

Focus Area :

Concepts of management, development of scientific management, principles of Frederick Taylor & Henry Favol, functions such as planning, organizing staffing leading, motivating communicating controlling decision making span of control.

Most of us would have been a part of an organization and if not a business organization, at least that of a school. We would also have observed at least small business organizations such as a shop in the neighborhood, a small factory, etc. Why and how do they work is perhaps something that has never crossed our mind and we take the organization for granted. We must also have seen some organizations or business thrive and become larger and larger, some remain the same for a long time, and some die. When we become professional managers, we have to have a more intimate knowledge of this so that we can ensure or help in making the organization in which we work more effective and enable it to grow.

Organization:

Organization refers to a collection of people, who are involved in pursuing defined objectives. It can be understood as a social system which comprises all formal human relationships. The organization encompasses division of work among employees and alignment of tasks towards the ultimate goal of the company.

It can also be referred as the second most important managerial function, that coordinates the work of employees, procures resources and combines the two, in pursuance of company's goals.

Process of Organization (How do we form an organization)

Step 1: Determination and classification of firm's activities.

Step 2: Grouping of the activities into workable departments.

Step 3: Assignment of authority and responsibility on the departmental executives for undertaking the delegated tasks.

Step 4: Developing relationship amidst superior and subordinate, within the unit or department.

Step 5: Framing policies for proper coordination between the superior and subordinate and creating specific lines of supervision.

Organization is a goal oriented process, which aims at achieving them, through proper planning and coordination between activities. It relies on the principle of division of work and set up authority-responsibility relationship among the members of the organization.

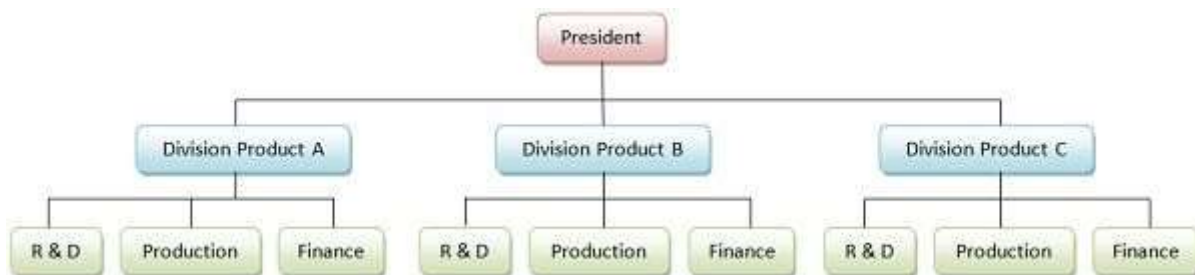
Types of Organization Structure

1. Formal Organization Structure: The organization structure of jobs and positions, with specified activities and relationships, is known as formal organization structure. It is created by management, to attain the objectives of the company.

- **Line Organization:** Line organization is the oldest and simplest pattern of organization, wherein the supervisor has outright supervision over the subordinate. The flow of authority is from the top level executive to the person at the lowest level of the organization's echelon.



- **Functional Organization:** As the name suggests, functional organization structure is one in which the thorough task of managing and directing the employees, is grouped as per the functions or type of work involved.



- **Line and Staff Organization:** This type of organization structure is an improvement over the traditional line organization. In line and staff organization primary and supportive activities are related to the line of supervision by appointing supervisor and specialist, who are linked to line authority.



- **Project Management Organization:** Project Organization is not an independent organization, like the organization structure discussed above. Instead it is a set up within an organization, so as to accomplish a project or firm's objectives. It is led by project manager, who is responsible for project objectives.
- **Matrix Organization:** Matrix organization is the emerging structure of the organization, which is a combination of functional organization and project organization. In such an organization, the functional departments such as production, accounting, marketing, human resource, etc. constitute a vertical chain of command, while project division constitute horizontal line of authority.

2. Informal Organization Structure: The relationship between the employees, that relies on personal attitudes, prejudices and interests rather than procedures. It is system of personal and social connection, whose creation is not needed by formal organization.

The organization structure is a basic idea, which depends on the activity authority relationship in the company. It is designed in such a way to realize business objectives.

Management :

During the prehistoric days of man living on hunting, life was rather simple but then too, men hunted and women tended for food. They chose a leader who could lead them into hunting, and they chose someone to make their hunting equipment sharp and precise. They stored food for the lean days and sought new places to find food.

At a very rudimentary level, this was planning, specialization, and division of labour, all of which are part of management. As man progressed, his activities became more complex and multifunctional teams came into being. His management techniques, perhaps, became more complex too, but its fundamental remained the same.

Management has been happening right through the history of man and it is all about making things smooth or shall we say efficient. It is also about achieving our goals which in modern management literature we call 'effectiveness'.

According to **Harold Koontz**, "**Management is an art of getting things done through and with people in formally organised groups. It is an art of creating an environment in which people can perform as individuals and can co-operate towards the attainment of group goals**".

According to **F.W. Taylor**, "**Management is an art of knowing what to do, when to do, and see that it is done in the best and cheapest way**".

Let us modify the definition of Harold Koontz and define management **as 'the process of designing and maintaining an environment in which the individuals working in groups efficiently employ resources and accomplish the selected goals of self and the organization'**. This definition brings to fore the following key issues of management:

- It is about people and other resources
- There are goals but goals of the individual and the organization has to be managed
- It involves creating an environment where people and resources interact to produce the goals.

Importance of Management

- **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 in 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.

Scientific Management Theory

The focus of this thought is increase in productivity and efficiency through applying scientific methods on the shop floor or workplace. It tries to identify one best way of doing a job; however, emphasizes on worker's cooperation, management-labour relations and developing workers and motivating. However, the focus is on **shop floor efficiency** through scientific methods and even motivation is proposed to be executed through piece rate system or paying based on the number of pieces of work produced. The thought was led by Fredrick W. Taylor, and he enunciated the principles of scientific management in 1911 after experimenting on the shop floor of a steel company as a supervisor. He was influenced by Frank and Lillian Gilbreth and their '**Time and Motion**' study (a study that identifies the least time required for a motion in workplace and make it scientific) of 1900 and that of Henry L. Gantt who propounded the idea of scientific selection of workers and harmonious cooperation in 1901. Scientific management in Taylor's parlance means:

- Develop a science for each element of a man's work which replaces the old rule of thumb method
- Scientifically select and then train, teach, and develop the workman, whereas in the past, he chose his own work and trained himself as best as he could
- The workers heartily cooperate with the men so as to ensure that all of the work are done in accordance with the principles of science which has been developed
- There is an almost equal division of work and responsibility between the management and the workmen. The management takes over all work for which they are better fitted than the workmen, while in the past, almost all of the work and the greater part of the responsibility were thrown upon the men.

Social scientist Max Weber, between the late 1980s and early 1990s, propounded the idea of bureaucracy. He was trying to find the systems that put order in a complex industrial economy. Weber's ideal bureaucracy envisaged hierarchical organisation and delineated the lines of authority in affixed area of activity, action on the basis of written rules, implementation by neutral officials, and career advancement based on the idea of primacy of the organisation over the individuals. His thoughts are considered in the scientific school but transcends into

behavioural science area also since he is talking about how people should behave in an organisation and how that should be structured.

Operational management theory

This thought was led by Henri Fayol. The thought identified six groups of activities in an organisation, i.e., technical, commercial, financial, security, accounting, and managerial. He recognised the need for teaching management and identified 14 principles in 1916 which enabled the management to grow as a discipline and is therefore often called the 'father of modern management'. We will see these principles in a separate section

Behavioural science theory

The thought was originated by Vilfredo Pareto in 1896, and he researched on organization and management relationship. Later, Hugo Munsterberg applied psychology to increase industrial production in 1912 and around the same time, Walter Dill Scott applied psychology to advertising, marketing, and personnel in 1910 and 1911. But it was Elton Mayo and F.J Roethlisberger who made an impact on the behavioral science theory through their Hawthorne experiments in Western Electric Company in 1933. These experiments proved that good working relationship with the supervisor and colleagues and the idea of challenge in the job accounted for higher productivity. Challenge is created through setting high goals which cannot be normally achieved but which can be achieved with a little additional effort. These experiments brought to fore the importance of behavioral science in management. Extending the idea sometime in 1946 and 1947, Max Weber propounded the theory of bureaucracy

Systems theory

Though the systems theory can be traced to biology, where we have cardiovascular system, nervous system, etc. which are fairly independent yet interdependent, it was Chester Barnard who extended this into management area through his writing 'Functions of the Executive' in 1938. In systems theory, we perceive that organizations have a number of fairly independent systems such as purchase system, operations system, marketing system financial system, etc. The working of these are independent, but it has to be integrated by the manager. This theory, perhaps, brings the idea of integration as a key component of management

Modern management thought

Some of the modern management thoughts are discussed below:

- **Peter Drucker** – Peter Drucker wrote on several management issues and is known for management by objective which implies that the management should lay down objectives to be achieved at every level including the individual worker and ensure that course correction is done from time to time through feedback to increase smoothness and productivity. He also propounded the idea of knowledge worker who uses primarily his intelligence for productivity in the workplace
- **Edward Deming** – Edward Deming extended his thoughts to the area of quality and how it can be improved without any significant increase in cost in many cases.
- **William Ouchi** – After years of research on the reason for higher productivity in Japanese companies compared to the US companies, Professor Ouchi found that it was the way people were managed and connected and not technology that created the productivity. This style focuses on a strong company philosophy, a distinct corporate culture, long-range staff development, and consensus decision-making (Ouchi,1981). Ouchi demonstrates that the results show lower turn-over, increased job commitment, and dramatically higher productivity. This is called Theory Z. Theory Z is not an independent theory but an intelligent fusion of several theories of motivation by Maslow et al combined with the writing on quality by Deming

Principles of Management

A principle refers to a fundamental truth. It establishes cause and effect relationship between two or more variables under given situation. They serve as a guide to thought & actions. Therefore, management principles are the statements of fundamental truth based on logic which provides guidelines for managerial decision making and actions. These principles are derived: -

- a. On the basis of observation and analysis i.e. practical experience of managers
- b. By conducting experimental studies

Principles of Scientific Management (Taylors 6 Principles)

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

- This principle suggests that work assigned to any employee should be observed, analyzed with respect to each and every element and part and time involved in it.
- This means replacement of odd rule of thumb by the use of method of enquiry, investigation, data collection, analysis and framing of rules.
- Under scientific management, decisions are made on the basis of facts and by the application of scientific decisions.

2. Scientific Selection, Training & Development of Workers

- There should be scientifically designed procedure for the selection of workers.
- Physical, mental & other requirement should be specified for each and every job.
- Workers should be selected & trained to make them fit for the job.
- The management has to provide opportunities for development of workers having better capabilities.
- According to Taylor efforts should be made to develop each employee to his greatest level and efficiency & prosperity.

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

- Taylor believed in co-operation and not individualism.
- It is only through co-operation that the goals of the enterprise can be achieved efficiently.
- There should be no conflict between managers & workers.
- Taylor believed that interest of employer & employees should be fully harmonized so as to secure mutually understanding relations between them.

4. Division of Responsibility

- This principle determines the concrete nature of roles to be played by different level of managers & workers.
- The management should assume the responsibility of planning the work whereas workers should be concerned with execution of task.
- Thus planning is to be separated from execution.

5. Mental Revolution

- The workers and managers should have a complete change of outlook towards their mutual relation and work effort.
- It requires that management should create suitable working condition and solve all problems scientifically.
- Similarly workers should attend their jobs with utmost attention, devotion and carefulness. They should not waste the resources of enterprise.
- Handsome remuneration should be provided to workers to boost up their moral.

- It will create a sense of belongingness among worker.
- They will be disciplined, loyal and sincere in fulfilling the task assigned to them.
- There will be more production and economical growth at a faster rate.

6. Maximum Prosperity for Employer & Employees

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

Techniques of Scientific Management

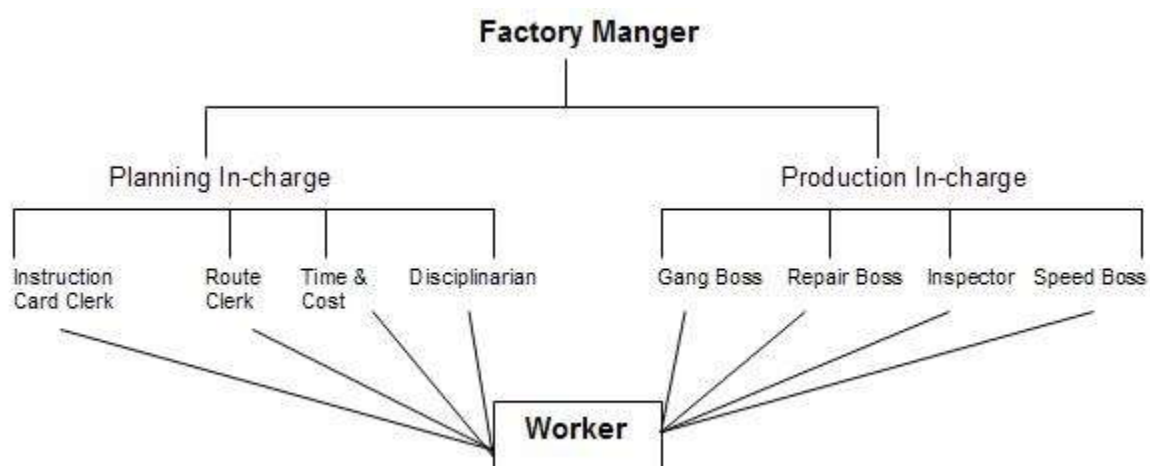
Time Study

- It is a technique which enables the manager to ascertain standard time taken for performing a specified job.
- Every job or every part of it is studied in detail.
- This technique is based on the study of an average worker having reasonable skill and ability.
- Average worker is selected and assigned the job and then with the help of a stop watch, time is ascertained for performing that particular job.
- Taylor maintained that Fair day's work should be determined through observations, experiment and analysis by keeping in view an average worker.
- $\text{Standard Time} \times \text{Working Hours} = \text{Fair Day's Work}$

Motion Study

- In this study, movement of body and limbs required to perform a job are closely observed.
- In other words, it refers to the study of movement of an operator on machine involved in a particular task.
- The purpose of motion study is to eliminate useless motions and determine the best way of doing the job.
- By undertaking motion study an attempt is made to know whether some elements of a job can be eliminated combined or their sequence can be changed to achieve necessary rhythm.
- Motion study increases the efficiency and productivity of workers by cutting down all wasteful motions.

Functional Foremanship



- Taylor advocated functional foremanship for achieving ultimate specification.

- This technique was developed to improve the quality of work as single supervisor may not be an expert in all the aspects of the work.
- Therefore workers are to be supervised by specialist foreman.
- The scheme of functional foremanship is an extension of principle of specialization at the supervisory level.
- Taylor advocated appointment of 8 foremen, 4 at the planning level & other 4 at implementation level.
- The names & function of these specialist foremen are: -
 - Instruction card clerk concerned with tagging down of instructions according to which workers are required to perform their job
 - Time & cost clerk is concerned with setting a time table for doing a job & specifying the material and labor cost involved in it.
 - Route clerk determines the route through which raw materials has to be passed.
 - Shop Disciplinarians are concerned with making rules and regulations to ensure discipline in the organization.
 - Gang boss makes the arrangement of workers, machines, tools, workers etc.
 - Speed boss concerned with maintaining the speed and to remove delays in the production process.
 - Repair boss concerned with maintenance of machine, tools and equipment.
 - Inspector is concerned with maintaining the quality of product.

Standardization

- It implies the physical attribute of products should be such that it meets the requirements & needs of customers.
- Taylor advocated that tools & equipment as well as working conditions should be standardized to achieve standard output from workers.
- Standardization is a means of achieving economics of production.
- It seems to ensure -
 - The line of product is restricted to predetermined type, form, design, size, weight, quality. Etc
 - There is manufacture of identical parts and components.
 - Quality & standards have been maintained.
 - Standard of performance are established for workers at all levels.

Differential Piece Wage Plan

- This type of wage payment is based on efficiency of worker.
- The efficient workers are paid more wages than inefficient one.
- On the other hand, those workers who produce less than standard no. of pieces are paid wages at lower rate than prevailing rate i.e. worker is penalized for his inefficiency.
- This system is a source of incentive to workers who improving their efficiency in order to get more wages.
- It also encourages inefficient workers to improve their performance and achieve their standards.
- It leads to mass production which minimizes cost and maximizes profits.

Other Techniques

- Various other techniques have been developed to create better relationship between management and workers and also to create better understanding on part of workers.
- Those includes use of instruction cards, strict rules & regulations, graphs, slides, charts etc, so as to increase efficiency of workers.

14 Principles of Management by Henri Fayol

1. Division of Labour

- Henri Fayol has stressed on the specialization of jobs.
- He recommended that work of all kinds must be divided & subdivided and allotted to various persons according to their expertise in a particular area.
- Subdivision of work makes it simpler and results in efficiency.
- It also helps the individual in acquiring speed, accuracy in his performance.
- Specialization leads to efficiency & economy in spheres of business.

2. Party of Authority & Responsibility

- Authority & responsibility are co-existing.
- If authority is given to a person, he should also be made responsible.
- In a same way, if anyone is made responsible for any job, he should also have concerned authority.
- Authority refers to the right of superiors to get exactness from their sub-ordinates whereas responsibility means obligation for the performance of the job assigned.
- There should be a balance between the two i.e. they must go hand in hand.
- Authority without responsibility leads to irresponsible behavior whereas responsibility without authority makes the person ineffective.

3. Principle of One Boss

- A sub-ordinate should receive orders and be accountable to one and only one boss at a time.
- In other words, a sub-ordinate should not receive instructions from more than one person because -
 - It undermines authority
 - Weakens discipline
 - Divides loyalty
 - Creates confusion
 - Delays and chaos
 - Escaping responsibilities
 - Duplication of work
 - Overlapping of efforts
- Therefore, dual sub-ordination should be avoided unless and until it is absolutely essential.
- Unity of command provides the enterprise a disciplined, stable & orderly existence.
- It creates harmonious relationship between superiors and sub-ordinates.

4. Unity of Direction

- Fayol advocates one head one plan which means that there should be one plan for a group of activities having similar objectives.
- Related activities should be grouped together. There should be one plan of action for them and they should be under the charge of a particular manager.
- According to this principle, efforts of all the members of the organization should be directed towards common goal.
- Without unity of direction, unity of action cannot be achieved.
- In fact, unity of command is not possible without unity of direction.

Basis	Unity of command	Unity of direction
Meaning	It implies that a sub-ordinate should receive orders & instructions from only one boss.	It means one head, one plan for a group of activities having similar objectives.
Nature	It is related to the functioning of personnel's.	It is related to the functioning of departments, or organization as a whole.
Necessity	It is necessary for fixing responsibility of each subordinates.	It is necessary for sound organization.
Advantage	It avoids conflicts, confusion & chaos.	It avoids duplication of efforts and wastage of resources.
Result	It leads to better superior sub-ordinate relationship.	It leads to smooth running of the enterprise.

Therefore it is obvious that they are different from each other but they are dependent on each other i.e. unity of direction is a pre-requisite for unity of command. But it does not automatically comes from the unity of direction.

5. Equity

- Equity means combination of fairness, kindness & justice.
- The employees should be treated with kindness & equity if devotion is expected of them.
- It implies that managers should be fair and impartial while dealing with the subordinates.
- They should give similar treatment to people of similar position.
- They should not discriminate with respect to age, caste, sex, religion, relation etc.
- Equity is essential to create and maintain cordial relations between the managers and sub-ordinate.
- But equity does not mean total absence of harshness.
- Fayol was of opinion that, "at times force and harshness might become necessary for the sake of equity".

6. Order

- This principle is concerned with proper & systematic arrangement of things and people.
- Arrangement of things is called material order and placement of people is called social order.
- Material order- There should be safe, appropriate and specific place for every article and every place to be effectively used for specific activity and commodity.
- Social order- Selection and appointment of most suitable person on the suitable job. There should be a specific place for every one and everyone should have a specific place so that they can easily be contacted whenever need arises.

7. Discipline

- According to Fayol, "Discipline means sincerity, obedience, respect of authority & observance of rules and regulations of the enterprise".
- This principle applies that subordinate should respect their superiors and obey their order.
- It is an important requisite for smooth running of the enterprise.
- Discipline is not only required on path of subordinates but also on the part of management.
- Discipline can be enforced if -
 - There are good superiors at all levels.
 - There are clear & fair agreements with workers.
 - Sanctions (punishments) are judiciously applied.

8. Initiative

- Workers should be encouraged to take initiative in the work assigned to them.

- It means eagerness to initiate actions without being asked to do so.
- Fayol advised that management should provide opportunity to its employees to suggest ideas, experiences & new method of work.
- It helps in developing an atmosphere of trust and understanding.
- People then enjoy working in the organization because it adds to their zeal and energy.
- To suggest improvement in formulation & implementation of place.
- They can be encouraged with the help of monetary & non-monetary incentives.

9. Fair Remuneration

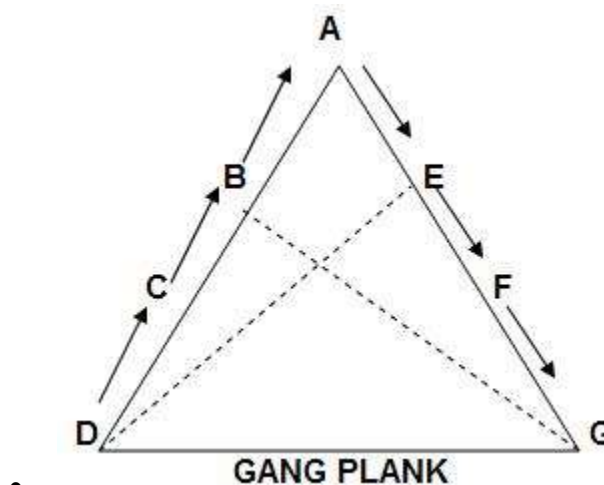
- The quantum and method of remuneration to be paid to the workers should be fair, reasonable, satisfactory & rewarding of the efforts.
- As far as possible it should accord satisfaction to both employer and the employees.
- Wages should be determined on the basis of cost of living, work assigned, financial position of the business, wage rate prevailing etc.
- Logical & appropriate wage rates and methods of their payment reduce tension & differences between workers & management creates harmonious relationship and pleasing atmosphere of work.
- Fayol also recommended provision of other benefits such as free education, medical & residential facilities to workers.

10. Stability of Tenure

- Fayol emphasized that employees should not be moved frequently from one job position to another i.e. the period of service in a job should be fixed.
- Therefore employees should be appointed after keeping in view principles of recruitment & selection but once they are appointed their services should be served.
- According to Fayol. *"Time is required for an employee to get used to a new work & succeed to doing it well but if he is removed before that he will not be able to render worthwhile services"*.
- As a result, the time, effort and money spent on training the worker will go waste.
- Stability of job creates team spirit and a sense of belongingness among workers which ultimately increase the quality as well as quantity of work.

11. Scalar Chain

- Fayol defines scalar chain as 'The chain of superiors ranging from the ultimate authority to the lowest'.
- Every orders, instructions, messages, requests, explanation etc. has to pass through Scalar chain.
- But, for the sake of convenience & urgency, this path can be cut short and this short cut is known as Gang Plank.
- A Gang Plank is a temporary arrangement between two different points to facilitate quick & easy communication as explained below:



- In the figure given, if D has to communicate with G he will first send the communication upwards with the help of C, B to A and then downwards with the help of E and F to G which will take quite some time and by that time, it may not be worth therefore a gang plank has been developed between the two.

- Gang Plank clarifies that management principles are not rigid rather they are very flexible. They can be moulded and modified as per the requirements of situations

12. Sub-Ordination of Individual Interest to General Interest

- An organization is much bigger than the individual it constitutes therefore interest of the undertaking should prevail in all circumstances.
- As far as possible, reconciliation should be achieved between individual and group interests.
- But in case of conflict, individual must sacrifice for bigger interests.
- In order to achieve this attitude, it is essential that -
 - Employees should be honest & sincere.
 - Proper & regular supervision of work.
 - Reconciliation of mutual differences and clashes by mutual agreement. For example, for change of location of plant, for change of profit sharing ratio, etc.

13. Espirit De' Corps (can be achieved through unity of command)

- It refers to team spirit i.e. harmony in the work groups and mutual understanding among the members.
- Spirit De' Corps inspires workers to work harder.
- Fayol cautioned the managers against dividing the employees into competing groups because it might damage the moral of the workers and interest of the undertaking in the long run.
- To inculcate Espirit De' Corps following steps should be undertaken -
- There should be proper co-ordination of work at all levels
- Subordinates should be encouraged to develop informal relations among themselves.
- Efforts should be made to create enthusiasm and keenness among subordinates so that they can work to the maximum ability.
- Efficient employees should be rewarded and those who are not up to the mark should be given a chance to improve their performance.
- Subordinates should be made conscious of that whatever they are doing is of great importance to the business & society.
- He also cautioned against the more use of Britain communication to the subordinates i.e. face to face communication should be developed. The managers should infuse team spirit & belongingness. There should be no place for misunderstanding. People then enjoy working in the organization & offer their best towards the organization.

14. Centralization & De-Centralization

- Centralization means concentration of authority at the top level. In other words, centralization is a situation in which top management retains most of the decision making authority.
- Decentralization means disposal of decision making authority to all the levels of the organization. In other words, sharing authority downwards is decentralization.
- According to Fayol, "Degree of centralization or decentralization depends on no. of factors like size of business, experience of superiors, dependability & ability of subordinates etc.
- Anything which increases the role of subordinate is decentralization & anything which decreases it is centralization.
- Fayol suggested that absolute centralization or decentralization is not feasible. An organization should strike to achieve a lot between the two.

Study of Fayol and Taylor

Both the persons have contributed to development of science of management. The contribution of these two pioneers in the field of science of management has been reviewed as “The work of Taylor & Fayol” was, of course, especially complementary. They both realized that problem of personnel & its management at all levels is the key to individual success. Both applied scientific method to this problem that Taylor worked primarily from operative level, from bottom to upward, while Fayol concentrated on managing director and work downwards, was merely a reflection of their very different careers”.

They both differ from each other in following aspects: -

- Taylor looked at management from supervisory viewpoint & tried to improve efficiency at operating level. He moved upwards while formulating theory. On the other hand, Fayol analysed management from level of top management downward. Thus, Fayol could afford a broader vision than Taylor.
- Taylor called his philosophy “Scientific Management” while Fayol described his approach as “A general theory of administration”.
- Main aim of Taylor - to improve labor productivity & to eliminate all type of waste through standardization of work & tools. Fayol attempted to develop a universal theory of management and stressed upon need for teaching the theory of management.
- Taylor focused his attention on fact by management and his principles are applicable on shop floor. But Fayol concentrated on function of managers and on general principles of management which could be equally applied in all.

Similarity - Both emphasized mutual co-operation between employment and employees.

Spheres of Human Activity

Fayol’s theory is more widely applicable than that of Taylor, although Taylor’s philosophy has undergone a big change Under influence of modern development, but Fayol’s principles of management have stood the test of time and are still being accepted as the core of management theory.

Psychologists View Point

According to Psychologists, Taylor’s study had following drawbacks: -

1. Ignores human factors - Considers them as machines. Ignores human requirements, want and aspirations.
2. Separation of Planning and Doing.
3. Dissatisfaction - Comparing performance with others.
4. No best way - Scientific management does not give one best way for solving problems.

Basis	Taylor	Fayol
Human aspect	Taylor disregards human elements and there is more stress on improving men, materials and methods	Fayol pays due regards on human element. E.g. Principle of initiative, Esprit De’ Corps and Equity recognizes a need for human relations
Status	Father of scientific management	Father of management principles
Efficiency & administration	Stressed on efficiency	Stressed on general administration

Approach	It has micro-approach because it is restricted to factory only	It has macro-approach and discusses general principles of management which are applicable in every field of management.
Scope of principles	These principles are restricted to production activities	These are applicable in all kinds of organization regarding their management affairs
Achievement	Scientific management	Administrative management

Levels of Management - Top, Middle and Lower

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

- Top level/Administrative level
- Middle level/Executory
- Low level/Supervisory/Operative/First-line managers

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



Top Level of Management

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

The role of the top management can be summarized as follows -

- Top management lays down the objectives and broad policies of the enterprise.
- It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- It prepares strategic plans & policies for the enterprise.
- It appoints the executive for middle level i.e. departmental managers.
- It controls & 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.

Middle Level of Management

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

- They execute the plans of the organization in accordance with the policies and directives of the top management.
- They make plans for the sub-units of the organization.
- They participate in employment & 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.

Lower Level of Management

Lower level is also known as supervisory/operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include -

- 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 organization.
- 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 & guide the sub-ordinates.
- 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

Functions of Management - Planning, Organizing, Staffing, Directing & Controlling

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfilment 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 manager 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".

Whereas Luther Gullick has given a keyword '**POSDCORB**' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. **Planning, Organizing, Staffing, Directing and Controlling**.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.



1. Planning

Planning 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”.

Steps in Planning Function :

1. Establishment of objectives

- a. Planning requires a systematic approach.
- b. Planning starts with the setting of goals and objectives to be achieved.
- c. Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
- d. Moreover objectives focus the attention of managers on the end results to be achieved.
- e. As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
- f. As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.
- g. Such goals should be specified in qualitative terms.
- h. Hence objectives should be practical, acceptable, workable and achievable.

2. Establishment of Planning Premises

- a. Planning premises are the assumptions about the likely shape of events in future.
- b. They serve as a basis of planning.
- c. Establishment of planning premises is concerned with determining where one tends to deviate from the actual plans and causes of such deviations.
- d. It is to find out what obstacles are there in the way of business during the course of operations.
- e. Establishment of planning premises is concerned to take such steps that avoids these obstacles to a great extent.
- f. Planning premises may be internal or external. Internal includes capital investment policy, management labour relations, philosophy of management, etc. Whereas external includes socio- economic, political and economical changes.
- g. Internal premises are controllable whereas external are non- controllable.

3. Choice of alternative course of action

- a. When forecast are available and premises are established, a number of alternative course of actions have to be considered.
- b. For this purpose, each and every alternative will be evaluated by weighing its pros and cons in the light of resources available and requirements of the organization.

- c. The merits, demerits as well as the consequences of each alternative must be examined before the choice is being made.
- d. After objective and scientific evaluation, the best alternative is chosen.
- e. The planners should take help of various quantitative techniques to judge the stability of an alternative.

4. Formulation of derivative plans

- a. Derivative plans are the sub plans or secondary plans which help in the achievement of main plan.
- b. Secondary plans will flow from the basic plan. These are meant to support and expedite the achievement of basic plans.
- c. These detail plans include policies, procedures, rules, programmes, budgets, schedules, etc. For example, if profit maximization is the main aim of the enterprise, derivative plans will include sales maximization, production maximization, and cost minimization.
- d. Derivative plans indicate time schedule and sequence of accomplishing various tasks.

5. Securing Co-operation

- a. After the plans have been determined, it is necessary rather advisable to take subordinates or those who have to implement these plans into confidence.
- b. The purposes behind taking them into confidence are :-
 - i. Subordinates may feel motivated since they are involved in decision making process.
 - ii. The organization may be able to get valuable suggestions and improvement in formulation as well as implementation of plans.
 - iii. Also the employees will be more interested in the execution of these plans.

6. Follow up/Appraisal of plans

- a. After choosing a particular course of action, it is put into action.
- b. After the selected plan is implemented, it is important to appraise its effectiveness.
- c. This is done on the basis of feedback or information received from departments or persons concerned.
- d. This enables the management to correct deviations or modify the plan.
- e. This step establishes a link between planning and controlling function.
- f. The follow up must go side by side the implementation of plans so that in the light of observations made, future plans can be made more realistic.

Advantages of Planning

1. Planning facilitates management by objectives.
2. Planning minimizes uncertainties.
3. Planning facilitates co-ordination.
4. Planning improves employee's moral.
5. Planning helps in achieving economies.
6. Planning facilitates controlling.
7. Planning provides competitive edge.
8. Planning encourages innovations.

Disadvantages of Planning

Internal Limitations

There are several limitations of planning. Some of them are inherit in the process of planning like rigidity and other arise due to shortcoming of the techniques of planning and in the planners themselves.

1. Rigidity
2. Misdirected Planning
3. Time consuming
4. Probability in planning
5. False sense of security
6. Expensive

External Limitations of Planning

1. Political Climate- Change of government from Congress to some other political party, etc.
2. Labour Union- Strikes, lockouts, agitations.
3. Technological changes- Modern techniques and equipments, computerization.
4. Policies of competitors- Eg. Policies of Coca Cola and Pepsi.
5. Natural Calamities- Earthquakes and floods.
6. Changes in demand and prices- Change in fashion, change in tastes, change in income level, demand falls, price falls, etc.

2. ORGANIZING

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.

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.

A manager performs organizing function with the help of following steps:-

1. **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.
2. **Departmentally organizing 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 departmentation.
3. **Classifying the 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 help in bringing efficiency in the running of a concern. This helps in achieving 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.
4. **Co-ordination between authority and responsibility** - 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

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

2. **Well defined jobs** - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.
3. **Clarifies authority** - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers do not take place. Well defined jobs and responsibilities attached helps in bringing efficiency into managers working. This helps in increasing productivity.
4. **Co-ordination** - Organization is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and 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.

Authority responsibility relationships can be fruitful only when there is a formal relationship between the two. For smooth running of an organization, the co-ordination between authority- responsibility is very important. There should be co-ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, "Authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective." Therefore, co-ordination of authority- responsibility is very important.

5. **Effective administration** - The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.
6. **Growth and diversification** - A company's growth is totally dependant 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.
7. **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.
8. **Scope for new changes** - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

PRINCIPLES OF ORGANIZING

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.

1. 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.

2. 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. Clarifications in authority-responsibility relationships helps in achieving co-ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments

should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

3. 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:-

- a. **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:-

- i. Less overhead cost of supervision
- ii. Prompt response from the employees
- iii. Better communication
- iv. Better supervision
- v. Better co-ordination
- vi. Suitable for repetitive jobs

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

- b. **Narrow span of control-** According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervise 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.

- i. Co-ordination is difficult to be achieved.
- ii. Communication gaps can come.
- iii. Messages can be distorted.
- iv. Specialization work can be achieved.

Factors influencing Span of Control

1. **Managerial abilities-** In the concerns where managers are capable, qualified and experienced, wide span of control is always helpful.
2. **Competence of subordinates-** Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.
3. **Nature of work-** If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill or craftsmanship, tight control and supervision is required in which narrow span is more helpful.
4. **Delegation of authority-** When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of subordinates at one time.
5. **Degree of decentralization-** Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in very effective way which results in direct and personal communication between superiors and subordinates and there the superiors can manage large number of subordinates very easily. In such cases, wide span again helps.

4. 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.

Authority Flows from Top to Bottom



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 means division of authority and powers downwards to the subordinate.

Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

Elements of Delegation

1. **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives.

Authority must be well-defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority.

Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. **Responsibility** - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person.

Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

3. **Accountability** - means giving explanations for any variance in the actual performance from the expectations set.

Accountability can not be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'.

The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

For achieving delegation, a manager has to work in a system and has to perform following steps :-

1. Assignment of tasks and duties
2. Granting of authority
3. Creating responsibility and accountability



Delegation of authority is the base of superior-subordinate relationship, it involves following steps:-

1. **Assignment of Duties** - The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.
2. **Granting of authority** - Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason, every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. **Creating Responsibility and Accountability** - The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them.

Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior. Responsibility is very important. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted.

Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed.

Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.

Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegatee's role which means his responsibility and accountability is attached with the authority over to here.

Relationship between Authority and Responsibility

Authority is the legal right of person or superior to command his subordinates while accountability is the obligation of individual to carry out his duties as per standards of performance Authority flows from the superiors to

subordinates, in which orders and instructions are given to subordinates to complete the task. It is only through authority, a manager exercises control. In a way through exercising the control the superior is demanding accountability from subordinates.

If the marketing manager directs the sales supervisor for 50 units of sale to be undertaken in a month. If the above standards are not accomplished, it is the marketing manager who will be accountable to the chief executive officer. Therefore, we can say that authority flows from top to bottom and responsibility flows from bottom to top.

Accountability is a result of responsibility and responsibility is result of authority. Therefore, **for every authority an equal accountability is attached.**

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	Responsibility cannot be shifted and is absolute
It flows from top to bottom.	It flows from bottom to top.

3. Staffing Function of Management

The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnels to fill the roles assigned to the employers/workforce

According to Theo Haimann, "Staffing pertains to recruitment, selection, development and compensation of subordinates."

Nature of Staffing Function

1. **Staffing is an important managerial function-** Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.
2. **Staffing is a pervasive activity-** As staffing function is carried out by all managers and in all types of concerns where business activities are carried out.
3. **Staffing is a continuous activity-** This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.
4. **The basis of staffing function is efficient management of personnels-** Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.
5. **Staffing helps in placing right men at the right job.** It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.

6. **Staffing is performed by all managers** depending upon the nature of business, size of the company, qualifications and skills of managers, etc. In small companies, the top management generally performs this function. In medium and small scale enterprise, it is performed especially by the personnel department of that concern.

Steps involved in Staffing

1. **Manpower requirements-** The very first step in staffing is to plan the manpower inventory required by a concern in order to match them with the job requirements and demands. Therefore, it involves forecasting and determining the future manpower needs of the concern.
2. **Recruitment-** Once the requirements are notified, the concern invites and solicits applications according to the invitations made to the desirable candidates.
3. **Selection-** This is the screening step of staffing in which the solicited applications are screened out and suitable candidates are appointed as per the requirements.
4. **Orientation and Placement-** Once screening takes place, the appointed candidates are made familiar to the work units and work environment through the orientation programmes. Placement takes place by putting right man on the right job.
5. **Training and Development-** Training is a part of incentives given to the workers in order to develop and grow them within the concern. Training is generally given according to the nature of activities and scope of expansion in it. Along with it, the workers are developed by providing them extra benefits of indepth knowledge of their functional areas. Development also includes giving them key and important jobs as a test or examination in order to analyse their performances.
6. **Remuneration-** It is a kind of compensation provided monetarily to the employees for their work performances. This is given according to the nature of job- skilled or unskilled, physical or mental, etc. Remuneration forms an important monetary incentive for the employees.
7. **Performance Evaluation-** In order to keep a track or record of the behaviour, attitudes as well as opinions of the workers towards their jobs. For this regular assessment is done to evaluate and supervise different work units in a concern. It is basically concerning to know the development cycle and growth patterns of the employees in a concern.
8. **Promotion and transfer-** Promotion is said to be a non- monetary incentive in which the worker is shifted from a higher job demanding bigger responsibilities as well as shifting the workers and transferring them to different work units and branches of the same organization.

4. DIRECTING FUNCTION OF MANAGEMENT

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 in 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.

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 inter-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.

Direction has got following characteristics:

1. **Pervasive Function** - Directing is required at all levels of organization. Every manager provides guidance and inspiration to his subordinates.
2. **Continuous Activity** - Direction is a continuous activity as it continuous throughout the life of organization.
3. **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.
4. **Creative Activity** - Direction function helps in converting plans into performance. Without this function, people become inactive and physical resources are meaningless.
5. **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.
6. **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.

5. CONTROLLING FUNCTIONS OF MANAGEMENT

Controlling consists of verifying whether everything occurs in confirmities with the plans adopted, instructions issued and principles established.

Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions

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

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

Controlling has got two basic purposes

1. It facilitates co-ordination
2. It helps in planning

Features of Controlling Function

Following are the characteristics of controlling function of management-

1. **Controlling is an end function-** A function which comes once the performances are made in confirmities with plans.
2. **Controlling is a pervasive function-** which means it is performed by managers at all levels and in all type of concerns.
3. **Controlling is forward looking-** because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.

4. **Controlling is a dynamic process-** since controlling requires taking reviewal methods, changes have to be made wherever possible.
5. **Controlling is related with planning-** Planning and Controlling are two inseperable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. *Planning presupposes controlling and controlling succeeds planning.*

PROCESS OF CONTROLLING

Establishment of standards- Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criterions for judging the performance. Standards generally are classified into two-

- a. Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.
- b. Non-measurable or intangible- There are standards which cannot be measured monetarily. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

Controlling becomes easy through establishment of these standards because controlling is exercised on the basis of these standards.

2. **Measurement of performance-** The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured. Performance of a manager cannot be measured in quantities. It can be measured only by-
 - a. Attitude of the workers,
 - b. Their morale to work,
 - c. The development in the attitudes regarding the physical environment, and
 - d. Their communication with the superiors.

It is also sometimes done through various reports like weekly, monthly, quarterly, yearly reports.

3. **Comparison of actual and standard performance-** Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. The manager has to find out two things here- extent of deviation and cause of deviation. Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance. The managers have to exercise control by exception. He has to find out those deviations which are critical and important for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, " If a manager controls everything, he ends up controlling nothing." For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it is called as major deviation.

Once the deviation is identified, a manager has to think about various cause which has led to deviation. The causes can be-

- a. Erroneous planning,
- b. Co-ordination loosens,
- c. Implementation of plans is defective, and
- d. Supervision and communication is ineffective, etc.

4. **Taking remedial actions-** Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-
 - a. Taking corrective measures for deviations which have occurred; and
 - b. After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.

RELATIONSHIP BETWEEN PLANNING & CONTROLLING

Planning and controlling are two separate functions of management, yet they are closely related. The scope of activities of both are overlapping to each other. Without the basis of planning, controlling activities become baseless and without controlling, planning becomes a meaningless exercise. In absence of controlling, no purpose can be served by. Therefore, planning and controlling reinforce each other. According to Billy Goetz, " Relationship between the two can be summarized in the following points

1. Planning precedes controlling and controlling succeeds planning.
2. Planning and controlling are inseparable functions of management.
3. Activities are put on rails by planning and they are kept at right place through controlling.
4. The process of planning and controlling works on Systems Approach which is as follows :

Planning → Results → Corrective Action

5. Planning and controlling are integral parts of an organization as both are important for smooth running of an enterprise.
6. Planning and controlling reinforce each other. Each drives the other function of management.

In the present dynamic environment which affects the organization, the strong relationship between the two is very critical and important. In the present day environment, it is quite likely that planning fails due to some unforeseen events. There controlling comes to the rescue. Once controlling is done effectively, it gives us stimulus to make better plans. Therefore, planning and controlling are in separate functions of a business enterprise.