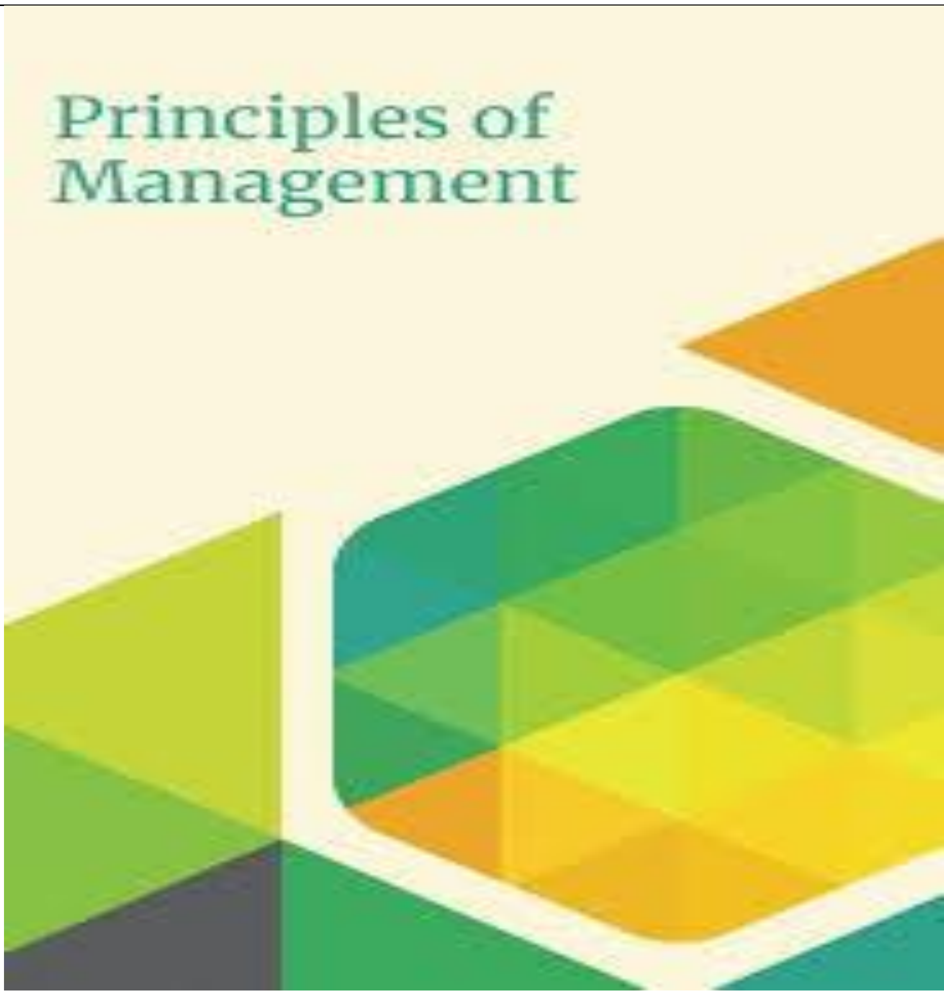
GATE DEGREE AND PG COLLEGE, CHIGURUWADA
BCA – SECOND SEMESTER
PRINCIPLES OF MANAGEMENT



SRI VENKATESWARA UNIVERSITY: TIRUPATI
SYLLABUS
BCA – SECOND SEMESTER
PRINCIPLES OF MANAGMENT

UNIT-I: Management:

Definition & Meaning of Management - Henry Fayol Principals of Management – Functions of Management – Levels of Management.

UNIT-II: Planning:

Nature, importance, Process of Planning and Types of Planning. Decision making-Process

UNIT-II: Organizing:

Organizing - Nature & Importance, Principles of Organising. Delegation & Decentralization. Organizational structure - line & staff and organization.

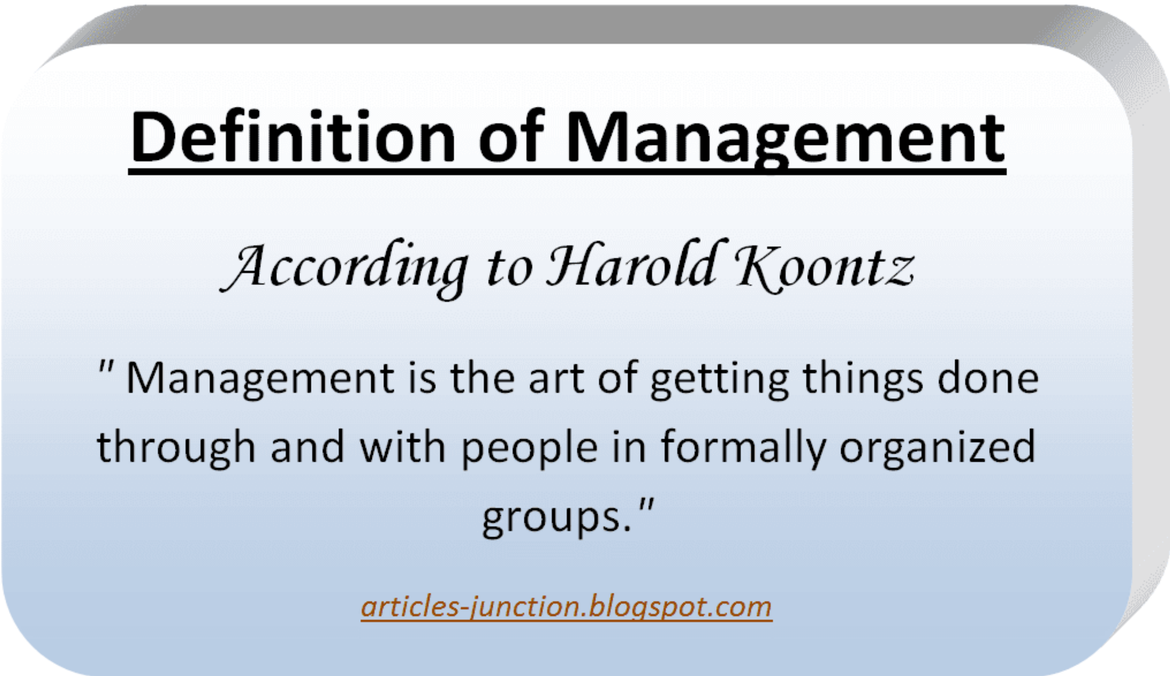
Unit IV: Directing:

Functions of Directing - Motivation - Theories of motivation (Maslow Need and Hierarchy theory), Leadership - Styles of Leadership.

Unit V: Controlling:

Meaning, importance, Process of control-Qualities of good control -coordination and its importance

UNIT-I
MANAGEMENT



INTRODUCTION

It is the process of reaching organizational goals by working with and through the people and other organizational resources such as financial resources (capital), physical resources (land, machinery, building etc...) and knowledge resources (information).

It has the following three characteristics:

- It is a process or series of continuing and related activities
- It involves and concentrates on reaching organizational goals
- It reaches these goals by working with and through people and other organizational resources.

DEFINITION

- **According to Harold Koontz** "Management is the art of getting things done through and with people in formally organized groups".
- **According to Henry Fayol** "to manage is to forecast and to plan, to organise, to command, to co-ordinate and to control".
- **According to Peter Drucker** "Management is a multi-purpose organ that manages business and manages managers and manages workers and work".
- **According to Mary Parker Follet** "Management is the art of getting things done through people".

IMPORTANCE OF MANAGEMENT

- IT HELPS IN ACHIVING GOUP GOALS
- OPTIMUM UTILISATION OF RESOURCES
- REDUCES COST
- ESTABLISHESH SOUND OGANISATION
- ESTABLISHES EQULIBRIUM
- ESSENTIALS FOR PROSPERTY OF SOCIETY

- **It helps in Achieving Group Goals -** It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.
- **Optimum Utilization of Resources -** Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.
- **Reduces Costs -** It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.
- **Establishes Sound Organization -** No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

- **Establishes Equilibrium -** It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change is external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.
- **Essentials for Prosperity of Society -** Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

OBJECTIVES OF MANAGEMENT

- Getting maximum results with minimum efforts
- Increasing the efficiency of factors of production
- Maximum prosperity for employer and employees
- Human betterment and social justice

- **Getting maximum results with minimum efforts:** The main objective of management is to secure maximum outputs with minimum efforts and resources. Management is basically concerned with thinking and utilizing human, material and financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.
- **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 and prosperity of the enterprise.
- **Maximum prosperity for employer and 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.
- **Human betterment and social justice:** Management serves as a tool for the upliftment as well as betterment of the society. Through increase productivity and employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

FEATURES OF MANAGEMENT

Features of Management

1. Continuous and Never Ending Process.
2. Art of Getting Work Done from People.
3. Is Result-Oriented.
4. Multidisciplinary in Nature.
5. Group and Not an Individual Activity.
6. Follows Established Principles or Rules.
7. Aided but Not Replaced by Computers.
8. Situational in Nature.
9. Separate from Ownership.
10. Both an Art as well as a Science.
11. Is All Pervasive.
12. Intangible but its Impact is Felt.
13. Uses a Professional Approach in Work.
14. Dynamic in Nature.

- **Continuous and never ending process:** It is a process which includes four main functions viz., Planning, Organising, Directing and Controlling. The manager has to plan and organise all the activities. He has to give proper directions to his subordinates. He also has to control all the activities in the organization. He has to perform these functions continuously.
- **Art of getting work done from people:** The managers do not do the work themselves. They get the work done through the workers. The worker should not be treated like slaves. They should not be tricked, threatened or forced to do the work. A favourable work environment should be created and maintained.
- **Is result - oriented:** It is result oriented because it gives a lot of importance to "Results". Example of results lie, increase in market share, increase in profits etc. Management always wants to get the best results at all times.

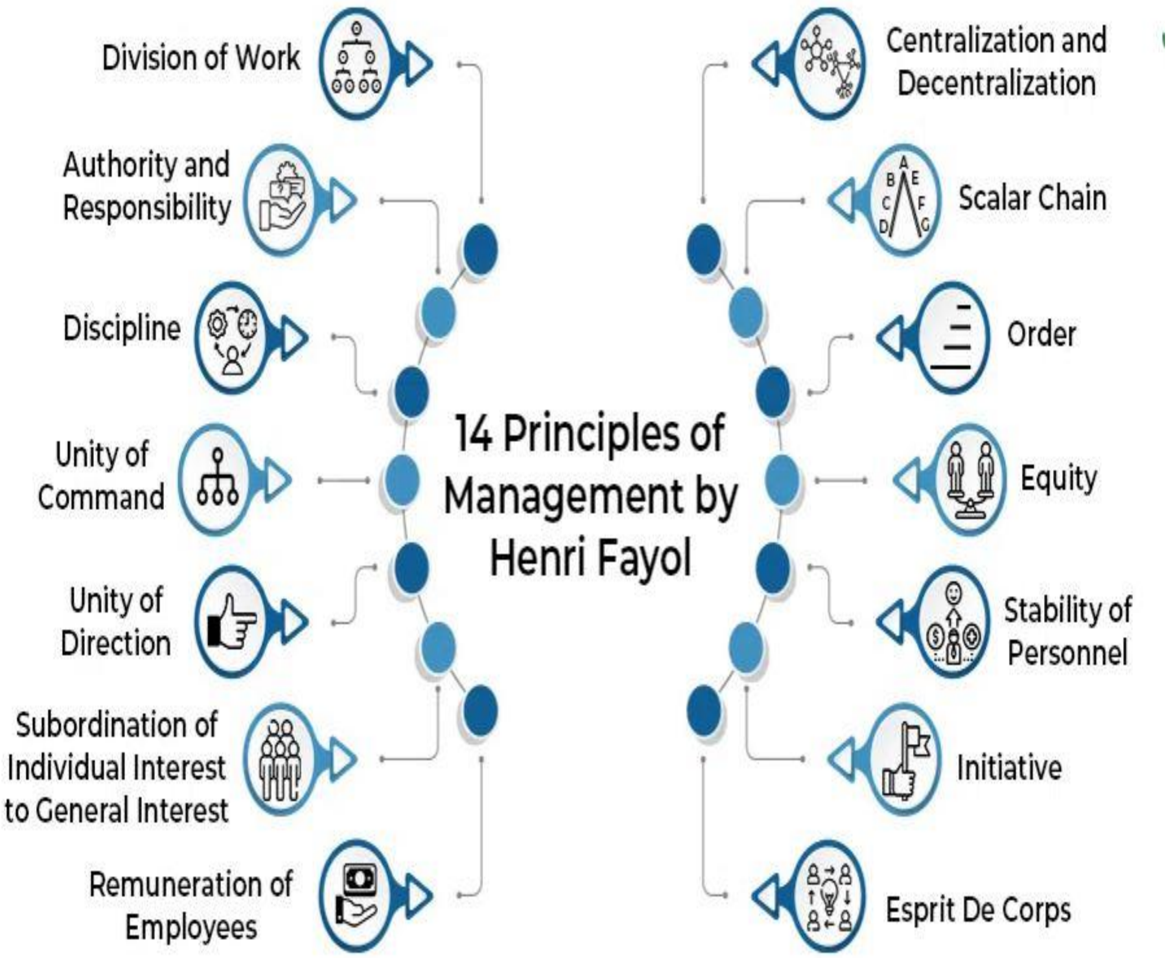
- **Multidisciplinary in nature:** Management has to get the work done through people. This is a very difficult job because different people have different emotions, feelings, aspirations etc. Similarly, the same person may have different emotions at different times. So, management is a very complex job. Therefore, management uses knowledge from many different subjects such as economics, information technology, psychology, sociology etc. Therefore, it is multidisciplinary in nature.
- **Group and not an individual activity:** Management is not an individual activity. It is a group activity. It uses group (employees) efforts to achieve group (owners) objectives. It tries to satisfy the needs and wants of group (consumers). Now-a-days, importance is given to the team (group) and not to individuals.
- **Follows established principles or rules:** Management follows established principles, such as division of work, discipline, unity of command etc. These principles help to prevent and solve the problems in the organisation.
- **Aided but not replaced by computers:** Now-a-days all managers use computers. Computers help the managers to take accurate decisions. Computers cannot replace management. This is because management takes final responsibility. Thus management is aided (helped) but not replaced by computers.
- **Situational in nature:** Management makes plans, policies, decisions and styles for different situations. The manger first studies the full present situation. Then he draws conclusions about the situation. Then he makes plans, decisions etc., which are best for the present situation. This is called situational management.
- **Separate from ownership:** In small organisations, management and ownership are one and the same. In large organisations, management is separate from ownership. The managers are highly qualified professionals who are hired from outside. The owners are the shareholders of the company.
- **Both an art as well as a science:** Management is result-oriented. Therefore, it is an art. Management conducts continuous research. Thus, it is also a science.
- **Management is all pervasive:** Management is necessary for running a business. It is also essential for running business, educational, charitable and religious institutions. Management is must for all activities and therefore, it is all pervasive.
- **Intangible but its impact is felt:** Management is intangible, i.e. it cannot be seen and touched, but it can be felt and realised by its results. The success or failure of management can be judged only by its results. If there is good discipline, good productivity, good profits etc., then the management is successful and vice-versa.
- **Uses a professional approach in work:** Managers use a professional approach for getting the work done from their subordinates. They delegate (give) authority to their subordinates. They ask their subordinates to give suggestions for improving their work. They also encourage subordinates to take the initiative. Initiative means to do the right thing at the right time without being guided or helped by the superior.
- **Dynamic in nature:** Management is creative and innovative. An organisation will survive and succeed only if it is dynamic. It must continuously bring in new and creative ideas, new products, new product features, new ads, new marketing techniques, etc.

HENRY FAYOL PRINCIPLES MANAGEMNT

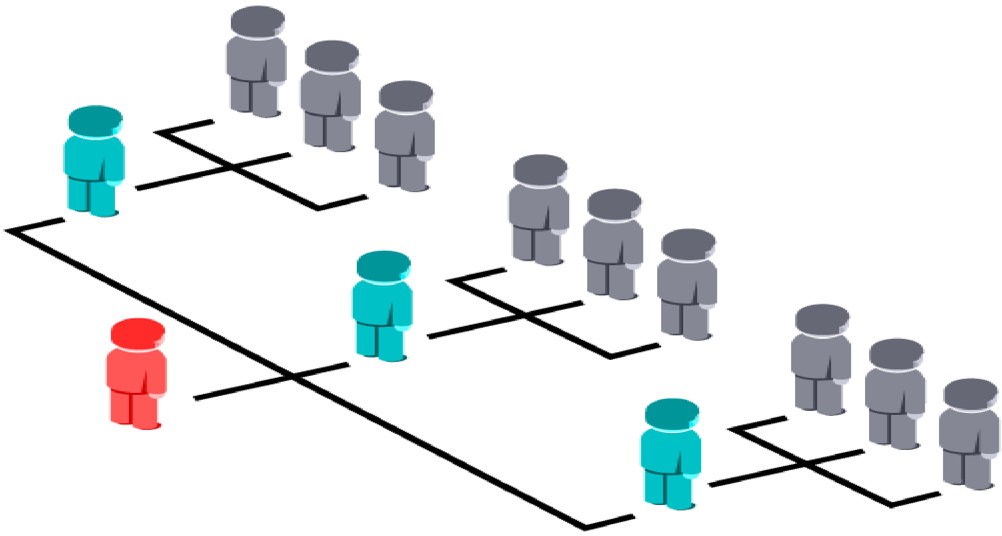
Henri Fayol:

Father of the general principle of management, Henry Fayol was a French industrialist. He joined a French mining company in 1860 as an engineer and rose to the position of its managing director in 1888. At that time, his company was at the stage of bank insolvency. With broad administrative experience, 'Fayol' contributed a lot to his company. When he retired in the year 1918, the company was in excellent condition. Henri Fayol recognized the need for principles of management. He identified **14 Principles of Management**.

Principles of Management by Henri Fayol:



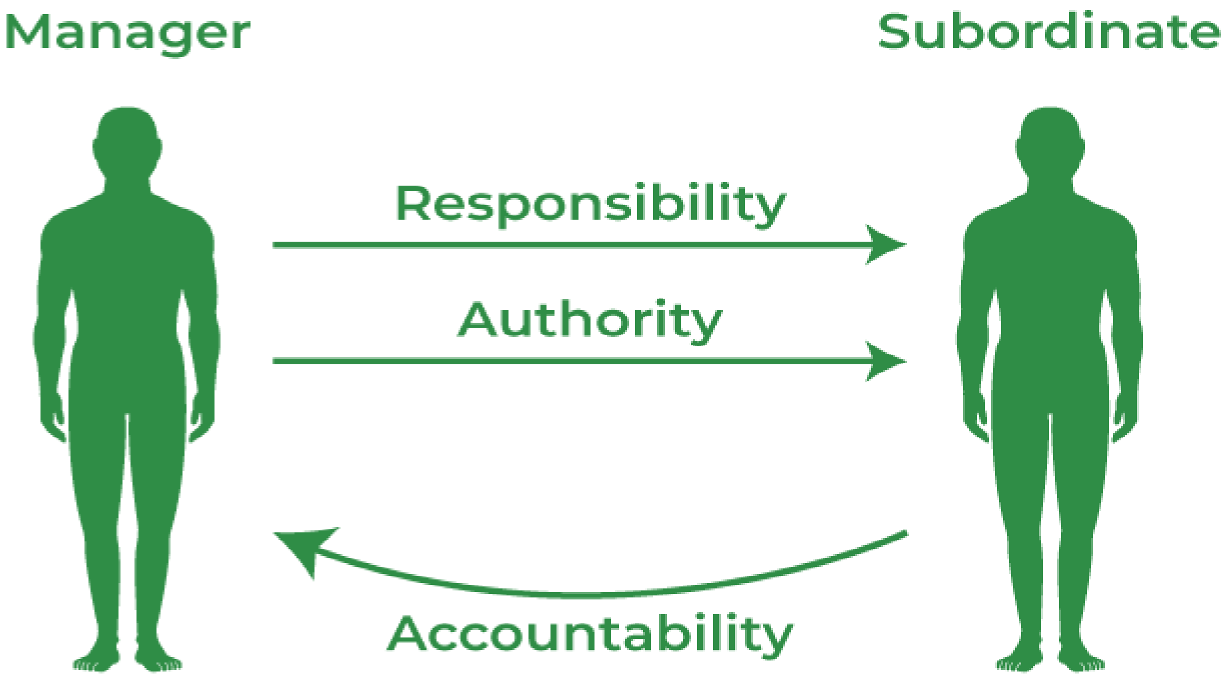
1. Division of Work



It refers to dividing the work into different individuals. Fayol recommended that work of all kinds must be divided and allocated as per competence, qualification, and experience of individuals. According to Fayol, "Division of work intends to produce more and better work for the same effort. Specialization is the most efficient way to use human effort."

For example, a bank has several operations, like collection and payment of cash, issue of cheque books, etc. All those activities are divided and allocated to a different person in the bank. This method of doing work also improves their efficiency and makes them experts in their field.

2. Authority and Responsibility



According to this principle, there should be a proper balance between authority and responsibility. Authority is the duty, which a subordinate is expected to perform. Authority and responsibility go hand in hand. Authority without responsibility leads to irresponsible behavior, while responsibility without authority will make a person ineffective. According to Fayol, "Authority is the right to give orders and obtain obedience, and responsibility is the corollary of authority. The two types of authority are official authority, which is the authority to command, and personal authority, which is the authority of the individual manager."

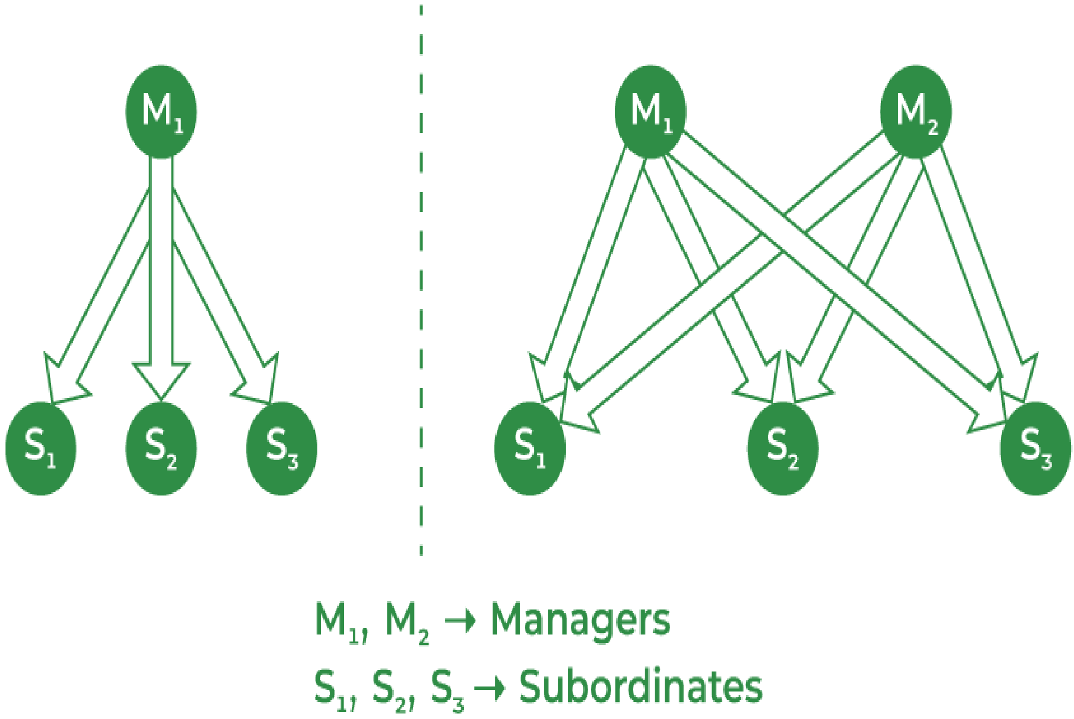
For example, if a foreman is given the responsibility to produce 50 units per day, then he must be given the required authority to achieve this target. If he is not given authority to draw raw material from the stores, then he cannot be blamed.

3. Discipline

Discipline refers to obedience to the rules and regulations of the organization. Discipline requires good supervision at all levels of management. According to Fayol, good supervision at all levels, clear and fair rules, and a built-in system of penalties will help to maintain discipline. It is a must for all levels of management.

For example, employees must be disciplined to work effectively and efficiently to meet their promises of bonuses, increments, and promotions. Its smoothness systemizes the functioning of an organization by providing better relations between management and employees.

4. Unity of Command



According to this principle, each subordinate should receive orders and be accountable to only the superior. No person can serve several masters at the same time. If an employee gets orders from two superiors at the same time, then the principle of unity of command is violated, and he will find it very difficult to decide who he has to obey first. So, to avoid confusion, employees should receive an order from one superior.

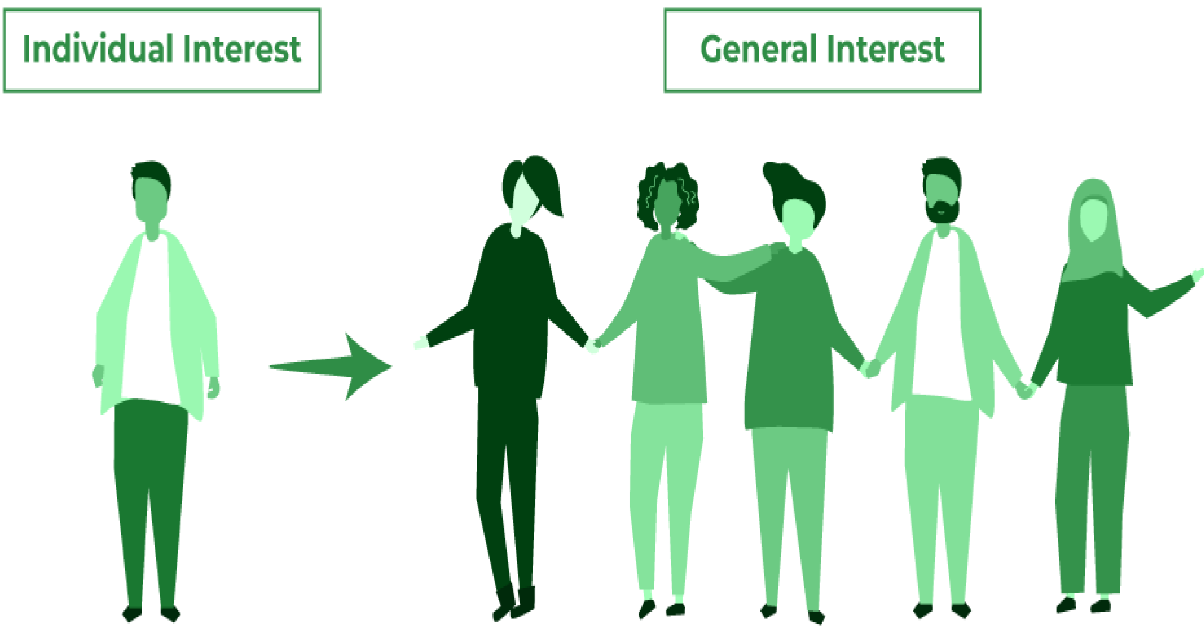
For example, there is a salesperson who is asked to clinch a deal with a buyer and he is allowed to give a 12% discount by the marketing manager. But the finance department tells him not to offer more than a 6% discount. In this case, there is no unity of command, which will lead to confusion and delay.

5. Unity of Direction

It implies that there should be one head and one person for proof of activities having the same objectives. According to this principle, all the activities should be carried under the direction of one head, and there should be effective coordination in all the activities. This principle ensures unity of action and avoids unnecessary duplication of work.

For example, if an organization has four departments for different activities, then each department must be directed by one superior, and its employees should give their whole efforts to achieving the plan of the organization. Each division should have its in charge, plans, and execution resources. There should not be an unnecessary duplication of efforts and a waste of resources.

6. Subordination of Individual Interest to General Interest



According to this principle, the interest of the organization as a whole must prevail over the interest of the individual. It must be the interest of the organization that should be placed above the interest of employees. It is the duty of the manager to reconcile them. If reconciliation is impossible, then general interest must supersede individual interest. A manager must sacrifice his interest. Manager can achieve their objectives when the organization recovers from financial crises.

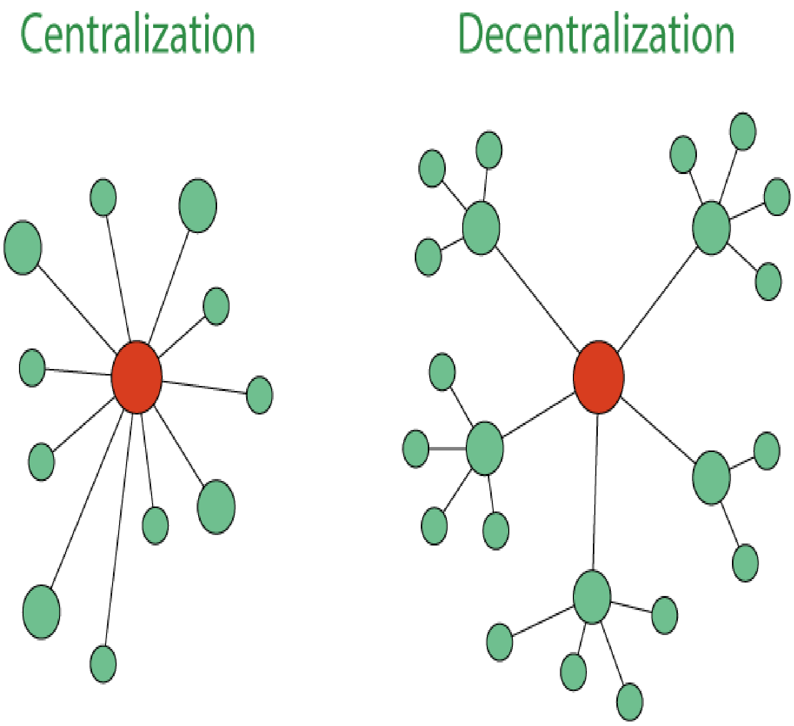
For example, there is a company that wants maximum output from its employees by providing less salaries. There are employees on the other hand who want to get the maximum salary while working the least. In both situations, the interests of the company will supersede the interest of any one individual. As the interests of the workers and stakeholders are more important than the interests of any one person.

7. Remuneration of Employees

According to this principle, remuneration should be fair and satisfactory to both employees and the organization. This principle leads to harmonious relations in the organization. Fair remuneration should be determined based on government rules related to wages, financial position of the organization, nature of work, and cost of living. Employees should be paid reasonable wages for their service, which should provide them with a moderate standard of living.

For example, if an organisation earns higher profits, then it should share some of its parts with the employees in the form of bonus.

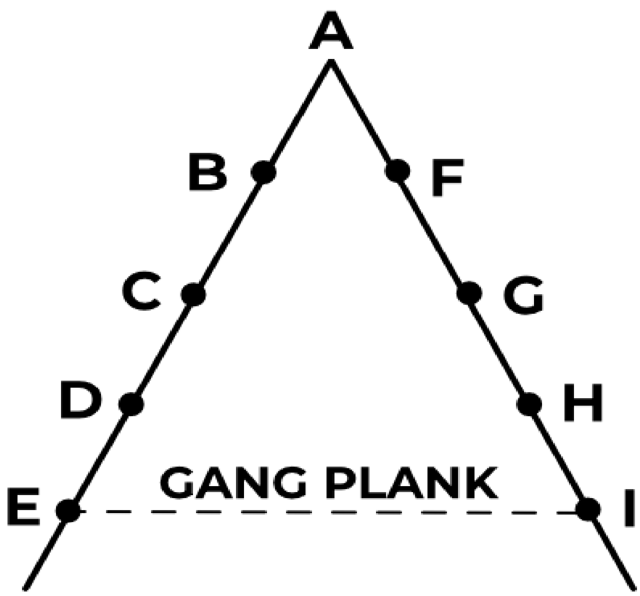
8. Centralization and Decentralization



Centralization refers to the concentration of authority at the top level, and decentralization means distribution at all levels of management. According to this principle, there should be a proper balance between centralization and decentralization. The degree of centralization and decentralization depends on various factors, such as experience of the employees, ability of subordinates, size of the organization, etc. Too much centralization lead to loss of control of top management. Therefore an optimum balance should be maintained according to the need of the organization.

For example, Authority to take vital decisions must be given to the top management, whereas authority related to operational activities must be given to the middle and lower level.

9. Scalar Chain



According to this principle, there is a scalar chain of authority and communication that moves in a straight line from the superior to the lowest subordinate. Henri Fayol permitted a shortcut of chain in case of urgency known as gang plank. Gang plank allows direct communication between two employees of the same level.

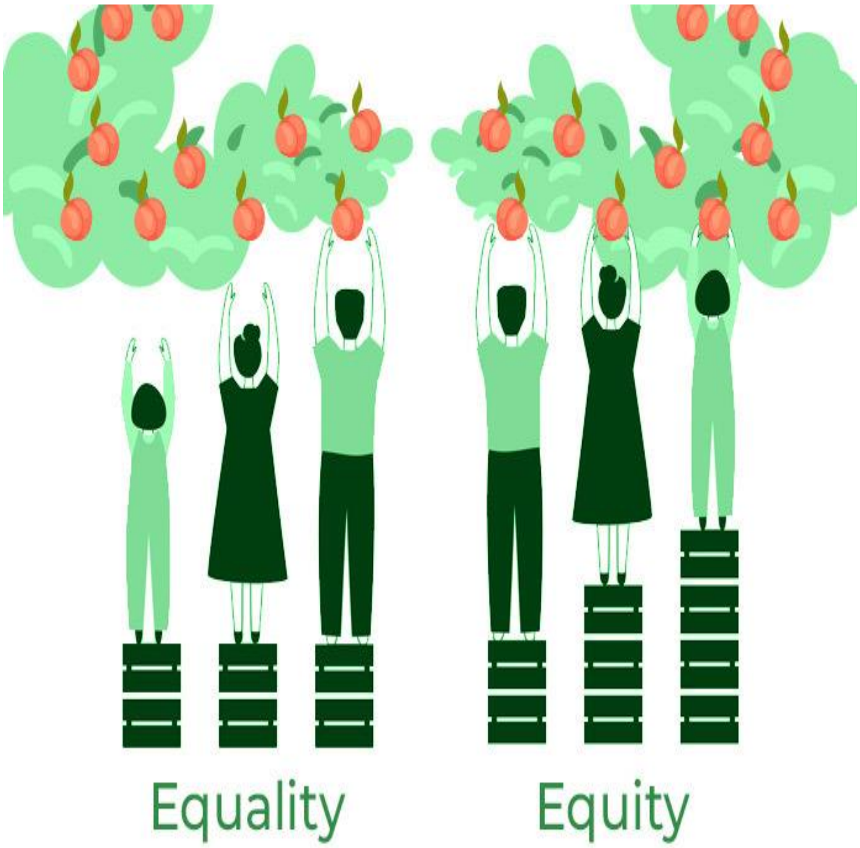
For example, E wants to communicate with I for some important work. The message should orderly move from E to D, then to C, B, A, and then down from A to F then to G, H and finally to I. This will take lots of time so to avoid this delay in work, Fayol suggested the concept of Gang Plank. In this concept 'E' can communicate directly with 'I' on an urgent matter, the gang plank allows two employees of the same level to communicate directly with each but each must enforce to its superior.

10. Order

According to this principle, there should be a proper place for everything and everyone. Henri Fayol emphasized on two types of order: **material order** and **social order**. In material order, there must be a plan for everything. It ensures fix a place for various material tools. Whereas in social order, there must be an appointed place for every employee, which ensures a proper and fixed place/cabin for each employee.

For example, there should be specific place for foremen in a factory so that the work can be done easily.

11. Equity



According to this principle, there should not be any discrimination amongst employees based on religion, caste, language, or nationality. Equity ensures coordinated relations between superiors and subordinates. It leads to the smooth and successful working of the enterprise. It improves satisfaction and motivation of the employee, creating relation between manager and employees.

For example, workers doing similar jobs in the same organization should be paid same wages irrespective of their sex, caste, religion and language.

12. Stability of Personnel

According to this principle, there should be proper effort to achieve stability and continuity of employment. Fayol said that employees should be kept in their position for a reasonable time to show result stability creates a sense of belonging, and workers are encouraged to improve their quality of work. This will increase the efficiency of employees, and it will also increase the reputation of the organization. Unnecessary labor turnover creates an atmosphere of disbelief. Continuous changes in employees disturb the working environment.

For example, new employees must be given ample time to adapt to new culture and environment of the workplace.

13. Initiative

According to this principle, workers should encourage and should be given an opportunity to take initiative in making and executing the plan. Henri Fayol suggested that employees at all levels should be encouraged to take initiative in work. It motivates employees to work better and to take more interest in the organization. The initiative is a powerful motivator of human behavior and a source of strength for the organization. This increase the mental growth and feeling of belongingness in employees. It increases the commitment of employees toward the organization. Lack of initiatives may create an atmosphere of non-cooperation.

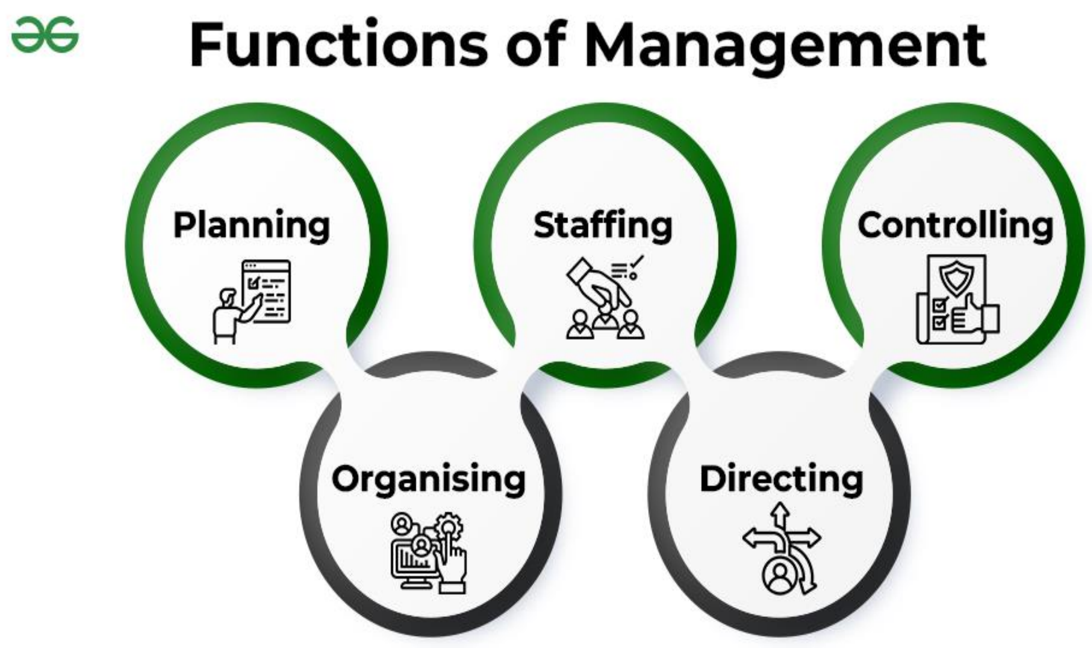
For example, organizations must have an employee suggestion system so that they have feeling of belongingness.

14. Esprit De Corps

According to this principle, management should take reasonable steps to develop a sense of belongingness and a feeling of team spirit amongst employees. In order to achieve the best possible result, individual and group efforts need to be integrated. Production is a teamwork and it requires the full support of all members. For this purpose, a manager should replace 'I' with 'We' in his conversations to bring a team spirit among the employees. This will develop an atmosphere of mutual trust. It will help in achieving group goals, leading to cordial relations between management and workers.

For example, authority and responsibility meant empowering managers, but now it means empowerment of employees because of flat organizational structures that are gaining ground.

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. These 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.

Different experts have classified functions of management.

According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control".

According to 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:

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. 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.

For example, in Ram's organisation, the objective is the production and sale of shoes. He has to decide quantities, variety, and colour, and then allocate resources for their purchase from different suppliers. Planning cannot avoid or stop problems, but it can anticipate them and prepare emergency plans to deal with them if and when they occur.

2. Organizing:

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. **According to Henry Fayol,** "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- ❖ Identification of activities.
- ❖ Classification of grouping of activities.
- ❖ Assignment of duties.
- ❖ Delegation of authority and creation of responsibility.
- ❖ Coordinating authority and responsibility relationships.

For example, In Ram's enterprise of shoes, there are many duties to be performed. So, he allocates the duties within the organisation forming various groups to attain the plan. He decides who will perform which task as preparation of accounts, making sales, record keeping, quality control, and inventory control are the tasks to be performed. There is an organisational hierarchy so that reporting is easy and there is a smooth flow within the 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

For example, when Ram is hiring personnel for his enterprise, he will recruit different people for different tasks. He has to ensure that he is hiring the right people with the right qualification for the right job. For this process, Ram will need an HR manager who will be performing this task for the organisation. This will be a very important part of the management function for his organisation, as it will affect his enterprise in many ways if he selects the wrong people for the job.

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.

For example, in Ram's enterprise, the employees are having some doubts and difficulties. If the supervisor guides his subordinates and clarifies their doubts in performing a task, it will help the employees and the workers to perform the activities correctly and on time. When the employees are motivated and supervised properly, it leads the organisation toward its goal.

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".

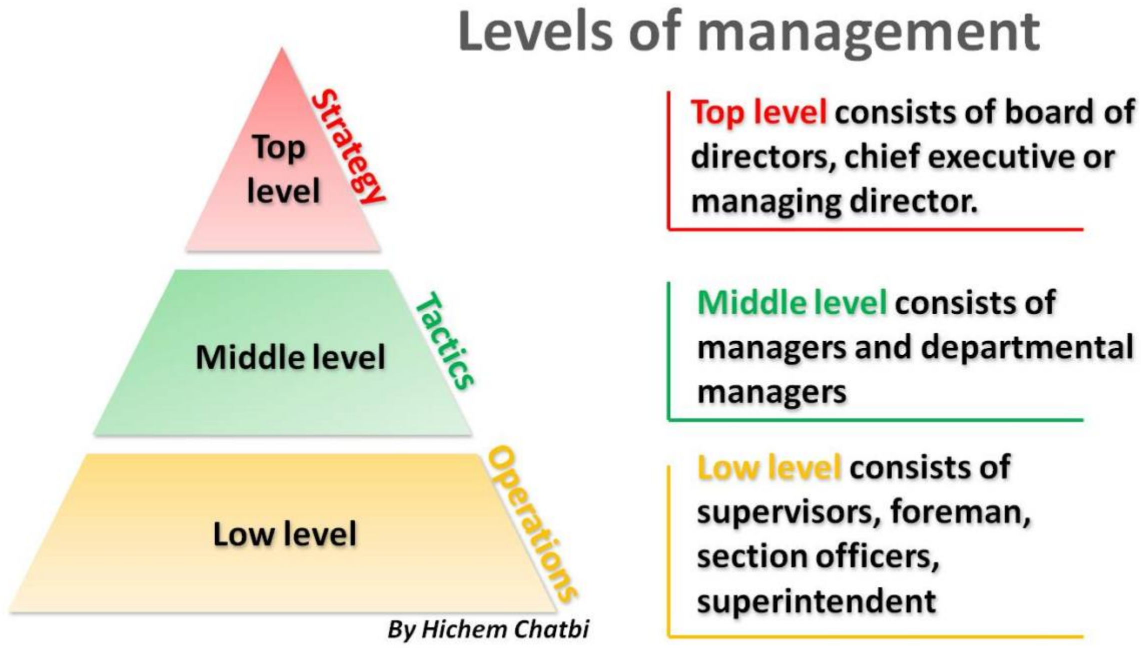
According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

- Establishment of standard performance.
- Measurement of actual performance.

- Comparison of actual performance with the standards and finding out deviation if any.
- Corrective action.

For example, Ram expected to sell 1,000 pairs of shoes per week. This is the standard against which his actual performance will be judged at the end of the week. If his actual performance at the end of the week falls short of the standard, reasons for the shortfall would be ascertained by his superior. Corrective actions will be taken to help the workers so that Ram's enterprise can achieve the standard performance of 1,000 pairs of shoes in the future by controlling the deficiencies and rectifying the mistake.

LEVELS OF MANAGEMENT



The level of management determines a chain of command, the amount of authority and status enjoyed by any managerial position. The levels of management can be classified in three broad categories.

1. Top level / Administrative level: Executive coaching, change management, leadership, delegation, and empowerment, etc....

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

Roles:

- It laysdown the objectives and broad policies of the enterprise.
- It issues necessary instructions for preparation of department budgets, procedures, schedules, etc.
- It prepares strategic plans and policies for the enterprise.
- It appoints the executive for middle level i.e. departmental managers.
- It controls and coordinates the activities of all the departments.
- It is also responsible for maintaining a contact with the outside world.
- It provides guidance and direction.
- The top management is also responsible towards the shareholders for the performance of the enterprise.

2. Middle level / Executor level: Problem solving, team building, talent development, performance management, etc.

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 directional functions.

Roles:

- They execute the plans of the organisation in accordance with the policies and directives of the top management.
- They make plans for the sub-units of the organisation.
- They participate in employment and training of lower level management.
- They interpret and explain policies from top level management to lower level.
- They are responsible for coordinating the activities within the division or department.
- It also sends important reports and other important data to top level management.
- They evaluate performance of junior managers.
- They are also responsible for inspiring lower level managers towards better performance.

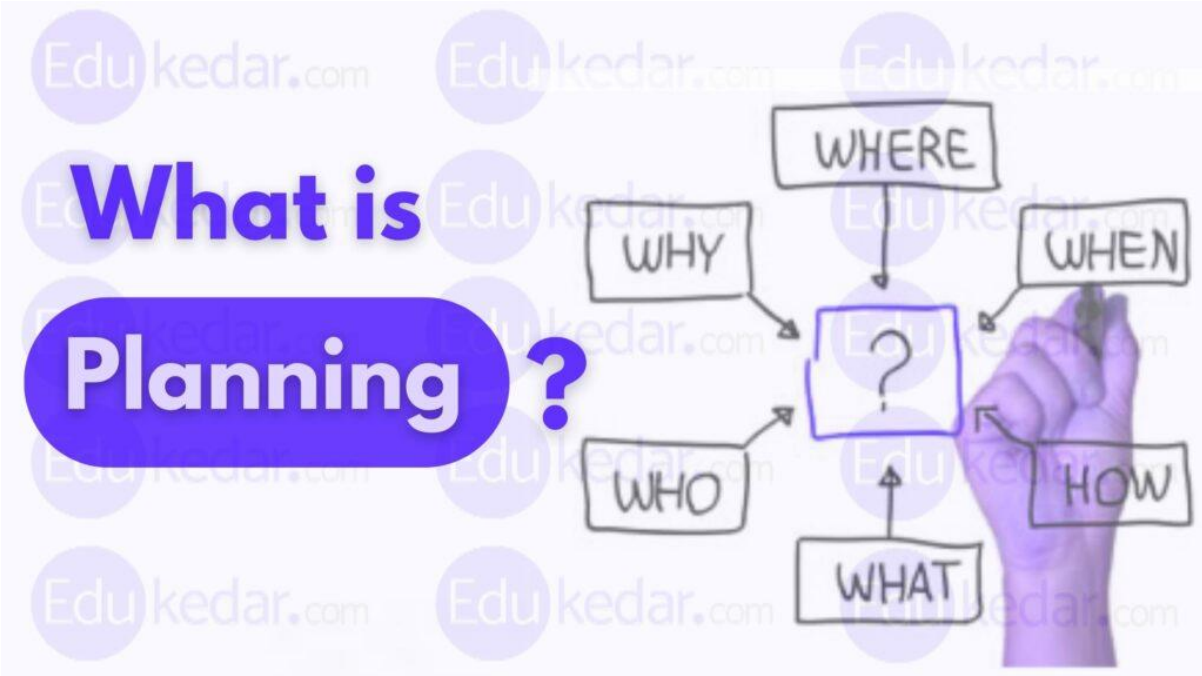
3. Low level / Supervisory / Operative / First-line Managers: Emotional intelligence and coaching for performance etc.

Lower level consists of supervisors, foreman, section officers, superintendent etc. They are concerned with direction and controlling function of management.

Roles:

- Assigning of jobs and tasks to various workers.
- They guide and instruct workers for day to day activities.
- They are responsible for the quality as well as quantity of production.
- They are also entrusted with the responsibility of maintaining good relation in the organisation.
- They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- They help to solve the grievances of the workers.
- They supervise and guide the subordinates.
- They are responsible for providing training to the workers.
- They arrange necessary materials, machines, tools etc for getting the things done.
- They prepare periodical reports about the performance of the workers.
- They ensure discipline in the enterprise.
- They motivate workers.
- They are the image builders of the enterprise because they are in direct contact with the workers.

UNIT-II
PLANNING
INTRODUCTION



Planning is the conscious, systematic process of making decisions about goals and activities that an organization will pursue in the future.

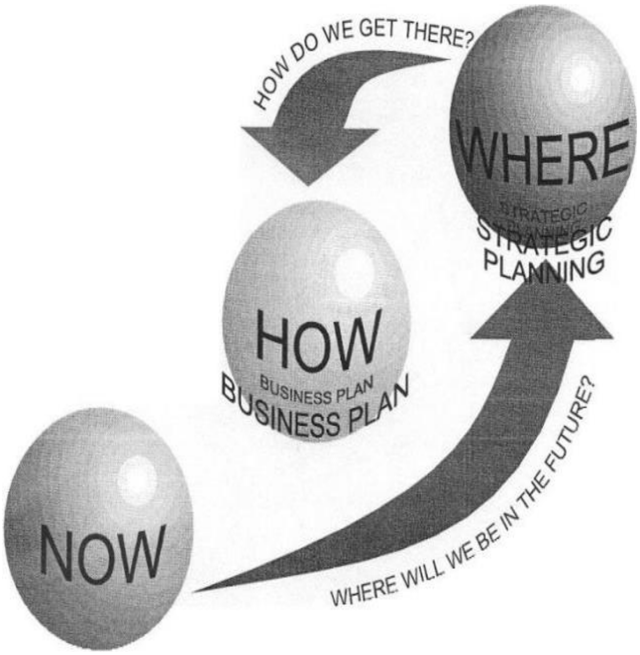
A plan is a pre-determined course of action. Planning is essentially a process to determine and implement actions to achieve organizational objectives.

Planning involves the task of deciding in advance –

- ❖ What to do?
- ❖ How to do?
- ❖ When to do it?
- ❖ Who will do it?

A manager has to answer four basic questions while formulating a plan

- ❖ Where are we now realistic assessment of current situation?
- ❖ Where do we want to be?
- ❖ Gap between where we are and where we want to be?
- ❖ How do we get there?



Planning means looking ahead and chalking out future courses of action to be followed. It is a preparatory step. It is a systematic activity which determines when, how and who is going to perform a specific job. Planning is a detailed programme regarding future courses of action.

It is rightly said "**Well plan is half done**". Therefore planning takes into consideration available & prospective human and physical resources of the organization so as to get effective co-ordination, contribution & perfect adjustment. It is the basic management function which includes formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources.

According to Urwick, "Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guesses". Planning is deciding best alternative among others to perform different managerial functions in order to achieve predetermined goals.

According to Koontz & O'Donell, "Planning is deciding in advance what to do, how to do and who is to do it. Planning bridges the gap between where we are to, where we want to go. It makes possible things to occur which would not otherwise occur".

It is, therefore, a rational approach to achieving pre-selected objectives

NATURE OF PLANNING

- Planning is goal oriented
- It is primary function
- It is persuasive
- It is mental activity
- It is a continous process
- It involves choice
- It is forward looking
- it is flexible
- **It is an integrated process**
- **It includes effective and efficient dimensions**

- **Planning is goal oriented:** Plans arise from objectives. Objectives provide guidelines for planning.
- **It is a primary function:** Planning provides the basis foundation from which all future management functions arise.
- **It is persuasive:** It is required at all levels of management. It is not an exclusive function of any management level or department. Managers have to plan for every change that occurs in an organization. However, the scope of planning differs at all levels and among different department.
- **It is mental activity:** Planning is a mental process involving – imagination, foresightedness and sound judgment. Plans are based on careful analysis of internal and external factors influencing business activities. It is carried out in a logical and systematic manner.
- **It is a continuous process**: It is an on-going process of adapting the organization with the changes in business environment. Since a business exist in a dynamic environment it is necessary to continuously plan based on changing business needs and situations.
- **It involves choice:** it is essentially a choice among various alternative course of action. A manager has to select the best alternative after careful analysis and evaluation.
- **It is forward looking:** Planning means looking ahead and preparing for the future. It involves analysis of the future needs and requirements of the business and preparing for it.
- **It is flexible:** Planning is based on future forecast of events and situations. Since future is uncertain, plans are flexible enough to adapt with future change of events.
- **It is an integrated process:** Plans are structured in a systematic and logical sequence where each plan or step is highly inter-dependent and mutually supportive.

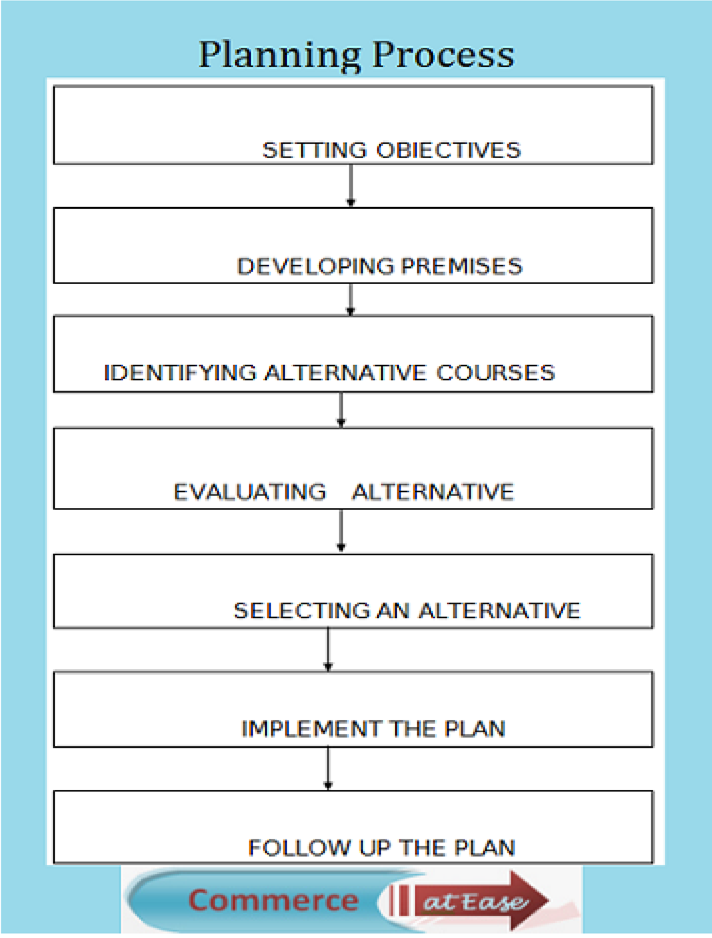
- **It includes effective and efficient dimensions**: Plans aim at optimum utilization of resources to be efficient and are based on predetermined objectives to measure effectiveness of the plan.

IMPORTANCE OF PLANNING

Planning is definitely significant as it directs us where to go, it furnishes direction and decreases the danger of risk by making predictions. The significant advantages of planning are provided below:

- **Planning provides directions**: Planning assures that the objectives are certainly asserted so that they serve as a model for determining what action should be taken and in which direction. If objects are well established, employees are informed of what the company has to do and what they need do to accomplish those purposes.
- **Planning decreases the chances of risk**: Planning is an activity which permits a manager to look forward and predict changes. By determining in prior the tasks to be completed, planning notes the way to deal with changes and unpredictable effects.
- **Planning decreases overlapping and wasteful activities**: Planning works as the foundation of organising the activities and purposes of distinct branches, departments, and people. It assists in avoiding chaos and confusion. Since planning guarantees precision in understanding and action, work is conducted on easily without delays.
- **Planning encourages innovative ideas**: Since it is the primary function of management, new approaches can take the form of actual plans. It is the most challenging project for the management as it leads all planned actions pointing to growth and of the business.
- **Planning aids decision making**: It encourages the manager to look into the future and make a decision from amongst several alternative plans of action. The manager has to assess each option and pick the most viable plan.

PROCESS OF PLANNING



1. Setting Objectives:

- ❖ This is the primary step in the process of planning which specifies the objective of an organisation, i.e. what an organisation wants to achieve.
- ❖ The planning process begins with the setting of objectives.
- ❖ Objectives are end results which the management wants to achieve by its operations.
- ❖ Objectives are specific and are measurable in terms of units.
- ❖ Objectives are set for the organisation as a whole for all departments, and then departments set their own objectives within the framework of organisational objectives.

Example: A mobile phone company sets the objective to sell 2,00,000 units next year, which is double the current sales.

2. Developing Planning Premises:

- ❖ Planning is essentially focused on the future, and there are certain events which are expected to affect the policy formation.
- ❖ Such events are external in nature and affect the planning adversely if ignored.
- ❖ Their understanding and fair assessment are necessary for effective planning.
- ❖ Such events are the assumptions on the basis of which plans are drawn and are known as planning premises.

Example: The mobile phone company has set the objective of 2,00,000 units sale on the basis of forecast done on the premises of favourable Government policies towards digitisation of transactions.

3. Identifying Alternative Courses of Action:

- ❖ Once objectives are set, assumptions are made.
- ❖ Then the next step is to act upon them.
- ❖ There may be many ways to act and achieve objectives.
- ❖ All the alternative courses of action should be identified.

Example: The mobile company has many alternatives like reducing price, increasing advertising and promotion, after sale service etc.

4. Evaluating Alternative Course of Action:

- ❖ In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved.
- ❖ Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

Example: The mobile phone company will evaluate all the alternatives and check its pros and cons.

5. Selecting One Best Alternative:

- ❖ The best plan, which is the most profitable plan and with minimum negative effects, is adopted and implemented.
- ❖ In such cases, the manager's experience and judgement play an important role in selecting the best alternative.

Example: Mobile phone company selects more T.V advertisements and online marketing with great after sales service.

6. Implementing the Plan:

- ❖ This is the step where other managerial functions come into the picture.
- ❖ This step is concerned with "DOING WHAT IS REQUIRED".
- ❖ In this step, managers communicate the plan to the employees clearly to help convert the plans into action.
- ❖ This step involves allocating the resources, organising for labour and purchase of machinery.

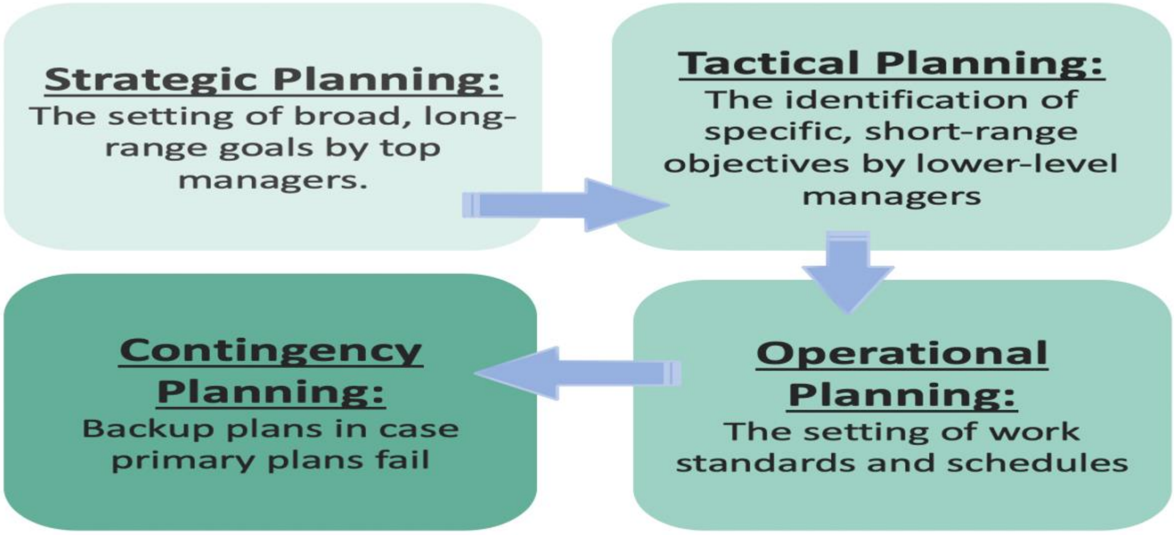
Example: Mobile phone company hires salesmen on a large scale, creates T.V advertisement, starts online marketing activities and sets up service workshops.

7. Follow Up Action:

- ❖ Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.
- ❖ Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.
- ❖ Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.

Example: A proper feedback mechanism was developed by the mobile phone company throughout its branches so that the actual customer response, revenue collection, employee response, etc. could be known

TYPES OF PLANNING



1. Strategic Planning:

Strategic plans define the framework of the organization's vision and how the organization intends to make its vision a reality.

- ❖ It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.
- ❖ Since it is planning the direction of the company's progress, it is done by the top management of an organization.
- ❖ It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.
- ❖ The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.
- ❖ These plans provide the framework and direction for lower level planning.

2. Tactical Planning:

Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan.

- ❖ Tactical plans span a short time frame (usually less than 3 years) and are usually developed by middle level managers.
- ❖ It details specific means or action plans to implement the strategic plan by units within each division.
- ❖ Tactical plans entail detailing resource and work allocation among the subunits within each division.

3. Operational Planning:

Operational plans are short-term (less than a year) plans developed to create specific action steps that support the strategic and tactical plans.

- ❖ They are usually developed by the manager to fulfil his or her job responsibilities.
- ❖ They are developed by supervisors, team leaders, and facilitators to support tactical plans.
- ❖ They govern the day-to-day operations of an organization.
- ❖ Operational plans can be –

- ✓ **Standing plans** − Drawn to cover issues that managers face repeatedly, e.g. policies, procedures, rules.
- ✓ **On-going plans** − Prepared for single or exceptional situations or problems and are normally discarded or replaced after one use, e.g. programs, projects, and budgets.

4. Contingency Planning:

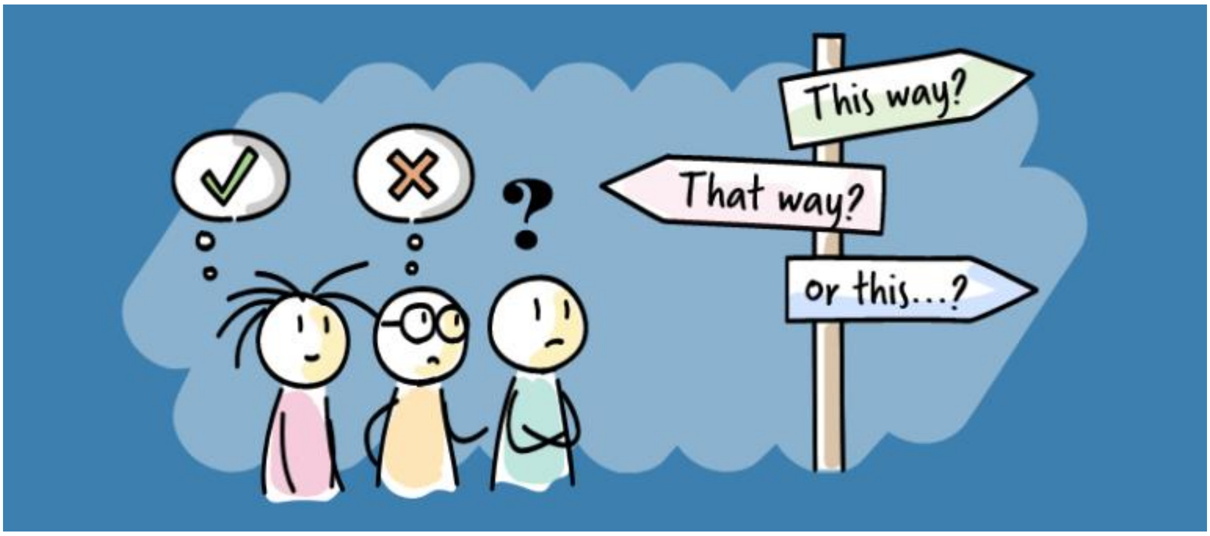
Contingencies might occur in business. To tackle the contingencies, the contingency planning is drafted. There also named as 'Special Planning' by the business experts. In a situation of change, contingency planning proves to be helpful.

Though managers acknowledge the changes before-hand yet contingency plans help to tackle the unseen changes. With the complicated business world, the contingency plan becomes more of a use.

Strategic, Tactical and Operational Plans: Key Differences

Point of Difference	**Strategic plans**	**Tactical plans**	**Operational plans**
Time horizon	Typically 3-5 years	1-2 years	Next 12 months or less
Scope	Broadest	A strategic business Unit	Most narrow, cantered on departments or smaller units of an organization
Complexity	Highly complex, covers a large territory	Complex, but more specific with a more limited domain of Application	The least complex because they usually focus on small, homogeneous units
Impact	Have the potential to have a dramatic impact –including survival and success of the organization	Affect specific business units but the effect on the entire organization is measured	Impact is usually restricted to a specific department or organisation unit
Management Level	Top management	Middle management	Frontline
Interdependence	High interdependence, must take into account the resources and capabilities of the entire organization and its external Environments	Moderate interdependence; must take into account the resources and capabilities of several units within a business	Low interdependence; the plan may be limited to higher level, tactical and strategic plans but are less independent on these plans

DECISION MAKING



Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager. Decisions play important roles as they determine both organizational and managerial activities. A decision can be defined as a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives or goals. Decision making process is continuous and indispensable component of managing any organization or business activities. Decisions are made to sustain the activities of all business activities and organizational functioning.

Decisions are made at every level of management to ensure organizational or business goals are achieved. Further, the decisions make up one of core functional values that every organization adopts and implements to ensure optimum growth and drivability in terms of services and or products offered.

As such, decision making process can be further exemplified in the backdrop of the following definitions.

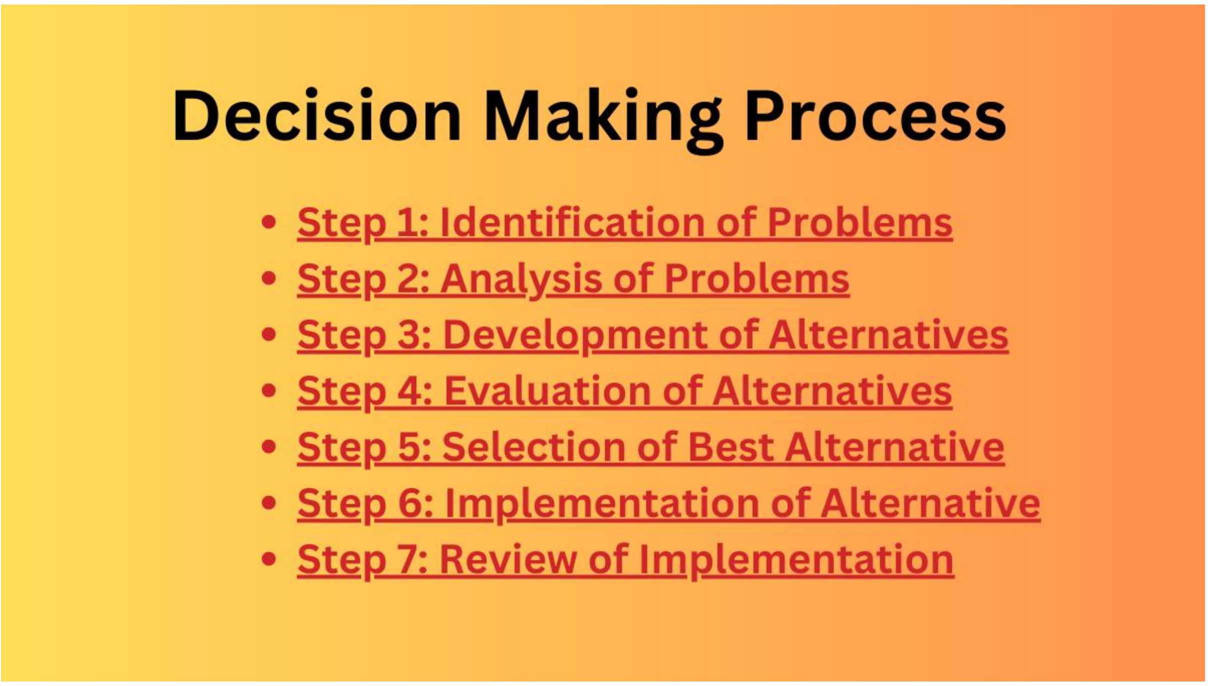
Definition:

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

According to J.L. Massie A decision can be defined as a course of action consciously chosen from available alternatives for the purpose of desired result.

According to D.E. Mc. Farland A decision is an act of choice, wherein an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from a number of possible alternatives.

DECISION MAKING PROCESS



The decision making process includes a series of steps following which a manager selects the most feasible course of action from the available alternatives. It is the responsibility of the manager to make an effective decision and implement it in the best possible ways for the prosperity of the organization.

Decision-making is an important aspect of management. The decision which is made today, by the manager, decides how will be the future of the organization. And for a rational and effective decision, a manager must go through the 7 steps of the process of decision-making.

1. Identification of Problems
2. Analysis of Problems
3. Development of Alternatives
4. Evaluation of Alternatives
5. Selection of Best Alternative
6. Implementation of Alternative
7. Review of Implementation

Step 1: Identification of Problems:

The first and most important step of the decision-making process is to identify the main problems. Problems may arise due to the internal and external factors of an organization.

It is believed that the identification of problems is the completion of half of the decision-making process. Identifying the problem is similar to diagnosing a disease, which helps in providing the right medicine to the patients. And when a problem is correctly understood, it becomes easy to solve.

Step 2: Analysis of Problems:

After completing the first step another step of the decision making process is analyzing the identified problems. For this, a decision-maker has to accumulate all the facts, data, and information related to problems.

Analyzing the problems is a part of the decision-maker to study the main reasons for problems and their impact on short as well as long-term organizational performance. A quick analysis of the problem by accumulating all the related facts, data, and information is a must to find out the actual source of the problem.

Step 3: Development of Alternatives:

A problem may have various alternative solutions. The decision-maker has to identify and study all the possible solutions. A decision-maker should be creative and innovative to identify all the alternative solutions.

He can identify alternatives from various sources like records and files of problems, opinions, and views of experts, discussions with subordinates, creditors, customers, etc.

The more clearly identified alternatives provide more freedom for brainstorming. A manager should concentrate on developing and finding those alternatives, which are strategic to the problems. Therefore, the development of alternative solutions is mental and creative work that requires discussion and creativity.

Step 4: Evaluation of Alternatives:

Here every alternative is evaluated and studied in terms of the decision-making process. All alternatives should be studied by considering the efforts involved and the outcome expected.

Generally, the following queries are taken into consideration while evaluating any alternative solution, firstly, whether the alternative solution is feasible in terms of costs, time, legal, constraints, human and other resources, secondly, whether the alternative is satisfactory for solving problems, thirdly, whether the consequences of alternative are favorable to the organization.

Considering the above factors help select a course of action. Besides it, the decision-maker has to consider both costs and benefits of each alternative.

Step 5: Selection of Best Alternative:

This is the final stage of the decision-making process after the evaluation of various alternatives. Here the best feasible alternative is being selected. For the best alternative manager should consider short-term as well as long-term impacts on organizational performance.

Following approaches are followed to select the best course of action;

- Experience
- Experimentation
- Research and Analysis
- Personal Values and Aspirations

The decision-maker has to consider the above approaches to analyze and select the best solution. He has to select an alternative considering the feasibility, satisfactoriness, and financial soundness of the organization. The selection of the best solution helps with implementation and to gain positive outcomes in organizational objectives.

Step 6: Implementation of Alternative:

This is the operational part of the decision-making process. A decision can be made by evaluating the alternatives with the help of available resources but implementing them is quite difficult. The efficiency of the decision-maker is measured in terms of effective implementation of the decision.

A decision-maker has to provide instructions to the operational authorities and communicate them from time to time. He should use his alternatives and communication skills for the successful implementation of the decision.

For this, he has to delegate authority to the subordinates based on the weightage of the responsibility. Management has to consider the organizational objectives that can be achieved if the course of action is implemented in the best possible way.

Step 7: Review of Implementation:

Reviewing the implementation means knowing its actual performance it. As decision-making is a continuous process it is necessary to evaluate the performance from time to time.

A follow-up and review of actual achievement are essential. In case the implementation does not give the desired results, it is necessary to involve in the modification of procedures and techniques that can be made to bring the work to the desired track. It also helps in taking an appropriate decision at the right time.

UNIT-III
ORGANIZING

INTRODUCTION

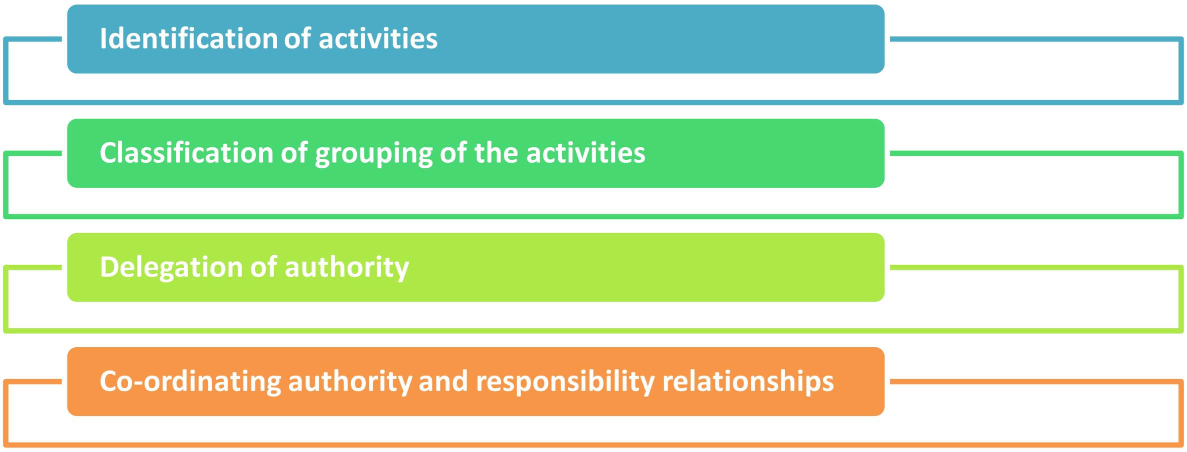
Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern. According to *Chester Barnard*, "Organizing is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.

DEFINITIONS

1.According to Koontz O'Donnel, "Organising involves the establishment of an international structure of roles through determination and enumeration of the activities required to achieve the goals of an enterprise and each part of it; the grouping of these activities, the assignment of such groups of activities to the manager, the delegation of authority to carry them out and provision for co-ordination of authority and informational relationship, horizontally and vertically, in the organisation structure."

2.Organizing is the second key management function, after planning, which coordinates human efforts, arranges resources and incorporates the two in such a way which helps in the achievement of objectives. It involves deciding the ways and means with which the plans can be implemented.

NATURE OF ORGANISING

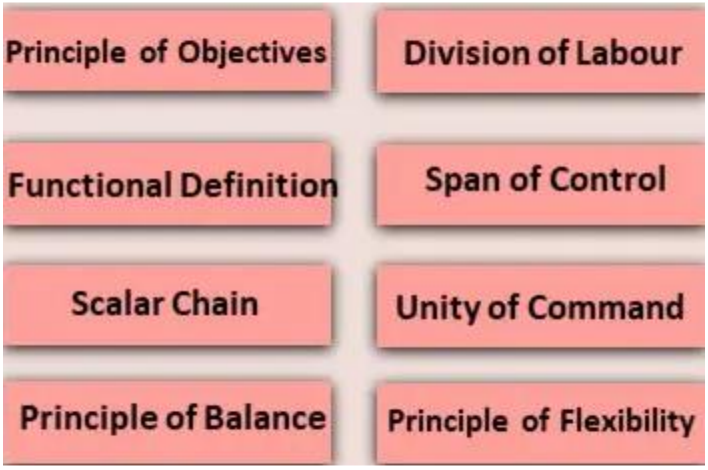


- **Identification of activities -** All the activities which have to be performed in a concern have to be identified first. For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.
- **Classification of grouping of the activities -** In this step, the manager tries to combine and group similar and related activities into units or departments. This organization of dividing the whole concern into independent units and departments is called depart mentation.
- **Delegation of authority -** Once the departments are made, the manager likes to classify the powers and its extent to the managers. This activity of giving a rank in order to the managerial positions is called hierarchy. The top management is into formulation of policies, the middle level management into departmental supervision and lower level management into supervision of foremen. The clarification of authority helps in bringing efficiency in the running of a concern. This helps in avoiding wastage of time, money, effort, in avoidance of duplication or overlapping of efforts and this helps in bringing smoothness in a concern's working.
- **Co-ordinating authority and responsibility relationships -** Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal. Each individual is made aware of his authority and he/she knows whom they have to take orders from and to whom they are accountable and to whom they have to report. A clear organizational structure is drawn and all the employees are made aware of it.

IMPORTANCE OF ORGANIZING

- **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.
- **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.
- **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.
- **Co-ordination:** Organization is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.
- **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.
- **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 grow. This is possible only when the organization structure is well- defined. This is possible through a set of formal structure.
- **Sense of security:** Organizational structure clarifies the job positions. The roles assigned to every manager is 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.
- **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 ORGANIZATION



The organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following principles of organization can be used by a manager.

- **Principle of Specialization:** According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.
- **Principle of Functional Definition:** According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other.
- **Principles of Span of Control/Supervision:** According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either from a wide or narrow span. There are two types of span of control:-

  (i)Wide span of control- It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:-

  - Less overhead cost of supervision
  - Prompt response from the employees
  - Better communication
  - Better supervision
  - Better co-ordination
  - Suitable for repetitive jobs

  According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

  (ii) Narrow span of control- According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervises and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time. The features are:-

- Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
- Co-ordination is difficult to be achieved.
- Communication gaps can come.
- Messages can be distorted.
- Specialization work can be achieved.

- **Principle of Scalar Chain:** Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place. A scalar chain of command facilitates work flow in an organization which helps in achievement of effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.
- **Principle of Unity of Command:** It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one boss at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organization.

<u>Authority Flows from Top to Bottom</u>

Managing Director

↓

Marketing Manager

↓

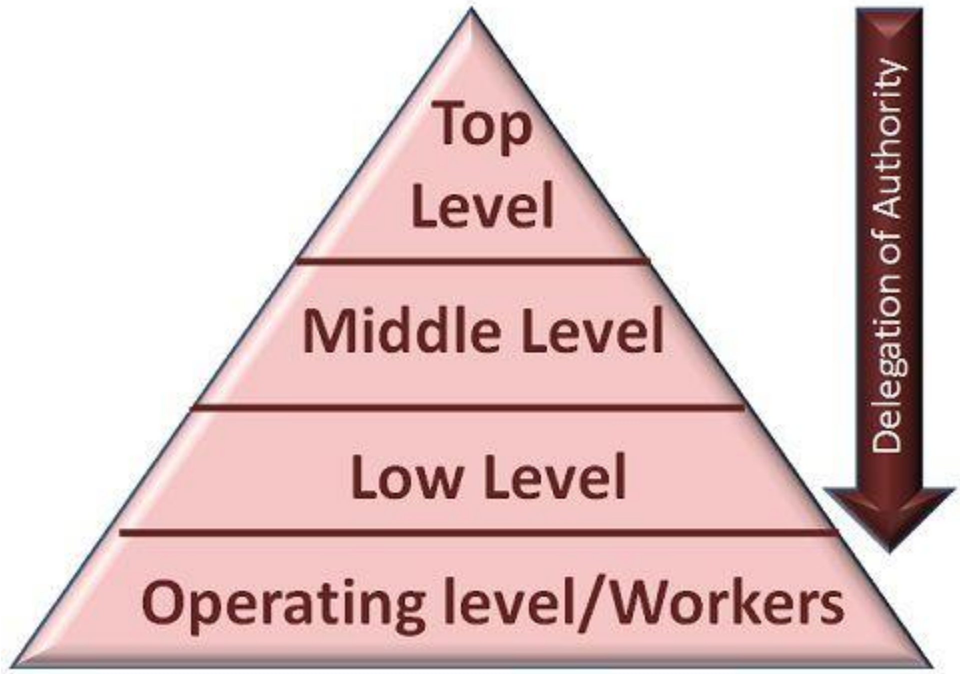
Sales/ Media Manager

↓

Salesmen

According to the above diagram, the Managing Director has got the highest level of authority. This authority is shared by the Marketing Manager who shares his authority with the Sales Manager. From this chain of hierarchy, the official chain of communication becomes clear which is helpful in achievement of results and which provides stability to a concern. This scalar chain of command always flow from top to bottom and it defines the authority positions of different managers at different levels.

DELEGATION OF AUTHORITY



Meaning:

Delegation of authority is a process that enables a person to assign a task to others. As a manager or leader, you're expected to perform several tasks and meet multiple deadlines. To ensure that you achieve your objectives on time, you delegate responsibility to your team members. In short, the meaning of delegation of authority is to entrust someone with tasks and share the overall responsibility.

Definition:

The **Delegation of Authority** is an organizational process wherein, the manager divides his work among the subordinates and gives them the responsibility to accomplish the respective tasks. Along with the responsibility, he also shares the authority, i.e. the power to take decisions with the subordinates, such that responsibilities can be complete deficiently.

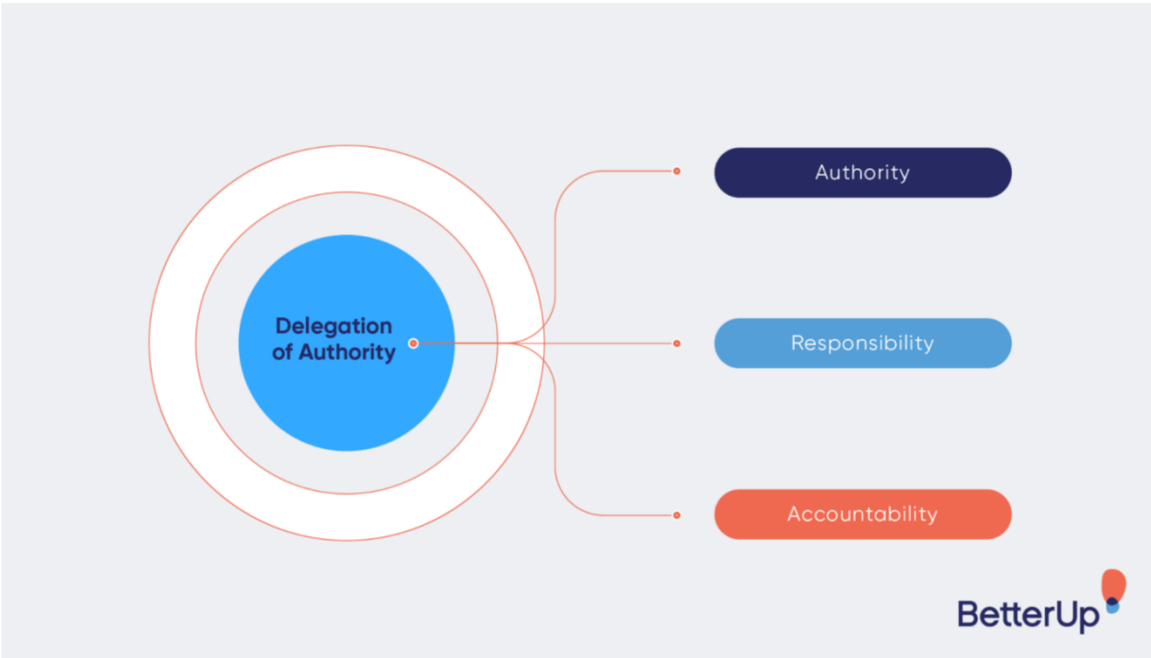
In other words, a delegation of authority involves the sharing of authority downwards to the subordinates and checking their efficiency by making them accountable for their doings. In an organization, the manager has several responsibilities and work to do. So, in order to reduce his burden, certain responsibility and authority are delegated to the lower level, i.e. to the subordinates, to get the work done on the manager's behalf.

Under the delegation of authority, the manager does not surrender his authority completely, but only shares certain responsibility with the subordinate and delegates that much authority which is necessary to complete that responsibility.

Features of Delegation of Authority:

- Delegation means giving power to the subordinate to act independently but within the limits prescribed by the superior. Also, he must comply with the provisions of the organizational policy, rules, and regulations.
- Delegation does not mean that manager give up his authority, but certainly he shares some authority with the subordinate essential to complete the responsibility entrusted to him.
- Authority once delegated can be further expanded, or withdrawn by the superior depending on the situation.
- The manager cannot delegate the authority which he himself does not possess. Also, he can not delegate his full authority to a subordinate.
- The delegation of authority may be oral or written, and may be specific or general.
- The delegation is an art and must comply with all the fundamental rules of an organization.

Elements of Delegation



Authority: One of the essential elements of delegation is authority which is the power to complete an assigned task. Without authority a subordinate is unable to execute the task perfectly. In order to complete the task as is expected by the manager, the manager has to provide authority of executing that task to the subordinate.

Responsibility: Responsibility is another element of delegation which is assigning the subordinate a task that needs to be executed. When the superior assigns any task to the subordinate it becomes the obligation of the subordinate to perform that task with responsibility.

The feeling of responsibility arises from the superior subordinate relationship where a subordinate is obliged to perform the job as assigned by the superior.

Accountability: Accountability element of delegation refers to the answerability of a subordinate to his superior for the job or task that is assigned. Accountability flows in an upward direction, which means the subordinate is accountable to the superior.

Although the subordinate is accountable to the superior, the actual accountability of that task and its outcome rests with the superior as accountability is not transferred to the subordinate, it is just imposed till the time the task is completed.

Importance of Delegation:

- Delegation of authority allows more time for managers to concentrate on the tasks that are of higher importance for the organisation. Also, delegation allows for changing of the routine work which brings a sense of freedom.
- When authority is delegated by a superior to a subordinate, the subordinate gets to learn new work which helps in the growth of the employee and provides an opportunity to develop new skills that can improve the chances of promotion.
- When superiors delegate any function to the subordinates, it motivates the subordinates as they feel trusted and appreciated in the organisation. The direct benefit of this is improvement in employee morale and productivity.

Differences between Authority and Responsibility

Authority	Responsibility
It is the legal right of a person or a superior to command his subordinates.	It is the obligation of subordinate to perform the work assigned to him.
Authority is attached to the position of a superior in concern.	Responsibility arises out of superior-subordinate relationship in which subordinate agrees to carry out duty given to him.
Authority can be delegated by a superior to a subordinate	Authority can be delegated by a superior to a subordinate
It flows from top to bottom.	It flows from bottom to top.

Advantages of Delegation:

1. Specialization: Authorities and responsibilities are delegated as per the skills, abilities, knowledge and experience of subordinates. So, delegation of authority promotes specialization and division of work in the organization.

2. Reduce Pressure And Workload: In delegation, routine routine tasks are assigned to middle level and lower level managers. It reduces the pressure, stress and workload of top level manager. Manager get enough time to conduct other important creative and productive activities.

3. Quick Decisions: Lower level managers get the authority to make decisions which helps to improve their decision making power. They do not need to consult top managers to take decision which ensures prompt decisions at the workplace.

4. Employee Development: Delegation of authority helps to develop skills and capabilities of subordinates. It helps them to perform challenging jobs which helps to develop managerial qualities.

5. On-the-job Training: Delegation of authority is a kind of on-the-job training where subordinates can learn, improve skills and develop managerial abilities at the workplace.

6. Better Understanding: It helps to build trust and better understanding between managers and subordinates in the organization. It promotes effective communication and sense of team spirit while performing the job.

7. Expansion And Diversification: Delegation creates well-trained, dedicated and competent team of subordinates. So, it is helpful for expansion, growth and diversification of organization.

8. Suitability: Delegation of authority is suitable for large organizations with different departments, branches and units with various organizational activities

Disadvantages of Delegation of Authority:

1. Misunderstanding and Conflict: Because of lack of proper communication and coordination, there exists a chance of misunderstanding and conflict between managers and subordinates. It may negatively affect the performance and productivity of the firm.

2. Poor Results: It authority and responsibility is delegated to unskilled and incompetent subordinate, then the organization cannot achieve desired results because of poor performance.

3. Misuse of Power: Another drawback of delegation is that the subordinate can misuse his. Her power by taking wrong decisions for personal benefit.

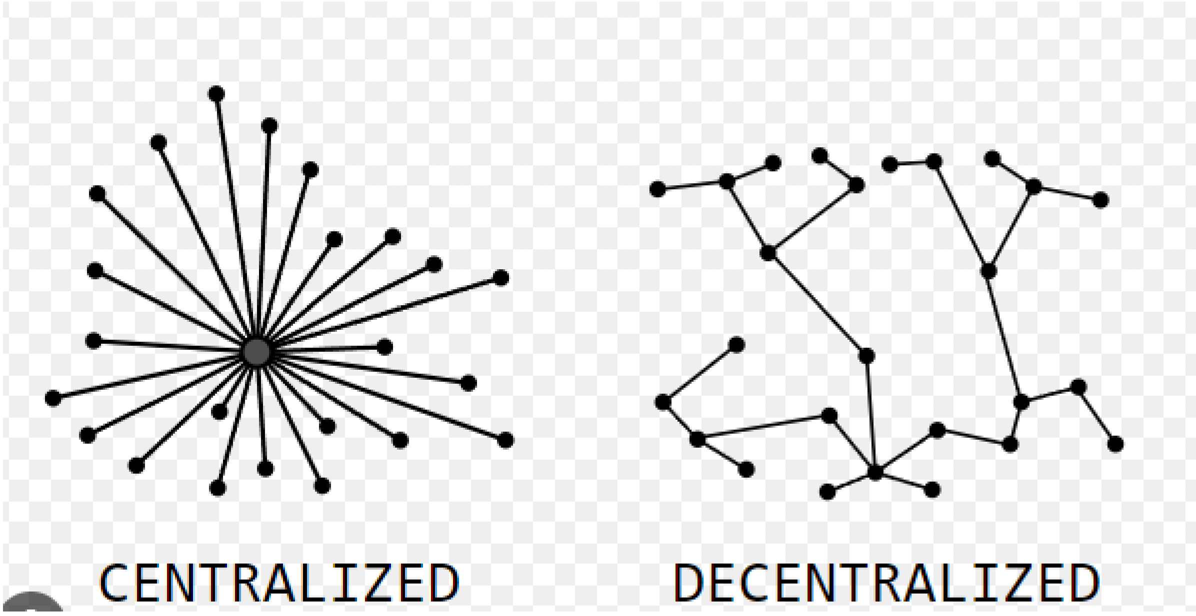
4. Burden on Subordinates: Delegation of authority increases the workload and stress of subordinates. Pressure of work may lose interest and lower the motivation towards the job.

5. Lack of Self Confidence: Superior tries to delegate boring and not properly defined tasks to the subordinates. In most cases, very limited power is given to them which reduce the self-confidence of the employees.

6. Low Quality of Work: If authority is not delegated properly to the proper person, then the quality of work will be affected. It negatively affects productivity, goodwill and image of the business.

7. Not Suitable: Delegation of authority is not suitable for small firms with limited organizational activities.

DECENTRALISATION



The degree of decision-making power at the lower echelons in the organization i.e. Decentralized.

On the other hand, **Decentralization** is a systematic delegation of authority at all levels of management and in all of the organization. In a decentralization concern, authority in retained by the top management for taking major decisions and framing policies concerning the whole concern. Rest of the authority may be delegated to the middle level and lower level of management.

The degree of **centralization and decentralization** will depend upon the amount of authority delegated to the lowest level.

According to Allen, "Decentralization refers to the systematic effort to delegate to the lowest level of authority except that which can be controlled and exercised at central points.

Decentralization is not the same as delegation. In fact, decentralization is all extension of delegation. Decentralization pattern is wider is scope and the authorities are diffused to the lowest most level of management.

Delegation of authority is a complete process and takes place from one person to another. While decentralization is complete only when fullest possible delegation has taken place. For example, the general manager of a company is responsible for receiving the leave application for the whole of the concern. The general manager delegates this work to the personnel manager who is now responsible for receiving the leave applicants. In this situation delegation of authority has taken place. On the other hand, on the request of the personnel manager, if the general manager delegates this power to all the departmental heads at all level, in this situation decentralization has taken place.

There is a saying that "Everything that increasing the role of subordinates is decentralization and that decreases the role is centralization". Decentralization is wider in scope and the subordinate's responsibility increase in this case. On the other hand, in delegation the managers remain answerable even for the acts of subordinates to their superiors.

According to McFarland, decentralisation is a situation in which ultimate authority to command and ultimate responsibility for results is localized as far down in the organization as efficient management of the organization permits. According to Allen, decentralization refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points.

Implications of Decentralization:

- ❖ There is less burden on the Chief Executive as in the case of centralization.
- ❖ In decentralization, the subordinates get a chance to decide and act independently which develops skills and capabilities. This way the organization is able to process reserve of talents in it.
- ❖ In decentralization, diversification and horizontal can be easily implanted.
- ❖ In decentralization, concern diversification of activities can place effectively since there is more scope for creating new departments. Therefore, diversification growth is of a degree.
- ❖ In decentralization structure, operations can be coordinated at divisional level which is not possible in the centralization set up.
- ❖ In the case of decentralization structure, there is greater motivation and morale of the employees since they get more independence to act and decide.
- ❖ In a decentralization structure, co-ordination to some extent is difficult to maintain as there are lot many department divisions and authority is delegated to maximum possible extent, i.e., to the bottom most level delegation reaches. Centralization and decentralization are the categories by which the pattern of authority relationships became clear. The degree of centralization and de-centralization can be affected by many factors like nature of operation, volume of profits,

Advantages of Decentralisation:

- ❖ The top management gets relief from routine work and can focus on matters of strategic importance.
- ❖ Radical improvement is noticed in work performance as the decisions are taken from close quarters after correct and timely judgement.
- ❖ High degrees of morale and motivation is established among the subordinates that contribute to their efficiency level in a positive manner.
- ❖ Chances of risk gets minimized as the decision making power gets distributed among the top, middle and lower level of management.
- ❖ Diversified product lines may be nurtured as their present status, future potentials, etc. may be determined readily by the top officials along with middle level and lower level managers.

Disadvantages of Decentralisation:

- ❖ It often becomes a problem to coordinate the diversified goals and activities of various decision making bodies.
- ❖ Decentralisation of authority calls for duplication of work, procedures and equipment which tends to become costly.

- ❖ In case of emergency situations that calls for quick decisions, decentralisation of authority becomes an obstacle.
- ❖ The lower and middle level managers might take decisions on matters which are beyond their scope of operation. This leads the top managers to situations that go beyond their control.

Delegation Vs Decentralization

Basis for comparison	**Delegation**	**Decentralization**
Meaning	Delegation means handing over an authority from one person of high level to the person of low level.	Decentralization is the final outcome achieved, when the delegation of authority is performed systematically and repeatedly to the lowest level.
What it is?	Technique of management	Philosophy of management.
Accountability	Superiors are accountable for the acts done by subordinates.	Department heads are accountable for the acts of the concerned department.
Requirement	Yes, for all organization delegation of authority is very necessary.	No, it is an optional philosophy which may or may not be adopted by the organization.
Liberty of Work	Subordinates do not have full liberty.	A substantial amount of freedom is there.
Control	The ultimate control is the hands of superior.	The overall control vests with top management and delegates authority for day to day control to departmental heads.
Relationship	Creates superior-subordinate relationship.	A step towards creation of semi-autonomous units.

ORGANISATIONAL STRUCTURE

Organisational structure is a system that consists of explicit and implicit institutional rules and policies designed to outline how various work roles and responsibilities are delegated, controlled and coordinated.

- It also determines how information flows from level to level with in the company.
- There are two types of organisational structures
    1. Formal
    2. Informal

Formal organisational structure:

The formal organisation in usually delineated by an organisational chart and job descriptions. The official reporting relationships are clearly known to every manager.

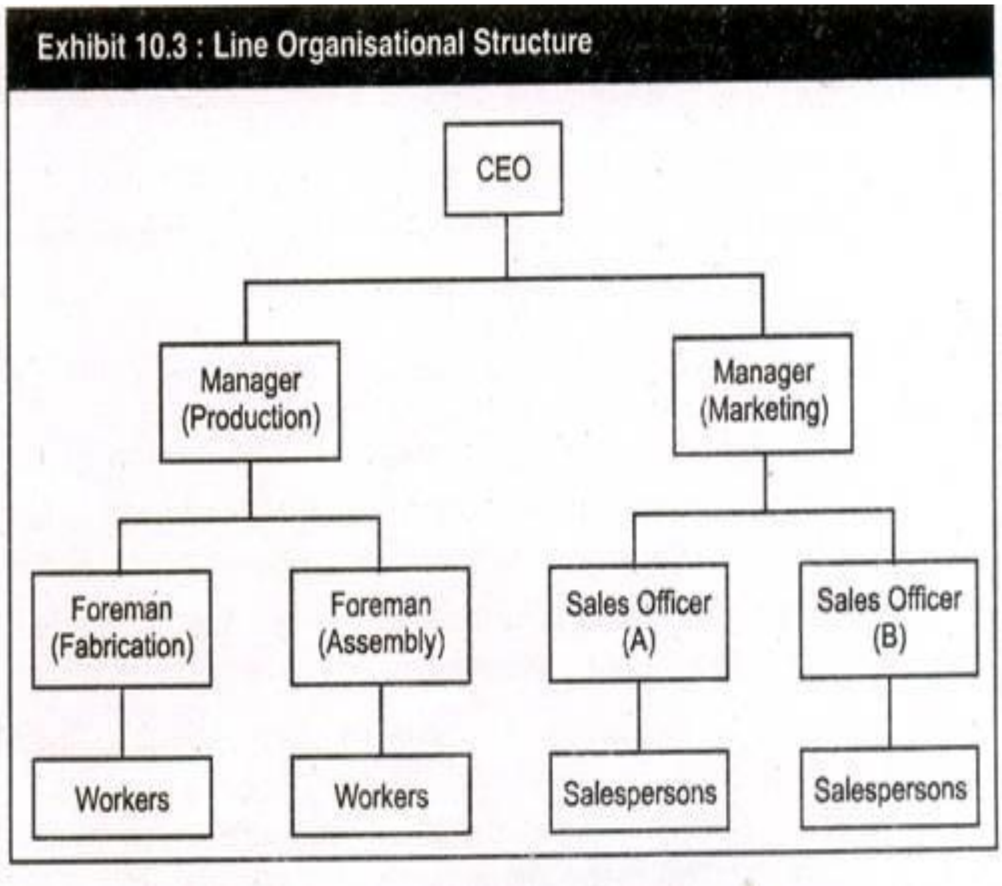
Alongside the formal organisation exists are informal organisation which is a set of evolving relationships and patterns of human interaction within an organisation that are not officially prescribed.

Formal organisational structures are categorised as:

1. Line organisational structure.
2. Staff or functional authority organisational structure.
3. Line and staff organisational structure.
4. Committee organisational structure.
5. Divisional organisational structure.
6. Project organisational structure.
7. Matrix organisational structure and
8. Hybrid organisational structure.

LINE ORGANISATIONAL STRUCTURE

A line organisation has only direct, vertical relationships between different levels in the firm. There are only line departments-departments directly involved in accomplishing the primary goal of the organisation. For example, in a typical firm, line departments include production and marketing. In a line organisation authority follows the chain of command.



Features:

Has only direct vertical relationships between different levels in the firm.

Advantages:

- Tends to simplify and clarify authority, responsibility and accountability relationships
- Promotes fast decision making
- Simple to understand.

Disadvantages:

- Neglects specialists in planning
- Overloads key persons.

STAFF OR FUNCTIONAL AUTHORITY ORGANISATIONAL STRUCTURE

The jobs or positions in an organisation can be categorized as:

(i) Line position:

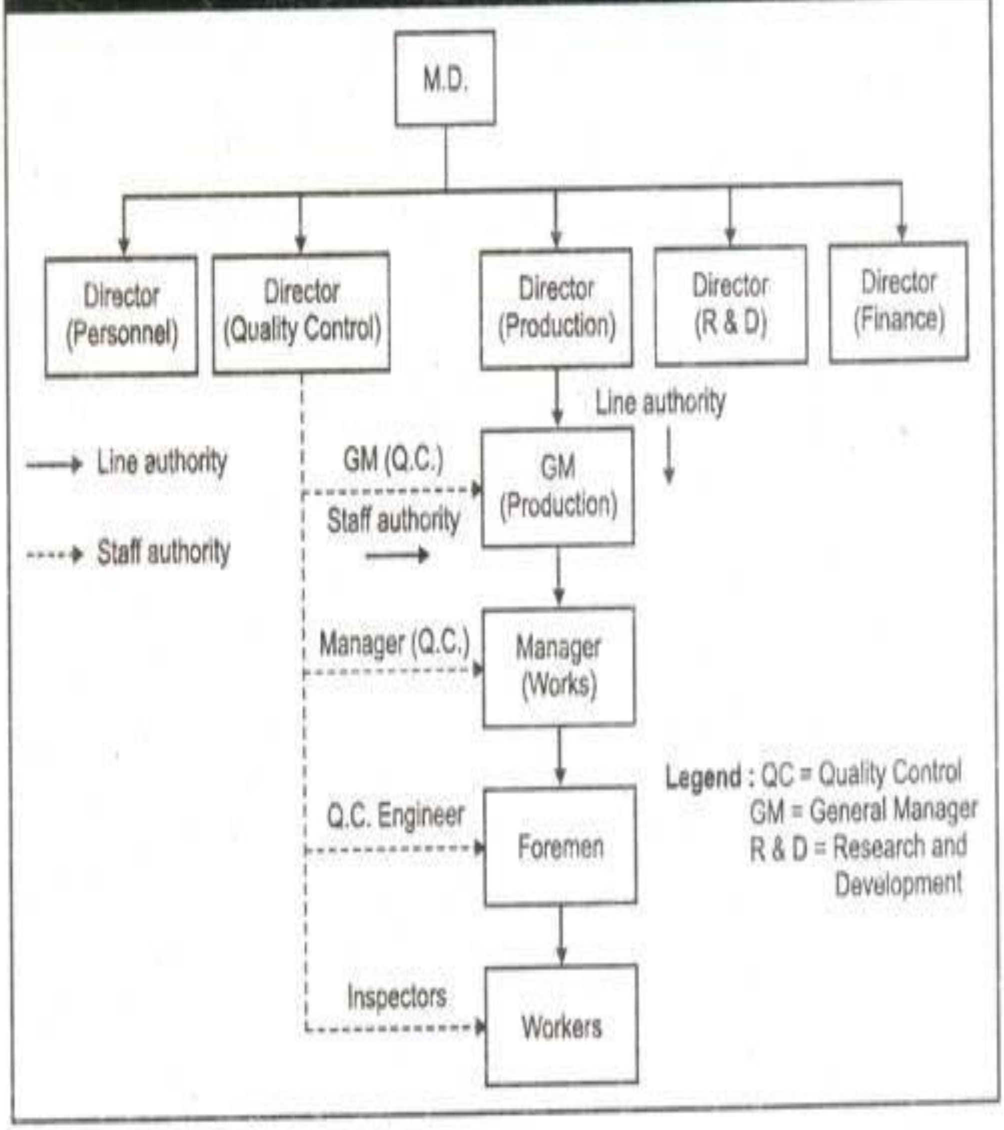
A position in the direct chain of command that is responsible for the achievement of an organisation's goals and

(ii) Staff position:

A position intended to provide expertise, advice and support for the line positions. The line officers or managers have the direct authority (known as line authority) to be exercised by them to achieve the organisational goals. The staff officers or managers have staff authority (i.e., authority to advice the line) over the line. This is also known as functional authority.

An organisation where staff departments have authority over line personnel in narrow areas of specialization is known as functional authority organisation.

Exhibit 10.4 : Staff or Functional Authority Organisational Structure



In the line organisation, the line managers cannot be experts in all the functions they are required to perform. But in the functional authority organisation, staff personnel who are specialists in some fields are given functional authority (The right of staff specialists to issue orders in their own names in designated areas).

The principle of unity of command is violated when functional authority exists i.e., a worker or a group of workers may have to receive instructions or orders from the line supervisor as well as the staff specialist which may result in confusion and the conflicting orders from multiple sources may lead to increased ineffectiveness. Some staff specialists may exert direct authority over the line personnel, rather than exert advice authority (for example, quality control inspector may direct the worker as well as advise in matters related to quality).

Advantages:

- Tends to simplify and clarify authority, responsibility and accountability relationships
- Promotes fast decision making
- Simple to understand.

Disadvantages:

- The potential conflicts resulting from violation of principle of unity of command and
- The tendency to keep authority centralized at higher levels in the organisation

UNIT-IV
DIRECTING

DIRECTING is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing have got no importance if direction function does not take place.

Directing initiates action and it is from here actual work starts. Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently. **According to Human,** “Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned” Therefore, Directing is the function of guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.

DEFINITION

According to Massie “Directing concerns the total manner in which a manager influences the action of subordinates. It is the final action of manager in getting others to act after all preparations have been completed.”

According to Koontz and O’Donnel “Directing is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise’s objectives.”

CHARACTERISTICS

- **Pervasive Function:** Directing is required at all levels of organization. Every manager provides guidance and inspiration to his subordinates.
- **Continuous Activity:** Direction is a continuous activity as it continuous throughout the life of organization.
- **Human Factor:** Directing function is related to subordinates and therefore it is related to human factor. Since human factor is complex and behaviour is unpredictable, direction function becomes important.
- **Creative Activity:** Direction function helps in converting plans into performance. Without this function, people become inactive and physical resources are meaningless.
- **Executive Function:** Direction function is carried out by all managers and executives at all levels throughout the working of an enterprise, a subordinate receives instructions from his superior only.
- **Delegate Function:** Direction is supposed to be a function dealing with human beings. Human behaviour is unpredictable by nature and conditioning the people's behaviour towards the goals of the enterprise is what the executive does in this function. Therefore, it is termed as having delicacy in it to tackle human behaviour.

NATURE AND PURPOSE OF DIRECTING

- **It is a Dynamic Function:** Directing is a dynamic and continuing function. A manager has to continuously direct, guide, motivate and lead his subordinates. With change in plans and organizational relationships, he will have to change the methods and techniques to direction.
- **It Initiates Action:** Directing initiates organized and planned action and ensures effective performance by subordinates towards the accomplishment of group activities. It is regarded as the essence of management-in-action.
- **It Provides Necessary Link between Various Managerial Functions:** Directing links the various managerial functions of planning, organizing, staffing and controlling. Without directing the function of controlling will never arise and the other preparatory functions of management will become meaningless. In the words of Haimann, "nothing happens unless and until the business automobile is put into gear and the accelerator pressed."
- **It is a Universal Function:** Directing is a universal function that is performed in all organizations and at all the levels of management. All managers have to guide, motivate, lead, supervise and communicate with their subordinates, although more time is spent on directing at higher levels of management.
- **It is Concerned with Human Relationships:** The direction function of management deals with relationship between people working in an organization. It creates co-operation and harmony among the members of the group. It seeks to achieve orderly arrangement of group effort to provide unity of action in the pursuit of common objectives.

IMPORTANCE OF DIRECTING

Directing or Direction function is said to be the **heart of management of process** and therefore, is the central point around which accomplishment of goals take place. A few philosophers call Direction as "*Life spark of an enterprise*". It is also called as on actuating function of management because it is through direction that the operation of an enterprise actually starts. Being the central character of enterprise, it provides many benefits to a concern which are as follows:-

- **It Initiates Actions:** Directions is the function which is the starting point of the work performance of subordinates. It is from this function the action takes place, subordinates understand their jobs and do according to the instructions laid. Whatever are plans laid, can be implemented only once the actual work starts. It is there that direction becomes beneficial.
- **It Ingrates Efforts:** Through direction, the superiors are able to guide, inspire and instruct the subordinates to work. For this, efforts of every individual towards accomplishment of goals are required. It is through direction the efforts of every department can be related and integrated with others. This can be done through persuasive leadership and effective communication. Integration of efforts bring effectiveness and stability in a concern.
- **Means of Motivation:** Direction function helps in achievement of goals. A manager makes use of the element of motivation here to improve the performances of subordinates. This can be done by providing incentives or compensation, whether monetary or non - monetary, which serves as a "Morale booster" to the subordinates Motivation is also helpful for the subordinates to give the best of their abilities which ultimately helps in growth.
- **It Provides Stability:** Stability and balance in concern becomes very important for long term sun survival in the market. This can be brought upon by the managers with the help of four tools or elements of direction function - judicious blend of persuasive leadership, effective communication, strict supervision and efficient motivation. Stability is very important since that is an index of growth of an enterprise. Therefore a manager can use of all the four traits in him so that performance standards can be maintained.
- **Coping up with the changes:** It is a human behaviour that human beings show resistance to change. Adaptability with changing environment helps in sustaining planned growth and becoming a market leader. It is directing function which is of use to meet with changes in environment, both internal as external. Effective communication helps in coping up with the changes. It is the role of manager here to communicate the nature and contents of changes very clearly to the subordinates. This helps in clarifications, easy adaptions and smooth running of an enterprise. For example, if a concern shifts from handlooms to powerlooms, an important change in technique of production takes place. The resulting factors are less of manpower and more of machinery. This can be resisted by the subordinates. The manager here can explain that the change was in the benefit of the subordinates. Through more

mechanization, production increases and thereby the profits. Indirectly, the subordinates are benefited out of that in form of higher remuneration.

- **Efficient Utilization of Resources:** Direction finance helps in clarifying the role of every subordinate towards his work. The resources can be utilized properly only when less of wastages, duplication of efforts, overlapping of performances, etc. doesn't take place. Through direction, the role of subordinates become clear as manager makes use of his supervisory, the guidance, the instructions and motivation skill to inspire the subordinates. This helps in maximum possible utilization of resources of men, machine, materials and money which helps in reducing costs and increasing profits.

FUNCTIONS OF DIRECTING

The directing function of management is a combination of its five different components such as supervision, motivation, leadership, communication, and coordination. Integration of all these elements makes the direction function more effective.

Supervision:

Supervision, as a vital component of directing, involves directly guiding and overseeing subordinates to ensure the successful completion of assigned tasks. Supervisors maintain close interaction with employees, monitoring their work and providing timely feedback to ensure adherence to planned schedules.

Through supervision, managers establish a foundation for the controlling function by receiving valuable feedback on performance progress. Regularly supervising subordinates allows managers to assess whether their work aligns with established plans, policies, and strategies, fostering a sense of accountability and facilitating the achievement of organizational goals.

Motivation:

Motivation, an essential component of directing, is both a human and psychological factor. It operates under the belief that happy employees are more likely to be productive workers. Motivation is intricately linked to human behavior and needs.

As an essential management function, it involves inspiring and stimulating employees through psychological processes, fostering a willingness to dedicate their best efforts toward the achievement of organizational goals.

By incorporating motivation as a component of directing, managers can effectively harness employee potential and drive overall success.

Leadership:

Leadership is a crucial component of directing, involving the ability to influence and gain acceptance for instructions and guidance. Effective managers exhibit strong leadership qualities like vision, confidence, empathy, and serving as role models.

They also have the flexibility to adapt their leadership style, whether autocratic or democratic, to suit the organization's needs. Leadership drives employee motivation, fosters a positive work environment, and ultimately contributes to the accomplishment of organizational objectives.

Communication:

Communication, as a component of directing, serves as the medium through which individuals exchange various forms of information, ideas, and facts. It plays a fundamental role in establishing and strengthening relationships within the workplace.

The effectiveness of the organization's internal relationships greatly relies on the successful implementation of a robust communication system. By promoting clear and efficient communication channels, managers facilitate better understanding, collaboration, and coordination among employees, contributing to a more cohesive and productive work environment.

Coordination:

Coordination, as an integral component of directing, involves bringing together all the elements of the organization, including functions, plans, strategies, resources, and people, to create a unified and competitive force that drives the attainment of goals.

It ensures that actions are aligned, fosters synergy among different parts of the organization optimizes resource utilization, and facilitates efficient goal achievement. By promoting coordination, managers enhance collaboration, streamline processes, and create a harmonious working environment that maximizes productivity and success.

MOTIVATION

Meaning:

Motivation is derived from the Latin word "Movere" which means 'to move' or 'to energize' or 'to activate'.

Definition:

According to Young, "Motivation is the process of arousing the action sustaining the activity in process and regulating the pattern of activity."

According to Morgan & King "Motivation refers to the states within a person or animal that drives behaviour toward some goals."

Nature of Motivation:

- Goal directed behaviour
- Related to satisfaction
- Complex process.

Importance of Motivation:

- Motivated employees are required.
- It helps organisation to survive
- Motivated employees are more productive.

MASLOW THEORY OF HUMAN MOTIVATION

It is probably safe to say that the most well-known theory of motivation is Maslow's need hierarchy theory Maslow's theory is based on the human needs. Drawing chiefly on his clinical experience, he classified all human needs into a hierarchical manner from the lower to the higher order.

In essence, he believed that once a given level of need is satisfied, it no longer serves to motivate man. Then, the next higher level of need has to be activated in order to motivate the man. Maslow identified five levels in his need hierarchy as shown in below figure.

1. Physiological Needs:

These needs are basic to human life and, hence, include food, clothing, shelter, air, water and necessities of life. These needs relate to the survival and maintenance of human life. They exert tremendous influence on human behaviour. These needs are to be met first at least partly before higher level needs emerge. Once physiological needs are satisfied, they no longer motivate the man.

2. Safety Needs:

After satisfying the physiological needs, the next needs felt are called safety and security needs. These needs find expression in such desires as economic security and protection from physical dangers. Meeting these needs requires more money and, hence, the individual is prompted to work more. Like physiological needs, these become inactive once they are satisfied.

3. Social Needs:

Man is a social being. He is, therefore, interested in social interaction, companionship, belongingness, etc. It is this socialising and belongingness why individuals prefer to work in groups and especially older people go to work.

4. Esteem Needs:

These needs refer to self-esteem and self-respect. They include such needs which indicate self-confidence, achievement, competence, knowledge and independence. The fulfilment of esteem needs leads to self-confidence, strength and capability of being useful in the organisation. However, inability to fulfil these needs results in feeling like inferiority, weakness and helplessness.

5. Self-Actualisation Needs:

This level represents the culmination of all the lower, intermediate, and higher needs of human beings. In other words, the final step under the need hierarchy model is the need for self-actualization. This refers to fulfilment.

The term self-actualization was coined by Kurt Goldstein and means to become actualized in what one is potentially good at. In effect, self- actualization is the person’s motivation to transform perception of self into reality.

According to Maslow, the human needs follow a definite sequence of domination. The second need does not arise until the first is reasonably satisfied, and the third need does not emerge until the first two needs have been reasonably satisfied and it goes on. The other side of the need hierarchy is that human needs are unlimited. However, Maslow’s need hierarchy-theory is not without its detractors.

The main criticisms of the theory include the following:

- ❖ The needs may or may not follow a definite hierarchical order. So to say, there may be overlapping in need hierarchy. For example, even if safety need is not satisfied, the social need may emerge.
- ❖ The need priority model may not apply at all times in all places.
- ❖ Researches show that man’s behaviour at any time is mostly guided by multiplicity of behaviour. Hence, Maslow’s preposition that one need is satisfied at one time is also of doubtful validity.
- ❖ In case of some people, the level of motivation may be permanently lower. For example, a person suffering from chronic unemployment may remain satisfied for the rest of his life if only he/she can get enough food.
- ❖ Notwithstanding, Maslow’s need hierarchy theory has received wide recognition, particularly among practicing managers. This can be attributed to the theory’s intuitive logic and easy to understand. One researcher came to the conclusion that theories that are intuitively strong die hard’.

LEADERSHIP

Leading:

Leading involves how manager directs and motivates employees to perform tasks in order to achieve the company goals. Here a manager spends time connecting with his/her employees.

Leadership sills include inspiring, communicating, motivating and influencing employees for efficient output.

All managers are not leaders, but all leaders are managers.

Leading function has three basic components:

- ❖ Motivating employees - They motivate their employees and subordinates.
- ❖ Influencing employees - To reach the desired goals of the organisation.
- ❖ Forming effective groups

Leader:

A leader is one who

- ❖ Inspires a follower
- ❖ Accomplishes work
- ❖ Develops the follower
- ❖ Shows how to do the job
- ❖ Assumes obligations
- ❖ Overcome various obstacles in attaining the goal.

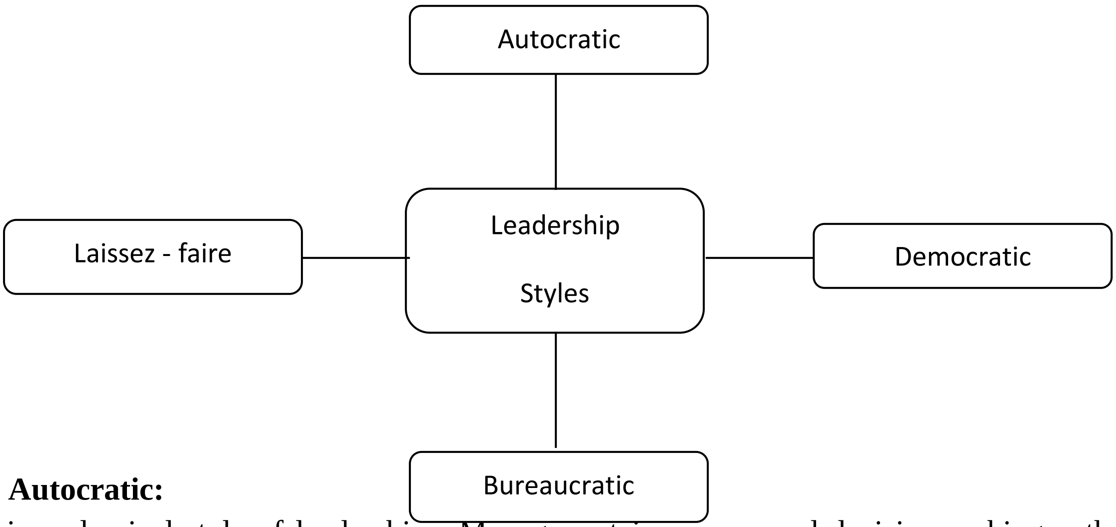
Leadership:

- ❖ It is lifting a person's performance to a higher standard, the building of a personality beyond his normal limitations.
- ❖ It is the process of influencing the behaviour of others towards the accomplishment of goals in a given situation.
- ❖ The process by which a person motivates and guides the group towards a visualised goal.

Qualities of leadership:

- ❖ Motivating capacity
- ❖ Courage
- ❖ Initiativeness
- ❖ Source of knowledge
- ❖ Responsibility
- ❖ Integrity
- ❖ Ability to communicate.
- ❖ Loyalty
- ❖ Judgement
- ❖ Selflessness
- ❖ Problem solving capacity
- ❖ Openness to change
- ❖ Distant vision and close focus
- ❖ Balance

STYLES OF LEADERSHIP



1. Autocratic:

It is a classical style of leadership. Manager retains power and decision-making authority. He makes unilateral decision, dictate work methods. Orders are issued to be carried out, with no questions allowed and no explanations given.

It is best applied to situations where there is little time for decision making or where the leader is the most knowledgeable person of the team.

2. Democratic:

It is a participative style of leadership. Manager encourages employees to involve in decision-making. Let employees determine the work methods and use feedback as an opportunity for helpful coaching. Employees feel engage in the process and are more motivated and creative.

It is best applied where staff requires a great deal of flexibility to complete the task or where the staff know the job well and do not require too much instruction.

3. Bureaucratic:

In this style of leadership everything must be done according to procedure or policy. The company operates in a rational manner rather than relying on the feelings of the managers.

It is best applied to situation where employees are working in dangerous environment that requires a definite set of procedures to operate.

4. Laissez-faire:

It is a hands-off style of leadership. Manager provides little direction and gives employees freedom to make their own decision at work.

This style can be effective where employees are highly qualified in an area of expertise.

Ways to develop leadership qualities:

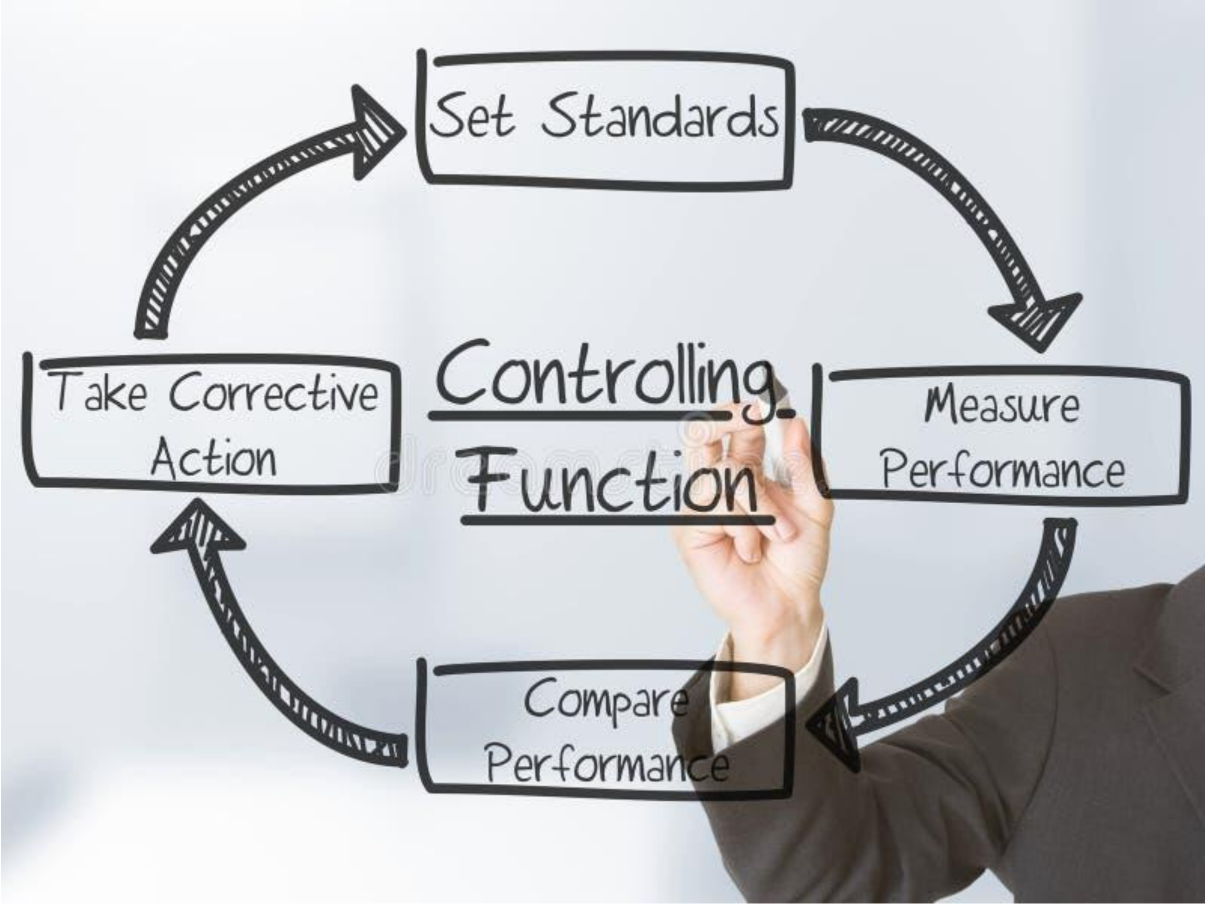
- Learn to think more critically
- Do more to enthuse your team
- Make your goals and future vision attractive and attainable
- Learn to communicate clearly
- Improve speaking skills
- Organise and allocate workflow
- Make sure work is done correctly and on time

- Find better ways to do things
- Encourage progress and recognise efforts
- Try to match individual skills and work.
- Build team spirit
- Encourage people to work cooperatively
- Recognise success and learn from failure
- Trust subordinates

Causes of leadership failures:

- Inability to organise details
- Unwillingness to provide support
- Fear of competition from followers
- Lack of imagination
- Selfishness
- Disloyalty
- Emphasis of authority

UNIT-V
CONTROLLING



MEANING OF CONTROLLING

Control is intended to ensure and make possible the performance of planned activities and to achieve the predetermined goals and results. It involves monitoring the activity and measuring performance against set standards, correcting deviations when necessary and maintaining the system. It helps the organization to learn from its experience and to improve its capability to cope with the demands of the organizational growth and development. Hence, the exercise of control is the primary responsibility of every manager.

DEFINITION OF CONTROLLING

1.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.

2. Control is a primary goal-oriented function of management in an organisation. It is **a process of comparing the actual performance with the set standards of the company** to ensure that activities are performed according to the plans and if not then taking corrective action.

CHARACTERISTICS OF CONTROL

1. **Function of Management**:

Control is one of the functions of management. Controlling is performed by managers at all levels. Managers are responsible for the work assigned to them and they will exercise control over the subordinates for ensuring the attainment of goals.

2. **Continuous Function**:

Control is measurement and correction of performance of activities of subordinates, in order to ensure that enterprise's objectives and plans devised to attain them, are being properly accomplished. So control function should be exercised regularly.

3. **Future Oriented**:

Control involves measuring the actual performance and on the basis of such measurement, identifying the corrective measures for a future period. Thus, it is future oriented.

4. **Action Oriented**:

Control is action and result oriented. Its main aim is to take corrective action whenever performance is not as per the standards. If such corrective action is not taken immediately, the very purpose of control will be defeated.

5. **Measuring the Performance**:

The control function involves measuring the past performance against pre-established standards, analyzing and correcting deviations as necessary. Actions are taken for correction of deviations through feed back mechanism, for adjusting plans and programmes, for modifying work loads and for re-estimating the required resources.

6. **Planning and Control**:

Planning and control are so closely related to each other that they are often regarded as integral functions. Planning function provides the philosophy and benchmarks within which managerial activity is regulated. The function of control concerns itself with the mission of ensuring that what is planned is in fact achieved effectively and efficiently.

IMPORTANCE OF CONTROLLING

1. Helps in achieving organisational goals:

When the plans are made in the organisation these are directed towards achievement of organisational goal and the controlling function ensures that all the activities in the organisation take place according to plan and if there is any deviation, timely action is taken to bring back the activities on the path of planning.

When all the activities are going according to plan then automatically these will direct towards achievement of organisational goal.

2. Judging accuracy of standards:

Through strategic controlling we can easily judge whether the standard or target set are accurate or not. An accurate control system revises standards from time to time to match them with environmental changes.

3. Making efficient use of Resources:

Like traffic signal control guides the organisation and keeps it on the right track. Each activity is performed according to predetermined standards. As a result there is most and effective use of resources.

4. Improving employee motivation:

An effective control system communicates the goals and standards of appraisal for employees to subordinates well in advance.

A good control system also guides employees to come out from their problems. This free communication and care motivate the employees to give better performance.

5. Ensures order and discipline:

Control creates an atmosphere of order and discipline in the organisation. Effective controlling system keeps the subordinates under check and makes sure they perform their functions efficiently.

Sharp control can have a check over dishonesty and fraud of employees. Strict control monitor, employees work on computer monitor which brings more order and discipline in work environment.

6. Facilitate coordination in action:

Control helps to maintain equilibrium between means and ends. Controlling makes sure that proper direction is taken and that various factors are maintained properly. All the departments are controlled according to predetermined standards which are well coordinated with one another. Control provides unity of direction.

7. Controlling helps in improving the performance of the employees:

Controlling insists on continuous check on the employees and control helps in creating an atmosphere of order and discipline. Under controlling function it is made sure that employees are aware of their duties and responsibilities very clearly.

They must know clearly the standards against which their performance will be judged. These standards help the employees to work efficiently.

Control can be exercised on employees' performance through following measures:

(a) Self-appraisal report: The employees are asked to prepare a report of their performance and to explain whether their performance is in accordance with plan or not. In this report employees specify their achievements.

(b) Performance appraisal report by supervisors: The superiors continuously monitor and observe the employees when they are performing the job and comparison between the standard and actual performance is done. On the basis of this observation the managers prepare performance appraisal report.

These reports become the base for giving promotions, increments, bonus etc. to the employees. To have good report the employees perform efficiently and effectively.

8. Controlling helps in minimising the errors: Small errors or small mistakes may not seriously affect the organisation. But if these errors are repeated again and again it will become a serious matter and can bring disaster for the organisation.

An effective controlling system helps in minimising the errors by continuous monitoring and check. The managers try to detect the error on time and take remedial steps to minimise the effect of error.

PROCESS OF CONTROLLING

There are three basic steps in controlling namely,

1. Establishment of standards,
2. Measuring and-comparing the performance, and
3. Correction of deviations

This can be explained with the following figure.

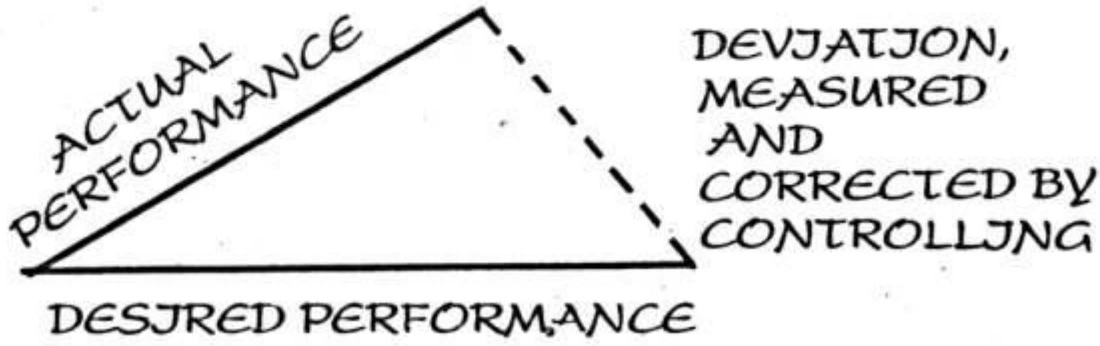


Image: ***Process of Control in Management***

The broken line in the figure indicates the degree of deviation to be measured and corrected by controlling.

1. Establishment of Standards:

Standards are norms towards which performance has to be directed and against which the end results are to be compared. Standards are planned paths and results for every organizational activity. They are derived from the objectives and goals of the organization. They serve as a basis for measuring the performance. They may be expressed quantitatively or qualitatively depending on the type of activity to be measured. They must be valid, acceptable, understandable and attainable.

While setting up standards, management should first determine the desired level of performance to achieve the organizational objectives and goals. Thereafter, criteria of performance are established to convert the desired performance levels into specific measurable units. Generally, standards are established for all the key areas such as profitability, productivity, market standing, personnel development, employee attitudes and so on.

2. Measuring and Comparing Performance:

Once the standards are established, the second step is measuring the actual performance and comparing the actual performance with standards to find out the deviations, if any.

The progress of work should be recorded at every stage so that it can be compared with the predetermined standards. Accurate reporting of the work done is essential for effective measurement of the performance. Measurements may be in terms of money expended, activities completed, units consumed and customers approached, etc.

The comparison of performance with the standards is made with the object of finding out deviations, if any and find out the reasons for such deviation. The reason may be controllable or uncontrollable. The necessary control reports consisting of deviations and their causes are then prepared and transmitted to executives for their information and remedial action. These reports should be expeditiously prepared and sent to supervisors and executives who are responsible for ensuring matching of planned and actual performance and in a position to make the necessary remedial decisions.

3. Correction of Deviation:

Correction of deviation is the final step in the control process. Correction of deviation should be made before deviations damage the system. The reasons of deviations should be investigated and identified and appropriate corrective action should be taken to remedy the deviations. If deviations have occurred because standards are improperly set, standards are to be revised. The corrective actions are generally taken by top management.

QUALITIES OF GOOD CONTROLLING

Controls at every level focus on inputs, processes and outputs. It is very important to have effective controls at each of these three stages.

Effective control systems tend to have certain common characteristics. The importance of these characteristics varies with the situation, but in general effective control systems have following characteristics.

1. Accuracy:

Effective controls generate accurate data and information. Accurate information is essential for effective managerial decisions. Inaccurate controls would divert management efforts and energies on problems that do not exist or have a low priority and would fail to alert managers to serious problems that do require attention.

2. Timeliness:

There are many problems that require immediate attention. If information about such problems does not reach management in a timely manner, then such information may become useless and damage may occur. Accordingly controls must ensure that information reaches the decision makers when they need it so that a meaningful response can follow.

3. Flexibility:

The business and economic environment is highly dynamic in nature. Technological changes occur very fast. A rigid control system would not be suitable for a changing environment. These changes highlight the need for flexibility in planning as well as in control.

Strategic planning must allow for adjustments for unanticipated threats and opportunities. Similarly, managers must make modifications in controlling methods, techniques and systems as they become necessary. An effective control system is one that can be updated quickly as the need arises.

4. Acceptability:

Controls should be such that all people who are affected by it are able to understand them fully and accept them. A control system that is difficult to understand can cause unnecessary mistakes and frustration and may be resented by workers.

Accordingly, employees must agree that such controls are necessary and appropriate and will not have any negative effects on their efforts to achieve their personal as well as organizational goals.

5. Integration:

When the controls are consistent with corporate values and culture, they work in harmony with organizational policies and hence are easier to enforce. These controls become an integrated part of the organizational environment and thus become effective.

6. Economic feasibility:

The cost of a control system must be balanced against its benefits. The system must be economically feasible and reasonable to operate. For example, a high security system to safeguard nuclear secrets may be justified but the same system to safeguard office supplies in a store would not be economically justified. Accordingly the benefits received must outweigh the cost of implementing a control system.

7. Strategic placement:

Effective controls should be placed and emphasized at such critical and strategic control points where failures cannot be tolerated and where time and money costs of failures are greatest.

The objective is to apply controls to the essential aspect of a business where a deviation from the expected standards will do the greatest harm. These control areas include production, sales, finance and customer service.

8. Corrective action:

An effective control system not only checks for and identifies deviation but also is programmed to suggest solutions to correct such a deviation. For example, a computer keeping a record of inventories can be programmed to establish “if-then” guidelines. For example, if inventory of a particular item drops below five percent of maximum inventory at hand, then the computer will signal for replenishment for such items.

9. Emphasis on exception:

A good system of control should work on the exception principle, so that only important deviations are brought to the attention of management, In other words, management does not have to bother with activities that are running smoothly. This will ensure that managerial attention is directed towards error and not towards conformity. This would eliminate unnecessary and uneconomic supervision, marginally beneficial reporting and a waste of managerial time.

COORDINATION

Coordination Meaning:

Coordination plays a huge role in the success of an organization. With different people and departments working towards a common goal, it offers many benefits to help keep the efforts synchronized and integrated.

Coordination is the function of management which ensures that different departments and groups work in sync. Therefore, there is unity of action among the employees, groups, and departments.

It also brings harmony in carrying out the different tasks and activities to achieve the organization's objectives efficiently. Coordination is an important aspect of any group effort. When an individual is working, there is no need for coordination.

Therefore, we can say that the coordination function is an orderly arrangement of efforts providing unity of action in pursuance of a common goal. In an organization, all the departments must operate a part of a cohesive unit to optimize performance.

Coordination implies synchronization of various efforts of different departments to reduce conflict. Multiple departments usually perform the work for which an organization exists.
Therefore, synchronization between them is essential. Lacking coordination, departments might work in different directions or at different timings, creating chaos.

Definitions:

Mooney and Reiley- " Coordination is an orderly arrangement of group efforts to provide unity of action in the pursuit of common goals"

Charles worth-"Coordination is *the* integration of several parts into an orderly hole to achieve the purpose of understanding"

Brech- "Coordination is balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with the harmony among the members themselves".

Mary Parker Follett- The first test of a business administration should be whether you have a business with all its parts so coordinated, so moving together in their closely knit and adjusting activities, so linking, inter-locking, inter-relating, that they make a working unit that is not congenic of separate pieces, but a functional whole or integrated unit.

IMPORTANCE OF COORDINATION

1. Co-ordination is necessary to ensure harmonious and smooth working of an enterprise with its several departments, divisions or subdivisions:

For example, to ensure harmonious functioning of an organisation, it is essential that the functions of purchasing, production and sales departments are co-ordinated. If the sales manager procures a huge order to be executed within a specified time, without reference to the production manager and the purchasing manager, it may turn out that the goods cannot be produced in quantities ordered within the specified time.

Therefore, the inter-relationship among the functioning of purchase department, production department and sales department demands the establishment of co-ordination.

According to Henry Fayol – "to co-ordinate is to harmonies all the activities of a concern to facilitate its working and its success."

2. Co-ordination ensures unity in direction in the midst of diversified activities:

By bringing together the different divisions and parts into oneness of the enterprise, co-ordination enables the management authority to see the enterprise as one unified whole from its different segments. So, co-ordination is necessary to link the functions of different departments, divisions, sections and the like together and assure their contribution to total result.

3. Co-ordination removes the conflict between personal interest of the employees and general interest of the organization:

Individuals join the organisation to fulfill their needs. Many times, these needs may be different from the group needs and goals. In such situations, organisational and individual goals are not fully achieved. More the number of individuals in an organisation, the higher will be the degree of such incompatibility.

It is essential for the organisational efficiency that both these goals are brought to a level of conformity and the managers tries to integrate the individual and group goals through co-ordination.

4. Co-ordination can produce something greater out of the collective efforts of the individuals:

Properly co-ordinated group efforts achieve a greater result than what is possible from the isolated efforts of the individuals.

5. Co-ordination provides a balance between the people of different capacities and abilities:

It compensates the shortcomings of one by the strength of the other.

6. Co-ordination reconciles the impact of internal and external forces in the organisation and ensures smooth running of affairs:

Internally, it combines the various resources of the business—money, materials, machinery and methods—for the attainment of common goals of the organisation. Externally, the environment is made more favourable to the business by giving due consideration to customers, employees, financiers and the government. In this manner, co-ordination helps in producing better results and becomes the essence of management.

7. Co-ordination ensures voluntary co-operation of the different members of the group:
Besides simplification of the organisation process, co-ordination harmonizes and integrates the different programmes and policies of the business. Well-planned methods of co-ordination not only strengthen supervision but ensures voluntary co-operation of the different members of the group.

8. Co-ordination is a basic element in all effective organisations and is said to be the first principle in organization:
It makes planning more purposeful, organisation more well-knit and control more regulated.

THANK YOU