PRINCIPLES OF MANAGEMENT

UNIT -I

Definition – Management – Concept, nature and scope, importance of management, the management process, hierarchy of management, managerial skills and competencies. Principles of management–Trends and Challenges of management in Global Scenario.

DEFINITIONS/MEANING:

Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.

Management is the process of decision making and control over the actions of human beings for the purpose of attaining predetermined goals.

Management is that function of an enterprise which concerns itself with the direction and control of the various activities to attain the business objectives.

Management is the art of getting things done through and with people in formally organised groups. It is the art of creating an environment in which people can perform as individuals and yet cooperate towards the attainment of group goals.

Organization is systematic arrangement of ppl brought together to accomplish some specific purpose.

It is an entity that has a distinct purpose, has ppl/members & has a systematic structure. It consist of operatives & mangers(top level, middle & lower level) through whom the goals of the organization are accomplished. To get these goals achieved effectively & efficiently you need to have a very good management in place.

The field of management has a undergone revolutionary change from the period of F.W. Taylor " The Father of Scientific Management" to the present days of Peter F Drucker – " The Father of Modern Management.

F.W. Taylor- " Management is the art of knowing what you want to do & then seeing that it is done in the best & cheapest way".

Koontz- "Management is the art of getting things done through & with ppl in formally organized groups".

Peter F Drucker- "Management makes work productive & the worker achieving. Managers must work effectively with their sub-ordinate to achieve maximum performance.

B1 "Management is to forecast & plan, to organize, to command, to coordinate & to control.

It is defined as the art of getting things done through ppl both efficiently & effectively.

Efficiency – ability to do things in the right way.

Effectiveness – ability to do right things.

1.1 NATURE OF MANAGEMENT

It is to manage organizations:

Management ensures smooth and coordinated functioning of the enterprise and as a tool for the upliftment as well as betterment of the society.

1. **It creates surplus-profits:** Management needs to apply both the creative, intuitive aspects of art and the analytical, systematic aspects of science to effectively allocate resources, increase productivity, and ultimately generate a surplus.
2. **It is a social process:** Since human factor is most important among the other factors, therefore management is concerned with developing relationship among people. It is the duty of management to make interaction between people - productive and useful for obtaining organizational goals.
3. **It is group activity:** Management is commonly defined as activity done by people to maintain and manage the business environment and structure. It cannot be done by a single person, as it involves huge and wide variety of process. Hence Management is called a group activity.
4. **It is required at all levels:** This is because all the individuals and departments depend on each other for information and resources to perform their respective activities. Manager needs to reconcile the difference in approach, timing, efforts, and interest. At the same time it should enable all its members to grow and develop.
5. **It is art & science:** It is considered a science because it has an organized body of knowledge containing certain universal truths. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides knowledge & art deals with the application of knowledge and skills.
6. **It is profession:** Management consists of well-defined and a systematic body of Knowledge similar to other professions. This knowledge can be acquired by practice and the principle and concepts can be applied in business situations.
7. **It is a organized activity:** Management is a process of organized activities. Without organized activities, groups of people cannot be involved in the performance of work.
8. **It is Intangible**: Management is intangible as it cannot be seen or touched. One can feel its presence through orderliness, enthusiastic employees and efficient work. We can feel the result of mismanagement more clearly and early as compared to management.
9. **It is result and goal oriented:** It focuses on outcome rather than process used to produce a product or deliver a service.
10. **It is universal in character:** Management is needed in all types and sizes of organizations, at all organizational levels and in all organizational work areas, and in all

organizations, no matter where they are located. This is known as the universality of management.

11. **It is a dynamic function:** Management is a dynamic process because it keeps on changing with the changes that takes place in environment. It is continous process because it is the act of coordinating the efforts of people to accomplish desired goals and objectives using available resources efficiently and effectively.
12. **It is Multidisciplinary:** Management is multidisciplinary because it includes knowledge/information from various disciplines- economics, statistics, maths, psychology, sociology, ecology, operations research, history, etc.

1.2 OBJECTIVES OF MANAGEMENT:

The main objectives of management are:

1. **Getting Maximum Results with Minimum Efforts** - The main objective of management is to secure maximum outputs with minimum efforts & resources. Management is basically concerned with thinking & utilizing human, material & financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.
2. **Increasing the Efficiency of factors of Production** - Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth & prosperity of the enterprise.
3. **Maximum Prosperity for Employer & Employees** - Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.
4. **Human betterment & Social Justice** - Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity & employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

1.3 IMPORTANCE / SIGNIFICANCE OF MANAGEMENT :

Importance of Management:

1. Achievement of Group Goals:

Management enables an enterprise to achieve its desired objectives through proper planning and control. It decides what should be done and how. It lays down the long term and short term goals keeping in mind the resources of the enterprise.

2. **Optimum utilization of resources:**

Materials, machines and money are the physical factors of production. The efficient use of these resources depends upon the efficiency and motivation of workers. Management makes the workers efficient and motivate through training, supervision and inspiring leadership. Managers guide and motivate workers towards best performance.

3. **Fulfillment of social obligations:**

   Sound management monitors the environment of business and makes necessary changes in business policies and practices. So as to keep the customers and workers satisfied.

4. **Stability of Management**

   it ensures the survival of an organization in a fast changing environment. It coordinates the activities of different departments in an organization and monitors team spirit amongst the personnel.

5. **Human development**

   Management improves the personality and caliber of people to raise their efficiency and productivity. A good manager serves as a friend and guide to his subordinates. He provides vision and confidence.

6. **Meets the challenge of change**

   Managers maintain a dynamic equilibrium b/w and enterprise and its development through innovation and creativity.

7. **Integrate various interests:**

   Each person has his own interests. These interests are different in nature. Management takes steps to integrate various interests to achieve the objectives of an organization.

8. **Coordination and team spirit:**

   All the activities of business are grouped into department wise; management coordinates the activities of different departments and establishes team spirit to achieve the objectives.

1.4 MANAGEMENT AS A SCIENCE:

Science is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon. It establishes cause and effect relationship between two or more variables and underlines the principles governing their relationship.

Universally acceptance principles

Scientific principles represents basic truth about a particular field of enquiry. Management also contains some fundamental principles which can be applied universally like the Principle of Unity of Command i.e. one man, one boss.

Experimentation & Observation

Scientific principles are derived through scientific investigation & researching i.e., they are based on logic. Management principles are also based on scientific enquiry & observation and not only on the opinion of Henry Fayol. E.g., it is observed that fair remuneration to personal helps in creating a satisfied work force.

Cause & Effect Relationship

Principles of science lay down cause and effect relationship between various variables. E.g. when metals are heated, they are expanded. The same is true for management, therefore it also establishes cause and effect relationship. E.g. lack of parity (balance) between authority & responsibility will lead to ineffectiveness.

Test of Validity & Predictability

Validity of scientific principles can be tested at any time or any number of times i.e. they stand the test of time. E.g. H_2 & O_2 will always give H_2O.

Principles of management can also be tested for validity. E.g. principle of unity of command can be tested by comparing two persons

one having single boss and one having 2 bosses.

The performance of 1st person will be better than 2nd.

1.5 MANAGEMENT AS AN ART :

Art is the experienced and personal utilization of subsisting information to accomplish solicited outcomes. It can be procured via education, research and practice.

The essential **characteristics of art are as follows**:

The presence of theoretical knowledge:

Art assumes the presence of specific academic knowledge. Specialists in their particular fields have obtained specific elementary postulates which are appropriate to a specific sort of art. For instance, the literature on public speaking, acting or music, dancing is publicly acknowledged.

Personalized application:

The application of this primary information differs from person to person. Art, hence, is a highly personalized notion.

Based on custom and creativity:

Art is practical. Art includes the creative practice of subsisting intellectual knowledge. We know that music is based on 7 notes. However, what makes the style of a musician different or distinctive is his performance of these notes in an artistic way that is uniquely his own solution.

2. FUNCTIONS OF MANAGEMENT / MANAGEMENT PROCESS:

Functions of Management: Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. T

hense activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status. According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”.

Whereas Luther Gullick has given a keyword ’POSDCORB’ where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O’DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling. For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

1.Planning:

Planning is a mental process requiring the use of intellectual faculties foresight and sound judgment. It is the determination/purpose of a course of action to achieve the desired result. Planning bridges the gap between where we are to where we want to be. It is an essential to doing anything. Systematic planning is necessary for a business activity,

otherwise it will be done in a careless way. Proper planning is a must to ensure effective utilization of human and non-human resources to achieve the desired goals. It has to be done at all levels of management.

The process of planning involves the following steps:

Determination of goals or objectives of the enterprise.

Forecasting of future environment.

1. Search of alternative courses of action.
2. Evaluation of various alternatives and formulation of a plan.
3.Formulation of policies and procedures.

Preparation of schedules, programmes and budgets. Planning is the base of all other functions of management.

1.Organising:

Organising is an important activity by which management brings together the human and material resources for the achievement of pre-determined objectives. Organisation helps in establishing relationships among the members of the enterprise. The relationships are created in terms of authority and responsibility. Each member in the organisation is assigned a specific responsibility or duty to perform and is granted the corresponding authority to perform his duty.

Organisation involves the following steps:

(i) Identification of activities required for the achievement of objectives and implementation of plans

(ii) Grouping of activities so as to create well defined jobs.

(iii) Assignment of jobs to employees

(iv) Delegation of authority to subordinates

(v) Establishment of authority responsibility relationships throughout the organisation.

Business organisation is a man-made system designed to combine a complex of men, intervals, machines and other resources into an efficient, effective and viable/workable business enterprise.

3.Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose o staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed un the structure".

Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.
- Remuneration.
- Performance Appraisal.
- Promotions & Transfer.

4.Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals.

Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5.Controlling It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur.

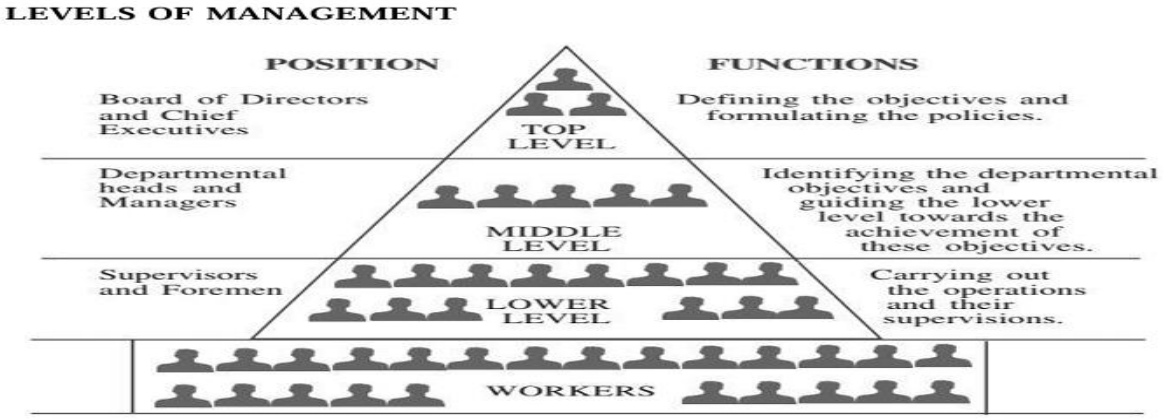
According to Theo Haimann, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”.

According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished".
Therefore controlling has following steps:
a. Establishment of standard performance.
b. Measurement of actual performance.
c. Comparison of actual performance with the standards and finding out deviation if any.
d. Corrective action.

3. HIERARCHY OF MANAGEMENT /LEVELS OF MANAGEMENT

The term "Levels of Management" refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad

1. Top level / Administrative level
2. Middle level / Executory
3. Junior level / Supervisory / Operative / First-line Managers Managers at all these levels perform different functions. The role of managers at all the three levels is discussedbelow:
   categories





1.Top Level of Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows

a. Top management lays down the objectives and broad policies of the enterprise.

b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.

c. It prepares strategic plans & policies for the enterprise.

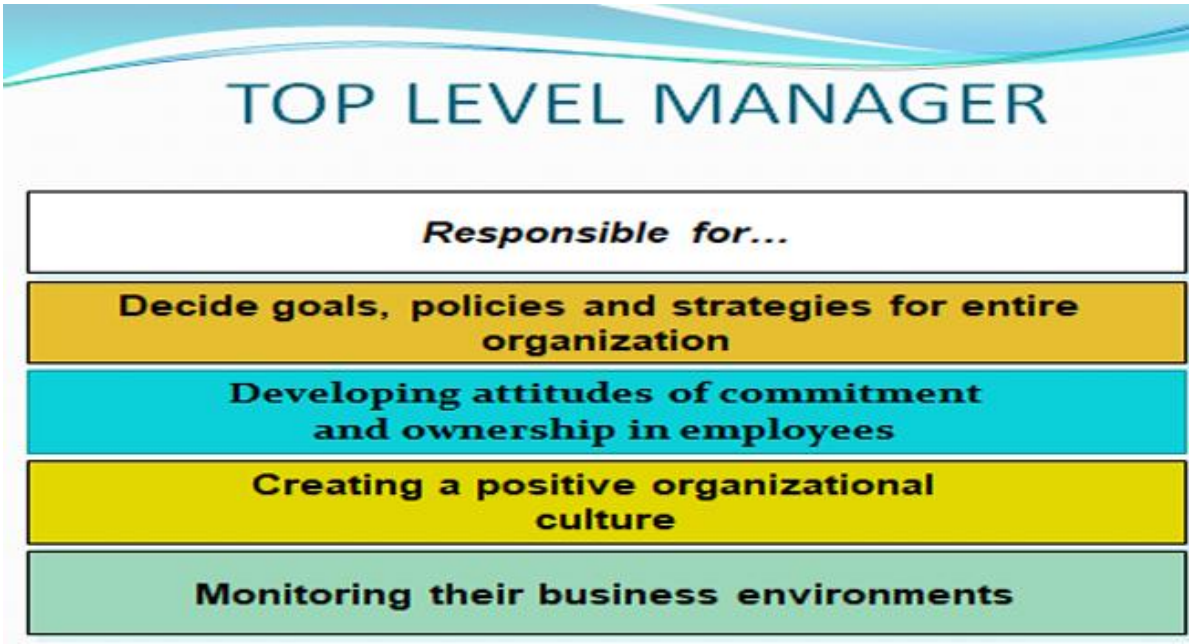
d. It appoints the executive for middle level i.e. departmental managers.

e. It controls & coordinates the activities of all the departments.

f. It is also responsible for maintaining a contact with the outside world.

g. It provides guidance and direction.

h. The top management is also responsible towards the shareholders for the performance of the enterprise.

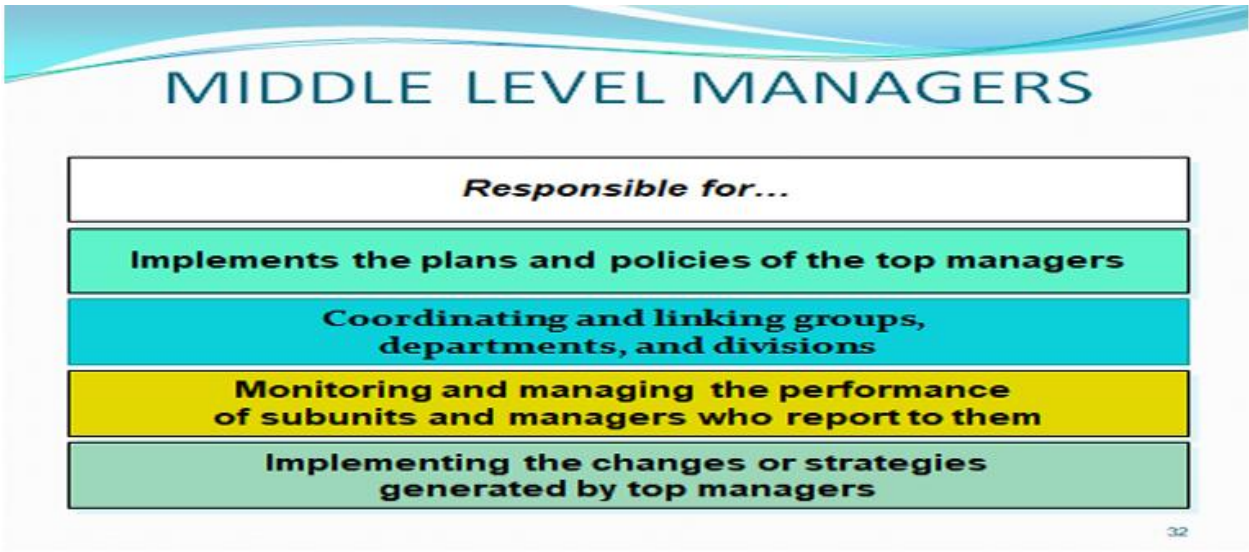


2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as

a. They execute the plans of the organization in accordance with the policies and directives of the top management.

b. They make plans for the sub-units of the organization.
c. They participate in employment & training of lower level management.
d. They interpret and explain policies from top level management to lower level.
e. They are responsible for coordinating the activities within the division or department. f. It also sends important reports and other important data to top level management.
g. They evaluate performance of junior managers.
h. They are also responsible for inspiring lower level managers towards better performance.





3. Junior Level of Management:
Junior level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are

concerned with direction and controlling function of management. Their activities include –

a. Assigning of jobs and tasks to various workers.

b. They guide and instruct workers for day to day activities.

c. They are responsible for the quality as well as quantity of production.

d. They are also entrusted with the responsibility of maintaining good relation in the organization.

e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.

f. They help to solve the grievances of the workers.

g. They supervise & guide the sub-ordinates.

h. They are responsible for providing training to the workers.

i. They arrange necessary materials, machines, tools etc for getting the things done.

j. They prepare periodical reports about the performance of the workers.

k. They ensure discipline in the enterprise.

l. They motivate workers.

They are the image builders of the enterprise because they are in direct contact with the workers.

4.MANAGERIAL ROLES

Managerial Roles can be defined as the organized sets of behaviors identified with the position.

These roles were developed by Henry Mintzberg in the late 1960s after a careful study of executives at work. All these roles in one form or another, deal with people and their interpersonal relationships.

These ten managerial roles are divided into three categories.

The first category of interpersonal roles arises directly from the manager‟s position and the formal authority bestowed upon him.

The second category of informational roles is played as a direct result of interpersonal roles and these two categories lead to the third category of decisional roles.

Role is defined as the pattern of behavior, which is defined for different positions. It depends on the formal authority.

Managerial role is a set of behavior, rights & obligations conceptualized in a social situation or expected behavior that is with a particular position or a status.

INTERPERSONAL ROLES

Managers spend a considerable amount of time in interacting with other people both within their own organizations as well as outside. These people include peers, subordinates, superiors, suppliers, customers, government officials and community leaders. All these interactions require an understanding of interpersonal relations. Studies show that interacting with people takes up nearly 80 per cent of a manager‟s time. These interactions involve the following three major interpersonal roles:

Figurehead:

Managers act as symbolic figureheads performing social or legal obligations. These duties include greeting visitors, signing legal documents, taking important customers to lunch, attending a subordinate‟s wedding or speaking at functions in schools and churches. All these/ primarily, are duties of a ceremonial nature but are important for the smooth functioning of the organization.

Leader:

The influence of the manager is most clearly seen in his role as a leader of the unit or organization. Since he is responsible for the activities of his subordinates, he must lead and coordinate their activities in meeting task-related goals and he must motivate them to perform better. He must be an exemplary leader so that his subordinates follow his directions and guidelines with respect and dedication.

Liaison: In addition to their constant contact with their own subordinates, peers and superiors, the managers must maintain a network of outside contacts in order to assess the external environment of competition, social changes or changes in governmental rules, regulations and laws. In this role, the managers build up their own external information system.

2.INFORMATIONAL ROLES

By virtue of his interpersonal contacts, a manager emerges as a source of information about a variety of issues concerning the organization. In this capacity of information processing, a manager executes the following three roles:

a. Monitor: The managers are constantly monitoring and scanning their environment, both internal and external, collecting and studying information regarding their organization and the outside environment affecting their organization. This can be done by reading reports and periodicals, by asking their liaison contacts and through gossip, hearsay and speculation.

b. Disseminator of Information: The managers must transmit their information regarding changes in policies or other matters to their subordinates, their peers and to other members of the organization. This can be done through memorandums, phone calls, individual meetings and group meetings.

c. Spokesperson: A manager has to be a spokesman for his unit and he represents his unit in either sending relevant information to people outside his unit or making some

demands on behalf of his unit. This may be in the form of the president of the company making a speech to a lobby on behalf of an organizational cause or an engineer suggesting a product modification to a supplier.

3. DECISIONAL ROLES

On the basis of the environmental information received, a manager must make decisions and solve organizational problems. In that respect, a manager plays four important roles.

a. Entrepreneur: As entrepreneurs, managers are continuously involved in improving their units and facing the dynamic technological challenges. They are constantly on the lookout for new ideas for product improvement or products addition. They initiate feasibility studies, arrange for capital for new products if necessary, and ask for suggestions from the employees for ways to improve the organization. This can be achieved through suggestion boxes, holding strategy meetings with project managers and R & D personnel.

b. Conflict Handler:

The managers are constantly involved as arbitrators in solving differences among the subordinates or the employee‟s conflicts with the central management. These conflicts may arise due to demands for higher pay or other benefits or these conflicts may involve outside forces such as vendors increasing their prices, a major customer going bankrupt or unwanted visits by governmental inspectors. Managers must anticipate such problems and take preventive action if possible or take corrective action once the problems have arisen. These problems may also involve labor disputes, customer complaints, employee grievances, machine breakdowns, cash flow shortages and interpersonal conflicts.

c. Resource Allocator: The third decisional role of a manager is that of a resource allocator. The managers establish priorities among various projects or programs and make budgetary allocations to the different activities of the organization based upon these priorities. They assign personnel to jobs, they allocate their own time to different activities and they allocate funds for new equipment, advertising and pay raises.

d. Negotiator: The managers represent their units or organizations in negotiating deals and agreements within and outside of the organization. They negotiate contracts with the unions. Sale managers may negotiate prices with prime customers. Purchasing managers may negotiate prices with vendors. All these ten roles are important in a manager‟s job and are interrelated even through some roles may be more influential than others, depending upon the managerial position. For example, sales managers may give more importance to interpersonal roles while the production managers may give more importance to decisional roles.

5.MANAGERIAL SKILLS

In order to be effective, a manager must possess and continuously develop several essential skills. Robert Katz has identified three basic types of skills. • Technical skills

- Human skills
- Conceptual skills

Which he says is needed by all managers.

Technical skills –

The ability to use the tools, procedure, techniques of specialized fields. Technical skills are considered to be crucial to effectiveness of low- level management 2 because they are in direct contact with employees performing work activity within the organisation. As manager moves to higher level of management within organisation the importance of technical skills diminishes because the manager has less direct contact with day to day problems and activities.

Human skills –

Human skills is the ability to work with ,understand and motivate other people .This skill is essential for every level of management but it is particularly important at lower level of management where the lower level managers have frequent contact with lower level personnel.

Conceptual Skills –

It is the mental ability to coordinate and integrate the organisation interest and activities. It refers to the ability to visualize the organisation as a whole and understand how the organisation fits into the wider context of the industry, community and world.

Technical skill is most important at the lower level of management; it becomes less important as we move up the chain of command. On the other words we can say that the importance of conceptual skills increases as we rise in ranks of management. The higher the manager is in hierarchy, the more he or she would be involved in long term decisions that affect large part of organisation. This is shown because to get work done through others. High technical or conceptual skills are notvery valuable if they can not be used to inspire and influence other organisation members.

5.1 CORE CATEGORIES OF MANAGERIAL COMPETENCIES

1. **Communication:**

   Effectively exchanging information, active listening, and building transparent relationships with teams and stakeholders.

   2. Leadership & Teamwork: Motivating employees, coaresolving conflicts, ng group performance toward shared goals.

3. Strategic & Analytical Thinking: Aligning day-to-day operations with long-term organizational vision, market positioning, and critical problem-solving.

4. Planning & Administration: Organizing resources, managing project timelines, delegating tasks, and handling budgets efficiently.

5. Self-Management: Practicing emotional intelligence, adaptability, resilience, and personal accountability.

Competencies by Management Level

Lower-Level / Entry Managers: Rely heavily on **technical/specialized skills** and direct task coordination.

Middle-Level Managers: Require a balance of **leadership, communication, and specialized** operational skills to bridge upper management and frontline staff.

Senior / Top-Level Managers: Focus heavily on **conceptual, strategic, and administrative** competencies to steer the broader organization.

6.PRINCIPLES OF MANAGEMENT

SCIENTIFIC MANAGEMENT

Approach The impetus for the scientific management approach came from the first industrial revolution. Because it brought about such an extraordinary mechanization of industry, this revolution necessitated the development of new management principles and practices. The main contributors to scientific management were Frederick W. Taylor, Henry L. Gantt, Frank Gilbreth, Lillian Gilbreth and Harrington Emerson.

F.W. Taylor (1865-1915) was the first person who insisted on the introduction of scientific methods in management. He launched a new movement during the last decade of 19th century which is known as 'Scientific Management'. That is why, Taylor is regarded as the father of scientific management. Taylor was an American engineer who responded to the challenges of management around the turn of the century. During that period, productivity was very low, labour became extremely dissatisfied and industries had to face frequent strikes and lockouts. Taylor's contribution was a system based on science whereby lower labour cost could be achieved simultaneously with higher wages. He suggested the change in the mental attitudes of the workers and the management to bring harmony in the industry.

Scientific management means application of scientific methods to the problems of management. Taylor advocated scientific task setting based on time and motion study, standardization of materials, tools and working conditions, scientific selection and training of workers and so on. It is to be noted that Taylor's thinking was confined to management at the shop level. However, he demonstrated the possibility and significance of the scientific analysis of the various aspects of management. To sum up, he laid emphasis on the following principles:

1. Science, not rule of thumb.
2. Harmony in group action, rather than discord.

3. Maximum output in place of restricted output.
4. Scientific selection, training and placement of the workers.
5. Almost equal division of work and responsibility between workers and managers.

Principles of Scientific Management

1.Development of Science for each part of men's job (replacement of rule of thumb)

a. This principle suggests that work assigned to any employee should be observed, analysed with respect to each and every element and part and time involved in it.

b. This means replacement of odd rule of thumb by the use of method of enquiry, investigation, data collection, analysis and framing of rules.

c. Under scientific management, decisions are made on the basis of facts and by the application of scientific decisions.

2. Scientific Selection, Training & Development of Workers

a. There should be scientifically designed procedure for the selection of workers.

b. Physical, mental & other requirement should be specified for each and every job. c. Workers should be selected & trained to make them fit for the job.

d. The management has to provide opportunities for development of workers having better capabilities.

e. According to Taylor efforts should be made to develop each employee to his greatest level and efficiency & prosperity.

3. Co-operation between Management & workers or Harmony not discord

a. Taylor believed in co-operation and not individualism.

b. It is only through co-operation that the goals of the enterprise can be achieved efficiently.

c. There should be no conflict between managers & workers.

d. Taylor believed that interest of employer & employees should be fully harmonized so as to secure mutually understanding relations between them.

4. Division of Responsibility

a. This principle determines the concrete nature of roles to be played by different level of managers & workers.

b. The management should assume the responsibility of planning the work whereas workers should be concerned with execution of task.

c. Thus planning is to be separated from execution.

5. Mental Revolution

a. The workers and managers should have a complete change of outlook towards their mutual relation and work effort.

b. It requires that management should create suitable working condition and solve all problems scientifically.

c. Similarly workers should attend their jobs with utmost attention, devotion and carefulness. They should not waste the resources of enterprise.
d. Handsome remuneration should be provided to workers to boost up their moral. e. It will create a sense of belongingness among worker.
f. They will be disciplined, loyal and sincere in fulfilling the task assigned to them.
g. There will be more production and economic growth at a faster rate.

6. Maximum Prosperity for Employer & Employees

a. The aim of scientific management is to see maximum prosperity for employer and employees.
b. It is important only when there is opportunity for each worker to attain his highest efficiency.
c. Maximum output & optimum utilization of resources will bring higher profits for the employer & better wages for the workers.
d. There should be maximum output in place of restricted output.
e. Both managers and workers should be paid handsomely.

Taylor suggested that management should try to find the best methods of doing various jobs and introduce standardized materials, tools and equipment so that wastages are reduced. The management should select right types of people and give them adequate training so as to increase the quantity and quality of production. It must create congenial working conditions for optimum efficiency of the workers. It should perform the decision-making function and should always try to give maximum cooperation to the workers to ensure that work is done according to the scientific techniques.

The workers should also revise their attitude towards the management. They should not be workshirkers. They should be disciplined, loyal and sincere in fulfilling the tasks assigned to them. They should not indulge in wastage of resources. Both the management and the workers should trust each other and cooperate in achieving maximum production.

Thus, Taylor stood for creating a mental revolution on the part of management and workers. It is to be noted that Taylor's thinking was confined to management at the shop level. However, he demonstrated the possibility and significance of the scientific analysis of the various aspects of management. To put the philosophy of scientific management into practice,
Taylor and his associates suggested the following techniques:
1. Scientific task setting to determine a fair day; work.
2. Work study to simplify work and increase efficiency. This involves methods study, time study and motion study.
3. Standardization of materials, tools equipment, costing system, etc.
4. Scientific selection and training of workers.

5. Differential piece-wage plan to reward the highly efficient workers.
6. Specialization in planning and operations through 'functional foremanship'. Foremen in the planning department include: route clerk, instruction card clear, time and cost clerk and shop disciplinarian and those in the operations department include: gang boss, speed boss, repair boss and inspector.
7. Elimination of wastes and rationalization of system of control.

Criticism of Scientific Management Although it is accepted that the scientific management enables the management to put resources to its best possible use and manner, yet it has not been spared of severe criticism.

Workers Viewpoint

1. Unemployment – Workers feel that management reduces employment opportunities from them through replacement of men by machines and by increasing human productivity less workers are needed to do work leading to chucking out from their jobs.

2. Exploitation – Workers feel they are exploited as they are not given due share in increasing profits which is due to their increased productivity. Wages do not rise in proportion as rise in production. Wage payment creates uncertainty & insecurity (beyond a standard output, there is no increase in wage rate).

3. Monotony – Due to excessive specialization the workers are not able to take initiative on their own. Their status is reduced to being mere cogs in wheel. Jobs become dull. Workers loose interest in jobs and derive little pleasure from work.

4. Weakening of Trade Union – To everything is fixed & predetermined by management. So it leaves no room for trade unions to bargain as everything is standardized, standard output, standard working conditions, standard time etc. This further weakens trade unions, creates a rift between efficient & in efficient workers according to their wages.

5. Over speeding – the scientific management lays standard output, time so they have to rush up and finish the work in time. These have adverse effect on health of workers. The workers speed up to that standard output, so scientific management drives the workers to rush towards output and finish work in standard time.

Employer's Viewpoint

1. Expensive – Scientific management is a costly system and a huge investment is required in establishment of planning dept., standardization, work study, training of workers. It may be beyond reach of small firms. Heavy food investment leads to increase in overhead costs.

2. Time Consuming – Scientific management requires mental revision and complete reorganizing of organization. A lot of time is required for work, study, standardization & specialization. During this overhauling of organization, the work suffers.

6.1 FAYOL'S 14 PRINCIPLES OR ADMINISTRATIVE MANAGEMENT

Approach The advocates of this school perceive management as a process involving certain functions such as planning, organising, directing and controlling. That is why, it is also called the 'functional' approach. Henri Fayol is regarded as the father of this school. Henri Fayol defined management in terms of certain functions and then laid down fourteen principles of management which according to him have universal applicability.

Principles of Management (Contribution of Henry Fayol)

Henry Fayol was born in 1941 at Constantinople in France. He graduated as a mining engineer in 1860 from the National School of Mining. After his graduation, he joined a French Coal Mining Company as an Engineer.

After a couple of years, he was promoted as manager. He was appointed as General Manager of his company in 1888. At that time, the company suffered heavy losses and was nearly bankrupt. Henry Fayol succeeded in converting his company from near bankruptcy to a strong financial position and a record of profits and dividends over a long period.

Concept of Management: Henry Fayol is considered the father of modern theory of general and industrial management. He divided general and industrial management into six groups:

1. Technical activities: Production, manufacture, adaptation.
2. Commercial activities: Buying, selling and exchange.
3. Financial activities: Search for and optimum use of capital.
4. Security activities: Protection of property and persons.
5. Accounting activities: Stock-taking, balance sheet, cost, and statistics.
6. Managerial activities: Planning, organisation, command, co- ordination and control.

These six functions had to be performed to operate successfully any kind of business. He, however, pointed out that the last function i.e., ability to manage, was the most important for upper levels ofThe process of management as an ongoing managerial cycle involving planning, organising, directing, co-ordination, and controlling, is actually based on the analysis of general management by Fayol. Hence, it is said that Fayol established the pattern of management thought and practice. Even today, management process has general recognition.

Fayol's Principles of Management: The principles of management are given below:

1. Division of work: Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

2. Authority and Responsibility: The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

3. Discipline: The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organisation. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for nonobedience or indiscipline. No organisation can work smoothly without discipline - preferably voluntary discipline.

4. Unity of Command: In order to avoid any possible confusion and conflict, each member of an organisation must receive orders and instructions only from one superior (boss).

5. Unity of Direction: All members of an organisation must work together to accomplish common objectives.

6. Emphasis on Subordination of Personal Interest to General or Common Interest: This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.

7. Remuneration: Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and non-financial incentives.

8. Centralization: There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

9. Scalar Chain: The unity of command brings about a chain or hierarchy of command linking all members of the organisation from the top to the bottom. Scalar denotes steps.

10. Order: Fayol suggested that there is a place for everything. Order or system alone can create a sound organisation and efficient management.

11. Equity: An organisation consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.

12. Stability of Tenure: A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organisation and management.

13. Esprit of Co-operation: Esprit de corps is the foundation of a sound organisation. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

14. Initiative: Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

Criticism of Process of Functional Approach

Though the proponents of management process approach have made significant contribution to the development of thought, their work suffers from the following limitations:

1. There is no single classification of managerial functions acceptable to all the functional theorists. There is also lack of unanimity about the various terms such as management and administration, commanding and directing, etc.
2. The functionalists considered their principles to be universal in nature. But many of the principles have failed to deliver the desired results in certain situations.
3. The functional theorists did not consider the external environment of business.
4. Fayol overemphasized the intellectual side of management. He felt that management should be formally taught, but he did not elaborate the nature and contents of management education.

7 TRENDS AND CHALLENGES OF MANAGEMENT IN GLOBAL SCENARIO.

RECENT TRENDS IN MANAGEMENT:

Recent trends in management refer to the latest managerial practices that managers use to effectively manage their employees. As the market situation evolves, the managerial trend also evolve and change. These changes are subject to the market conditions of that time period. The most popular recent trends in management are Total Quality Management, Risk Management, Crisis Management etc. Let‟s understand in detail the following topics:

Total Quality Management

All business management principles unanimously agree on the importance of quality. One can measure the success of an organization from the quality of its goods and services. Due to the importance of this factor, total quality management has gained vast prominence over the years. Managers strive to maintain the highest quality standards to meet their market competition.

Quality is one of the most important factors determining the success of a business. Customers always consider the quality of a business‟s goods and services whilepurchasing them. In fact, in some cases, quality gets prominence over price as well.

Good quality of products always gives every organization a strong edge over its competitors. It also rewards the business with customer patronage, word of mouth and goodwill. It is because of these benefits that total quality management has becomeso important.

With the emergence of newer ways of doing business, the importance of quality management has only increased. Its principles have seen tremendous change over time under modern service-oriented economies.

Previously, only business entities took quality management seriously. These days, however, even governments and NGOs focus on quality management. This shows that apart from consumers, even common citizens can be the focus of quality management.

Another thing one needs to understand is that quality management does not relate to just production-related functions. Other managerial activities like planning, organizing, controlling, etc. also require quality standards.

Risk Management

Risk management basically means the identification and mitigation of losses. It is a systematic process by which an organization identifies, analyzes, prepares and reduces losses.

Apart from that, it also focuses on helping a business find profitable opportunities. Every business organization faces an unavoidable influence from its external and internal environments.

Apart from that, it also focuses on helping a business find profitable opportunities. Every business organization faces an unavoidable influence from its external and internal environments.

Management of risks has, these days, become an inherent part of decision making and planning. Employees at all levels, from top management to lower levels, have to dealwith risks. This, in turn, implies that risks can affect all aspects of an organization‟s management. Hence, knowledge of risk management is crucial for every organization.

Crisis Management

A crisis is basically any mishap, tragedy or ill event that carries negative effects. It causes damage to an organization, its members, its business or customers. It can even affect an organization‟s reputation and legal or financial position.

As the expression suggests, crisis management is simply the act of handling a crisis effectively. It refers to the response of an organization to an incident that can affect it negatively.

A business can anticipate crisis situations that may strike it but it can never completely prevent them. It is practically impossible to prohibit tragedies from occurring. Each kind of tragedy carries unique effects

Not all crisis situations have common features. Hence, managers have to understand each possible crisis and deal with it differently.

Resistance to Change

One of the most important facets of change management is resistance to change. It is simply human nature to counteract any changes and maintain the status quo. But since change is inevitable, instead of resisting changes the organization must try to implement them with minimum hassle. One of the most important tasks of managers is to facilitate changes smoothly. Change is always inevitable but so is resistance to change. It is basic human nature of peopleto try and keep their methods and customs constant. This is where changemanagement comes into play. An organization always must strive to adapt to change if it wants to be successful. Change is basically a variation in pre-existing methods, customs, and conventions.Since all organizations function in dynamic environments, they constantly have to change themselves to succeed. Change management contains several strategies that help in facilitating the smooth adoption of such changes.

One of the most important facets of change management is resistance to change. It is simply human nature to counteract any changes and maintain the status quo. But since change is inevitable, instead of resisting changes the organization must try to implement them with minimum hassle.

Resistance to change may be either overt or implicit. For example, employees may react to a change in policies with outright rejection and protests.

They may even refrain from showing disapproval expressly, but they may do so implicitly by not accepting changes. Managers must understand these problems and help the employees adopt these changes smoothly.

Change through Management

Hierarchy It is usually the top level of a management hierarchy that makes the most important changes in any organization. The lower level only implements these changes. Such a hierarchy often misses out small and minute details of planning. Managers must, hence, understand how to plan for changes under such conditions.

The term management hierarchy basically refers to a structure of superior and subordinate rankings. Almost every small and large organization follows thisstructure. Under this hierarchy, members of an organization follow a fixed chain of command.
In a management hierarchy, it is always the top-level executives who decide all important matters.

For example, in a company, this would include the board of directors. Thus, they are the ones who take all the major decisions. In the next level, managers and executives simply implement plans that the top level makes. They take only small and simple decisions in order to enforce those plans.

In other words, they do not really play a big role in enforcing changes. Under such structures, it is common for finer details of changes to get left out.
For example, let‟s say a company‟s board decides to revamp its business by adoptingthe latest technology available. The board will inform the management of this decision and leave its implementation to them.

In such cases, the management will have to consider finer details that the board is likely to leave out. This includes details like the purchase of new machinery, termination of certain employees, training of workers, etc.

KEY MANAGEMENT CHALLENGES IN A GLOBAL SCENARIO

Cultural Diversity and Parochialism:

Global managers must lead workforces with vastly different values, communication styles, and motivational expectations. Overcoming *parochialism*—the trap of assuming one's own cultural lens is superior—is a major hurdle.

Geopolitical and Regulatory Instability:

Cross-border operations face shifting trade policies, cross-border data privacy rules, sanctions, and political conflicts (such as regional wars or supply-chain disruptions) that are outside a manager's direct control.

Rapid Technological Disruption and AI Integration:

Leaders must rapidly adopt artificial intelligence, automation, and digital platforms while addressing data governance, cybersecurity, and workforce upskilling.

Managing Distributed and Hybrid Teams:
Physical distances and time zone differences complicate supervision, alignment, communication flow, and the building of trust among remote or global teams.

Supply-Chain Resilience vs. Cost Pressures:
Balancing lean, low-cost global sourcing with the need for flexible, resilient supply chains creates constant trade-offs between speed, risk, and efficiency.

Talent Acquisition and Retention:
Competing for specialized global talent while fostering a cohesive corporate culture across diverse regions remains a high-stakes challenge.

Sustainability and ESG Norms:
Modern global managers are increasingly held accountable to strict Environmental, Social, and Governance (ESG) standards and circular, zero-waste business models.

UNIT –II
PLANNING

Unit – 2 Planning 9 Definition – Concept and importance, planning process, Benefits, Essentials of a Good plan, – Planning Process – Types of Plans – decision making- Concept and process, types of Decision-making, Decision Making Model.

Introduction

The necessity for planning arises because of the fact that business organisations have to operate, survive and progress in a highly dynamic economy where change is the rule, not the exception. The change may be sudden and extensive, or it may be slow and almost imperceptible. Some of the important forces of change may be: changes in technology, changes in population and income distribution, changes in the tastes of consumers, changes in competition, changes in government policies etc. These changes often give rise to innumerable problems and throw countless challenges. Most of these changes are thrust on managers thus, managers are forced to adjust their activities in order to take full advantage of favourable developments or to minimise the adverse effects of unfavourable ones. Successful managers try to visualise the problems before they turn into emergencies. As pointed out by Terry, "successful managers deal with foreseen problems, and unsuccessful managers struggle with unforeseen problems. The difference lies in planning." Managers charged with the responsibility of achieving definite targets, do not wait for future. They make the future. They introduce original action by removing present difficulties, anticipating future problems, changing the goals to suit the internal and external changes, experiment with creative ideas and take the initiative, attempting to shape the future and create a more desirable environment.

Meaning and Definition of Planning

It is the basic function of management. Planning is the process of bridging the gap between where we are and where we want to be in the future. In other words, planning is ―looking ahead, relating today 's events with tomorrow 's possibilities.

According to KOONTZ, ―Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to be.

A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in

avoiding confusion, uncertainties, risks, wastages etc. Planning is a process of seeking answer to some of the following particular questions:

(i) What is to be done?
(ii) Why it is to be done?
(ix) How the work will be done?
(iii) Who will do the work?
(iv) When the work will be done?
(v) Where the work will be done?

Planning pervades at all the levels of organization. But the scope of planning is not the same at each level of organization. Higher the level of organization, broaden the scope of planning. Planning may be long term and short term.

A plan is a forecast for accomplishment. It is a predetermined course of action. It is today's projection for tomorrow's activity. In other words, to plan is to produce a scheme for future action, to bring about specified results at a specified cost, in a specified period of time. **Management thinkers have defined the term, basically, in two ways**:

1. **Based on futurity: "Planning is a trap laid down to capture the future" (Allen).**
   "Planning is deciding in advance what is to be done in future" (Koontz).
   "Planning is informed anticipation of future" (Haimann).
   "Planning is 'anticipatory' decision-making" (R.L. Ackoff).
2. **As a thinking function:**
   "Planning is a thinking process, an organised foresight, a vision based on fact and experience that is required for intelligent action" (Alford and Beatty)
   It is deciding in the present, what is to be done in future. It is the process of thinking before doing. A plan is a specific, documented intention consisting of an objective and an action statement. The objective portion is the end, and the action statement represents the means to that end. Stated another way, objectives give management targets to shoot at, whereas action statements provide the arrows for hitting the targets. Properly conceived plans tell what, where and how something is to be done.

2.1 Nature and Characteristics of Planning

Planning has a number of characteristics:

1. **Planning is goal-oriented:**
   All plans arise from objectives. Objectives provide the basic guidelines for planning activities. Planning has no meaning unless it contributes in some positive manner to the achievement of predetermined goals.

2. **Planning is a primary function:**
   Planning is the foundation of management. It is a parent exercise in management process. It is a preface to business activities.
3. **Planning is all-pervasive:**
   Planning is a function of all managers. It is needed and practised at all managerial levels. Planning is inherent in everything a manager does. Managers have to plan before launching a new business.
4. **Planning is a mental exercise:**
   Planning is a mental process involving imagination, foresight and sound judgment. Planning compels managers to abandon guesswork and wishful thinking.
5. **Planning is a continuous process:**
   Planning is continuous. It is a never-ending activity. Once plans for a specific period are prepared, they are translated into action.
6. **Planning involves choice:**
   Planning essentially involves choice among various alternative courses of action.
7. **Planning is forward looking**:
   Planning means looking ahead and preparing for the future. It means peeping into the future, analysing it and preparing for it.
8. **Planning is flexible**:
   Planning is based on a forecast of future events. Since future is uncertain, plans should be reasonably flexible.
9. **Planning is an integrated process:**
   Plans are structured in a logical way wherein every lowerlevel plan serves as a means to accomplish higher level plans. They are highly interdependent and mutually supportive.
10. **Planning includes efficiency and effectiveness dimensions**:
    Plans aim at deploying resources economically and efficiently. They also try to accomplish what has been actually targeted. The effectiveness of plans is usually dependent on how much it can contribute to the predetermined objectives.

2.2 SCOPE AND SIGNIFICANCE OF PLANNING

In a complex business situation, planning helps managers meet the challenges posed by the environment, while at the same time minimizing the risks associated with them. Planning is a prerequisite not only for achieving success but also for surviving in a complex and competitive world. Planning is very important in all types of organizations. It forces organizations to look ahead and decide their

future course of action so as to improve their profitability. Organizations that plan in advance are more likely to succeed than those which fail to plan for the future. Planning is the first step in the management process. It ensures that the employees of an organization carry out their work in a systematic and methodical manner. It also helps coordinate and control various tasks and makes sure that resources are used optimally.

1. Focuses Attention on Objectives
2. Offsets Uncertainty and Risk
3. Provides Sense of Direction
4. Provides Guidelines for Decision-making
5. Increases Organizational Effectiveness
6. Provides Efficiency in Operations
7. Ensures Better Coordination
8. Facilitates Control
9. Encourages Innovation and Creativity
10. Facilitates Delegation.

2.3 IMPORTANCE OF PLANNING

1. Planning Provides Direction:

Planning is involved in deciding the future course of action. Fixing goals and objectives is the priority of any organization. By stating the objective in advance, planning provides unity of direction. Proper planning makes goals clear and specific. It helps the manager to focus on the purpose for which various activities are to be undertaken. It means planning reduces aimless activity and makes actions more meaningful.

2. Planning Reduces the Risk of Uncertainty:

Every business enterprise has to operate in an uncertain environment. Planning helps a firm to survive in this uncertain environment by eliminating unnecessary action. It also helps to anticipate the future, and prepare for the risk by making necessary provisions.

3. **Planning Reduces Overlapping and Wasteful Activity:**

Plans are formulated after keeping in mind the objective of the organization. An effective plan integrates the activity of all the departments. In this way, planning reduces overlapping and wasteful activities.

4. Planning Promotes Creativity and Innovative Ideas:

Planning encourages creativity, and helps the organization in various ways. Managers develop new ideas and apply the same to create new products and services leading to overall growth and expansion of the business. Therefore, it is rightly said that a good planning process will promote more individual participation by throwing up various new ideas and encouraging managers to think differently.

5. **Planning Facilitates Decision-Making:**

Decision-making means searching for various alternatives and selecting the best one. Planning helps the manager to look into the future, and choose among various alternative forces of action. Planning provides guidelines for sound and effective decision-making.

6. Planning Establishes a Standard for Controlling:

Planning lays down the standards against which actual performance can be evaluated and measured. Comparison between the actual performance and pre-determined standards help to point out the deviation, and take corrective actions to ensure that events confront plans. In case of any deviation, the management can take remedial measures to improve the results.

2.4 TYPES OF PLANNING

The process of planning may be classified into different categories on the following basis:

(i)Nature of Planning

a.Formal Planning: Planning is formal when it is reduced to writing.When the numbers of actions are large it is good to have a formal plan since it will help adequate control. The term formal means official and recognised.Any planning can be done officially to be followed or implemented.Formal planning is aims to determine and objectives of planning.It is the action that determines in advance what should be done.

b.Informal Planning: An informal plan is one,which is not in writing,but it is conceived in the mind of the manager.Informal planning will be effective when the number of actions is less and actions have to be taken in short period.

(ii)Duration of Planning

a.Short Term Planning; Short term planning is the planning which covers less than two years.It must be formulated in a manner consistent with long-term plans.It is considered as tactical planning.

Short-term plans are concerned with immediate future;it takes into account the available resources only and is concerned with the current operations of the business. These may include plans concerning inventory planning and control,employee training,work methods etc.

b.Long Term Planning;Long-term planning usually converse a period of more than five years,mostly between five and fifteen years.It deals with broader technological and competitive aspects of the organisation as well as allocation of resources over a relatively long time period.

Long-term planning is considered as strategic planning. Short-term planning covers the period of one year while long term planning covers 5- 15 years.In between there may be medium-term plans.Usually,medium term plans are focusing on between two and five years.These may include plan for purchase of materials,production,labour,overhead expenses and so on.

(iii)Levels of Management

a.Strategic Planning: The strategic planning is the process of determining overall objectives of the organisation and the policies and strategies adopted to achieve those objectives.It is conducted by the top management,which include chief executive officer,president,vice-presidents,General Manger etc.It is a long range planning and may cover a time period of up to 10 years.

It basically deals with the total assessment of the organisation's capabilities,its strengths and its weaknesses and an objective evaluation of the dynamic environment. The planning also determines the direction the company will be taking in achieving these goals,

b.Intermediate Planning: Intermediate planning cover time frames of about 6 months to 2 years and is contemplated by middle management,which includes functional managers,department heads and product line mangers.They also have the task of polishing the top management strategic plans.

The middle management will have a critical look at the resources available and they will determine the most effective and efficient mix of human,financial and material factors.They refine the broad strategic plans into more workable and realistic plans.

c.Operational Planning: Operational planning deals with only current activities.It keeps the business running.These plans are the responsibility of the lower management and are conducted by unit supervisors,foremen etc.These are shortrange plans covering a time span from one week to one year.

These are more specific and they determine how a specific job is to be completed in the best possible way.Most operational plans ire divided into functional areas such as production,finance,marketing,personnel etc.

Thus even though planning at all levels is important,since all levels are integrated into one,the strategic planning requires closer observation since it establishes the direction of the organisation.

(iv)Use

a.Standing Plan: Standing plan is one,which is designed to be used over and over again.Objectives,policies procedures,methods,rules and strategies are included in standing plans.Its nature is mechanical.It helps executives to reduce their workload. Standing plan is also called routine plan.Standing or routine plan is generally long range.

b.Single Use Plan: Single use plan is one,which sets a course of action for a particular set of circumstances and is used up once the particular goal is achieved. They may include programme,budgets,projects and schedules.It is also called specific planning.Single use plan is short range.

(v)Based on What the Plans Seek to Achieve

a.Objectives: The first step in planning is setting objectives.Objectives,therefore, can be said to be the desired future position that the management would like to **reach**. Objectives are very basic to the organisation and they are defined as ends which the management seeks to achieve by its operations.Therefore,an objective simply stated is what you would like to achieve,i.e.,the end result of activities.

For example,an organisation may have an objective of increasing sales by 10%or earning a reasonable rate of return on investment,earn a 20%profit from business.
They represent the end point of planning.All other managerial activities are also directed towards achieving these objectives.
They are usually set by top management of the organisation and focus on broad,general issues.
They define the future state of affairs which the organisation strives to realize.They serve as a guide for overall business planning.
Different departments or units in the organisation may have their own objectives.
Objectives need to be expressed in specific terms i.e.,they should be measurable in quantitative terms,in the form of a written statement of desired results to be achieved within a given time period.

b.Strategy: A strategy provides the broad contours of an organisation's business.It will also refer to future decisions defining the organisations direction and scope in the long run.Thus,we can say a strategy is a comprehensive plan for accomplishing an organisation's objectives.

This comprehensive plan will include three dimensions,
(i)determining long term objectives,

(i)adopting a particular course of action,and
(i)allocating resources necessary to achieve the objective.

Whenever a strategy is formulated,the business environment needs to be taken into consideration.The changes in the economic,political,social,legal and technological environment will affect an organisation's strategy.Strategies usually take the course of forming the organisation's identity in the business environment. Major strategic decisions will include decisions like whether the organisation will continue to be in the same line of business,or combine new lines of activity with the existing business or seek to acquire a dominant position in the same market.For example,a company's marketing strategy has to address certain questions i.e.,who are the customers?What is the demand for the product?Which channel of distribution to use?What is the pricing policy?and How do we advertise the product. These and many more issues need to be resolved while formulating a marketing strategy for any organisation.

(i)A policy: Because it provides a broad guideline for managers to follow when dealing with important areas of decision making. Policies are general statements that explain how a manager should attempt to handle routine management responsibilities. Typical human resources policies, for an instance, address such matters as employee hiring, terminations, performance appraisals, pay increases, and discipline.

(ii) A procedure: Because it explains how activities or tasks are to be carried out. Most organisations have procedures for purchasing supplies and equipment, for example. This procedure usually begins with a supervisor completing a purchasing requisition. The requisition is then sent to the next level of management for approval. The approved requisition is forwarded to the purchasing department. Depending on the amount of the request, the purchasing department may place an order, or they may need to secure quotations and/or bids for several vendors before placing the order. By defining the steps to be taken and the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.

(iii) A rule: Because it tells an employee what he or she can and cannot do. Rules are “do” and “don’t” statements put into place to promote the safety of employees and the uniform treatment and behavior of employees. For example, rules about tardiness and absenteeism permit supervisors to make discipline decisions rapidly and with a high degree of fairness.

e.Method: Methods provide the prescribed ways or manner in which a task has to be performed considering the objective.It deals with a task comprising one step of a procedure and specifies how this step is to be performed.The method may vary from task to task.Selection of proper method saves time,money and effort and increases efficiency.

f.Programme: Programmes are detailed statements about a project which outlines the objectives,policies,procedures,rules,tasks,human and physical resources required and the budget to implement any course of action.Programmes will include the entire gamut of activities as well as the organisation's policy and how it will contribute to the overall business plan.The minutest details are worked out i.e., procedures,rules,budgets,within the broad policy framework.

h.Budget: A budget is a statement of expected results expressed in numerical terms. It is a plan which quantifies future facts and figures.For example,a sales budget may forecast the sales of different products in each area for a particular month. A budget may also be prepared to show the number of workers required in the factory at peak production times.Since budget represents all items in numbers,it becomes easier to compare actual figures with expected figures and take corrective action subsequently.

2.5.STEPS IN THE PLANNING PROCESS

Planning is a vital managerial function. It is intellectually demanding. It requires a lot of time and effort on the part of planners. They must adopt a systematic approach so as to avoid pitfalls, errors and costly mistakes which may upset the whole business later on. Such a systematic approach may consist of the following steps:

Figure 5 Steps in the Planning Process



Step 1:Perception of Opportunities

Perception of opportunities is not strictly a part of the planning process.But this awareness of opportunities in the external environment as well as within the organisation is the real starting point for planning.It is important to take a preliminary look at possible future opportunities and see them clearly and completely. All managers should know where they stand in the light of their strengths and weaknesses,understand the problems they wish to solve and know what they gain. Setting objectives depends on the awareness.Planning requires realistic diagnosis of the opportunity situation.

Step 2:Establishing Objectives

This is the second step in the planning process.The major organisational and unit objectives are set in this stage.This is to be done for the long term as well as for the short range.Objective specify the expected results and indicate the end points of what is to be done,where the primary emphasis is to be placed and what is to be accomplished by the various types of plans.

Organisational objectives give direction to the major plans,which by reflecting these objectives define the objective of every major department.Major objectives,in turn, control the objectives of subordinate departments and so on down the line.In other words,objectives form a hierarchy.The objectives of lesser departments will be more accurate if subdivision managers understand the overall enterprise objectives and the derivative goals.Managers should also have the opportunity to contribute their ideal to setting their own goals and those of the organization.

Step 3:Planning Premises

After determination of organisational objectives,the next step is establishing planning premises that is the conditions under which planning activities will be undertaken. Planning premises are planning assumptions the expected environmental and internal conditions.

Thus,planning premises are external and internal.External premises include total factors in like political,social,technological,competitors,plans and actions,government policies.Internal factors include organization's policies,resources of various types,and the ability of the organisation to withstand the environmental pressure.The plans are formulated in the light of both external and internal factors.

The nature of planning premises differs at different levels of planning.At the top level, it is mostly externally focused.As one moves down the organisational hierarchy the

composition of planning premises changes from external to internal.The major plans both old and new will materially affect the future against which the managers at lower units must plan.

Step 4:Identification of Alternatives

The fourth step in planning is to identify the alternatives.Various alternatives can be identified based on the organisational objectives and planning premises.The concept of various alternatives suggests that a particular objective can be achieved through various actions.

For example,if an organisation has set its objectives to grow further,it can be achieved in several ways like expanding in the same Field of business or product line diversifying in other areas,joining hands with other organisations,or taking over another organisation and so on.Within each category,there may be several alternatives.

The most common problem is not finding alternatives but reducing the number of alternatives so that the most promising may be analysed.Even with mathematical techniques and the computer,there is a limit to the number of alternatives that can be thoroughly examined.The planner must usually make a preliminary examination to discover the most fruitful possibilities.

5.The various alternative course of action

should be analysed in the light of premises goals.There are various techniques available to evaluate alternatives.The evaluation is to be done in the light of various factors.Example,cash inflow and outflow,risks,limited resources,expected pay back etc.,the alternatives should give us the best chance of meeting our goals at the lowest cost and highest profit.

Step 6:Choice of Alternative Plans

This is the real point of decision-making.An analysis and evaluation of alternative courses will disclose that two or more alternatives are advisable and beneficial.The fit one is selected.

Step 7:Formulation of Supporting Plan

After formulating the basic plan,various plans are derived so as to support the main plan.In an organisation there can be various derivative plans like planning for buying equipment,buying raw materials,recruiting and training personal,developing new product etc.These derivative plans are formulated out of the basic or main plan and almost invariably required to support the basic plan.

Step 8:Establishing Sequence of Activities

After formulating basic and derivative plans,the sequence of activities is determined so those plans are put into action.After decisions are made and plans are set,budgets for various periods and divisions can be prepared to give plans more concrete meaning for implementation.

The overall budgets of an enterprise represent the sum total of income and expenses, with resultant profit or surplus,and budgets of major balance sheet items such as cash and capital expenditures.Each department or program of a business or other enterprise can have its own budgets,usually of expenses and capital expenditures, which tie into the overall budget.

2.6.BENEFITS / ADVANTAGES OF PLANNING

1. Planning facilitates management by objectives.

a. Planning begins with determination of objectives.

b. It highlights the purposes for which various activities are to be undertaken.

c. In fact, it makes objectives clearer and more specific.

d. Planning helps in focusing the attention of employees on the objectives or goals of enterprise.

e. Without planning an organization has no guide.

f. Planning compels manager to prepare a Blue-print of the courses of action to be followed for accomplishment of objectives.

g. Therefore, planning brings order and rationality into the organization.

2. Planning minimizes uncertainties.

a. Business is full of uncertainties.

b. There are risks of various types due to uncertainties.

c. Planning helps in reducing uncertainties of future as it involves anticipation of future events.

d. Although future cannot be predicted with cent percent accuracy but planning helps management to anticipate future and prepare for risks by necessary provisions to meet unexpected turn of events. e. Therefore with the help of planning, uncertainties can be forecasted which helps in preparing standbys as a result, uncertainties are minimized to a great extent.

3. Planning facilitates co-ordination.

a. Planning revolves around organizational goals.

b. All activities are directed towards common goals.
c. There is an integrated effort throughout the enterprise in various departments and groups.
d. It avoids duplication of efforts. In other words, it leads to better co-ordination.
e. It helps in finding out problems of work performance and aims at rectifying the same.

4. Planning improves employee's moral.
a. Planning creates an atmosphere of order and discipline in organization.
b. Employees know in advance what is expected of them and therefore conformity can be achieved easily.
c. This encourages employees to show their best and also earn reward for the same.
d. Planning creates a healthy attitude towards work environment which helps in boosting employee's moral and efficiency.

5. Planning helps in achieving economies.
a. Effective planning secures economy since it leads to orderly allocation of resources to various operations.
b. It also facilitates optimum utilization of resources which brings economy in operations.
c. It also avoids wastage of resources by selecting most appropriate use that will contribute to the objective of enterprise.

For example, raw materials can be purchased in bulk and transportation cost can be minimized. At the same time, it ensures regular supply for the production department, that is, overall efficiency.

6. Planning facilitates controlling.
a. Planning facilitates existence of certain planned goals and standard of performance.
b. It provides basis of controlling.
c. We cannot think of an effective system of controlling without existence of well thought out plans.
d. Planning provides pre-determined goals against which actual performance is compared.
e. In fact, planning and controlling are the two sides of a same coin. If planning is root, controlling is the fruit.

7. Planning provides competitive edge.
a.Planning provides competitive edge to the enterprise over the others which do not have effective planning.

This is because of the fact that planning may involve changing in work methods, quality, quantity designs, extension of work, redefining of goals, etc.

b. With the help of forecasting not only the enterprise secures its future but at the same it is able to estimate the future motives of its competitor which helps in facing future challenges.
c. Therefore, planning leads to best utilization of possible resources, improves quality of production and thus the competitive strength of the enterprise is improved.

8. Planning encourages innovations.
a. In the process of planning, managers have the opportunities of suggesting ways and means of improving performance.
b. Planning is basically a decision-making function which involves creative thinking and imagination that ultimately leads to innovation of methods and operations for growth and prosperity of the enterprise.

2.7FEATURES OF GOOD PLAN

By analyzing the above meaning and definition, we can reveal the following features of planning:

1. **Planning Focuses on Achieving Objectives:**
   Planning is a goal-oriented work because its purpose is to achieve organizational objectives quickly and economically. These objectives are purposeful, as they provide basic guidelines for planning activities by identifying the actions which lead to desired results.

2. **Planning is a Primary Function of Management:**
   Planning is the primary function of management as it serves as a base for all other management functions because it provides the basic framework within which all other management functions are performed. We consider it to be a blueprint, as it provides the foundation for managerial actions.

3. **Planning is Pervasive:**
   It is pervasive as it is required at all levels of management and in all types of organizations. However, the scope of planning varies from one level to another, while supervisors at the lowest level formulate day-to-day operational programs and middle-level managers prepare departmental plans, and the top management plans for the organization as a whole.
4. **Planning is a Continuous Process:**
   Planning is an ongoing process. Plans are prepared for a specific period and at the end of that period, there is a need for a new plan based on the new situation. Since the future is uncertain, there are various assumptions about the future that may change. Therefore, the original plan may have to be revised in light of changing conditions.

5. **Planning is Futuristic:**
   Planning involves looking into the future, and it predicts the best advantage of an organization. Managers plan to manage future events to the best of their capacity. Planning also involves thinking about the future for doing in the present. It essentially involves scientific anticipation of future events; i.e., forecasting.

6. **Planning involves Decision-Making:**
   Planning is the process of making choices from various alternatives to achieve the specified objectives. The need for planning arises only when alternatives are available, and in actual practice, planning presupposes the existence of alternatives. Thus, decision-making is an integral part of planning, as it involves a choice from various alternative courses of action. But, if there is only one alternative, then there is no need for planning.
7. **Planning is a Mental Exercise:**
   Planning is an intellectual process that is related to thinking before doing involving imagination and creativity. It is an activity of thinking based on logical reasoning rather than guessing and doing work. The success of planning depends on the performance of a planner. So, a planner must have intelligent imagination and sound judgment capacity.

2.8 LIMITATIONS OF PLANNING

Following are the limitations of planning:

1. **Rigidity**:
   Planning brings rigidity to work as employees are required to strictly follow pre-determined policies. There is a tendency that by strictly following these predetermined policies, people become more concerned about complying with these plans rather than achieving the goals. Sometimes planning discourages individual initiative and creativity. It restricts their freedom and new opportunities are ignored.

2. **Planning may not Work in a Dynamic Environment:**
   Planning has to operate in an external environment, such as government policies, technology, etc., which is beyond the control of the organization. In any situation, changes in the environment make the plan inoperative and ineffective. So planning does not provide a positive result when such changes are not accurately forecasted.

3. **Planning Reduces Creativity:**
   Planning involves the determination of policies and procedures in advance. Employees are required to strictly follow them, and deviations are considered to be

highly undesirable. As a result, employees do not show their skills, and it reduces their initiative and creativity.

4. **Planning Involves Huge Costs:**
   Planning is an expensive process because a lot of money is spent on gathering and analyzing information. It also involves the cost of experts, as experts are paid for planning. Efforts should be made to benefit from the analysis and ensure that benefits derived from planning should be more than their cost. If the cost of planning does not justify the benefit, then planning should be avoided.

5. **Planning is Time-Consuming:**
   It takes a lot of time in collecting, analyzing, and interpreting information relevant to planning. This causes a delay in decision making. Therefore during crises and emergencies, which call for an immediate decision, planning does not work. Sometimes, advance planning may lead to a delay in actions making, which may result in the loss of profitable opportunities.

6. **Planning does not Guarantee Success:**
   Planning may create a false sense of security in the organization. Managers tend to adopt previously tested plans, but it is not necessary that a plan which has worked before will work again in this competitive environment. So, we cannot say that planning guarantees success.

7. **Resistance to Change:**
   The employee becomes familiar with the method of doing work. So they resist change and do not want to adopt a new method of doing work. Such unwillingness may lead to the failure of the plan.

2.9.DECISION MAKING

Concept of decision making
Meaning and Definition

All human activities revolve around making choices or taking decisions. Decision-making may be defined as the process of deciding to adopt a certain course of action from various alternatives, to achieve a set of pre- determined goals.
Decision-making is future oriented, as the sole objective of making a decision is to guide organisational and human activities towards achieving the future objectives. Decision-making process involves investing the organisational resources in realising a predetermined goal or solving a problem by following a specific course of action

According to George R. Terry, "Decision-making is the selection based on certain criteria from two or more alternatives"

According to Mary Cushing Niles, "Decision-making takes place in adopting the objectives and choosing the means and again when a change in the situation creates a necessity for adjustments."

According to Heinz Weihrich and Harold Koontz, "Decision-making is defined as the selection of a coun of action among alternatives: it is the care of planning".

In organisations, decisions are required to be taken to either solve problems or achieve certain results. Decision-making is judgmental in nature. A decision is an end result that achieved by analysing the situation, formulating alternative solutions and selecting the best one for achieving the desired results

Individuals in organisations make decisions. That is, they make choices from among two or more alternatives. Decision-making is almost universally defined as choosing between alternatives. Decision-making is a critical activity in the lives of managers. The decisions a manager faces can range from very simple, routine matters for which the manager has an established decision rule (programmed decisions) to new and complex decisions that require creative solutions (nonprogrammed decisions).

The word "decision" is derived from the Latin words "de ciso" which means, "cutting away" or to come to a conclusion. A decision is the selection of a course of action.

According to Felex M Lopez, "a decision represents a judgement; a final resolution of a conflict of needs, means or goals; and a commitment to action made in the face of uncertainty, complexity or even irrationality."

According to Philip Marvin, "decision-making may be viewed as the process by which individuals select a course of action from among alternatives to produce a desired result. It is a process made up of four continuous interrelated phases: explorative, speculative, evaluative and selective."

Thus, decision-making is the process by which the decision-maker tries to jump over the obstacles placed between his current position and the desired future position. Decision making occurs as a reaction to a problem. A discrepancy exists between some current state of affairs and some desired state, requiring consideration of alternative courses of action. Moreover, every decision requires interpretations and evaluation of information. Data is typically received from multiple sources and it needs to be screened, processed, and interpreted. What data is relevant to the decision will depend on the perception of the decision-maker.

Characteristics of Decision-making

The basic characteristics of decision-making are enumerated below:
(i) It is a process of choosing a course Of action from among the alternative courses Of action.
(ii) It is a human process involving to a great extent, the application of intellectual abilities.
(iii) It access preceded by deliberation and reasoning.
(iv) It is always related to the environment. A manager may take one decision in a particular set of circumstances and another in a different set of circumstances.
(v) It involves a a time lag.
(vi) It always has a purpose. Keeping this in view, there may just be a decision not to decide.
(vii) It involves all action like defining thc problem and probing and analyzing the various alternatives which take place before a final is made.

Types of Decision Making

Decision making may be classified under various categories based on the scope, importance and the impact. Decisions have been classified by various authorities in various ways.
Some of the types of decision making are: -
1. Programmed Decisions
2. Non-Programmed Decisions
3. Operational Decisions
4. Organizational Decisions
5. Personal Decisions
6. Routine Decisions
7. Strategic Decisions
8. Policy Decisions
9. Operating Decisions
10. Organisational Decisions
11. Personal Decisions
12. Individual Decisions
13. Group Decisions
14. Major Decisions
15. Minor Decisions and a Few Others.

1. **Programmed and Non-Programmed Decisions**:
   Programmed decisions are repetitive in nature. Such decisions deal with simple, common, frequently occurring problems that have established procedures. These decisions are taken based on the existing policy, rule or procedure of the organization.

For example: making purchase orders, sanctioning of different types of leave, increments in salary, etc. Managers in dealing with such issues of routine nature, follow the established procedures. Non-programmed decisions are not routine in nature.

They are related to exceptional situations for which there are no established procedure. For example- Issues relating to declining market share, increasing competition, etc. fall in this category. These problems have to be handled in a different way. Many of the decisions that managers at top levels make are non-programmed decisions.

2. **Operational and Strategic Decisions**:

Operational or tactical decisions relate to the present issues or problems. The main purpose is to achieve high degree of efficiency. Better working conditions, effective supervision, prudent use of existing resources, better maintenance of the equipment, etc. fall in this category. While, expanding the scale of operations, entering new markets, changing the product mix, shifting the manufacturing facility, striking alliances with other companies, etc. are strategic in nature.

Usually, routine decisions are taken by managers at the lower levels, while strategic decisions are taken by top level managers. The focus in the operational decisions is on the short-run or immediate present, while it is on the long- rum in the case of strategic decisions.

3. **Organizational and Personal Decisions**:

Decisions taken by managers in the ordinary course of business in their capacity as managers are organizational decisions. For example: decisions regarding introducing a new incentive system, transferring an employee, reallocation or redeployment of employees etc. are taken by managers to achieve certain objectives.

On the other hand, managers do take some decisions which are purely personal in nature. However, their impact may affect the organization also. For example: the manager's decision to quit the organization, though personal in nature, may create some problems for the organization.

4. **Individual and Group Decisions**:

Individual decisions are taken where the problem is of routine nature, whereas important and strategic decisions which have a bearing on many aspects of the organization are generally taken by a group.

Group decision making is preferred these days because it contributes for better coordination among the people concerned with the implementation the decision.

5.Routine and Strategic Decisions:

Tactical or routine decisions are made repetitively following certain established rules, procedures and policies. They neither require collection of new data nor conferring with people.

Thus, they can be taken without much deliberation. They may be complicated but are always onedimensional. They do not require any special effort by the manager. Such decisions are generally taken by the managers at the middle and lower management level.

Strategic or basic decisions, on the other hand, are more important and so they are taken generally by the top management and middle management. The higher the level of a manager, the more strategic decisions he is required to take. The strategic decisions relate to policy matters and so require a thorough fact finding and analysis of the possible alternatives. Finding the correct problem in such decisions assumes great importance. The managers are more serious about such decisions as they influence decisionmaking at the lower levels.

5. **Policy and Operating Decisions:**
   Policy decisions are of vital importance and are taken by the top management. They affect the entire enterprise. But operating decisions are taken by the lower management in order to put into action the policy decisions. For instance, the bonus issue is a policy matter which is to be decided by the top management, and calculation of bonus is an operating decision which is taken at the lower levels to execute the policy decision.

6. **Organisational and Personal Decisions:**
   Organisational decisions are those which a manager takes in his official capacity. Such decisions can be delegated. But personal decisions, which relate to the manager as an individual and not as a member of the organisation, cannot be delegated.

7. **Major Decision**:
   Major decision relates to the purchase of fixed assets with more value. The purchase of land and building is an example of major decision. This decision is taken by the top management.

8. **Minor Decision:**
   Minor decision relates to the purchase of current assets with less value. Purchase of pencil, pen, ink, etc., are some of the examples of minor decision. This decision is taken by lower level management people.

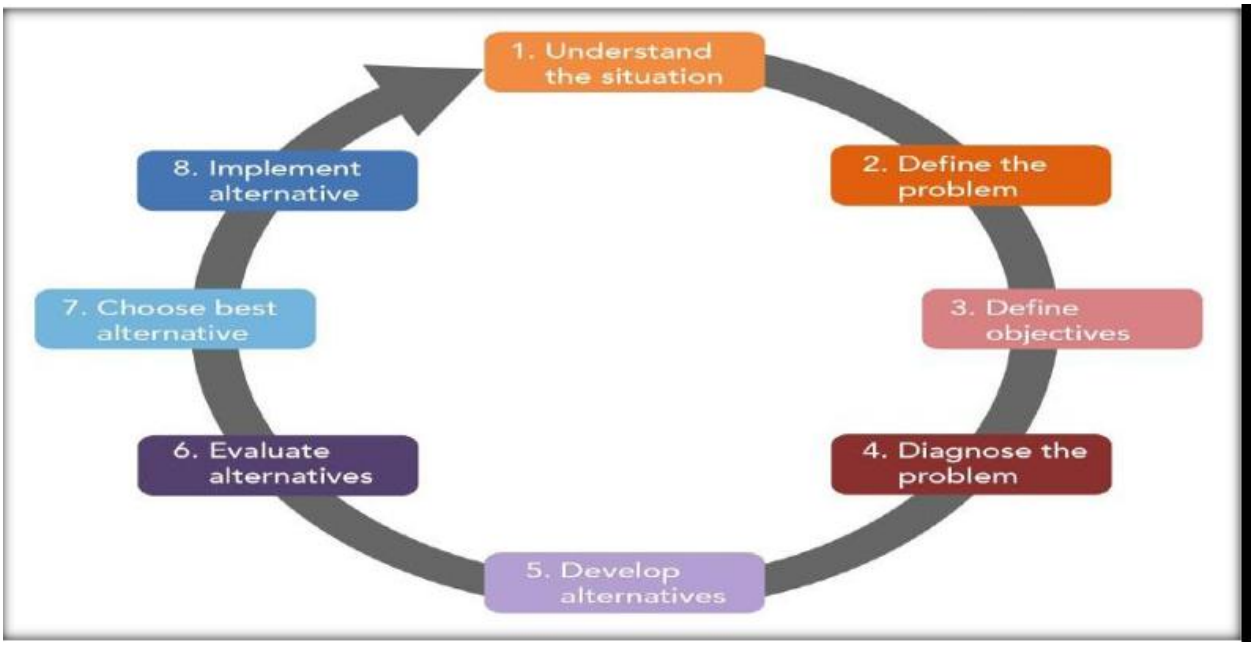
9. **Operative Decision:**

A decision which relates to day-to-day operation of an organisation is known as operative decision. This type of decision is taken by middle level management people normally. The reason is that they are working at supervisory level and have a good knowledge of the operations. The time of payment of overtime wages is fixed by middle level management people. It is an example of operative decision.

DECISION-MAKING PROCESS

Managers have to make decisions, whether they are simple or extremely complex. Making a good decision is a difficult exercise. It is the product of deliberation, evaluation and thought. To make good decisions, managers should invariably follow a sequential set of steps. Decision-making is a process involving a series of steps as shown in the Figure 6 below.

Figure 6 Decision-making process



First Step: The first step is recognition of the problem.

The manager must become aware that a problem exists and that it is important enough for managerial action. Identification of the real problem is important; otherwise, the manager may be reacting to symptoms and firefighting rather than dealing with the root cause of the problem. In order to monitor the problem situation (decision-making environment), managers may have to look into management reports, check progress against budgets, compare the results against industry competitors, and assess factors contributing to employee efficiency or inefficiency, etc. They have to use judgement and experience in order to identify the exact nature of the problem. In other words, the manager must determine what is to be accomplished by the decision.

Second Step: The second step in the decision-making process is gathering information relevant to the problem.

A successful manager must have the ability to weed out the wheat from the chaff before deciding on a specific course of action. Once aware of a problem, he must state the real problem. He must try to solve the problem, not the symptoms. The manager must pull together sufficient information about why the problem occurred. This involves conducting a thorough diagnosis of the situation and going on a fact-finding mission.

Third Step: The third step is listing and evaluating alternative courses of action.
Developing alternative solutions (to the problem) guarantees adequate focus and attention on the problem. It helps managers to fully test the soundness of every proposal before it is finally translated into action. During this step, a thorough "what if" analysis should also be conducted to determine the various factors that could influence the outcome. It is important to generate a wide range of options and creative solutions in order to be able to move on to the next step. Therefore, managers should encourage people to develop different solutions for the same problem. The ability to develop alternatives is as important as making a right decision among alternatives. The development of alternatives is a creative, innovative activity. It calls for divergent thinking; it calls for "systems thinking". In other words, managers should try to seek solutions outside the present realm of their knowledge; they are forced to look into all the relevant factors before coming up with a novel solution.

Fourth Step: Next, the manager selects the alternative that best meets the decision objective.
If the problem has been diagnosed correctly and sufficient alternatives have been identified, this step is much easier. Peter Drucker has offered the following four criteria for making the right choice among available alternatives:
1. The manager has to weigh the risks of each course of action against the expected gains.
2. The alternative that will give the greatest output for the least inputs in terms of material and human resources is obviously the best one to be selected.
3. If the situation has great urgency, the best alternative is one that dramatizes the decision and serves notice on the organisation that something important is happening. On the other hand, if consistent effort is needed, a slow start that gathers momentum may be preferable.
4. Physical, financial and human resources impose a limitation on the choice of selection. Of these, the most important resources who**se limitations have to be considered are the human beings who will carry out the decision.**
There are pros and cons of both the options. Outsourcing can be cost effective and time saving whereas it might be difficult to control. On the other hand, developing an in-house panel will require a lot of investment but it will be easier for the higher-level managers to monitor their performance. Managers need to weigh each pros and cons and then decide on an alternative. Here, the long-term benefit should also be considered. If the need is urgent, it is better to outsource as the other option will take time to materialise.

Final Step: Finally, the solution is implemented.
The manager must seek feedback regarding the effectiveness of the implanted solutions. Feedback allows managers to become aware of the recent problems associated with the solution. It permits managers to monitor the effects of their acts to gauge their success. They can evaluate their own decision-making abilities. Consistent monitoring and periodic feedback is an essential part of the follow-up process.

DECISION-MAKING TECHNIQUES

Decision-making techniques are the different methods or tools used by managers to identify problems, analyse available alternatives and select the best possible solution.

Decision-making techniques are broadly classified into two types:

1. Quantitative Techniques
2. Qualitative Techniques

2. Quantitative Decision-Making Techniques

Quantitative techniques are methods that use numbers, mathematical calculations, statistics and data to make decisions.

Important quantitative techniques:

1. Operations Research (OR)

Operations Research uses mathematical and scientific methods to solve management problems and select the best solution.

Example: A company uses calculations to decide how to use its available resources effectively.

2. Linear Programming

Linear Programming is used to find the best possible solution when resources such as money, labour and materials are limited.

Example: A factory decides how many units of two products it should manufacture to earn maximum profit.

3. Decision Tree

A Decision Tree is a diagram that shows different alternatives and their possible outcomes. It helps managers compare the results of different decisions.

Example: A company uses a decision tree to decide whether to launch a new product or not.

4. Game Theory

Game Theory helps managers make decisions by considering the possible actions and reactions of competitors.

Example: Two mobile companies decide their product prices by considering each other's pricing strategies.

5. Queuing Theory

Queuing Theory is used to study waiting lines and reduce waiting time.

Example: A bank decides how many counters are required to serve customers quickly.

6. Transportation Model

This technique helps find the most economical way to transport goods from different locations to various destinations.

Example: A company selects the cheapest route to deliver products to its branches.

7. Assignment Model

The Assignment Model is used to assign jobs to employees or tasks to machines in the most effective way.

Example: A manager assigns different tasks to employees based on their skills.

8. Inventory Control

Inventory Control helps an organisation decide how much stock to maintain and when to purchase new stock.

Example: A supermarket maintains sufficient stock to avoid shortages and excess storage.

9. PERT and CPM

PERT (Programme Evaluation and Review Technique) and CPM (Critical Path Method) are used for planning, scheduling and controlling projects.

Example: A construction company uses PERT and CPM to complete a building project on time.

10. Ratio Analysis

Ratio Analysis uses financial ratios to evaluate the financial performance and position of an organisation.

Example: A company calculates its current ratio to understand its ability to pay short-term liabilities.

3. Qualitative Decision-Making Techniques

Qualitative techniques are methods that use human experience, knowledge, opinions, judgement and ideas to make decisions.

Important qualitative techniques:

1. Brainstorming

Brainstorming is a technique in which a group of people freely share their ideas to solve a problem.

Example: Employees suggest different ideas to increase product sales.

2. Delphi Technique

The Delphi Technique collects opinions from experts through several rounds of questions until a common opinion or agreement is reached.

Example: A company takes opinions from experts to predict future market trends.

3. Expert Opinion

In this technique, managers take suggestions and advice from experienced and knowledgeable persons before making decisions.

Example: A company consults a financial expert before making a major investment.

4. Experience-Based Decision-Making

Managers make decisions based on their previous experience and knowledge of similar situations.

Example: An experienced manager selects a marketing strategy based on past successful campaigns.

5. Follow-the-Leader Technique

In this technique, an organisation follows the successful decisions or practices of leading companies in the industry.

Example: A small retail company adopts a successful customer service practice followed by a leading retail company.

6. Experimentation

Experimentation involves testing an idea or decision on a small scale before implementing it on a large scale.

DECISION MAKING MODELS

Meaning:

Decision-making models are systematic frameworks or approaches that explain how individuals and managers identify problems, evaluate alternatives and select suitable solutions.

Types of Decision-Making Models

The following are important decision-making models studied in management and organizational behaviour.

Decision-Making Models

Meaning of Decision-Making Models

Decision-making models are different approaches that help managers understand problems, evaluate alternatives and select suitable solutions.

Types of Decision-Making Models

1. Rational Decision-Making Model

Meaning: It is a systematic approach in which managers collect information, analyse different alternatives and select the best possible solution.

Steps:

1. Identify the problem.

2. Identify decision criteria.
3. Give importance to each criterion.
4. Develop alternatives.
5. Evaluate alternatives.
6. Select the best alternative.
7. Implement the decision.
8. Evaluate the results.

Example: A company faces declining sales. The manager studies prices, product quality and customer feedback, then introduces discounts to increase sales.

Advantages:

- Provides a systematic approach.
- Encourages logical thinking.
- Helps select the best alternative.

Limitations:

- Requires sufficient information.
- Takes more time.
- Evaluating all alternatives is difficult.

2. Bounded Rationality Model

Meaning: This model was developed by Herbert A. Simon. It explains that managers have limited time, knowledge and information. Therefore, they select a satisfactory solution instead of searching for the perfect solution.

This is called Satisficing.

Example: An HR manager receives 500 applications but has limited time. The manager shortlists 20 suitable candidates and selects one among them.

Advantages:

- Saves time.
- Useful when information is limited.
- Helps make practical decisions.

Limitations:

- May not give the best solution.
- Some alternatives may be ignored.

3. Intuitive Decision-Making Model

Meaning: Managers make decisions based on their personal experience, feelings, knowledge and judgement rather than detailed analysis.

Example: An experienced sales manager observes increasing demand for a product and immediately decides to increase its stock.

Advantages:

- Saves time.
- Useful in urgent situations.
- Uses personal experience.

Limitations:

- May lead to wrong decisions.
- Personal feelings may influence decisions.
- May ignore important information.

4. Administrative Decision-Making Model

Meaning: This model explains how managers make practical decisions when they have limited information, uncertainty and organizational restrictions.

Managers select a satisfactory solution instead of an ideal solution.

Example: A company wants to introduce a new product but has a limited budget. The manager selects a product that has reasonable demand and can be introduced within the available budget.

Advantages:

- Explains real-life decisions.
- Useful under uncertainty.
- Considers practical limitations.

Limitations:

- May not produce the best solution.

- Limited information affects decision quality.

5. Garbage Can Model

Meaning: This model explains that decisions sometimes emerge when different problems, solutions, people and opportunities come together in an organization.

Four important elements:

1. Problems – Issues that need solutions.
2. Solutions – Ideas to solve problems.
3. Participants – People involved in decisions.
4. Choice opportunities – Situations where decisions can be made.

Example: In a college, students demand better facilities, faculty suggest new courses and management discusses infrastructure. During meetings, different issues and suggestions come together and decisions are made.

Advantages:

- Explains complex organizational situations.
- Includes different people's ideas.
- Helps understand unstructured decisions.

Limitations:

- Decisions may be unpredictable.
- There is no fixed decision-making process.

6. Incremental Decision-Making Model

Meaning: In this model, managers make decisions through small and gradual changes instead of making major changes immediately.

Example: A college introduces digital teaching in one department first. After observing the results, it gradually introduces digital teaching in other departments.

Advantages:

- Reduces risk.
- Allows gradual improvement.
- Helps learn from experience.

Limitations:

- Changes may take more time.
- Small improvements may not solve major problems.

7. Political Decision-Making Model

Meaning: This model explains how decisions are influenced by the interests, power and opinions of different individuals or groups in an organization.

Example: Different department heads in a company request more funds for their departments. They discuss and negotiate with management before the final budget is approved.

Advantages:

- Encourages discussion and negotiation.
- Helps resolve conflicts.
- Considers different interests.

Limitations:

- Personal interests may influence decisions.
- Powerful individuals may dominate.
- Decisions may take more time.

Unit – 3 Organizing 9 Definition – Concept, nature & scope, span of Management, organizational structure, types of organizational structures and their merits and demerits, process and significance. Authority and responsibility.

ORGANIZING

Introduction

DEFINITIONS

Organisation is the process of identifying and grouping work to be performed,defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.-Louis Allen.

Organisation is the process so combining the work which individuals or groups have to perform with the facilities necessary for its execution,that the duties so performed provide the best channels for the efficient,systematic,positive and coordinated application of the available effort.-Oliver Sheldon.

developing Organising is the process of bringing together physical,financial &human resources and productive relationship amongst them for achievement of organizational goals.It involves establishing an intentional structure of roles for people to fill in an organization.

Organising as a function of management involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies. Organisation is the foundation upon which the whole structure of management is built. It is the backbone of management. After the objectives of an enterprise are determined and the plan is prepared, the next step in the management process is to organise the activities of the enterprise to execute the plan and to attain the objectives of the enterprise. The term organisation is given a variety of interpretations. In any case, there are two broad ways in which the term is used.

In the first sense, organisation is understood as a dynamic process and a managerial activity which is necessary for bringing people together and tying them together in the pursuit of common objectives.

When used in the other sense, organisation refers to the structure of relationships among positions and jobs which is built up for the realisation of common objectives.

Importance of Organizing Function

1. Specialization - Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work is helping in bringing specialization in various activities of concern.

2. Well defined jobs - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.
3. Clarifies authority - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers does not take place.

Well defined jobs and responsibilities attached helps in bringing efficiency into managers working. This helps in increasing productivity.

4. Co-ordination - Organization is a means of creating co- ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensures mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower-level manager. Authority responsibility relationships can be fruitful only when there is a formal relationship between the two. For smooth running of an organization, the co- ordination between authority-responsibilities is very important. There should be co- ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, ―Authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective. ‘‘Therefore, co- ordination of authority-responsibility is very important.

5. Effective administration – The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

6. Growth and diversification - A company’s growth is totally dependent on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grows. This is possible only when the organization structure is well- defined. This is possible through a set of formal structure.

7. Sense of security - Organizational structure clarifies the job positions. The roles assigned to every manager are clear. Co- ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.

8. Scope for new changes - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

PRINCIPLES OF ORGANISATION

Some of the Principles of Organization are: 1.Unity of Objectives.

2.Division of Work and Specialization.

3.Delegation of Authority.

4.Coordination

5.Unity of Command.

6.Flexibility

7.Simplicity

8.Span of Control.

9.Authority and Responsibility.

Principles1.1.Unity of Objectives:

Objectives of the enterprise influence the organization structure and hence the objectives of the enterprise should first be decided clearly and firmly.In addition,there should be unity among the objectives decided.This gives clear direction to the whole organization and it will be geared for the achievement of such objectives.The organization acts as a tool for achieving the objectives.

Principles #2.Division of Work and Specialization:

Division of work leads to specialization.Every department of an organization should be given specialized functions.This will raise the overall efficiency and quality of work of an organization.

Principles #3.Delegation of Authority:

There should be proper delegation of authority in every organization,particularly in large organizations.The basic idea behind delegation is to see that decision-making power is placed at a proper place.Delegation should go to the lower levels of management.Everyone should be given authority,which is adequate to accomplish the task assigned to him.Delegation is useful for getting the things done through others.

A successful manager normally does not perform the jobs by himself.He delegates the authority and responsibility to his subordinates.He also motivates his subordinates and sees that they take initiative,work effciently and contribute for achieving organizational objectives.

Principles #4.Coordination: organization.

Due Organization involves division of work and departmentation.This naturally suggests the need of proper coordination among the departments and efforts of people working in an to coordination one clear-cut direction is given to people/departments,and efforts will not be wasted.

Principles #5.Unity of Command:

Unity of command principle suggests that each subordinate should have only one superior whose command he has to obey.Dual subordination is undesirable as it leads to confusion,disorder,uneasiness and indiscipline.An employee should not have more than one boss to whom he has to report and also function as per his orders and instructions.Reporting to more than one boss leads to confusion.

Principles #6.Flexibility:

According to the principle of flexibility,the organization structure should be flexible and not rigid.Such structure is adaptable to changing situations and permits expansion or replacement without any serious dislocation and disruption.There should be an in-built arrangement to facilitate growth and expansion of an enterprise.

Principles #7.Simplicity:

The organization structure should be simple for clear understanding of employees.The structure should be easy to manage.Internal communication will be easy due to simplicity of organization.The organization structure should be simple as far as possible.The levels of management should also be limited.

Principles #8.Span of Control:

The span of control,as far as possible,should be small and fair.This means a manager should not be asked to keep supervision on large number of subordinates.The span of control should be narrow and manageable.It should be properly balanced.

Principles #9.Authority and Responsibility:

Authority acts as a powerful tool by which a manager can achieve a desired objective. Authority of every manager should be clearly defined.Moreover,it should be adequate to discharge the responsibilities assigned.The superior should be held responsible for the acts of his subordinates.He cannot run away from the responsibility simply by delegating authority to his subordinates.

Nature of Organizing

Nature of Organizing

The nature of organizing refers to the basic characteristics that explain how organizing functions in an organization.

1. Organizing is a Goal-Oriented Process

Organizing is performed to achieve specific organizational objectives. All activities and responsibilities are arranged according to the goals of the organization.

Example: If a company wants to increase sales by 20%, it organizes its marketing and sales activities to achieve this target.

2. Division of Work

The total work of an organization is divided into smaller activities and assigned to different employees according to their abilities and qualifications.

Example: In a bank, some employees handle cash transactions, some provide loans and others manage customer accounts.

3. Grouping of Activities

Similar activities are grouped together to form departments. This helps employees perform specialized activities efficiently.

Example: Recruitment, training and salary administration are grouped under the Human Resource Department.

4. Establishment of Authority and Responsibility

Organizing establishes who has the power to give instructions and who is responsible for completing the assigned work.

Example: A branch manager has authority over branch employees and is responsible for the overall performance of the branch.

5. Coordination of Activities

Different departments and employees must work together. Organizing establishes relationships among them to avoid confusion and duplication of work.

Example: The production department coordinates with the purchase department to ensure the timely availability of raw materials.

6. Continuous Process

Organizing is not a one-time activity. It continues whenever the organization expands, introduces new products or changes its working methods.

Example: When a company opens a new branch, it creates new positions and assigns responsibilities to employees.

7. Dynamic in Nature

Organizing changes according to business requirements, technology, market conditions and organizational growth.

Example: A traditional retail business may create an e-commerce department when it starts selling products online.

3. Scope of Organizing

The scope of organizing refers to the various activities and areas covered by the organizing function.

1. Identification of Activities

The first step is to identify all the activities necessary to achieve organizational objectives.

Example: A manufacturing company identifies purchasing, production, packaging, marketing and selling activities.

2. Grouping of Activities

Similar activities are combined and grouped into departments.

Example: Advertising, sales promotion and market research are grouped under the Marketing Department.

3. Assignment of Duties

After grouping activities, specific duties are assigned to employees based on their skills, qualifications and experience.

Example: A qualified accountant is assigned responsibility for maintaining financial records.

4. Establishing Authority Relationships

Management defines the authority and reporting relationships among employees and managers.

Example: Sales executives report to the Sales Manager, who reports to the Marketing Head.

5. Coordination

Organizing establishes cooperation between different departments so that activities are completed smoothly.

Example: The production department informs the marketing department about product availability before launching a sales campaign.

6. Allocation of Resources

Organizing also involves providing the necessary resources, such as employees, money, machines, materials and technology.

Example: A new production unit requires workers, machinery, raw materials and financial support.

1. Meaning of Span of Management

Span of Management refers to the number of subordinates or employees who can be effectively supervised and controlled by one manager.

In simple words: Span of management means how many employees are directly working under one manager.

Example: If one manager supervises 8 employees directly, the span of management is 8.

2. Types of Span of Management

There are two major types of span of management:

A. Narrow Span of Management

Meaning: Narrow span of management exists when one manager supervises only a few employees.

For example, one manager supervises only 3 employees.

Advantages (Merits)

1. Close Supervision: The manager can closely observe the work of every employee.
2. Better Guidance: Employees receive more attention and guidance from the manager.
3. Easy Communication: Communication between the manager and employees becomes easier.
4. Better Control: The manager can easily identify mistakes and take corrective action.
5. Personal Attention: Managers can understand individual employee problems.

Disadvantages (Demerits)

1. High Cost: More managers are required, increasing salary and administrative expenses.
2. More Management Levels: It creates a tall organizational structure.
3. Delay in Communication: Information may take more time to pass through several levels.
4. Less Independence: Employees may depend too much on their managers.
5. Slow Decisions: Decisions may be delayed because of multiple management levels.

B. Wide Span of Management

Meaning: Wide span of management exists when one manager supervises a large number of employees.

For example, one manager supervises 10 employees.

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Advantages (Merits)

1. Low Cost: Fewer managers are required, reducing administrative expenses.
2. Fewer Management Levels: It creates a flat organizational structure.
3. Quick Communication: Information can move faster because there are fewer levels.
4. Employee Independence: Employees get more freedom to perform their duties.
5. Faster Decisions: Fewer management levels can reduce decision-making delays.

Disadvantages (Demerits)

1. Limited Supervision: Managers may find it difficult to monitor every employee.

2. Heavy Workload: Managers may become overloaded with responsibilities.
3. Less Personal Attention: Employees may not receive sufficient individual guidance.
4. Control Problems: It may be difficult to monitor the performance of a large number of employees.
5. Communication Difficulties: Managers may find it difficult to communicate personally with everyone.

3. Factors Influencing Span of Management

The number of employees a manager can supervise effectively depends on several factors.

1. Ability of the Manager: An experienced and capable manager can supervise more employees than an inexperienced manager.

2. Ability of Employees: Skilled and trained employees need less supervision, allowing a wider span.

3. Nature of Work: Simple and routine work allows a wider span, whereas complex work requires closer supervision and a narrower span.

4. Communication System: Effective communication systems help managers supervise more employees easily.

5. Delegation of Authority: When authority is properly delegated to employees, managers can handle more subordinates.

6. Geographical Location: Employees working at different locations may require additional supervision, resulting in a narrower span.

7. Level of Management: Top-level managers generally supervise fewer managers, while lower-level managers may supervise more employees, depending on the organization.

ORGANIZATIONS STRUCTURE

An organisation structure shows the authority and responsibility relationships between the various positions in the organisation by showing who reports to whom. Organisation involves establishing an appropriate structure for the goal seeking activities. It is an established pattern of relationship among the components of the organisation.

March and Simon have stated that- "Organisation structure consists simply of those aspects of pattern of behaviour in the organisation that are relatively stable and change only slowly."

The structure of an organisation is generally shown on an organisation chart. It shows the authority and responsibility relationships between various positions in the organisation while designing the organisation structure, due attention should be given to the principles of sound organisation.

Significance of Organisation Structure

1. Properly designed organisation can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.

2. Organisation structure determines the location of decision-making in the organisation.

3. Sound organisation structure stimulates creative thinking and initiative among organisational members by providing well defined patterns of authority.

4. A sound organisation structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.

5. Organisation structure provides the pattern of communication and coordination.

6. The organisation structure helps a member to know what his role is and how it relates to other roles.

Forms of Organisation or Organization Structure

Organisation requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals. Organisation structure is primarily concerned with the allocation of tasks and delegation of authority. The establishment of formal relationships among the individuals working in the organisation is very important to make clear the lines of authority in the organisation and to coordinate the efforts of different individuals in an efficient manner. According to the different practices of distributing authority and responsibility among the members of the enterprise, several types of organisation structure have been evolved. They are:

1. Line organisation

2. Line and staff organisation

3. Functional organization

4. Committee organization.

Line Organisation

This is the simplest and the earliest form of organisation. It is also known as "Military", "traditional", "Scalar" or "Hierarchical" form of organisation. The line organisation represents the structure in a direct vertical relationship through which authority flows. Under this, the line of authority flows vertically downward from top to bottom throughout the organisation. The quantum of authority is highest at the top and reduces at each successive level down the hierarchy. All major decisions and orders are made by the executives at the top and are handed down to their immediate subordinates who in turn break up the orders into specific instructions for the purpose of their execution by another set of subordinates. A direct relationship of authority and responsibility is thus established between the superior and subordinate. The superior exercises a direct authority over his subordinates who become entirely responsible for their performance to their commanding superior. Thus, in the line organisation, the line of authority consists of an uninterrupted series of authority steps and forms a hierarchical arrangement. The line of authority not only becomes the avenue of command to operating personnel, but also provides the channel of communication, coordination and accountability in the organisation.

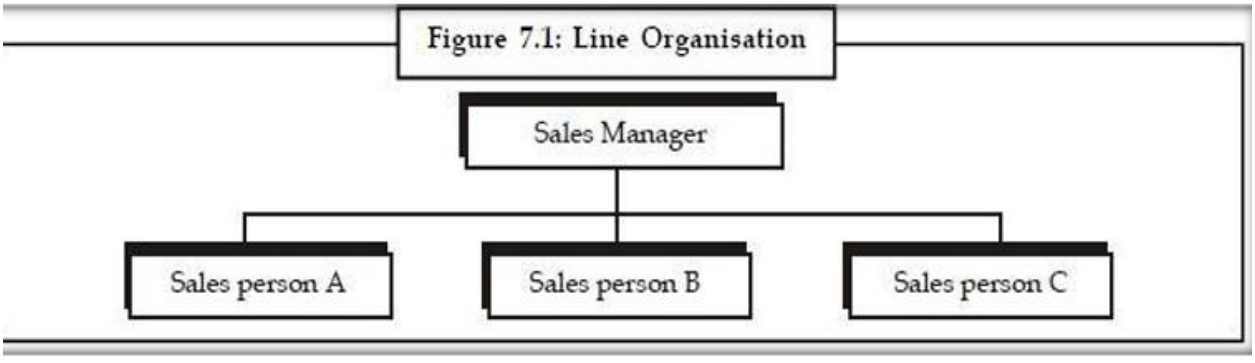
Prof. Florence enunciates three principles which are necessary to realise the advantages of this system and the non-observance of which would involve inefficiency.

1. Commands should be given to subordinates through the immediate superior; there should be no skipping of links in the chain of command.

2. There should be only one chain. That is, command should be received from only one immediate superior.

3. The number of subordinates whose work is directly commanded by the superior should be limited.

Figure 7 Line Organisation



Advantages or Merits of Line Organisation

1. It is the easiest to establish and simplest to explain to the employers.

2. It fixes responsibility for the performance of tasks in a definite manner upon certain individuals.

3. There is clear-cut identification of authority and responsibility relationship. Employees are fully aware of the boundaries of their job.

4. It is most economical and effective.

5. It makes for unity of control thus conforming to the scalar principle of organisation.

6. It ensures excellent discipline in the enterprise because every individual knows to whom he is responsible. The subordinates are also aware of the necessity of satisfying their superior in their own interests.

7. It facilitates prompt decision-making because there is definite authority at every level.

8. As all the activities relating to one department or division are managed by one executive, there can be effective coordination of activities.

9. This system is flexible or elastic, in the sense that, as each executive has sole responsibility in his own position and sphere of work, he can easily adjust the organisation to changing conditions.

10. Under this system, responsibility and authority are clearly defined. Every member of the organisation knows his exact position, to whom he is responsible and who are responsible to him. Because of the clear fixation of responsibility, no person can escape from his liability.

Disadvantages or Demerits of Line Organisation

1. With growth, the line organisation makes the superiors too overloaded with work. Since all work is done according to the wishes of one person alone, the efficiency of the whole department will come to depend upon the qualities of management displayed by the head of that department. If therefore, something happens to an efficient manager, the future of the department and of the concern as a whole would be in jeopardy.

2. Being an autocratic system, it may be operated on an arbitrary, opinionated and dictatorial basis.

3. Under this system, the subordinates should follow the orders of their superior without expression their opinion on the orders. That means there is limited communication.

4. There may be a good deal of nepotism and favouritism. This may result in efficient people being left behind and inefficient people getting the higher and better posts.

5. The line organisation suffers from lack of specialised skill of experts. Modern business is so complex that it is extremely difficult for one person to carry in his head all the necessary details about his work in this department.

6. Line organisation is not suitable to big organisations because it does not provide specialists in the structure. Many jobs require specialised knowledge to perform them.

7. If superiors take a wrong decision, it would be carried out without anybody having the courage to point out its deficiencies.

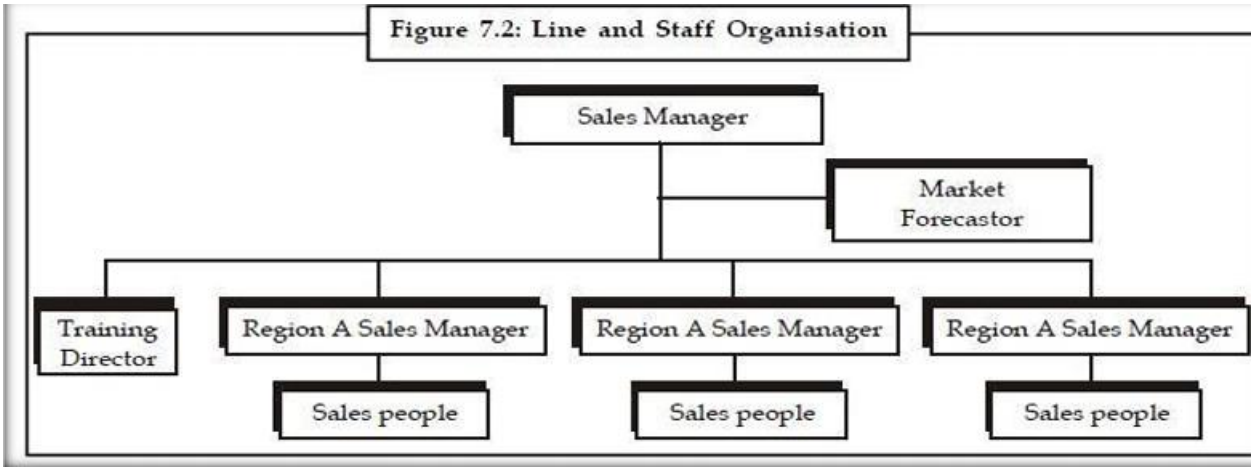
8. The organisation is rigid and inflexible.

9. There is concentration of authority at the top. If the top executives are not capable, the enterprise will not be successful.

2.Line and Staff Organisation

In line and staff organisation, the line authority remains the same as it does in the line organisation. Authority flows from top to bottom. The main difference is that specialists are attached to line managers to advise them on important matters. These specialists stand ready with their speciality to serve line mangers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organisation as they are employed to provide expert advice to the line officers. The combination of line organisation with this expert staff constitutes the type of organisation known as line and staff organisation. The 'line' maintains discipline and stability; the 'staff' provides expert information. The line gets out the production, the staffs carry on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken.

Figure 8 the line and staff organisation



Types of Staff Notes

The staff position established as a measure of support for the line managers may take the following forms:

1. Personal Staff: Here the staff official is attached as a personal assistant or adviser to the line manager. For example, Assistant to managing director.

2. Specialised Staff: Such staff acts as the fountainhead of expertise in specialised areas like R&D, personnel, accounting etc. For example, R&D Staff.

3. General Staff: This category of staff consists of a set of experts in different areas who are meant to advise and assist the top management on matters called for expertise. For example: Financial advisor, technical advisor etc.

Features of Line and Staff Organisation

1. Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.

2. Under this system, the staff officers prepare the plans and give advice to the line officers and the line officers execute the plan with the help of workers.

3. The line and staff organisation is based on the principle of specialisation.

Advantages or Merits of Line and Staff Organisation

1. It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialised knowledge of staff specialists at various levels.

2. The expert advice and guidance given by the staff officers to the line officers benefit the entire organisation.

3. As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialised functions.

4. Staff specialists help the line managers in taking better decisions by providing expert advice. Therefore, there will be sound managerial decisions under this system.

5. It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialisation. Thus, the organisation takes advantage of functional organisation while maintaining the unity of command.

6. It is based upon planned specialisation.

7. Line and staff organisation has greater flexibility, in the sense that new specialised activities can be added to the line activities without disturbing the line procedure.

Disadvantages or Demerits of Line and Staff Organisation

1. Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organisation as to the functions and positions of staff members with relation to the line supervisors.

2. There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.

3. Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.

4. The staff experts may be ineffective because they do not get the authority to implement their recommendations.

5. This type of organisation requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.

6. Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.

7. Since staff managers are not accountable for the results, they may not be performing their duties well.

8. Line mangers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organisation.

3.Functional Organisation

The difficulty of the line organisation in securing suitable chief executive was overcome by F.W. Taylor who formulated the Functional type of organisation. As the name implies, the whole task of management and direction of subordinates should be divided according to the type of work involved. As far as the workman was concerned, instead of coming in contact with the management at one point only, he was to receive his daily orders and help directly from eight different bosses; four of these were located in the planning room and four in the shop. The four specialists or bosses in the planning room are:

1. Route Clerk: To lay down the sequence of operations and instruct the workers concerned about it.

2. Instruction Card Clerk: To prepare detailed instructions regarding different aspects of work.

3. Time and Cost Clerk: To send all information relating to their pay to the workers and to secure proper returns of work from them.

4. Shop Disciplinarian: To deal with cases of breach of discipline and absenteeism. The four specialists or bosses at the shop level are:

1. Gang Boss: To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

2. Speed Boss: To ensure that machines are run at their best speeds and proper tools are used by the workers.

3. Repair Boss: To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

4. Inspector: To show to the worker how to do the work.

It was F.W. Taylor who evolved functional organisation for planning and controlling manufacturing operations on the basis of specialisation. But in practice, functionalisation is restricted to the top of the organisation as recommended by Taylor.

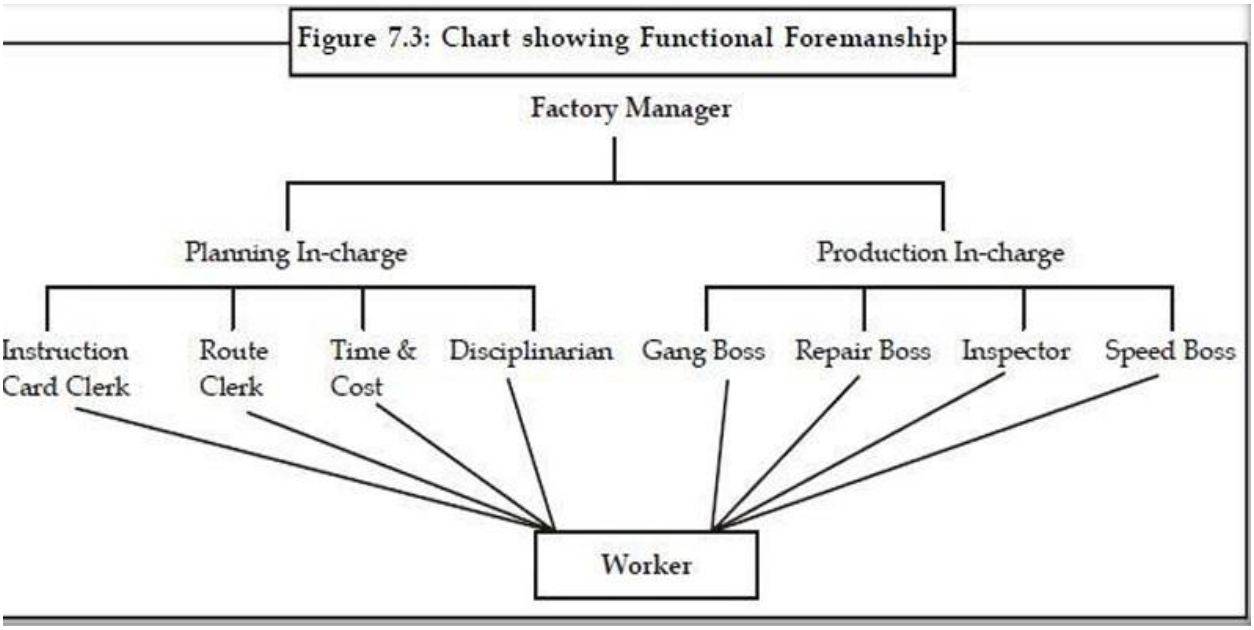


Figure 9 Functional Organisation

Features of Functional Organisation

The features of functional organisation are as follows:

1. The work of the enterprise is divided into different functional departments and the different functional departments are placed under different specialists.

2. The functional specialist has the authority or right to give orders regarding his function whosesoever that function is performed in the enterprise.

3. Under this system, the workers have to receive instructions from different specialists.

4. If anybody in the enterprise has to take any decision relating to a particular function, it has to be in consultation with the functional specialist.

5. Under this system, the workers have to perform a limited number of functions.

Advantages of Functional Organisation

1. Functional organisation is based on expert knowledge. Every functionary in charge is an expert in his area and can help the subordinates in better performance in his area.

2. Division of labour is planned not incidental.

3. As there is not scope for one-man control in this form of organisation, this system ensures cooperation and teamwork among the workers.

4. This system ensures the separation of mental functions from manual functions.

5. It helps mass production by standardization and specialization.

6. This system ensures maximum use of the principle of specialisation at every work point.

7. As there is joint supervision in the organisation, functional organisation reduces the burden on the top executives.

8. Functional organisation offers a greater scope for expansion as compared to line organisation. It does not face the problem of limited capabilities of a few line managers.

9. The expert knowledge of the functional mangers facilitates better control and supervision in the organisation.

Disadvantages or Demerits of Functional Organisation

1. It is unstable because it weakens the disciplinary controls, by making the workers work under several different bosses. Thus, functional organisation violates the principle of unity of command.

2. Under this type of organisation, there are many foremen of equal rank. This may lead to conflicts among them.

3. The co-ordinating influence needed to ensure a smoothly functioning organisation may involve heavy overhead expenses.

4. The inability to locate and fix responsibility may seriously affect the discipline and morale of the workers through apparent or actual contradiction of the orders.

5. This system is very costly as a large number of specialists are required to be appointed.

6. A functional manager tends to create boundaries around himself and think only in term of his own department rather than of the whole enterprise. This results in loss of overall perspective in dealing with business problems.

7. It is difficult for the management to fix responsibility for unsatisfactory results.

4.Committee Organisation

Committee organisation as a method of managerial control has very little practical importance, because it is managed by a senior member of the committee only. But the committee organisations are widely used for the purpose of discharging advisory functions of the management.

Committees are usually relatively formal bodies with a definite structure. They have their own organisation. To them are entrusted definite responsibility and authority.

According to Hicks, "A committee is a group of people who meet by plan to discuss or make a decision for a particular subject."

According to Louis A Allen, "A committee is a body of persons appointed or elected to meet on an organised basis for the consideration of matters brought before it."

A committee may formulate plans, make policy decisions or review the performance of certain units. In some cases, it may only have the power to make recommendations to a designated official. Whatever may be the scope of their activities, committees have come to be recognised as an important instrument in the modern business as well as non-business organisations.

Objectives of Committees

Committees are constituted to achieve one or more of the following objectives:

1. To have consultations with various persons to secure their view-points

2. To give participation to various groups of people

3. To secure cooperation of different departments

4. To coordinate the functioning of different departments and individuals by bringing about unity of directions.

Types of Committees

1. Line committee: If a committee is vested with the authority and responsibility to decide and whose decisions are implemented, it is known as line committee.

2. Staff committee: If a committee is appointed merely to counsel and advise, it is known as a staff committee.

3. Formal committee: When a committee is constituted as a part of the organisation structure and has clear-cut jurisdiction, it is a formal committee.

4. Informal committee: An informal committee is formed to advice on certain complicated matters. It does not form part of the organisation structure.

5. Coordinating committee: It is constituted to coordinate the functioning of different departments.

6. Executive committee: It is a committee which has power to administer the affairs of the business.

7. Standing committee: are formal committees that are of permanent character.

8. Ad hoc committee: They are temporary bodies. It is appointed to deal with some special problem and stops functioning after its job are over.

Advantages or Merits of Committee

1. A committee is an effective method of bringing the collective knowledge and experience of a number of persons. Therefore, many multi-dimensional and complex problems of modern enterprises, which cannot be solved satisfactorily by individual managers, can be solved by committees.

2. Committees offer scope for group deliberations and group judgment. Results obtained by group deliberation and group judgment are likely to be better than those obtained by individual judgment.

3. When it is necessary to integrate varying points of view, which cannot conveniently be coordinated by individuals, the committee may be used to bring about coordination.

4. The management can give representation to the employees in various committees. This will motivate the employees for better performance as they feel that they have a say in the affairs of the organisation.

5. A committee form of organisation facilitates pooling of authority of individual managers for making some type of decisions of an inter-departmental nature.

6. A committee form of organisation tends to promote organisational cohesiveness. Group endeavour, team spirit and collective responsibility are control to the philosophy of committees.

Disadvantages of Committee

1. If a manager has an opportunity to carry a problem to a committee, he may take it as a means of avoiding decision-making or to escape the consequences of an unpopular decision.

2. Sometimes, a committee may not be able to take the needed decision because of the conflicting views of the members.

3. Committees take more time in procedural matters before any decision is taken. In some cases, slowness seriously handicaps the administration of the organisation.

4. Committees are an expensive device both in terms of cost and time.

5. When the committee findings represent a compromise of different viewpoints, they may be found to be weak and indecisive.

6. No member of a committee can be individually held responsible for the wrong decision taken by the committee.

7. It is very difficult to maintain secrecy regarding the deliberations and the decisions taken by a committee, especially when there are many members in the committee.

5.PROJECT ORGANISATION

·A project organisation is a temporary form of organisation structure that is formed to manage projects for a specific period of time. · This form of organisation has specialists from different departments who are brought together for developing a new product.



Advantages of Project Organisation

a.The presence of many specialists from different departments increases the coordination among the members.

b.Each individual has a different set of responsibilities which improves control of the process .

Disadvantages of Project Organization

a.There can be a delay in completion of the project.

b.Project managers may find it difficult to judge the performance of different specialists.

Process of organizing

Steps Involved in the Process of Organizing

1. Identification & Division of Work: –

The total work to be done should be divided into specific jobs as according to predetermined plans.

– Job = a set of related tasks that can be performed by an individual. It should have specific and definite tasks to be performed. As far as possible, it should define expected results along with the job.

– Division of work → specialization of efforts and skills + avoids duplication of work.

– Management must ensure that all the activities required to achieve organizational objectives are identified.

3. **Departmentalization: –**

   Grouping similar and related jobs into larger units called departments, divisions or sections and placing them under a department head. It facilitates specialization.

   – The departments are linked together and are interdependent.

   – Aims at achieving co-ordination and facilitate unity of action.

   Departmentation can be done on the basis of:

   2 •Functions: marketing, personnel, finance etc.

   •Products: Textiles, chemical, power division etc.

•Territories: Western, northern, central, eastern etc.

4. **Assignment Of Duties: –**
5. Define the work of different job positions and allocate work accordingly.
6. – Once departments are formed, the dept is placed under the charge of an individual.
7. – Jobs are assigned to an individual best suited to perform it.
8. – Qualifications, experience, ability and aptitudes of people should be matched with duties.
9. – E.g. activities of finance should be assigned to persons having qualifications and experience in finance.

5. **Establishing Reporting Relationships:**

– Granting requisite authority to enable employees to perform the job satisfactorily.

– Superior subordinate relations between different people and job positions created, so that everybody knows from whom he is to take orders and to whom he can issue orders.

– Creates management hierarchy = a chain of command from the top manager to the individual at the lowest level.

– This helps in coordination.

2. Significance of Organizing

Organizing is an important function of management because it helps an organization perform its activities smoothly and achieve its objectives. The major significance of organizing is explained below.

1. Achievement of Organizational Objectives

Organizing helps divide the total work into different activities and assign them to suitable employees. Every employee works towards achieving common organizational goals.

Example: In a manufacturing company, the production department focuses on manufacturing products, while the marketing department focuses on selling them.

2. Optimum Utilization of Resources

Organizing helps management make the best use of available resources such as men, money, materials, machines and technology. It reduces wastage and improves productivity.

Example: A company properly allocates machines and workers to different production activities to avoid unnecessary delays.

3. Specialization of Work

Organizing divides work according to employees' knowledge, skills and abilities. Employees perform specific tasks repeatedly and become experts in their respective areas.

Example: In a bank, some employees handle cash transactions, while others specialize in loan processing.

4. Avoidance of Duplication of Work

Organizing clearly defines the duties and responsibilities of employees. It prevents unnecessary repetition of the same work by different employees.

Example: In a college, the examination department handles examination activities, while the accounts department manages fee collection.

5. Establishes Clear Authority and Responsibility

Organizing defines who has the authority to give instructions and who is responsible for completing particular tasks. It creates accountability among employees.

Example: A sales manager assigns sales targets to sales executives and monitors their performance.

6. Improves Coordination

Organizing establishes relationships between different departments and employees. It encourages cooperation and ensures that all departments work together.

Example: The purchase department supplies raw materials to the production department, while the marketing department provides information about customer demand.

7. Facilitates Growth and Expansion

A proper organizational structure helps businesses expand their operations, introduce new products and open new branches without creating confusion.

Example: When a retail company opens branches in different cities, it appoints branch managers and assigns separate responsibilities to each branch.

8. Improves Employee Efficiency

When duties are clearly assigned, employees understand what they have to do and how to perform their work. This improves their confidence, efficiency and productivity.

Example: A customer care executive who knows their responsibilities can handle customer complaints more effectively.

9. Facilitates Effective Communication

Organizing establishes formal communication channels between superiors and subordinates. It helps information and instructions reach the right employees at the right time.

Example: A department manager communicates work targets to team leaders, who explain them to their team members.

10. Ensures Better Management and Control

Organizing helps managers supervise activities and monitor employee performance. Since duties and reporting relationships are clearly defined, managers can identify mistakes and take corrective action.

Example: A production manager checks whether employees are completing their daily production targets.

Authority and Responsibility

Authority and responsibility are two important elements of the organizing function of management.

Meaning and Definition of Authority

Meaning:

Authority refers to the official right or power given to a person to give orders, make decisions, issue instructions and direct the activities of subordinates in an organization.

In simple words:

Authority means having the right to give instructions and make decisions within the limits of a particular position.

Example:

A Sales Manager has the authority to:

- Assign sales targets to sales executives.
- Give instructions to employees.
- Approve certain sales activities.
- Monitor the performance of sales employees.

Definition:

Authority is the legitimate right of a superior to give orders and expect subordinates to follow those orders within the organizational structure.

3. Characteristics of Authority

The important characteristics of authority are explained below.

1. Right to Give Orders

Authority provides the power to issue instructions and direct employees to perform their duties.

Example: A production manager instructs workers to manufacture 500 units per day.

2. Decision-Making Power

Authority allows managers to make decisions related to their assigned responsibilities.

Example: A purchase manager selects suppliers and approves purchases within the limits of delegated authority.

3. Flows from Higher to Lower Levels

In a traditional organizational hierarchy, authority generally flows from top-level management to middle-level and lower-level management.

Example: Managing Director → General Manager → Department Manager → Supervisor → Workers.

4. Associated with Position

Authority is generally attached to the official position held by an individual rather than the individual personally.

Example: A person becomes a manager and receives authority because of the managerial position.

5. Can Be Delegated

A manager can transfer some authority to subordinates to complete assigned work.

Example: A branch manager delegates the responsibility and authority for handling daily cash transactions to the cashier within approved limits.

6. Has Limits

Authority is not unlimited. Every manager must exercise authority within organizational policies, rules and regulations.

Example: A sales manager cannot independently change company-wide salary policies.

7. Helps Maintain Discipline

Authority establishes control and discipline by defining who can give instructions and who must follow them.

Example: Employees follow the instructions of their immediate supervisors.

4. Types of Authority

Authority can be understood through the following major forms.

1. Line Authority

Line authority refers to the direct authority of a superior over subordinates in the organizational hierarchy.

Example: A production manager gives instructions directly to production supervisors.

2. Staff Authority

Staff authority refers to the advisory or specialist authority given to experts who assist line managers by providing professional advice.

Example: An HR specialist advises the production manager on employee recruitment and training.

3. Functional Authority

Functional authority refers to the limited authority given to a specialist or department head to control specific activities across different departments.

Example: A Safety Officer may issue safety instructions that employees in production, maintenance and warehouse departments must follow.

5. Meaning and Definition of Responsibility

Meaning:

Responsibility refers to the duty or obligation of an employee to perform the work assigned by a superior and complete it properly.

In simple words:

Responsibility means being required to complete the work assigned to you and being answerable for its results.

Example:

A sales executive is responsible for:

- Achieving assigned sales targets.
- Meeting customers.
- Maintaining customer relationships.
- Preparing daily sales reports.
- Reporting sales performance to the manager.

Definition:

Responsibility is the obligation of a subordinate to perform the duties assigned by a superior and achieve the expected results.

6. Characteristics of Responsibility

1. Arises from Assigned Duties

Responsibility begins when a manager assigns specific work to an employee.

Example: When a manager assigns stock management duties to an employee, the employee becomes responsible for maintaining stock records.

2. Obligation to Perform Work

Employees are expected to complete their assigned activities properly and within the given time.

Example: An accountant must prepare financial statements before the specified deadline.

3. Flows from Superior to Subordinate

When a superior assigns duties to a subordinate, responsibility arises for performing those duties.

Example: A department manager assigns work to a team leader, and the team leader is responsible for completing it.

4. Cannot Be Completely Avoided

An employee remains responsible for the duties assigned to them, even when some tasks are delegated to others.

Example: A department manager who delegates a task to a team leader still has responsibility for the department's overall performance.

5. Should Be Supported by Authority

Employees must receive sufficient authority and resources to complete their assigned responsibilities effectively.

Example: A store manager responsible for inventory management should have the authority to check stock and report shortages.

6. Related to Performance

Responsibility is connected with the expected results of the work assigned to an employee.

Example: A marketing manager is responsible for implementing marketing activities and achieving the assigned targets.

7. Difference Between Authority and Responsibility

Basis	Authority	Responsibility
Meaning	Right or power to give orders.	Duty or obligation to perform work.
Nature	Power.	Obligation.
Main Purpose	To direct and control employees.	To complete assigned work.
Origin	Arises from an official position.	Arises from assigned duties.
Flow	Generally flows from higher to lower levels.	Arises when duties are assigned by a superior.
Delegation	Can be delegated.	Duties can be assigned to others, but accountability remains.
Example	Manager assigns work.	Employee completes assigned work.

8. Relationship Between Authority and Responsibility

Authority and responsibility are closely connected with each other. Both are necessary for the effective functioning of an organization.

The relationship can be explained through the following points.

1. Authority and Responsibility Go Together

When an employee is given responsibility, sufficient authority should also be provided to complete the assigned work.

Example: A production supervisor responsible for meeting production targets must have authority to allocate work among workers.

2. Authority Helps to Fulfil Responsibility

Authority gives employees the necessary power to make decisions and perform their assigned duties.

Example: A purchase manager responsible for purchasing materials needs authority to select suppliers within the company's purchasing policy.

3. Responsibility Creates Accountability

Employees must answer for the performance of the duties assigned to them.

Example: A sales manager must explain why the sales target was not achieved.

4. Proper Balance Is Necessary

There should be a proper balance between authority and responsibility. Giving responsibility without sufficient authority makes work difficult.

Example: If a manager is responsible for increasing sales but cannot assign sales targets or organize promotional activities, achieving the target becomes difficult.

5. Both Help in Achieving Organizational Objectives

When employees have sufficient authority and clearly defined responsibilities, they can perform their duties effectively.

Example: In a manufacturing company, managers and workers perform their assigned duties with appropriate authority and accountability to achieve production targets.

Unit – 4 Directing 9 Need for directing, principles and characteristics of directing, Leader Vs Manager – Communication – Types of Communication.

INTRODUCTION: -

Directing is the fifth function of management. It is the heart of management process. Directing refers to instructing, guiding and overseeing the performance of the workers to achieve the predetermined goals. Directing helps to create an appropriate work environment that facilitates efficient discharge of duties. It is Directing that initiates action. Other functions create preconditions only. Directing is to related to dealing with human elements and is concerned with directing human efforts towards achieving organizational goals. The quality of direction determines the Satisfactory or non satisfactory performance of the organization.

Definition:

According to Haimann: "Directing consists of the process and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned."

According to Koontz and O'Donnel: "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objectives"

According to Urwick and Brech: "Directing is the guidance, inspection and the leadership of those men and women that constitute the real course of responsibility of management."

According to G. R. Terry "Directing means moving to action and supplying simulative power to a group of persons".

According to Dale ,"Direction is telling people what to do and seeing that they do it to the best of their ability".

According to Marshall, "Directing involves determining the course, giving orders and instructions and providing dynamic leadership".

Direction Ensures that sub-ordinates do their work. well as per the expectation of management in order to achieve the goals. It also develops interpersonal relations in a group.

There are four elements of Directing:

• Supervision

• Motivation

• Leadership

• Communication

Nature of Directing

Nature of Directing can be briefly explained as follows:

1. Pervasive Function: - Directing is required at every level in an organization. every manager provides guidance and inspiration to his subordinates. It is to be performed from top level to lower level in the organization.

2. Executive Function: Directing is an executive function. The guidance and instructions are given by all managers and executive at all levels throughout the working of an organization. A subordinate always gets instructions from his superior only.

3. Human Factor: - Directing function is related with human beings. It relates to guiding and inspiring subordinates. And since human behaviour is complex and unpredictable, Direction function becomes all the more important.

4. Continuous Activity: - Directing is a continuous activity as it continues throughout the life of an organization. The mangers has to give direction to his subordinates, guide and motivate them continuously so that the desired goals can be achieved.

5. Creative Activity: - Directing function helps in converting plans into performance. A manager needs to have a creative and innovative thinking so that he can guide and motivate his subordinates in such a way, that it leads to realization of organization objectives. Without directing, employees become inactive

6. Flow from Top to Bottom Level: - Directing functions includes providing instructions to the subordinates. Directing flows from top to bottom. It starts with top level management and ends with subordinates at the lower level.

7. Facilitates Co-ordination: - Directing brings harmony among employees and balance between all the activities of an organization. A good system of communication between the superior and his subordinates helps to improve coordination. Upwards communication helps a manager to understand the subordinates feelings.

8. Dual Objective: - Direction helps to achieve dual objectives of an organization. On the one hand it aims at getting things done by the subordinates and on the other hand, it provides an opportunity to the managers to prove their leadership qualities.

9. Psychological Factor: -Directing function is directly related to an individual working in the organization. Directing function deals with human behaviour which varies from individual to individual and is unpredictable. Leader has to take care of feelings, emotions, etc. while giving direction to the subordinates. The manager has to take care that the feelings and emotions of any employee do not get hurt.

Need for Directing

Direction is described as the heart of the management process. It is the life spark of an organization which sets the organizational machine into motion.

Direction function is important because of the following reasons:

1) Direction initiates action: Management through direction motivates individuals in the organization to function in the desired way to achieve organizational objectives. In the absence of direction no one can understand what he is supposed to do and whether he is doing it in the right way or not.

2) Integration of objectives: Direction helps in integration of personal goals with the organizational goals. Employees are made to know as how the achievement of organizational goals will help in fulfilling their personal goals as well. Thus Employees feel motivated to achieve their personal goals through achieving organizational goals.

3) Direction facilities changes in the organization: Changes in the work system are disliked by the employees and they always resist it. Any changes in the business environment may necessitate changes in the organization as well. Resistance to change can be avoided through proper direction. In order to accept and implement these changes management has to motivate the employees affected by these changes, which is the essential part of direction. For example, a company wants to introduce computerization, employees will hesitate to accept it as they may lose their jobs since they don't know how to handle the computers. Here leadership plays an important role. Leaders can communicate employees that they will be given training to use computers and also there will be no loss of jobs.

4) Direction provides stability and balance to the organization:

Direction through effective motivation communication and leadership provides stability to the organization and helps in maintaining balance between different departments in the organization. Hence the organization can function efficiently and effectively over a long period of time. For example, a Sales Manager is of the opinion that the price of a product be reduced so that more orders can be generated whereas, General Manager does not hold the same opinion.. In such a

situation, directing function may try to balance both the opinions by instructing and guiding say, the Sales Manager to find out other ways of increasing sales.

Thus direction stands out as an important function of management. It has also been observed that there is a high correlation between direction and work performance.

Features or Characteristics of Directing

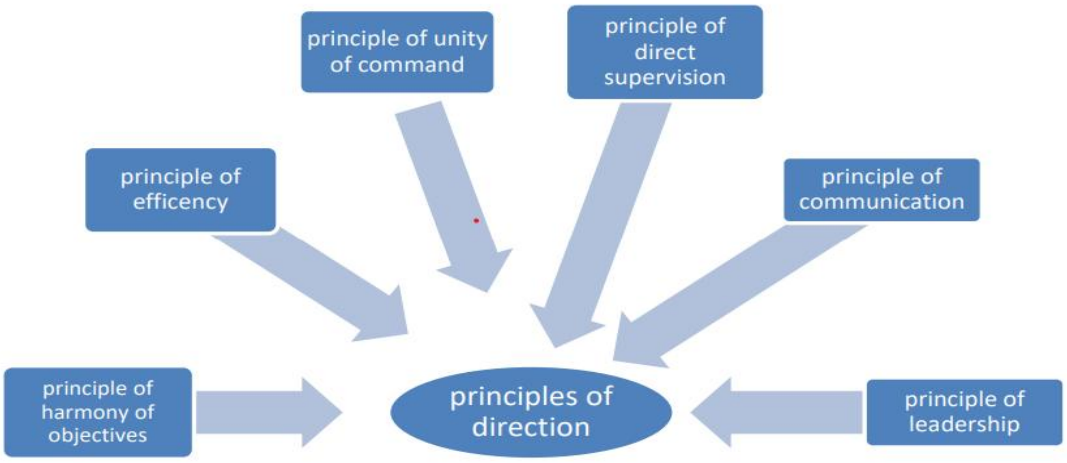
The characteristics of Directing are as follows:

- **Directing initiates action:** The other functions of management, i.e., planning, organising, staffing, etc., create conditions for managers to take appropriate actions, whereas directing function initiates actions in an organisation. It converts plans into action. It is the key managerial function performed by the managers.
- **Directing is pervasive:** It is pervasive as it takes place at every level of management. It takes place wherever superior-subordinate relations exist. Every manager has a subordinate who works under him and is responsible for getting things done.
- **Directing is a continuous process:** Directing is an ongoing activity. It takes place throughout the life of an organisation, irrespective of the people in the organisation. Managers give orders to their subordinates, motivate them, and guide them on a continuous basis.
- **Directing flows from top to bottom:** It flows from top to bottom through the organisational hierarchy. In directing, every manager directs his subordinates and takes instructions from his immediate boss. It is a function of a superior, i.e., the superior motivates, guides, and supervises his subordinates to achieve the organisational goals.
- **Directing deals with people:** It is concerned with the direction of human efforts towards organisational goals. It can be said that directing is a delicate function, as it deals with people, and human behaviour is complex and highly unpredictable.

PRINCIPLES OF DIRECTION:

The principles of direction have been shown in fig 1 below. Principles of direction serve as a guide as to what is to be observed while directing. These principles are:

Figure 1: Principles of Directing



1) Principle of Harmony of objectives:

Direction should bring harmony between the individual and organizational objectives. Directing is regarded as essential in personnel management as it helps all the members to satisfy their personal goals through organizational goals.

2) Principle of efficiency: Direction should bring efficiency to the operations. Leaders should try to motivate sub-ordinates to increase performance & attain objectives at minimum cost by avoiding wastages.

3) Principle of unity of command: Command must come from only one executive or one superior. Workers must come to know from only one executive as to what to achieve & how to achieve. If there is no unity of command there will be duplication of work leading to confusion and chaos.

4) Principle of direct supervision:

The superior should directly supervise his subordinates. It boosts the morale of the subordinates. This also makes the atmosphere trustworthy in the organization.

5) Principle of communication: A good system of communication between executives & sub-ordinates ensures success. Effective communication serves as an instrument of direction, supervision & advice. Leader should maintain an effective system of communication within the organization. It also helps clear misunderstandings.

6) Principle of leadership: Good leadership ensures cooperation, co-ordination & confidence in the work force. Direction should provide leadership for guiding employees in their work and also timely solution to the problems faced by them.

Leader VS Manager

1. Meaning and Definition of a Leader

Meaning:

A leader is a person who guides, influences, motivates and inspires others to work willingly towards achieving common goals. A leader provides direction to the team and encourages members to perform their duties effectively.

A leader does not simply give instructions but also supports employees, builds confidence and helps them overcome difficulties.

Definitions:

1. According to Peter Drucker, leadership is the lifting of a person's vision to higher sights and the raising of their performance to a higher standard.
2. Leadership can be defined as the ability to influence and motivate individuals or groups to achieve common objectives.

Example:

In a college, a student who leads a group of students during a cultural programme is a leader. The student divides the work, motivates team members, solves problems and encourages everyone to participate successfully.

Characteristics of a Leader

1. Influencing ability: A leader influences team members to work towards common objectives.
2. Motivational skills: A leader encourages employees to perform their duties with interest.
3. Communication skills: A leader communicates ideas, instructions and expectations clearly.
4. Decision-making ability: A leader takes suitable decisions whenever problems arise.
5. Confidence: A leader shows confidence while guiding others.
6. Responsibility: A leader accepts responsibility for the team's performance.
7. Vision: A leader has a clear idea about future goals and guides others towards achieving them.

2. Meaning and Definition of a Manager

Meaning:

A manager is a person who is responsible for planning, organising, directing and controlling the activities of an organisation to achieve its objectives effectively and efficiently.

A manager ensures that available resources such as employees, money, materials and machinery are properly utilised to complete organisational activities.

Definitions:

1. According to Harold Koontz, management is the art of getting things done through and with people in formally organised groups.
2. A manager can be defined as a person who plans, organises, directs and controls the activities of employees to achieve organisational goals.

Example:

In a supermarket, the store manager prepares employee duty schedules, maintains stock, checks sales, allocates work and monitors the performance of employees to ensure smooth business operations.

Characteristics of a Manager

1. Planning: A manager decides in advance what work should be done and how it should be done.
2. Organising: A manager arranges resources and assigns duties to employees.
3. Directing: A manager guides and instructs employees to complete their work.
4. Controlling: A manager monitors performance and corrects mistakes.
5. Decision-making: A manager takes decisions to solve organisational problems.
6. Coordination: A manager coordinates the activities of different departments.
7. Resource utilisation: A manager ensures the proper use of available resources.

3. Differences Between Leader and Manager

A leader and a manager both play important roles in an organisation. However, their approaches, responsibilities and methods of working are different.

Basis	Leader	Manager
1. Meaning	A person who influences and inspires	A person who manages organisational

	others.	activities.
2. Main focus	Focuses on people and their development.	Focuses on achieving organisational objectives.
3. Approach	Encourages and motivates people.	Plans and supervises employees' work.
4. Authority	Influence may come from personal qualities and relationships.	Authority generally comes from an official position.
5. Objective	Develops a vision and inspires people to achieve it.	Converts organisational objectives into plans and activities.
6. Decision-making	Encourages ideas and participation from team members.	Takes decisions based on organisational requirements.
7. Relationship	Builds trust and emotional connections with people.	Maintains professional relationships with employees.
8. Risk-taking	Encourages new ideas and accepts calculated risks.	Focuses on reducing risks and maintaining stability.
9. Change	Encourages innovation and brings change.	Ensures proper implementation and management of change.
10. Motivation	Motivates through inspiration and encouragement.	Motivates through rewards, rules and performance evaluation.
11. Power	Depends on influence, personality and relationships.	Depends mainly on formal authority and position.
12. Time orientation	Gives importance to long-term vision.	Gives importance to short-term plans as well as long-term goals.

MEANING OF COMMUNICATION:

It's nearly impossible to go through a day without the use of communication. Communication is sending and receiving information between two or more people. The person sending the message is referred to as the sender, while the person receiving the information is called the receiver. The information conveyed can include facts, ideas, concepts, opinions, beliefs, attitudes, instructions and even emotions.

Communication is considered to be the most important and most effective ingredient of the management process. Interpersonal communication is fundamental to all managerial activities. All other management functions involve communication in some form of directions and feedback.

Effective management is a function of effective communication. Probably the most frequently cited source of interpersonal conflict is poor communication. Many operations have failed because of inadequate communication, misunderstood messages and unclear instructions. Even in life, in general, communication plays a very important role among friends, within the family and in all social circles, since we spend nearly seventy percent of our waking hours communicating, writing, reading, speaking friendship, divorces and distance between parents and children. Accordingly, communication plays an important role in all walks of human life as well as organizational life.

DEFINITIONS:

Some important definitions of communication are:

1. Communication is the process of passing information and understanding from one person to another. **- Keith Davis**

2. Communication is any means by which thought is transferred from one person to another. **- Chappell and Read**

3. "Communication is an exchange of facts, ideas, opinions or emotions by two or more persons." **- W.H. Newman**

4. "Communication may be broadly defined as the process of meaningful interaction among human beings." **- MC Farland**

5. Effective communication as "Purposive interchange, resulting in workable understanding and agreement between the sender and the receiver of the message". **- George Vardman**

FEATURES OF COMMUNICATION:

Characteristics of communication are mentioned below:

(1) Two or More Persons:

The first important characteristic of communication is that there must be a minimum number of two persons because no single individual can have an exchange of ideas with himself. A listener is necessary to receive one's ideas. Therefore, there must be at least two persons-the sender of information and the receiver.

(2) Exchange of Ideas:

Communication cannot be thought of in the absence of exchange of ideas. In order to complete the process of communication there must be an exchange of ideas, orders, feelings, etc., among two or more than two persons. 4

(3) Mutual Understanding:

Mutual understanding means that the receiver should receive the information in the same spirit with which it is being given. In the process of communication, it is more important to understand the information rather than carry it out.

(4) Direct and Indirect Communication:

It is not necessary in communication that the receiver and giver of information should be face-to-face with each other. Communication can be both direct and indirect. Direct communication means face-to-face conversation, while indirect communication is through other means.

(5) Continuous Process:

Communication is an endless process, as is the case with business where the manager continuously assigns work to his subordinates, tries to know the progress of the work and gives directions.

(6) Use of Words as well as Symbols:

There can be many means of communication, like the written, the oral and symbolic. The examples of symbolic communication are the ringing of bell for closing a school or a college, saying something by the movement of the neck, showing anger or disapproval through eyes, giving some decision by the raising of a finger in cricket, etc

OBJECTIVES OF COMMUNICATION

Communication is the lifeblood of an organization. It is the vehicle that ensures proper performance of organizational functions and achievement of organizational goals. As a separate field of study, business communication has the following objectives:

1. To exchange information: The main objective of business communication is to exchange information with the internal and external parties. Internal communication occurs within the organization through orders, instructions, suggestions, opinions etc.

2. To develop plans: Plan is the blueprint of future courses of actions. The plan must be formulated for attaining organizational goals. In order to develop a plan, management requires information. In this regard, the objective of communication is to supply required information to the concerned managers.

3. To implement the plan: Once a plan is prepared, it is to be implemented. Implementation of a plan requires timely communication with the concerned parties. Thus, communication aims at transmitting a plan throughout the organization for its successful implementation

4. To facilitate policy formulation: Policies are guidelines for performing organizational activities. Policies are also termed as standing decisions to recurring problems. Every organization needs to develop a set of policies to guide its operation. Preparing policies also require information from various sources. Therefore, the objective of communication is to collect necessary information for policy formulation.

5. To achieve organizational goal: Collective efforts of both managers and workers are essential for achieving organizational goals. Communication coordinates and synchronizes the efforts of employees at various levels to achieve the stated goals of the organization.

6. To organize resources: Various kinds of resources are available in organization such as human resources, material resources, financial resources and so on. In organizing these resources in an effective and efficient way is a key challenge to the managers. Communication is the vehicle to overcome this challenge.

7. To coordinate: Coordination is a basic management function. It involves linking the various functional departments of large organizations. Without proper and timely coordination, achievement of organizational goals is impossible. Therefore, the objective of communication is to coordinate the functions of various departments for the easy attainment of organizational goals.

8. To direct the subordinates: The job of a manager is to get the things done by others. In order to get the things done, management needs to lead, direct and control the employees. The performance of these managerial functions depends on effective communication with subordinates.

9. To motivate employees: A pre-requisite of employee motivation is the satisfaction of their financial and non-financial needs. Financial needs are fulfilled thorough monetary returns. However, in order to satisfy non-financial needs, management must communicate with employees on a regular basis both formally and informally.

10. To create consciousness: Employees of an organization must be conscious regarding their duties and responsibilities. Communication supplies necessary information and makes them conscious about their duties and responsibilities.

11. To increase efficiency: In order to increase employee efficiency, they should be provided with necessary information and guidelines. Communication supplies such information and guidelines for them.

12. To bring dynamism: Organizations should be dynamic to cope with the internal and external changes. Bringing dynamism requires finding new and better ways of doing things. For this purpose, communication helps to seek new ideas and suggestions from the internal and external parties.

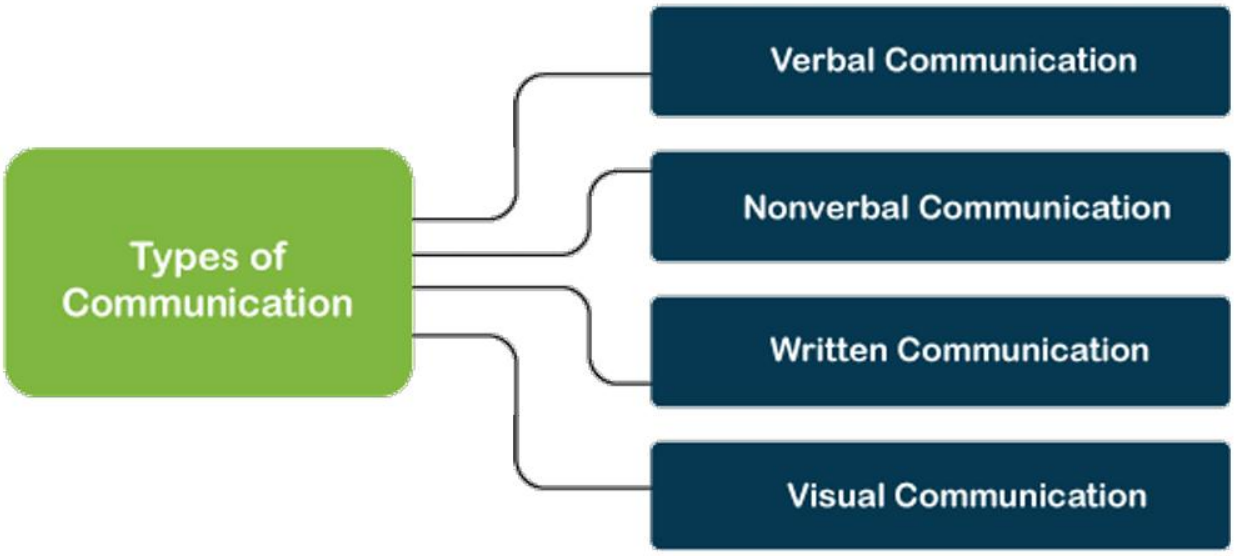
13. To improve labor-management is relationships: Harmonious relationship between workers and management is a prerequisite for organizational success. In this regard, the objective of communication is to ensure the free and fair flow of information and to create good understanding between them.

14. To increase Job Satisfaction: Communication enhances job satisfaction level of employees. It creates a friendly environment where employees can express themselves. As a result, they become more satisfied with their job.

15. To convey employee reaction: Communication conveys employees' reactions, opinions, suggestions and complaints to their superiors about the plans, policies, programs and strategies of the company.

16. To orient employee: Communication orients the new employees with the company's policies, rules, regulations, procedures etc.

Types of Communication



1.Verbal Communication

1. Verbal Communication

a) Oral communication

b) Written communication

c) Visual and Audio visual communication

d) Silence

a) Oral communication

• Communication is done through spoken words.

• Face-to-face talk, telephonic talk, video-chat, television, radio or chat over internet, such as Skype or WhatsApp.

• Personal traits such as clarity of pronunciation, pitch, slang, volume, speed, etc. influence oral mode of conversation.

Advantages of Oral Communication

• High level of transparency and understanding

• Quick feedback

• Flexibility

• Time and other resources saving

• Helpful for teamwork

• Best for confidential exchange of information

• Quick resolution of disputes

• Receptive and encouraging

• Facial expressions and body language visible

Disadvantages of Oral Communication

• Informal and no proof of decision

• Poor personal traits, such as stammering, weaker command on language, slang, no coherence visible

• Less authentic

• May consume long time in meetings

• Requires great attentiveness and receptivity

• No legal standing

2. Written communication

• Communication is written in words or symbols and is transmitted via e-mail, letter, memo, etc.

• Many social media platforms based on Internet are available, where written communication is posted. • Meant for mass circulation, instead for an individual written communication is most commonly used in business and its contents, vocabulary, style, precision and clarity are very important achieving its objective.

Advantages of Written Communication

• Permanent record and can be used as reference in future.

• Sender can write and re-write to make it error free before sending.

• Presence of the sender and the receiver is not required.

• Sometimes there are complex matters that cannot be talked over in a satisfactory manner. In the written communication, complex matters can be explained.

• Being a written document, there are no chances of misconception.

• Message can be sent to a large number of people.

Disadvantages of Written Communication

• Time consuming.

• Require good command on the language

• Poorly written communication may create poor impression.

• Feedback is not instant.

• No personal touch.

3.Visual and Audio visual communication

“A picture is worth a thousand words”. Audio-visual communication is a combination of sight and sound.

Advantages

• Popular

• Supports oral communication

• Easy presentation of complex data

• Helpful for rural clients

• Saves time

• Decision making is quicker

• Helpful in publicity

Disadvantages

• More expensive

• Time consuming

• Some times more complex

• Infrastructural problem

1.

Unit – 5 Controlling and Co-ordination 9 Controlling- importance of Controlling, characteristics of control, steps, resistance to control, design of effective control system and types. – Cost Control – Purchase Control – Maintenance Control – Co Ordination.

CONTROLLING

DEFINITIONS

Controlling adopted,instructions Controlling consists of verifying whether everything occurs in confirmities with the plans issued and principles established.Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals.Controlling measures the deviation of actual performance from the standard performance,discovers the causes of such deviations and helps in taking corrective actions.

According to Brech,"Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.”

According to Donnell,"Just as a navigator continually takes reading to ensure whether he is relative to a planned action,so should a business manager continually take reading to assure himself that his enterprise is on right course."

Controlling has got two basic purposes

1.It facilitates co-ordination

2.It helps in planning

NEED / IMPORTANCE OF CONTROLLING

The importance of controlling becomes clear from the following facts:

(1)Accomplishing Organisational Goals: The controlling process is implemented to take care of the plans.With the help of controlling,deviations are immediately detected and corrective action is taken. Therefore,the difference between the expected results and the actual results is reduced to the minimum.In this way,controlling is helpful in achieving the goals of the organisation.

(2)Judging Accuracy of Standards: While performing the function of controlling,a manager compares the actual work performance with the standards.He tries to find out whether the laid down standards are not more or less than the general standards.In case of need,they are redefined.

(3)Making Efficient Use of Resources: Controlling makes it possible to use human and physical resources efficiently.Under controlling,it is ensured that no employee deliberately delays his work performance. In the same way,wastage in all the physical resources is checked.

(4)Improving Employee Motivation: Through the medium of controlling,an effort is made to motivate the employees.The implementation of controlling makes all the employees to work with complete dedication because they know that their work performance will be evaluated and if the progress report is satisfactory,they will have their identity established in the organisation.

(**5)Ensuring Order and Discipline**: Controlling ensures order and discipline.With its implementation,all the undesirable activities like theft,corruption,delay in work and uncooperative attitude are checked.

(6)Facilitating Coordination in Action: Coordination among all the departments of the organisation is necessary in order to achieve the organisational objectives

successfully.All the departments of the organisation are interdependent.For example,the supply of orders by the sales department depends on the production of goods by the production department.

Through the medium of controlling an effort is made to find out whether the production is being carried out in accordance with the orders received.If not,the causes of deviation are found out and corrective action is initiated and hence, coordination between both the departments is established.

CHARACTERISTICS OF CONTROL:

Characteristics of Control:

Following characteristics of control can be identified:

1. Control is a Managerial Process: Management process comprises of five functions, viz., planning, organizing, staffing, directing and controlling. Thus, control is part of the process of management.

2. Control is forward looking: Whatever has happened has happened, and the manager can take corrective action only of the future operations. Past is relevant to suggest what has gone wrong and how to correct the future.

3. Control exists at each level of Organization: Anyone who is a manager, has to involve into control – may be Chairman, Managing Director, CEO, Departmental head, or first line manager. However, at every level the control will differ – top management would be involved in strategic control, middle management into tactical control and lower level into operational control.

4. Control is a Continuous Process: Controlling is not the last function of management but it is a continuous process. Control is not a one-time activity, but a continuous process. The process of setting the standards needs constant analysis and revision depending upon external forces, plans, and internal performance.

5. Control is closely linked with Planning: Planning and controlling are closely linked. The two are rightly called as ‘Siamese twins’ of management. “Every objective, every goal, every policy, every procedure and every budget become standard against which actual performance is compared. Planning sets the ship’s course and controlling keeps it on course. When the ship begins to veer off the course, the navigator notices it and recommends a new heading designed to return the ship to its proper course. Once control process is over its findings are integrated into planning to prescribe new standards for control.

6. Purpose of Controlling is Goal Oriented and hence Positive: Control is there because without it the business may go off the track. The controlling has positive purpose both for the organization (to make things happen) and individuals (to give up a part of their independence for the attainment of organizational goals).

STEPS IN THE CONTROLLING PROCESS,

Following are the steps involved into the process of control:

1.Establish the Standards:

Within an organization's organizational departments overall in strategie plan,managers define specific,precise,operational include standards activities.However,for of performance to compare with goals terms for that organizational some of the activities the standards cannot be specific and precise.

Standards,against which actual performance will be compared,may be derived from past experience,statistical methods and benchmarking(based upon best industry practices).As far as possible,the standards are developed bilaterally rather than top management deciding unilaterally,keeping in view the organization's goals.

Standards may be tangible(clear,concrete,specific,and generally measurable)- numerical standards,monetary,physical,and time standards;and intangible (relating to human characteristics)-desirable attitudes,high morale,ethics,and cooperation.

2.Measure Actual Performance:

Most organizations prepare formal reports of performance measurements both quantitative and qualitative(where quantification is not possible)that the managers review regularly.These measurements should be related to the standards set in the first step of the control process.

For example,if sales growth is a target,the organization should have a means of gathering and reporting sales data.Data can be collected through personal observation (through management by walking around the place where things are happening),statistical reports (made possible by computers),oral reporting(through conferencing, one-to-one meeting, or telephone calls), written reporting (comprehensive and concise,accounting information -normally a combination of all. To be of use,the information flow should be regular and timely.

3.Compare Performance with the Standards:

This step compares actual activities to performance standards.When managers read computer reports or walk through their plants,they identify whether actual performance meets,exceeds,or falls short of standards.

Typically,performance reports simplify such comparison by placing the performance standards for the reporting period alongside the actual performance for the same period and by computing the variance—that is,the difference between each actual amount and the associated standard.The manager must know of the standard permitted variation (both positive and negative).Management by exception is most appropriate and practical to keep insignificant deviations away.Timetable for the comparison depends upon many factors including importance and complexity attached with importance and complexity.

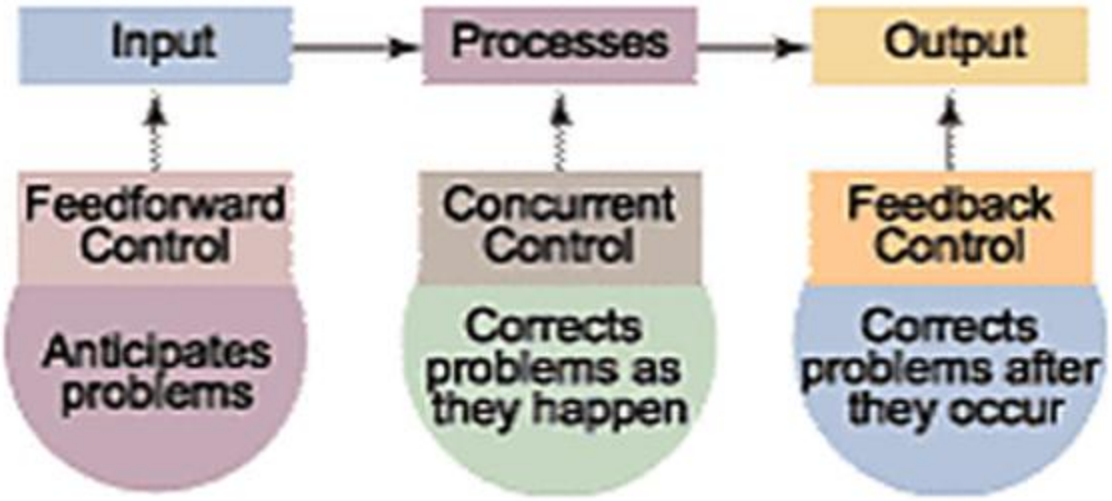
4.Take Corrective Action and Reinforcement of Successes:

When performance deviates from standards,managers must determine what changes, if any,are necessary and how to apply them.In the productivity and quality-centered environment,workers and managers are often empowered to evaluate their own work. After the evaluator determines the cause or causes of deviation,he or she can take the fourth step—corrective action.

The corrective action may be to maintain status quo (reinforcing successes),correcting the deviation,or changing standards.The most effective course may be prescribed by policies or may be best left up to employees'judgment and initiative.The corrective action may be immediate or basic (modifying the standards themselves).

TYPES OF CONTROL

used in the controlling step The three of the organizational controls management process are:Feed-Forward Controls,Concurrent Controls and Feedback Controls.



To review,controlling is the fourth step of the management process.In this step, management develops measuring tools to use to determine whether organizational goals are being met.Management also compares data to measure for results and,if needed,takes corrective action.

There are several controls a manager can use to affect change and fluctuations in the goals for the organization.Since problems can occur at any time during a process,it is important to have a few different ways to manage issues.A manager's toolbox should be equipped with three types of controls:Feed-Forward Controls,Concurrent Controls and Feedback Controls.

Controls can focus on issues before,during or after a process.The best way to understand the three different types of organizational controls is to think about the controls as before,during and after decisions made by managers.

1.Feed-Forward Control

Feed forward controls are future-directed —they attempt to detect and anticipate problems or deviations from the standards in advance of their occurrence (at various points throughout the processes).They are in-process controls and are much more active,aggressive in nature,allowing corrective action to be taken in advance of the problem.Feed forward controls thus anticipate problems and permit action to be taken before a problem actually arises. Feed forward control devices are of two broad categories: Diagnostic and Therapeutic.

i.Diagnostic controls

seek to determine what deviation is taking (or has taken)place. The sales manager,for instance,who receives the monthly sales figures (showing sales quota results)is virtually working with a diagnostic control device.

It will no doubt indicate deviations from the acceptable standard (i.e.,what is wrong)but not why. Discovering the why'is often the most difficult part of the process.

ii.Therapeutic controls

tell us both what and why,and then proceed to take corrective action.For example,engines having internal control system such as an engine speed governor and automatic transmission are designed to take necessary corrective actions when warranted by the conditions.

An example of utilisation of such control can be found in case of a manager who conducts employee training using the coaching method.When,for instance,the trainee is performing the task,the manager observes him closely by standing on his side.The objective is to discover if any deviations from the intended processes take place.

In case a deviation occurs,the manager observes it,diagnoses the reason for the incorrect technique,and corrects the deviation immediately (i.e.,without any loss of time).Thus,the control and correction take place during the process itself,not after a few days.

2.Concurrent (or Prevention)Control

Concurrent control,also called steering control because it allows people to act on a process or activity while it is proceeding,not after it is proceeding,nor after it is completed.Corrections and adjustments can be made as and when the need arises. Such controls focus on establishing conditions that will make it difficult or impossible for deviations from norms to occur.

An example of concurrent control is the development by companies of job descriptions and job specifications.It may be recalled that job description identijies the job that has to be done,thus clarifying working relationships,responsibility areas,and authority relationships.It thus assists in preventing unnecessary duplication of effort (work)and potential organisational conflict.

In a like manner job specification identifies the abilities,training,education and characteristics needed of an employee to do the work.It is control device inasmuch as it works to prevent a person who is totally unqualified and unfit from being selected for the job,thereby saving money and time,and thus precluding potential poor performance.

3.Feedback Control

Feedback control is future-oriented.It is historical in nature and is also known as post-action control.The implication is that the measured activity has already occurred,and it is impossible to go back and correct performance to bring it up to standard.Rather,corrections must occur after the act.

Such post-action controls focus on the end results of the process.The information derived is not utilised for corrective action on a project because it has already been completed.Such control provides information for a manager to examine and apply to future activities which are similar to the present one.The basic objective is to help prevent mistakes in the future.

For example,at the end of an accounting year,the manager should carefully review the analysis of the budget control report.

Effective Organizational Control Systems

The management of any organization must develop a control system tailored to its organization's goals and resources. Effective control systems share several common characteristics.

These characteristics are as follows:

- A focus on critical points. For example, controls are applied where failure cannot be tolerated or where costs cannot exceed a certain amount. The critical points include all the areas of an organization's operations that directly affect the success of its key operations.

- Integration into established processes. Controls must function harmoniously within these processes and should not bottleneck operations.

- Acceptance by employees. Employee involvement in the design of controls can increase acceptance.

- Availability of information when needed. Deadlines, time needed to complete the project, costs associated with the project, and priority needs are apparent in these criteria. Costs are frequently attributed to time shortcomings or failures.

- Economic feasibility. Effective control systems answer questions such as, “How much does it cost?” “What will it save?” or “What are the returns on the investment?” In short,

comparison of the costs to the benefits ensures that the benefits of controls outweigh the costs.

- Accuracy. Effective control systems provide factual information that's useful, reliable, valid, and consistent.

- Comprehensibility. Controls must be simple and easy to understand.

REQUIREMENTS FOR EFFECTIVE CONTROL

The requirements for effective control are

a) Control should be tailored to plans and positions This means that, all control techniques and systems should reflect the plans they are designed to follow. This is because every plan and every kind and phase of an operation has its unique characteristics.

b) Control must be tailored to individual managers and their responsibilities This means that controls must be tailored to the personality of individual managers. This because control systems and information are intended to help individual managers carry out their function of control. If they are not of a type that a manager can or will understand, they will not be useful.

c) Control should point up exceptions as critical points This is because by concentration on exceptions from planned performance, controls based on the time honored exception principle allow managers to detect those places where their attention is required and should be given. However, it is not enough to look at exceptions, because some deviations from standards have little meaning and others have a great deal of significance.

d) Control should be objective This is because when controls are subjective, a manager's personality may influence judgments of performance inaccuracy. Objective standards can be quantitative such as costs or man hours per unit or date of job completion. They can also be qualitative in the case of training programs that have specific characteristics or are designed to accomplish a specific kind of upgrading of the quality of personnel.

e) Control should be flexible This means that controls should remain workable in the case of changed plans, unforeseen circumstances, or outsight failures. Much flexibility in control can be provided by having alternative plans for various probable situations.

f) Control should be economical This means that control must worth their cost. Although this requirement is simple, its practice is often complex. This is because a manager may find it difficult to know what a particular system is worth, or to know what it costs.

g) Control should lead to corrective actions This is because a control system will be of little benefit if it does not lead to corrective action, control is justified only if the indicated or experienced deviations from plans are corrected through appropriate planning, organizing, directing, and leading.

COST CONTROL

Cost control is the measure taken by management to assure that the cost objectives set down in the planning stage are attained and to assure that all segments of the organization function in a manner consistent with its policies.

Steps involved in designing process of cost control system:

• Establishing norms: To exercise cost control it is essential to establish norms, targets or parameters which may serve as yardsticks to achieve the ultimate objective. These standards, norms or targets may be set on the basis of research, study or past actual.

• Appraisal: The actual results are compared with the set norms to ascertain the degree of utilization of men, machines and materials. The deviations are analyzed so as to arrive at the causes which are controllable and uncontrollable.

• Corrective measures: The variances are reviewed and remedial measures or revision of targets, norms, standards etc., as required are taken.

Advantages of cost control

• Better utilization of resources

• To prepare for meeting a future competitive position.

• Reasonable price for the customers

• Firm standing in domestic and export markets.

• Improved methods of production and use of latest manufacturing techniques which have the effect of rising productivity and minimizing cost.

• By a continuous search for improvement creates proper climate for the increase efficiency.

• Improves the image of company for long-term benefits.

• Improve the rate of return on investment.

PURCHASE CONTROL

Purchase control is an element of material control. Material procurement is known as the purchase function. The functional responsibility of purchasing is that of the purchase manager or the purchaser. Purchasing is an important function of materials management because in purchase of materials, a substantial portion of the company's finance is committed which affects cash flow position of the company. Success of a business is to a large extent influenced by the efficiency of its purchase organization. The advantages derived from a good and adequate system of the purchase control are as follows:

a) **Continuous availability of materials:**

It ensures the continuous flow of materials. so production work may not be held up for want of materials. A manufacturer can complete schedule of production in time.

b) Purchasing of right quantity: Purchase of right quantity of materials avoids locking up of working capital. It minimizes risk of surplus and obsolete stores. It means there should not be possibility of overstocking and understocking.

c) Purchasing of right quality:

Purchase of materials of proper quality and specification avoids waste of materials and loss in production. Effective purchase control prevents wastes and losses of materials right from the purchase till their consumptions. It enables the management to reduce cost of production.

d) Economy in purchasing:

The purchasing of materials is a highly specialized function. By purchasing materials at reasonable prices, the efficient purchaser is able to make a valuable contribution to the success of a business.

e) Works as information centre:

It serves as a function centre on the materials knowledge relating to prices, sources of supply, specifications, mode of delivery, etc. By providing continuous information to the management it is possible to prepare planning for production.

f) Development of business relationship:

Purchasing of materials from the best market and from reliable suppliers develops business relationships. The result is that there may be smooth supply of materials in time and so it avoids disputes and financial losses.

g) Finding of alternative source of supply:

If a particular supplier fails to supply the materials in time, it is possible to develop alternate sources of supply. the effect of this is that the production work is not disturbed.

h) Fixing responsibilities:

Effective purchase control fix the responsibilities of operating units and individuals connected with the purchase, storage and handling of materials.

In short, the basic objective of the effective purchase control is to ensure continuity of supply of requisite quantity of material, to avoid held up of production and loss in production and at the same time reduces the ultimate cost of the finished products.

MAINTENANCE CONTROL

Maintenance department has to exercise effective cost control, to carry out the maintenance functions in a pre-specified budget, which is possible only through the following measures:

First line supervisors must be apprised of the cost information of the various materials so that the objective of the management can be met without extra expenditure on maintenance functions

A monthly review of the budget provisions and expenditures actually incurred in respect of each center/shop will provide guidelines to the departmental head to exercise better cost control.

The total expenditure to be incurred can be uniformly spread over the year for better budgetary control. however, the same may not be true in all cases particularly where overhauling of equipment has to be carried out due to unforeseen breakdowns. some budgetary provisions must be set aside, to meet out unforeseen exigencies.

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particularly where overhauling of equipment has to be carried out due to unforeseen breakdowns. some budgetary provisions must be set aside, to meet out unforeseen exigencies.

It is observed through studies that the manpower cost is normally fixed, but the same way increase due to overtime cost. however, the material cost, which is the prime factor in maintenance cost, can be reduced by timely inspections designed, to detect failures. If the inspection is carried out as per schedule, the total failure of parts may be avoided, which otherwise would increase the maintenance cost. the proper handling of the equipment by the operators also reduces the frequency of repair and material requirements. Operators, who check their equipment regularly and use it within the operating limits, can help avoid many unwanted repairs. In the same way a good record of equipment failures/ maintenance would indicate the nature of failures, which can then be corrected even permanently.

1. Meaning of Coordination

Coordination is the process of bringing together and integrating the activities of different individuals and departments to achieve common organisational objectives.

In simple words, coordination means working together in a planned manner to achieve a common goal.

In an organisation, different departments such as Finance, Marketing, Human Resources and Production perform different activities. Coordination ensures that all these departments work together without confusion or conflict.

2. Definitions of Coordination

1. According to McFarland: Coordination is the process whereby an executive develops an orderly pattern of group efforts among his subordinates and secures unity of action in the pursuit of common purpose.

2. Simple definition: Coordination is the process of integrating the activities of different people and departments to achieve common organisational goals.

3. Characteristics / Nature of Coordination

1. Integration of Activities

Coordination brings together the activities of different departments and employees to ensure that everyone works towards common objectives.

Example: Production and marketing departments work together to meet customer demand.

2. Common Objectives

Coordination helps employees and departments understand and work towards the same organisational goals.

Example: All departments work together to increase the company's sales and profits.

3. Continuous Process

Coordination is not a one-time activity. It is required at every stage of management, from planning to controlling.

Example: A manager continuously coordinates employee activities throughout a project.

4. Pervasive Function

Coordination is required at all levels of management and in every department of an organisation.

Example: Top-level, middle-level and lower-level managers all need coordination to complete their responsibilities.

5. Group Effort

Coordination involves the combined efforts of different individuals and groups to achieve organisational objectives.

Example: Employees from different departments work together to organise a company event.

6. Unity of Action

Coordination ensures that all employees perform their activities in a systematic and consistent manner without duplication or confusion.

Example: The sales and delivery teams coordinate to ensure that customers receive products on time.

7. Responsibility of Every Manager

Every manager is responsible for coordinating the activities of their team and department.

Example: A production manager coordinates workers, supervisors and machine operators.

4. Importance of Coordination

1. Achieving Organisational Goals

Coordination helps different departments work together to achieve the common objectives of the organisation.

Example: Marketing and production departments coordinate to increase sales.

2. Improves Efficiency

It avoids unnecessary work, duplication of activities and wastage of resources. This improves overall efficiency.

Example: Proper coordination between purchase and production departments avoids unnecessary purchases of raw materials.

3. Avoids Conflicts

Coordination reduces misunderstandings and disagreements among employees and departments by ensuring clear communication and responsibilities.

Example: Clear coordination between sales and delivery teams avoids confusion about customer orders.

4. Ensures Proper Utilisation of Resources

It helps in the effective utilisation of money, materials, machinery and human resources.

Example: A company coordinates employee shifts and machine schedules to avoid idle time.

5. Improves Communication

Coordination encourages the exchange of information between departments and employees.

Example: The production department informs the marketing department about product availability.

6. Increases Employee Morale

When employees work together with proper understanding and support, their confidence and job satisfaction improve.

Example: Employees feel motivated when their efforts are recognised and supported by other team members.

7. Helps in Achieving Unity of Action

Coordination ensures that all departments work in the same direction rather than following different objectives.

Example: All departments focus on providing better customer service.

8. Facilitates Growth and Expansion

Coordination helps organisations manage additional employees, departments and business activities when they expand.

Example: When a company opens a new branch, coordination is necessary between the head office and the new branch.

5. Principles of Coordination

The following are the important principles of coordination:

1. Direct Contact

Managers should maintain direct communication with employees and other departmental heads to understand problems and exchange information.

Example: A production manager directly discusses delivery schedules with the marketing manager.

2. Early Beginning

Coordination should begin at the planning stage itself rather than after the work has started. Early coordination helps avoid confusion and mistakes.

Example: Before organising a college fest, all committees should discuss their responsibilities in advance.

3. Continuity

Coordination should be maintained continuously throughout the organisational activities because business situations and employee requirements may change.

Example: Managers regularly coordinate with employees to monitor project progress.

4. Reciprocal Relationship

The activities of different departments are interdependent. A change in one department may affect the activities of other departments. Therefore, all departments should understand and adjust to one another.

Example: If the production department increases output, the marketing and sales departments must also prepare to handle the increased supply.

5. Clear Objectives

Every employee and department should understand the common objectives of the organisation. Clear objectives help employees work in the same direction.

Example: If the company's goal is to increase sales by 15%, all departments should support this target through their activities.

6. Techniques / Methods of Coordination

Managers use different methods to maintain coordination in an organisation.

1. Effective Communication: Sharing information clearly and regularly among employees and departments.

2. Meetings and Discussions: Conducting regular meetings to discuss problems, progress and future activities.

3. Proper Planning: Preparing plans in advance and communicating them to all concerned departments.

4. Clear Authority and Responsibility: Clearly defining the duties and responsibilities of every employee to avoid confusion.

5. Committees: Forming committees with representatives from different departments to discuss common issues and take decisions.

6. Leadership: Managers should guide, motivate and encourage employees to work together.

7. Reports and Records: Maintaining reports helps managers understand the progress of different departments and take corrective action.