ME NOTES MODULE 3 AND 4

MODULE 3 - Directing and Controlling

Meaning and nature of directing:

Direction

- Means issuance of orders and leading and motivating subordinates as they go about executing orders
- Consists of the process and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned**.**
- Is vital in managerial function
- Is used to stimulate action by giving direction to his subordinates through orders and also supervise their work to ensure that the plans and policies achieve the desired actions and results.
- To conclude **direction is the process of utilizing the techniques in issuing instructions and making certain that operations are carried out on as originally planned.**

Requirements or principles of effective direction:

1) Harmony of objectives: The goals of its members must be in complete harmony with the goals of an organization. The manager must direct the subordinates in such a way that they perceive their goals to be in harmony with enterprise objectives. For Example the company's profits may be associated with the employee's gains by giving additional bonus or promotion.

2) Unity of Command: The subordinates must receive orders and instructions from one supervisor only the violation of which may lead to conflicting orders, divided loyalties and decreased personal responsibility for results.

3) Direct supervision Every supervisor must maintain face-to-face contact with his subordinates which boosts the morale of the employees, increases their loyalty and provides them with feedback on how well they are doing.

4) Efficient Communication: Communication is an instrument of direction through which the supervisor gives orders, allocates jobs, explains duties and ensures performance.

Communication is a two way process which enables the superior to know how his subordinates feel about the company and how the company feels on a number of issues concerning them. In communication comprehension is more important than the content.

5) Follow-through: Is an act of following through the whole performance of his subordinates to keep track on their activities, help them in their acts and point out deficiencies if any and revise their direction if required.

Leadership
- Is an important aspect of managing.
- Leadership is defined as Influence that is the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals.
- In other words, people should be encouraged to develop not only willingness to work but also willingness to work with zeal and confidence.
- The will to do is triggered by leadership and lukewarm desires for achievements are transformed into burning passion for successive accomplishment by the skilful use of leadership (George R Terry)
- Leadership is the lifting of man's visions to higher sights, the raising of man's performance to a higher standard, the building of man's personality beyond its normal limitation. (Peter Drucker)
- Leadership is the ability to secure desirable actions from a group of follower voluntarily without the use of coercion. (Alford and Beatty)
- Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals. (Keith Davis)

Leadership Styles:

Three leadership styles widely used:
1) Traits approach
2) Behavioral approach
3) Contingency approach

1) **Traits:**

Basically a character and deals with personal abilities and assumed to be God's gift and abilities. They are identified as mental and physical energy, emotional stability, knowledge of human relations, empathy, objectivity, personal motivation, communication skills, teaching ability, social skills, technical competence, friendliness and affection, integrity and faith, intelligence etc.

Traits approaches – Trait theories argue that leaders share a number of common personality traits and characteristics, and that leadership emerges from these traits. Early trait theories promoted the idea that leadership is an innate, instinctive quality that you either have or don't have. Now we have moved on from this approach, and we're learning more about what we can do as individuals to develop leadership qualities within ourselves and others. Traits are external behaviors that emerge from things going on within the leader's mind – and it's these internal beliefs and processes that are important for effective leadership.

Drawbacks

1) Failed to identify right traits required for effective leadership
2) Difficult to associate the traits with jobs to be carried out. A leader who is successful in one area may be a failure in different area
3) Traits are subjective, it is difficult to measure their effectiveness quantitatively
4) This approach implies that leadership is in built quality and no training can make a person leader.

2) **Behavioral approach** –
- What does a good leader do? Behavioral theories focus on how leaders behave. Do they dictate what needs to be done and expect cooperation? Or do they involve the team in decisions to encourage acceptance and support.
- Several studies have been made did not agree as to which traits are leadership traits or their relationship to actual instances of leadership. It is found that most of these so called traits are really pattern of behavior.

There are several theories based on leadership behavior and styles. Some of them are:

1) Leadership based on the use of authority.

2) Likert's four systems of managing.

3) The managerial grid and

4) Leadership involving a variety of styles and level of use of power and influence.

   a) **Style based on authority:** Based on how the authority is used, the leaders are styled into 3 groups.
      i. The first is **autocratic leader** who commands and expects compliance, is dogmatic and positive and leads by the ability to withhold or give rewards and punishment.

      ii. The second is **democratic or participative leader** who consults with subordinates on proposed actions and decisions and encourages

participation from them. This type of leaders include the person who does not take action without the concurrence of subordinates and who makes decisions bur consults with subordinates before doing so.

iii. The third type is **free-rein leader** who uses his power very little and gives a high degree of independence to his subordinates to carry out their work. Such leaders depend largely on subordinates to set their own goals and the means to achieve.

The flow of influence with three leadership styles: There are some variations within this simple classification of leadership styles. Some democratic leader may consult and listen to their follower's ideas and concerns, but when decision is to be made, they make their own decision. A participative leader is the person who is supportive. They consult with their subordinates and take their opinions, feelings and suggestions before making decision.

The use of any style will depend on the situation. A manager may be autocratic in routine and emergency tasks. Leaders gain considerable knowledge and better commitment on the part of persons involved by consulting with subordinates whereas free-rein type leadership works better in R & D organizations.

Comparison of leadership styles

Factor	Leadership style		
	Autocratic	Participative	Free-Rein
1.Decision maker	Leader only	Leader in consultation with subordinates	Subordinates only
2.Discipline	Obey the leader	Cooperative	Self-imposed
3.Delegation of authority	Rare	Good	Complete
4.Responsibility	Leader	Leader and Subordinates	Individuals
5.Initiative	By leader	By team	Only by individuals
6.Communication	One way and downward	Both ways	Free flow
7.MOtivation	Punishments	Rewards	Self attenuation
8.Hierarchy of needs	Physiological and safety	Mixed	Self attenuation
9.Focus	Task oriented	People oriented	People

b) **Likert's four systems of management:** Prof. Likert had developed four systems of management based on his study of patterns and styles of leadership.

- **System 1**: Management is described as **exploitive-authoritative**. Its managers are highly autocratic, have little trust in subordinates. They

motivate people through fear and punishment; only occasional rewards engage downward communication and limit decision making to the top.

- **System 2**: This is called **benevolent authoritative**. Their manager have a patronizing confidence and trust in subordinates, motivate them with rewards and some fear and punishment, allow little upward communication, solicits some ideas and opinions from subordinates, allows some delegation of decision making but with close policy control.
- **System 3**: This is referred to as "**consultive**" management. Managers in this system have substantial but not complete confidence in subordinates, They usually try to make use of the ideas and opinions of subordinates, rewards for motivation, occasional punishments, engage in communication in both up and down and act like a consultant to both up and act like a consultant to both top and subordinates.
- **System 4:** This is most participative type and hence it is often called as **participative-group**. These managers have complete trust and confidence in subordinates in all matters. The always get ideas and opinions from subordinate and use them for constructive purpose. They give monitory rewards encourage decision making and work with subordinates as a group.

c) The managerial grid: A well-known approach to defining leadership styles is the managerial grid developed by Robert-Blake and Jane Mouton. Building on previous history which dealt with managers concerned with both people and production, they **devised a two dimensional grid based on people and production**. Concern for production on **X-axis** of grid includes **the attitudes of a supervisor towards a variety of things such as quality of policy decisions, procedures, creativeness, staff services, work efficiency; volume of output** etc. **concern for people** is taken on **Y-axis of grid**. This include elements like **degree of personal commitment towards good achievement, maintenance of self-esteem of workers, placement of responsibility on the basis of trust rather than obedience, provision of goal working conditions and maintenance of satisfying interpersonal relations**. The managerial grid is a useful device for identifying and classifying Managerial styles, but it does not tell how to lead.

d) Leadership involving a variety of styles: this concept is also called as leadership continuum. It is seen that the leadership involves a variety of styles ranging from one which is highly boss centered to the other which is highly subordinate concerned. The style varies with the degree of freedom a leader or manager grants to his subordinates. Thus instead of suggesting a choice between two extreme styles of leadership autocratic and democratic, this approach offers a range of styles with no suggestion of what is right and what is wrong. This theory recognizes that which type of leadership is appropriate depends on the leader, the subordinates and the situation.

3) **Contingency approach to leadership** The behavioral approach seems to suggest that the best style of leadership is one that combines both autocratic and democratic. There is no one best style of leadership under all conditions. Effective leadership style varies with situation. The effective leaders need to analyze the situation and find the most

appropriate and best-suited style for a given environment. Contingency approaches have much meaning for managerial theory and practice.

MOTIVATION

Introduction

- Management is an art of getting the work done by the people and thereby achieving the best results.
- Getting the work done depends upon the inducement of the people to better their performance by inspiring the personnel with zeal to do work for the accomplishment of objectives of the organization.
- It may rightly be called motivation of people, the most important function of the personnel management. Management should constantly provide for incentive or motivating forces to intensify their desire and willingness to apply their potentialities for the achievement of common objectives.
- Some people may be motivated by the intense outer pressures of reward while some others are self-motivated.
- Motivation is derived from motive means any idea, need, emotion or organic state that prompts a man to an action.
- Motive is an internal factor that integrates a man's behavior. As the motive is within the individual, it is necessary to study the needs, emotions etc., in order to motivate him to do work.
- There are certain inducing factors which influence the man's behavior and induce him for the best performance to meet his needs and emotions.
- **So motivation is a process to get the needs of the people realized with a view to induce him to do work. Indeed motivation is nothing but an action of inducement. Motivation has been defined by Edwin B.Flippo as follows:**
  - i. **Motivation is the process of attempting to influence others to do your will through the possibility of gain or reward.**
  - ii. **Motivation is the process consisting of the three parts (a) motives, (b) the needs, drives, desires, aspirations etc., which are the motivating factors (c) attainment of the objectives.**

Characteristics of motivation

The following are the characteristics of motivation.

- **Motivation is a psychological concept**: Motivation should come from inside each individual. There are two desiring factors, in motivation:

  a) Fundamental needs, such as food, clothes and shelter and

  b) Ego-satisfaction including self-esteem, recognition from others, opportunities for achievement, self- development and self-actualization, which act as powerful, though unconscious, motivators of behavior.

- **The whole individual is motivated, not part of him**: A person's basic needs determine to a great extent what he will try to do at any given time. All these needs are interrelated because each individual is an integrated organized whole.

- **Motivation is an unending process:** Man is a social animal. As a social animal he has innumerable wants which induce him to work. If one basic need is adequately satisfied for a given individual it loses power as a motivator and does not determine his current behavior, but at the same time others needs continue to emerge. Wants are innumerable and cannot be satisfied at one time. It is an unending process so the process of motivation is also unending to induce the person to satisfy his innumerable wants.

- **Frustration of basic needs makes a man sick:** If anybody fails in trying to meet a need which he feels is essential for him, he becomes to some extent, mentally ill and such frustrated man cannot be motivated any further, until his essential need is satisfied.
- **Goals are motivators:** Goals and motives are inseparable. Man works to achieve the goals. As soon as the goal is achieved he would be no longer interested in work. Therefore, it is very essential for the management to know his goal to push him to work.
- **The self-concept as a unifying force:** Unifying force means the drive to actualize his own image of himself. The outlines of a person's self image are fairly well checked in early childhood and there after don not act i9nner change. For example, a child who easily seems himself as a leader will if possible try to behave that way in later life. Thus, two things that individual is always trying to do are:
  a. To act like the person he thinks he is, and
  b. To get what he thinks he can.
     ✓ Motivation is an important function of personnel management because management of personnel means getting the work done by the people to achieve the organizational objectives. Motivation is one of the methods to induce the man on the job to get the work done effectively to have the best results towards the common objectives. Motivation is necessary for the better performance.

The **expected results or outcomes** from motivation are as follows:

(a) **Best utilization of Resources**: All other resources can produce no results unless the man tries to put them in to action. Man should be motivated to carry out the plans, policies and programmers laid down by the organization by utilizing the other resources to the best of their efforts.

(b) **Will to contribute:** A distinction should be made between capacity to work and willingness to work. A man can be physically, mentally and technically fit to work but he may not be willing to work. Motivation concerns to create a need and desire on the part of the workman to present his better performance.

(c) **Reduction in labor problems**: All the members try to concentrate their efforts to achieve the objectives of the organization and carry out the plans in accordance with the policies and programmers laid down by the organization. If the management introduces motivational plans, it reduces the labor problems like labor turnover, absenteeism, in-discipline, grievances etc., because their real wages increase by the motivational plans.

(d) **Sizable increase in production and productivity**: Motivation induces the men to work hence it results in increased production and productivity because men try to put their efforts to produce more and more and thus their efficiency increases.

(e) **Basic of cooperation**: In a zeal to produce more, the members work as a team to pull the weight effectively, to get their loyalty to the group and the organization, to carry out properly the activities allocated and generally to play an efficient part in achieving the purpose which the organization has undertaken. Thus motivation is basic of cooperation to get the best results are of the efforts of the men on the job.

(f) **Improvement upon skill and knowledge**: All the members will try to be as efficient as possible and will try to improve upon their skill and knowledge so that they may be able to contribute to the progress of the organization.

Positive and Negative motivation

Motivation is concerned with inspiring the man to work to get the best possible results. It may be done by two ways:

A. By Positive motivation and

B. By negative motivation.

Positive motivation

- In the real sense, motivation means positive motivation.
- Positive motivation makes the people induce to do their work in the best possible manner they can and improve their performance.
- It provides better facilities and rewards to them for their better performance.
- It provides better facilities and rewards to them for their better performance. Such rewards and facilities may be financial and non-financial.
- Financial or monetary motivation may include different incentive wage plans, productive bonus schemes etc.
- Monetary incentives provide the worker a better standard of life while the non-monetary motivation satisfies the ego of the man.

Negative motivation

- Negative motivation aims at controlling the negative efforts of the workers and so inducing the man to work positively in the interest of the organization.
- It is based on the concept that if the man fails in achieving the desired results, he should be punished.
- Punishments, reprimands, fear of loss of job are some of the methods which are usually taken as a means to direct the man in the desired direction.
- Under this method man works in fear and tends to produce minimum enough to get by safety.
- The negative motivation may also be classified into monetary and non-monetary motivation.
- The non-monetary negative motivation may include reprimands, cut in facilities and greater control on the activities etc. this is based on the presumption that man works because of fear.

Though both the methods of motivation, positive and negative aim at inspiring the will of the people to work, they differ in their approaches. Positive approach has no place for punishment whereas the negative approach does not provide for rewards. In this sense both are opposite to each other and may be regarded as two ends of a rod.

Human Needs

- The central problem of motivation, as far as management of an organization is concerned, is how to induce the people because the psychology and behavior of people differ from one another.
- A manager should invariably, know before planning for motivation, why people work. In order to take effective motivational decision the manager should study and try to understand the behavior of people at work and thus plan to motivate it in the desired direction.
- For this purpose, manager must have knowledge of the motives of the worker which bring about purposeful behavior and induce him to behave in a particular manner. They have direct influence on the individual, since they determine in part his thoughts and actions. Needs can be defined as a condition requiring supply or relief, the lack of any requisite, desired or useful.
- A motivating situation has both subjective and objective aspect. The subjective side is a need, a drive or a desire. The objective side is called the incented or goal. When the process of obtaining the incentive satisfies the needs, the situation is described as motivating.

Maslow's theory of motivation

Abraham Maslow was the pioneer in contributing a systematic scheme of need hierarchy. He arrived at a conclusion, after a proper research, that there are certain perceived needs of the employees which they expect to be satisfied by joining any organization. If the perceived needs are satisfied according to the satisfaction, they feel satisfied and motivated and if there is a gap between the two, they become slow or refuse to work,

Maslow's hierarchy of needs Maslow has suggested that the underlying needs for all human motivation can be organized in a hierarchical manner on five general levels. They are:

(a) Physiological needs

(b) Safety needs

(c) Social needs

(d) Esteem needs and

(e) Self-actualization.
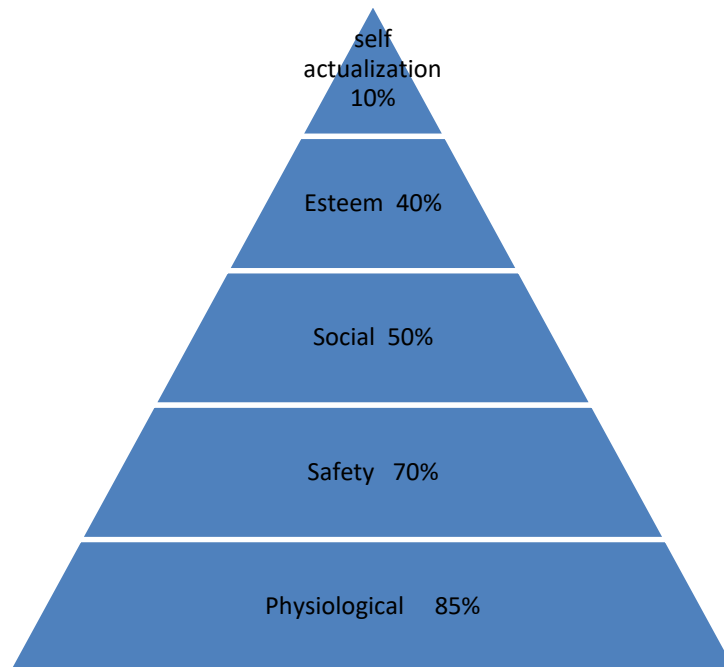
Physiological needs: At the lowest order level are physiological needs which include the need for food, water, sex, clothing and shelter. For a human being who lacks everything the major motivation would be such physiological needs.

Safety needs: When the physiological needs are satisfied, the safety needs become the most important in the hierarchy. These are the needs for protection against danger or loss of existing physiological needs.

Social needs: The third level in the hierarchy comprises the social needs, that is the giving and receiving of love, friendship, affection, belongingness, association and acceptance. If the first two levels are fairly well satisfied, then a person becomes keenly aware of the absence of friends or of a sweetheart, and will be motivated toward affectionate relations with people in general.

Esteem needs: At the fourth level in the hierarchy are the esteem needs, which are generally classified on to two subsets. The first subset includes the needs for achievement, strength and freedom. In essence this is the need for independence. The second sub set includes the needs for status, recognition, and prestige. In essence this is the need for self- esteem of self-worth.

Self actualization: The fifth and highest level in hierarchy is the self-actualization need. This is the need to realize one's potentialities for continued self-development and the desire to become more and more of what one is and what one is capable of becoming. This is also known as self realization or self attenuation.

For example: A musician must create music, an artist must paint, a poet must write in order to achieve ultimate satisfaction.

In 1943 Maslow arbitrarily suggested that in general, our physiological needs are generally 85% satisfied, the safety needs 70% satisfied, the social needs 50%, satisfied, the esteem needs 40% satisfied and the self actualization needs 10% satisfied.

COMMUNICATION

Communication is the process of transmitting ideas or thoughts from one person to another, for the purpose of creating understanding in the thinking of the person receiving the ideas or information.

- It can also be said that communication is an exchange of facts, ideas, opinions or emotions by two or more persons. The effectiveness of communication largely depends upon the proper understanding of what is being communicated and what is being received at the other end.
- The correct interpretation and understanding of the messages is important from the point of view of organizational efficiency. As such the greater the degree of understanding present in communication, the more likely-hood that the human action will proceed in the direction of accomplishing organizational goals.

Systems of communication

- According to organizational structure: (a) Formal and (b) Informal

- According to direction of expression: (a) Downward (b) Upward (c) Horizontal

- According to the way of expression: (a) Oral or verbal (b) Written.

Formal communication

- Such communications are those which are associated with the formal organizations structure. They travel through the formal channels.
- These communications include orders, instructions, decisions etc., of the supervisor. Thus it is a deliberate attempt to regulate the flow of organizational communication so as to make it orderly and thereby to ensure that the information flows smoothly, accurately and timely.
- This officially prescribed communication network may be designed on the basis of single or multiple channel. A single channel network prescribes only one path of communication for any particular position and all communications have to necessarily flow through one path only.
- This path is the line of authority linking its line supervisor and it is commonly referred to as "through proper channel". Its implication is that all communication to and from a position should flow through the line supervisor and subordinates only.

Merits

- **Maintenance of authority of the officers**: It helps in exercising control over subordinates and fixation of responsibility in respect of activity to be carried out by a person in the organization.

- **Sound and proper communication**: An immediate supervisor has a direct contact with his subordinates. He/She understands their attitudes, wants, level of intelligence and capacities, He/She can determine efficiently as to how, what and when the information is to be communicated to whom. It is easy to maintain and is orderly in nature.

Demerits

- **Overload of work:** In a modern business organization, there is a lot of information, messages and other things to be communicated. All these, if transmitted through formal line of authority only, it will increase the work level on the line officers and they will not be able to perform their duties well.

- **Decay in accuracy:** It provides bottlenecks in the flow of information. It exhausts the original distance also and channels of more information at various positions, record the accuracy of message.

- **Over look by the line officers**: Communication through chains of command is not suitable for upward communication at all. Line officers do not take any interest in their subordinates. They do not like to forward the suggestions to the top management given by their subordinates. This bias changes the nature and characteristic of information at all levels when it reaches its final destination.

Limitations
- The formal communication is useful only in downward communication. One way of overcoming this limitation is to provide a number of communication channels linking one position with various other positions. Thus the system of multiple channels may improve the situation in some cases, but an unlimited use of this may cause confusion and also undermine the supervisor's authority. So along with formal communication, the informal channel should also be developed for efficient and effective communication within the enterprise.

Informal communication
- It is also known as grape wine communication.
- The communication to be made through informal channels of communication is called informal communication.
- It is not the result of official action but of the operation of personnel, social and group relationship of people.
- Apart from this formal organizational relationship, people have got social or personnel relationship, membership of some club or organizations from same place. Such channels of communication serve as a quick vehicle for messages.
- While formal communication exists to meet the utility and needs of the organization, informal communication is the method by which people carry on their non programmed activities within the formal boundaries of the system.
- Such types of communications are very fast, spontaneous and flexible. It is a very active channel of communication through which the information is carried immediately.

Merits
- It performs a positive eservice to the organization.

- It operates with much greater speed.

- The informal communications fulfill needs of various people in the organization, more particularly those persons who freely mix up with others and rely upon informal relationship.

- A typical informal committee network involves people within the same level of an organization.

Demerits
- It is less orderly and less static.

- Messages communicated through informal channels, sometimes are very <mark>erratic</mark> and uncertain, and any action taken based upon these may lead to difficult situation to the organization.

- Often it carries incinerate information, half- truths, <mark>rumors</mark> and distorted information.

- <mark>Origin</mark> and direction of the flow of information is <mark>hard to pin point.</mark>

- There is a chance that by the time a <mark>communication</mark> completes a <mark>complex journey</mark> it may be <mark>distorted</mark>.

Limitations
- The informal communication is the part and parcel of the organizational process. The only thing the management can do in this respect is to take suitable actions to minimize the adverse affect of such channels. Proper analysis of informal communication and a suitable classification in this respect would be helpful in making its use towards organizational efficiency.

According to the direction of communication

Downward communication: Communication which flows from <mark>supervisor</mark> to the <mark>subordinate</mark> is known as downward communication. They include orders, rules, instruction, society directions etc. their nature is <mark>directive</mark>. It would be impossible to manager an enterprise without downward communication.

Upward communication: this is just the reverse of the downward communication. It flows from subordinate to supervisor. Each communication includes <mark>reactions</mark> and <mark>suggestions</mark> from workers, their <mark>grievance</mark> etc. the contents of the upward communication are repots, suggestions, reaction, statements and proposals prepared for submissions to the supervisors. There was very little application of this forms of communication sometime before as it does not fit into the traditional theory of organization. But in modern times upward communication is considered to be <mark>main source of motivation to employees.</mark>

Horizontal communication: when communication takes place between two to more persons who are subordinates of the same person or those who are working on the same levels of the organization, this communication is known as horizontal communication or <mark>lateral</mark> communication or <mark>cross</mark> communication. The communications between functional managers, among superintendents working under some supervisor, meetings of general manager's of various factories are some of the examples of such communication. This type of communication may be oral or written.

According to the way of expression.

Oral or vertical communication: In this type of communication both parties to the process of communication exchange their ideas orally either <mark>face to face</mark> or through devices like <mark>phone</mark>, Intercoms etc., <mark>meetings</mark>, conference, lectures, interviews or other ideas.

Written communication: In this type of communication, written words, graphs, diagrams, pictures, etc., are used. They may take forms of circulars, rules, manuals, reports, porters, memos etc.

Barriers to successful communication

- ✓ More levels in organization structure through which an information has to pass.
- ✓ Long and unstructured channels of communication.
- ✓ Heavy workloads at certain level of organization.
- ✓ Prestige and superiority complex.
- ✓ Sender unable to symbolize the information correctly.
- ✓ Prejudicial and biased attitude of the receiver.
- ✓ Receiver ignoring conflicting information.
- ✓ Receiver tending to evaluate information from his own angle.

Techniques to overcome barriers and improve communication
- ✓ Sending direct and simple messages using many channels
- ✓ Feedback system to know whether the manager has been understood correctly or not.
- ✓ Adopting face to face communication.
- ✓ Time the message carefully, communicate when the receiver is motivated to listen.
- ✓ Be sensitive to the private world of the receiver, try to predict the impact on his feeling and attitude and tailor the message to fit receiver's vocabulary, interests and values.
- ✓ Introduce a proper amount of redundancy of in the message i.e., some amount of repetitions of information so that it is not misunderstood.

COORDINATION

Meaning Various department of an organization will be performing different tasks as assigned to them on the basis of their specialization. It is essential to coordinate these activities to achieve common objectives collectively. Coordination is the process which ensures smooth ensuring of the functions of management with the increase in the departmentation, coordination has become important.

Definition: the following are definitions given by some management pioneers.

- "To coordinate is to harmonize all the activities of a concern so as to facilitate its working and success. In a well coordinated enterprise, each department or division works in harmony with others and is fully informed of its role in the organization", - Henri Fayol.

- "Coordination deals with the task of blending efforts in ordered to ensure the successful attainment of the objective. It is accomplished by means of planning organizing, actuating and controlling"-G.R. Terry.

- Coordination is regarded as the essence of managerial ship for the achievement of harmony of individual efforts towards the accomplishment of group goals as the purpose of management. Each of the managerial function is an exercise in coordination". –Koontz and O'Donnel.

- **Thus coordination is the management of interdependence in the work situation. It is the orderly synchronization of the interdependent efforts of individuals in order to attain a common goal. In any modern organization consisting of number of**

departments such as purchase, finance, production, designs, Personnel, sales etc., there is a need for all of them to perform their tasks properly and timely for achieving the targets. This calls for coordination between the various departments of any organization.

Characteristics of coordination

1. **Not a separate function of management:** It is necessarily in all the functions of management and not a separate one.

2. **Managerial responsibility**: Every departmental head is responsible to coordinate the efforts of his subordinates and also coordinate with his counter parts of other departments.

3. **Unity of action:** Unity of action is essential to reach common goals. Coordination brings about of organization.

4. **Coordination is part of all levels of organization:** It is to be built in activity at all levels of organization.

5. **It is relevant to group efforts:** Coordination brings about group efforts than individual efforts. It guides the individuals towards group efforts to reach the tergets.

6. **Continuous and dynamic process:** It is continuous and dynamic process. Managers should continuously monitor and coordinate between people and activities.

7. **System concept:** Any organization starts is a system of cooperation. Each department functions are different in nature and interdependence in the organization system. The organization runs smoothly with the help of coordination. Thus coordination is a system concept.

Importance of coordination: The coordination is important because of the following factors:

1. **Unity in diversity:** there are large number of employees each with different ideas, views or opinions and interests. This results into a diversified activity in any organization. It is necessary to bring them together to accomplish the common objective. Hence coordination is the main element to bring unity in diversity.

2. **Specialization:** In the modern industrial organizations, there is a high degree of specialization. This will lead to misunderstanding and dispute among the specialists. Coordination plays important role in bringing them together and explaining the important of each other's activities.

3. **Team work:** Coordination help converge the diversified efforts of various groups to achieve the objectives. It promotes teamwork and avoids duplication of work.

4. **Large number of employees**: Large organizations employ large number of employees. They have different habits, behavior and approaches in a particular situation. Many times they don't work in harmony. Coordination is necessary to bring harmony among them.

5. **Empire building:** Empire building refers to top level of line organization. The line officers expect cooperation from staff officers, but the line officers are not ready to

extend their cooperation to staff officers. This creates conflicts between line and staff officers. Therefore, coordination is necessary to avoid conflicts between line and staff officers.

6. **Functional differences**: the functions of organization are divided section wise. Each section performs different jobs. Each department tries to perform its function in isolation from others. Coordination is necessary to integrate the functions of the related department.

7. **Recognition of goals**: there are general goals of an organization. In addition, each Department has its own goals and the individual employees also have their own goals. The individual employees give more importance for their own goals than the organizational goals.

8. **Communication**: Coordination ensures the smooth flow of information one direction to other direction.

9. **Interdependency**: the need for coordination in an organization arises of the interdependence of various units. The greater the interdependence of units, the greater the need for coordination.

Type of coordination Coordination may be classified as internal and external coordination.
1. **Internal coordination:** Coordination among the employees of the same department or section, among workers and managers at different levels, among branch offices, plants, departments and sections is called internal coordination. Internal coordination is subdivided into two types.
    a. Vertical coordination: Vertical coordination refers to the one in which a departmental head coordinates his work with that of his sub-ordinates and vice-versa. (b)
    b. Horizontal coordination: Horizontal coordination refers to the coordination taking place sideways, i.e., the relationship between the persons of same status. It exists between heads of different departments, or supervisors or co-workers.
2. **External coordination:** Coordination with customers, suppliers, government and other outsiders with whom the organization has business connections is called external coordination

Coordination and co-operation

Coordination and cooperation are two terms widely used in a business organization. Though they sound similar they differ with each other. The differences are explained below:.

Coordination	cooperation
It is a management function.	It is not a management function.
Coordination is an orderly arrangement of group efforts.	Cooperation is willingness to work or help others.
Coordination is obtained officially.	Cooperation is a voluntary service.
Achievement of objectives is directly linked to coordination.	There is no direct link between cooperation and objectives.
The success of an organization depends upon the degree of coordination	Cooperation forms the basis of coordinating.

CONTROLLING

Controlling is the last function of management. The main objective of control is to identify the variations between the set standards and actual performance and then to take necessary steps to correct it and prevent such deviations in future.

Definition

- "Control is checking current performance against predetermined standards contained in the plans with a view to ensure adequate progress and satisfactory performance"-E.F.L. Brech.

- "Control consists of verifying whether everything occurs in conformity with the plans adopted, the instructions issued and principles established. It has for its object to point out weaknesses and errors in order to rectify them and prevent recurrences"-Henri Fayol.

- "Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary, applying corrective measures so that the performance takes place according to the plans"-George R. Terry.

- "Controlling is the measurement of accomplishment against the standards and the correct ion of deviations to assure attainment of objectives according to plans" – Koontz and O' Donnel.s

Steps in controlling Control points out the deviations of the plans and suggests remedial action to improve future plans. There are three steps in control process.
  i. Establishing standards

  ii. Measuring and comparing actual results against standards

  iii. Taking corrective action

- **Establishing standards:** the first step in any control process is to establish standards against which results can be measured. Standards are criteria of performance. Standards

may be qualitative or quantitative. Standards like, costs should be reduced, communication is to be faster, goodwill, employees morale etc., are some examples of qualitative standards. Number of units produced, profit percentage, standard hours, total cost incurred, overheads etc., can be expressed quantitatively. Standards are to be flexible in order to adapt to changing conditions. Standards should emphasize the achievement of results more than the conformity to rules and methods. The standards could be of physical standards, cost standards, revenue standards, capital standards, intangible standards etc.

- **Measuring and comparing actual results against standards:** The second step in control process is to measure the performance and compare it with the set standards. Measurement of performance can be done by personal observation or by a study of various summaries of figures, reports, charts and statements. Comparison is very easy if the system of control is well defined. Several established techniques are available for quick comparison. Some variations are desirable like excess production, reduced expenditure than standards, no corrective action is required. However, if the standards are not achieved, then the management should initiate necessary corrective action. If the deviations are beyond the reasonable limits then they should be reported to the management.

- **Taking corrective action:** After comparing the actual performance with the set standards and noticing the deviations, the next important step is to take corrective action by managers. The causes of deviation may be due to ineffective communication, defective system of wages, wrong tools and machines, negligence from worker, lake of training, ineffective supervision, inadequate facilities etc. the management has to take necessary corrective action based on the nature of causes of deviation. Managers may correct deviations by redrawing their plans, or by modifying goals, they may use their authority through reassignment of job to others, or by putting additional staff, or providing extra training, better tools and by better leading.

ESSENTIALS OF A SOUND CONTROL SYSTEM The essentials of a sound control system are as follows:

i. **Feedback**: Feedback is the process of adjusting future actions based upon the information regarding past performance. Feedback makes the control system very effective.

ii. **Objective:** Control system should be objective and understandable. Objective controls specify the expected results in clear and definite terms and leave little scope for argument by the employees. They avoid aristocracy.

iii. **Suitability:** The control system should be appropriate to the nature and needs of the activity. The controls used in production are different than the one used in finance and personnel. Hence every organization should evolve suitable control system that serves specific needs.

iv. **Prompt reporting:** the control system should provide for prompt and timely reporting without any delay. Delayed reporting may lead to ineffective control actions. Prompt reporting will help the managers to take immediate corrective action before the problem occurs.

v. **Forward looking:** Effective control system must focus on how the future actions will conform to plans.

vi. **Flexible:** The standards will be altered from time to time. Hence the control system should be flexible in accordance with the modified standards.

vii. **Economical:** The benefits derived from the control system should be more than the cost involved in implementing it.

viii. **Simple:** the control system should be simple to understand and implement.

ix. **Effective and operational:** A control system should not only detect deviations but should also provide solutions to the problems that cause deviations. It must disclose where and how the failures are occurring, who is causing them and how they should be dealt with.

x. **Motivation:** A good control system should motivate people to achieve higher performance. The control is to be so designed that it induces positive reactions from employees. The purpose of control is to prevent and not to punish.

METHODS OF ESTABLISHING CONTROL

Various methods are used by the management for controlling the various deviations in the organization. Some of the important methods of establishing control are discussed below:

i. **Personal observation:** This is the oldest and simple method of control. The manager personally observes the operations in the work places. Any deviations observed are corrected immediately then and there itself. However, this is a time consuming technique and may not be liked to be observed by workers.

ii. **Budgeting:** A budget is a statement of anticipated results during a designed time period expressed in financial and non-financial terms. The budgeting process typically involves the use of cost standards. Budgets are made for a specific period like monthly, quarterly or annually. The budgets are prepared on the basis of the purpose like sales budgets, capital expenditure budget, advertisement budget, R and D budget etc.

iii. **Cost accounting and cost control**: Profit of any business depends upon the cost incurred to run the business. Profits are increased by reducing costs. Hence, much importance is given for cost accounting and cost control.

iv. **Break - Even analysis:** The point at which sales is equal to the total cost is known as Break-even point (BEP). At this point there will be no loss or no profit. The total cost is the sum of fixed cost + variable cost. Fixed cost is fixed irrespective of production but variable cost changes according to the volume of production. This analysis helps in determining the volume of production or sales and the total cost which is equal to the revenue. The excess of revenue over total cost is profit.

v. **Standard costing:** standard costing is used to control the cost. The objective of standard costing is the same as budgetary control. The system compares the actual with standards and variance is noted. The following are the steps involved in standard costing.

1. Setting the cost standards for various components like labor, material, machine hour rate etc.

2. Measurement of actual performance and comparing with standard cost.

3. Find the variance of actual cost compared to standard cost.

4. Taking corrective measures to avoid such variances to occur in future.

vi. **Return on investment:** Ration of net profit to the total investment or capital employed in the business is termed as return on investment, generally expressed as percentage. RoI = Profit/Total Investment Using this percentage of profit is identified. The amount of profit earned by a company is different from the rate of profitability.

vii. **Responsibility accounting:** It is defined as the system of accounting under which each department head is made responsible for the performance of his department. Under this system, each department is made a profit center. The individual department is responsible for its own operation.

viii. **Management audit**: Management audit is an independent process that aims at pointing out the inefficiency in the performance of functions of management such as planning, organizing, staffing, directing, controlling and suggesting possible improvements. It helps the management to handle the operations effectively.

ix. **Internal audit**: Internal audit is conducted by an internal auditor who is an employee of an organization. He makes an independent appraisal of financial and other operations. He identifies the defects and deviations and reports to management.

x. **External audit**: External audit is an independent appraisal of the organization's financial accounts and statements. The purpose of external audit is to safeguard the interests of shareholders and other outside parties concerned with the company. It is also known as statutory audit control. The external auditor certifies the compliance of all accounts. The external audits are conducted by qualified auditors.

xi. **Statistical control reports**: this type of reports are prepared and used by large organizations. They are quantitative in nature. These reports are very useful in sales, production, etc. there are various statistical tools available for this purpose.

xii. **Gantt milestone chart:** this technique was proposed by Henri I. Gantt. This is basically a time based production control technique. This is widely used to monitor the progress of projects. This two dimensional chart with activities on vertical and time on horizontal scale. This is basically a schedule of activities against time.

xiii. **Production control:** Production control technique is necessary for smooth functioning of an organization. Production control involves forecasting and planning of production, inventory control, scheduling, selection of process etc.

xiv. **Program me Evaluation and Review Techniques** (PERT): this was developed during 1957-58 for US Navy. This is primarily oriented towards achieving better managerial control of time spent in completing a project. A project is split into activities and all the activities are integrated in a highly logical sequence to find the shortest time required to complete the entire project. PERT was created primarily to handle R & D projects.

xv. **Critical path Method (CPM):** this technique also follows the principles of PERT. This concentrates mainly on cost rather than duration like PERT. The use of both PERT and CPM has grown rapidly today in controlling time bound projects such as repairing a weak bridge, construction of huge buildings etc.

MODULE 4 – ENTREPRENEURSHIP

The spirit of enterprise makes a person is entrepreneur. Entrepreneur thus is an innovator who carries out new combinations in ever changing environment to initiate & accelerate the process of economics social & technological development. He who uses searches for changes responds to it & exploits the opportunity. The person having a dynamic activity to prime changes in the process of production, innovations in business, new ideas & usages of resources, establishing new markets.

Evolution of concept It varies from country to country, time o time & the level of economic development of the place. This word is derived from French verb. Which is entreprendre means to undertake 16th country the Frenchmen who organized & military expeditions were referred to as entrepreneurs. French economist Richard cantillion used the word entrepreneur to business. Since the word entrepreneur is used to me who takes the risk of stating new organization or business or introducing a new idea, production service to society.

Characteristics of Entrepreneur
1. A good entrepreneur should be action oriented enthusiastic & energetic & ready to take risk at all levels to achieve the goal.

2. Should have unwavering determination & commitment.

3. Creativeness & result oriented, lord working

4. Accepts responsibilities with enthusiasm,

5. Self confident deactivated & self disciplined

6. Both thinker & doer planner & worker,

7. Future vision intelligent, imaginative & self directed

Qualities of an Entrepreneur
1. Success and achievement
2. Risk bearer
3. Opportunity explorer
4. Planner
5. Stress taker
6. Facing uncertainties
7. Independent
8. Flexible
9. Self –confident
10. Motivator

Functions of an Entrepreneur They are classified in to three groups
1. Primary

2. Other functions

3. Functions importance for developing countries

Primary functions

1. Planning: planning involves
   - Study of various ideas

   - Scanning & selecting the best idea

   - Selection of product line & location of plant.

   - Deciding the type of business organization

   - Preparation of budget & identify capital resource.

   - Studying the government rules, regulations & policies

   - Study & selection of work force.

   - Study & selection of marketing strategies.

2. Organization: entrepreneur Coordinates & supervises the various tasks of organizing for optional utilization of resources.
3. Decision making: He has to take affective decisions with regard to objective of the enterprise, arrangement of resources & facilities like men, material, machines, money, methods, technology development of a market for the product & maintain good relationship with workers.
4. Management: managing of the day to day problems. These include future expansion & policies in long run.
5. Innovation: He should launch a new product, introduction of new technology in production line creation of new markets new or better Sana of raw material.
6. Risk bearing: He should undertake responsibility & risk due to unforeseen situations.

The **other functions** are diversification of production, expansion of the enterprise maintaining cordial relations with employee & employers attending to &resolving to labour problems & coordination with outside agencies for the well being of the enterprise.

The **functions of an entrepreneur with reference to the underdeveloped** countries include wide range of activities live management of scarce resources dealing in the public, engineering, new product development locking ant for parallel opportunities marketing management of customers & supplier relations etc.

Type of entrepreneur
According to the type of business.
1. Business entrepreneur

2. Trading

3. Industrial

4. Corporate   BITCARS

5. Agricultural

6. Retail

8. Service

According to the use of technology:
1. Technical entrepreneur or non technical entrepreneur

2. Professional entrepreneur

3. Low technology or high technology entrepreneurs

According to motivation:
1. Pure entrepreneur - not for economic rewards awn satisfy by psychological

2. Induced entrepreneur- Polices measures provides assistance, incentives by the support of government & institutions

3. Motivated entrepreneur- self fulfillment for making & marketing same things new

4. Spontaneous entrepreneur - inherent national talent by boldness initiative in any enterprise self confident

According to the growth
4. Growth entrepreneur

5. Super growth entrepreneur

According to the stages of development
1. First generation entrepreneur

2. Produce entrepreneur

3. Classical entrepreneur

According to the area
1. Urban entrepreneur

2. Rural entrepreneur

According to age & gender
1. Young entrepreneur

2. Old entrepreneur

3. Male entrepreneur

4. Female entrepreneur

According to the scale of operation
1. Small scale entrepreneur

2. Medium scale entrepreneur

3. Large scale entrepreneur

Other type
1. Professional & won professional

2. Modern entrepreneur

3. Traditional entrepreneur

4. Skilled & non- skilled entrepreneur

5. Forced entrepreneur

6. Inherited entrepreneur

7. National & international entrepreneur

Entrepreneurship

Concept of Entrepreneurship:
- It is a process undertaken by entrepreneur to augment his business interests. It is defined as an indivisible process flourishes, when the interlinked dimensions of individual psychological entrepreneurship, entrepreneur traits, social encouragement, business opportunities government policies, availability of resources, opportunities coverage towards the common good, development of society & economy.
- Entrepreneurship in today's context in the product of teamwork & ability to crate, build & work as team. It is also a process of identifying opportunities in the market place, arranging the resources required to pursue these opportunities & inverting the resources to exploit the opportunities for better gains.
- Higgins defines the function of foreseeing investment & production opportunities, organizing an enterprise to undertake a new production process, raising capital hiring labour, arranging the supply of raw materials, finding site, introducing new technique, discover age new sources of raw materials & selecting top managers for day to day operation.
- Cole's explains the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain or organize profit by production or distributing of economic goods & services. All the above definitions highlight risk bearing, introversion & resource organizing achieving goal their production of goods or services.

Characteristics of entrepreneurship
1. **Innovation**
   Entrepreneurship involves innovation of new things to effect dynamic changes & good success in economy. It should create conditions for growth of economy.
2. **Risk – taking**
   Risk is an inbuilt element of any business. Entrepreneurship should be risk bearing to catn uncertainty of future.
3. **Skillful management**

Entrepreneurship hinges together various functions of the management planning organizing staffing directing controlling & leading.

4. **Organization**

   It brings together various facilities of production for an efficient & economical use.

5. **Decision making**

   Decision making is very vital. Taking decision at all levels & stages of entrepreneurship is a routine task

6. **Making the enterprise a success**

   It is mainly an economic activity as it deals with creating &b operating an enterprise. It involves in satisfying the needs of customers with the help of production and distribution of goods & services. This makes the enterprise a success.

Evolution of entrepreneurship and development of entrepreneurship
Refer text book for explanations

Stages of entrepreneurial process Refer text book for detailed explanations

1. Identification of opportunity

2. Evaluation of opportunity

3. Preparation of business plan

4. Determination & organizing the resources

5. Management of enterprise.

Identification of opportunity
- First step in entrepreneurial process
- This may be from his own idea or from external sources like consumers & business association, members of distribution system, independent technical organizations consult entry etc. government organizations & R&D centers also provide new ideas

Evaluation of opportunity
- It involves length of opportunity, its real perceived value its risks & resources, with personal skills goals of entrepreneur & its uniqueness or differential advantages in its competitive environment
- The length of opportunity and size & share are two main aspects for deciding the risk & gains or profits. SWOT (Strength, weakness, opportunities & treats) analysis is one of the useful analysis tools.
- This plan includes
  1. Description of product
  2. Agreement of opportunity
  3. Assessment of the entrepreneur
  4. Resources needed
  5. Amount & sources of capital
  6. Profit expected

Development of a business plan
1. Title of project, table of contents & executive summary
2. Description of business & industry.
3. Technology plan
4. Financial plan
5. Organization plan
6. Production and operation plan
7. Marketing and distribution plan
8. Summary of plan

Determination and organizing the resources

Management of enterprise
After resources are acquired, the entrepreneur must use them to implement the business plan

Role of entrepreneurship economic development:
The important role that an entrepreneur plays in the economic development of a country can be summarized as follows:
Entrepreneurship
1. Promotes capital formation by mobilizing the idle saving of the public.
2. Provides immediate large scale employment thereby reducing the unemployment problem in the country.
3. Promotes balanced regional development.
4. Helps reduce the concentration of the economic power.
5. Stimulates equitable redistribution of wealth, income and even political power in the interests of the country.
6. Encourages effective resource mobilization of capital and skill which otherwise would remain unutilized and idle.
7. Also induces backward and forward linkages which stimulate the process of economic development in the country.
8. Promotes export trade which is an important ingredient for economic development

Entrepreneurship in India
Refer text book for detailed explanations

Barriers of entrepreneurship
1. Lack of capital
2. Lack of technical knowledge
3. Economic business cycle
4. Non availability of raw materials & resources
5. Enfold regulations
6. Obsolescence of technology or idea