement. Thus, political behaviour is the general means by which people attempt to obtain and use power. Put simply, the goal of such behaviour is to get one's own way about things.

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THE PERSUASIVENESS OF POLITICAL BEHAVIOUR:

One important survey provides some interesting insights into how managers perceive political behaviour in their organizations. Roughly one-third of the 428 managers who respond to this survey believed political behaviour influenced salary decisions in their organizations, while 28 percent felt it affected hiring decisions. Moreover, three-quarters of them also believed political behaviour to be more prevalent at higher levels of the organization than at lower levels. More than half believed that politics are unfair, unhealthy, and irrational but also acknowledge that successful executives must be good politicians and that it is necessary to behave politically to get ahead. The survey results suggest that managers see political behaviour as an undesirable but unavoidable facet of organizational life.

MANAGING POLITICAL BEHAVIOUR:

Managing organizational politics is not easy. The very nature of political behaviour makes it tricky to approach in a rational and systematic way. Success will require a basic understanding of three factors: the reasons for political behaviour, common techniques for using political behaviour, and strategies for limiting the effects of political behaviour.

Reasons for political behaviour:

Political behaviour occurs in organizations for five basic reasons: ambiguous goals, scarce resources, technology and environment, nonprogrammed decisions, and organizational change.

Most organizational goals are inherently ambiguous. Organizations frequently espouse goals such as "increasing our presence in certain new markets" or "increasing out market share". The ambiguity of such goals provides an opportunity for political behaviour, because people can view a wide range of behaviours as helping to meet the goal.

Whenever resources are scare, some people will not get everything they think they deserve or need. Thus, they are likely to engage in political behaviour as a means of inflating their share of the resources. Because no organization has unlimited resources, incentives for this kind of political behaviour are often present.

Technology and environment may influence the overall design of the organization and its activities. The influence stems from the uncertainties associated with nonroutine technologies and dynamic, complex environments. These uncertainties favour the use of political behaviour, because in a dynamic and complex environment, it is imperative that an organization respond to change.

Political behaviour is also likely to arise whenever many nonprogrammed decisions need to be made. Nonprogrammed-decision situations involve ambiguous circumstances that allow ample opportunity for political manoeuvring. The two faculty members competing for one tenured position is an example.

Changes in organizations occur regularly and can take many forms. Each such change introduces some uncertainty and ambiguity into the organizational system, at least until it

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has been completely institutionalized. The period during which this is occurring usually affords much opportunity for political activity.

The techniques of political behaviour:

Several techniques are used in practicing political behaviour. Unfortunately, because these techniques have not been systematically studied, our understanding of them is based primarily on informal observation and inference. To further complicate this problem, the participants themselves may not even be aware that they are using particular techniques.

One technique of political behaviour is to control as much information as possible. The more critical the information and the fewer the people who have access to it, the larger the power base and influence of those who do.

Similarly, some people create or exploit situations to control of communication, particularly access to others in the organization. Administrative assistant frequently control access to their bosses. An assistant may put visitors in contact with the boss, send them away, delay the contact by ensuring that phone calls are not returned promptly, and so forth. People in these positions often find that can use this type of political behaviour quite effectively.

Limiting the effects of political behaviour:

Although it is virtually impossible to eliminate political activity in organizations, managers can limit its dysfunctional consequences. The techniques for checking political activity target both the reasons it occurs in the first place and the specific techniques that people use for political gain.

Open communication is one very effective technique for restraining the impact of political behaviour.

A related technique is to reduce uncertainty. Several of the reasons why political behaviour occurs – ambiguous goals, nonroutine technology, an unstable environment, and organizational change – are associated with high levels of uncertainty. Political behaviour can be limited if the manager can reduce uncertainty.

SUGGESTED ANSWERS

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Q. 7 POWER IN ORGANIZATIONS:

Authority and influence are also closely related to the concept of power. Power is one of the most significant forces that can exist in organizations. Moreover, it can be an extremely important ingredient in organizational success – or organizational failure.

THE NATURE OF POWER:

Power has been defined in dozens of different ways; no one definition is generally accepted. Drawing from the more common meanings of the term, we define *power* as the potential ability of a person or group to exercise control over another person or group. Power is distinguished from influence by the element of control – the more the ability to control exists in a relationship, the more that relationship is based on power. Thus, power might be thought of as an extreme form of influence.

Power is undoubtedly a pervasive part of organizational life. It affects decisions ranging from the choice of strategies to the colour of the new office carpeting. It makes or breaks careers. And it enhances or limits organizational effectiveness.

TYPES OF POWER:

Within the broad framework of our definition, there are obviously many types of power. These types usually are described in terms of bases of power and position power versus personal power.

BASES OF POWER:

The most widely used and recognized analysis of the bases of power is the classic framework developed by John P. P French and Bertram Raven. French and Raven identified five general bases of power in organizational settings: legitimate power, reward, coercive, expert, and referent power.

- **Legitimate Power:**

  Power that is granted by virtue of one's position in the organization. Legitimate power (formal authority) exists when an employee or influencee acknowledges that the influencer is entitled to exert influence — within certain bounds. It is also implied that the influencee has an obligation to accept this power. The right of a manager to establish reasonable work schedules is an example of "downward" legitimate power. A plant guard may have the "upward" authority to require even the company president to present an identification card before being allowed onto premises.

- **Reward Power:**

  Power that exists when one person controls rewards that another person values. Reward power is based on one person (the influencer) having the ability to reward another person (the influencee) for carrying out orders or meeting performance requirements. One example is the power of a supervisor to assign work tasks to employees.

- **COERCIVE POWER:**

  Power that exists when one person has the ability to punish or physically or psychologically harm someone else. Coercive power, based on the influencer's ability to punish the influencee for not meeting requirements, is the negative side of reward power. Punishment may range from a reprimand to loss of a job.

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- **EXPERT POWER:**

  Power that exists when one person controls information that is valuable to someone else. Expert power is based on the perception or belief that the influencer has some relevant expertise or special knowledge that the influencee does not. When we do what our doctors tell us, we are acknowledging their expert power.

- **REFERENT POWER:**

  Power that when one person wants to be like or imitates someone else. Referent power, which may be held by a person or a group, is based on the influencee's desire to identify with or imitate the influencer. For example, popular, conscientious managers will have referent power if employees are motivated to emulate their work habits. Referent power also functions at the peer level — charismatic colleagues may sway us to their viewpoints in department meetings.

- **POSITION POWER:**

  Power that resides in a position, regardless of who is filling that position.

- **PERSONAL POWER:**

  Power that resides in the person, regardless of the position being filled.

THE END

SUGGESTED ANSWERS

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