



**BLOCK 2**  
**MANAGERIAL PROCESSES -I**

**THE PEOPLE'S  
UNIVERSITY**



---

## **UNIT 4 PLANNING**

---

### **Objectives**

After reading this unit, you should be able to:

- Understand the meaning of planning as a management function
- Characteristics of planning function
- How planning process takes place
- Merits and demerits of planning function and various types of planning

### **Structure**

- 4.1 Introduction
- 4.2 Meaning of Planning
- 4.3 Nature of planning
- 4.4 Steps of planning function
- 4.5 Why planning is necessary
- 4.6 Types of planning
- 4.7 Summary
- 4.8 Self- Assessment Questions
- 4.9 References/ Further Readings

---

### **4.1 INTRODUCTION**

---

The basic and primary aim of management is to solve the problem effectively, efficiently and creatively owing to a highly competitive and dynamic working environment. Principles of management have long been discussed to help the managers to solve their short-term as well as long term business problems. Due to this principles of management have been categorized into four basic functions namely, Planning, organising, leading and controlling (POLC framework). These integrated and highly essential functions of an organization ensures the smooth functioning of business enterprises on day to day basis and developing a strong foundation for long term survival and growth. Other academics and business gurus have ramified these management functions like planning, organizing, staffing, directing and controlling. No matter what the bifurcation is, planning is the first and most crucial function that needs to be performed for the effective functioning of other management functions. This unit explains in detail about Planning as a management function.

Planning is done by managers at all levels of organisation. You will see that all managers plan though the character and breadth of planning may differ at different levels of organisation. For example, while an Assistant Engineer at a work-site plans for the accomplishment of work at his site from day to day or for two or three days in advance, the Chief Project Manager must plan for the

whole project over a larger period of time. Similarly, a multinational company's top management must plan over a longer time frame for a worldwide market.

Planning is a means to some end as such involves choices among alternatives-alternative goals, alternative programmes and alternative means of achievement. What alternative to choose gives rise to decision-making which every manager will be required to do.

Question: Do you plan your day? How?

Do you plan for your holidays/vacations? How? Why?

Have you actively participated in the planning of some big event like the Annual Function of your college or the marriage of a female relative of yours? Recapitulate how the event was planned.

If you have given thought to the above questions, you must have sensed the need for planning any activity whatsoever. Planning is considered important because it-

- i) attempts to offset uncertainty by foreseeing the future and bringing about preparedness for the happenings in future. In this way, it minimises the chances of mistakes,
- ii) focuses attention on the objectives or goals of the organisation and their attainment,
- iii) leads to economy in operation through the selection of the best possible course of action,
- iv) helps in controlling the activities by providing measures against which performance can be evaluated,
- v) helps in coordinating the operations of an enterprise since a well-considered plan embraces and unifies all the divisions of an enterprise.

### Activity 1

As a manager, identify various planning activities that you are involved in.

1. ....
2. ....
3. ....
4. ....
5. ....
6. ....
7. ....
8. ....

## 4.2 MEANING OF PLANNING

Nothing can affect the success and failure of a business more than the planning function of an enterprise. The globalised and highly dynamic work environment strives for effective planning and its management. This crucial dictum in highly recognized and its fuller assimilation can only be possible with the understanding of what is meant by planning.

Planning is the management function initiates with setting business objective and determining various courses of actions to achieve stated objectives. A successful and efficient business manager scans the environmental conditions of the business organization and forecasting future business conditions. Scanning and predicting future business environment requires a manager to be far-sighted and a good decision-maker.

Planning is a two-way process of looking back to derive future course of action. This preparatory step is systematic and scientific as it follows an order of what, when, how and whom a specific job would be carried out. It is a detailed and comprehensive blueprint of organizational functioning in future. Planning involves a thorough examination of an organization's available physical as well as human resources to coordinate and contribute towards organizational activities. This basic management function involves developing a detailed organizational plan to balance between needs and demands of organizational resources and achieving organizational results thereof.

Urwick stated that "Planning is a mental predisposition to do things in an orderly way, to think before acting and to act in the light of facts rather than guesses". It is a mental process of selecting the best of alternative resources to achieve organizational goals following predetermined standards.

In words of Koontz & O'Donnell, "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".

### A. Features of Planning

- **Planning focuses on achieving objectives** by deciding upon the activities to be undertaken.
- **Planning is a primary function** as it precedes all functions of management i.e. organising, staffing, directing & controlling.
- **Planning is pervasive** as it is required at all the levels of management but its scope may vary.
- Planning is **continuous** as plans need to be made on a continuous basis till an organisation exists.
- **Planning is futuristic** as it seeks to meet future events effectively to the best advantage of an organisation. Planning is, therefore, called a forward looking function.

- **Planning involves decision-making** as it involves rational thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively.
- **Planning is a mental exercise** as it is based on intellectual thinking involving foresight, visualisation and judgement rather than guess work.

### 4.3 NATURE OF PLANNING PROCESS

The complex and comprehensive nature of planning makes it a function with several characteristics. Planning may have the following characteristics:

1. **A cognitive Process:** The planning process is highly intellectual and thus is cognitive. This managerial function is about thinking with creativity to utilize existing available resources for available opportunity. An organization that lacks in studying today's opportunity and do not reap its benefit profitability in time, may take the opportunity into problem tomorrow. Planning for managers involves functions such as what, how, when and by whom is to be done. An organization that makes a timely decision today with careful thinking need not worry for the future. Such an organization can effectively establish equilibrium between the external environment and internal environment. Planning with critical thinking and a high level of cognition ensures effective decision making.
2. **Planning Vs Forecasting:** Many times planning and forecasting seem to be similar to each other. Though they are common to each other to some extent. Yet they hold a greater degree of differences. Forecasting refers to what is expected to happen if there is no way out to escape. Whereas, planning is about what one wants to happen. Forecasting leads to planning. For example, a threat to natural resources may encourage people and nation to plan for the conservation of natural resources. Though planning involves, evaluation, assessments, estimates and calculations, yet these are made in the presence of available resources, time and goals and objectives of natural resources. Apart from these, planning is a continuous process of assessment and evaluation of find the deviations and making corrections thereafter. In the modern decade, planning is highly complex and data-driven and involves various data mining and analytics.
3. **Planning is the accomplishment of group objectives:** An organization operates with the joint efforts of various individual with varied personality, skills, attitudes, learning and motivation. These varied individuals with varied beliefs and personality make a cohesive group that operates harmoniously to achieve organizational goals. Thus planning involves achieving the objective of individual keeping group and organizational objective in mind.
4. **The choice between Alternatives:** Modern business environment is highly dynamic and changes at a rapid pace. The plan and procedure that used to be effective in past tend to be obsolete and redundant in the

present scenario with a completely new and different business environment. Similarly, the presently available resources may not be available tomorrow or may not fulfil the future new demands. Thus Planning involves judicious adjustments and adaptation in resources to grab the emerging business opportunities. The top management generally follows three steps of decision making. The decision about the objective of business i.e., profitability, growth, consumer satisfaction etc. the next it focuses on selecting the strategy to achieve these objectives followed by operation goals.

5. **Planning is all-pervasive:** Planning as a management function is so imperative that is pervades in all managerial functions for a goal-oriented organization. It would be wrong to state that planning is just a first step, rather it is the step that influences each managerial function be it organizing or controlling. Moreover, It is wrong to quote that planning is a task performed by top-level management only. Though they devote considerable time and discussion in the planning process, yet the role of the middle and lower level of management at their respective activities cannot be neglected to draw a successful effective plan. Several of planning requires managers at a different level. The first step in determining the objective involves top management. But other following steps like operationalization of plan make require the involvement of middle and lower level as well. Involvement of people in planning process belonging to different levels in the organization can significantly boost their motivation level.
6. **Planning is flexible:** for an organization to be successful, it is crucial to establish synergies between opportunity and available resources. Forecasting the growth opportunity and adapting the resources accordingly does provide a competitive advantage to an organization. This requires careful identification of KSAs of people, man, material and money to the take advantage of the available opportunity. Since the business environment is prone to suffer from uncertainty and dynamism, alteration in a mix of materials and plans is very essential to survive and suit the change.
7. **Planning is the integrated process:** with the establishment of various policies, programs and procedures, and organization established organization objectives that it aims to achieve under the planning process. When the organization establish such objective and implement the interventions, it may encounter a difference of opinion among personnel of organization particularly from those who are involved in the planning process. For example, where a sales manager may look for various products to satisfy the needs of the consumer and to grab more market share, production managers may look for keeping the production simple with least standardization. Effective planning takes care of these conflicting interests and tries to maximize the organization interest with the least cost of an individual's interest.

## 4.4 STEPS INVOLVED IN PLANNING PROCESS

The complex and systematic process of planning involves certain basic logical steps to be followed. These are:

1. **Setting up of organizational objectives:** The first and foremost objective of an organization establishes various objectives and goals that an organization strives to achieve. Objectives determine the various activities and direction of efforts. For an effective planning function, objectives need to be stated clearly and must be precise and unambiguous. Unclear and ambiguous objectives lead to chaos and wastages. Objectives set under the planning process can be for the entire organization, for each department, units and employees. It can be short-term as well as long-term based on the organization's desire to achieve. Apart from objectives being clear, precise and ambiguous, they must be practical, feasible, and achievable and realistic. For example, for a manufacturing company, reducing production hour can be an objective that can be achieved to reduce processing timing at every step. For an objective to be clear and realistic it should be stated in quantitative terms, for example, the number of working hours, the percentage increase in sales or production, the wage is given to labours etc. Objectives stated in qualitative terms can be optimistic but not precise. And hence leads to confusion.
2. **Developing planning premises:** Planning is about predicting the uncertain future to carry out the business activities. To forecast the future, certain assumptions about the future need to be made by the planning managers. These assumptions serve as the base to create a premise for developing a plan of action. This is called planning premises. These assumptions are made in the form of forecasts. Forecasting is a technique of gathering information for developing planning premises. In general business parlance, enterprises forecast the demand for a product, inflation prediction, tax regime, interest rates, government interventions etc. Thus to develop an effective plan, accurate forecasting is essential. Where external forecasting is necessary and complex to be made, internal forecasting also plays a crucial role in the planning process. Internal forecasting such as trade relations, capital investment policy, and management philosophy significantly influences forecasting and thus planning process.
3. **Identification of alternative course of action:** as objectives setting and making of assumptions is done, various alternative courses of actions are identified to achieve those objectives. This step involves the identification of a maximum number of alternatives based on the type of project. An important project requires detailed and comprehensive identification of alternatives than the general one. A detailed statement of alternatives is presented amongst the members of the organization to be discussed about the selection of alternatives.
4. **Evaluating alternative course of action:** after identification of various alternative courses of actions, each action is examined in terms of their

pros and cons. The positive and negative aspect of each course of actions is evaluated concerning the objectives of an organization. For the selection of course of action, the cost and benefits, feasibility, practicability is examined. For a financial plan of an organization, the risk-return of the project is taken into consideration. The plan with higher risk tends to have higher profit earning and is evaluated in terms of EPS, earnings, taxes, dividends and interests.

5. **Selection of alternative:** At this point, the final decision is taken. The best plan in terms of maximum benefits and the minimum cost is adopted for implementation. The plan chosen would be feasible, profitable, and tend to yield higher profits and the least cost. Various plans are selected after careful investigation and statistical calculation, but many a time subjectivity in terms of manager's experience, knowledge and judgment are considered in selecting the best alternative. When an organization look for long-term benefits and number of objectives, a combination of various plans may be selected.
6. **Implementation of the plan:** at this stage, various other managerial functions come into the picture as the best-selected plan is implemented. In this stage, the implementation of the action takes place i.e. doing what is required. For a production department, an objective is to increase production more than labour, then organization may implement a plan that involves more investments in machinery.
7. **Follow-up of action:** this is the crucial stage as it involves seeing whether selected and implemented plan is working as per plans or not. This stage is essential and requires close monitoring to assess deviation in selection and implementation and to achieve desired objectives.

### **Activity 2**

Request your senior manager to procure a copy of the corporate plan of your company. Read it carefully and summarise some of the important programmes of your company.

.....  
.....  
.....  
.....  
.....  
.....

---

### **4.5 WHY PLANNING IS NECESSARY: IMPORTANCE**

---

The fast-changing business environment creates the need for development and planning. An organization that adopts a lackadaisical approach in the identification of environmental change would surely struggle to survive and grow. The following point shows how planning is an important management function:

1. **Ensures selection of optimum goals:** planning is the cognitive and intellectual process of selecting the best course of action from various available alternatives. It is also about selecting one course of action that has sound chances of being profitable, feasible, achievable and economical and reject the other courses of actions that are not so feasible and profitable. The selected course of action ensures the overall growth of an organization keeping in mind the organizational limitations in terms of resources, time limit, objectives and strategies. In overall development of the organization, it is necessary to optimize the overall operation of the organization and sub-optimization of other departments.
2. **Manages complexities:** a single organization is a function of the heterogeneous group of human resource who possess different KSA, values, belief, culture and motivation level. In such heterogeneous working environment, it is obvious to have a disharmony in terms of organizational and individual interest. An effective plan of organization is a way to create a common interest among individual of an organization who works together towards the accomplishment of organizational goals in which they have shared common goals too. Thus planning is a way towards goal directing activity.
3. **Survive environmental change:** the business environment witness tremendous change now and then. From a conservative business model to democratic, global business scenario has left the business houses to keep itself updated to meet changing demands with changing environment. Change in demand, change in technologies, fashion, preferences, social values significantly affect the organizational normal course of operation. Management must strive to grab the opportunity to take advantage of the changed situation by adapting and adjusting its inputs to meet new demand and preferences of customers. Proper, scientific and systematic planning helps to survive in the turbulent situation created out of environmental change.
4. **Protection from failure:** unpredictable change in consumer's taste and preferences, cut-throat competition, rapid technological change, economic slowdown, political disturbances significantly affect the nation and so business houses. Sometimes these changes are so adverse that leads to complete business failure. However, many organizations could not survive these radical changes due to ineffective planning and faulty decision making. It cannot be denied that planning cannot eliminate all business failures, but it can surely help in identification and evaluation of business opportunities and threats and examining the various course of action thereafter.
5. **Unity of action:** since the organization works with joint efforts of an individual with different KSAs, thus their harmonious working is necessary towards accomplishment of organizational goals. This is possible with efficient planning that provides stake to employees to work jointly for organizational success.
6. **Supports control and coordination:** Planning function supports other management function such as control and coordination. What, when,

how and by whom a function is to be performed, all these are planned and worked out well in advance. This helps in easy and timely performance appraisal and finding the deviation thereof. In the absence of planning neither the performance would be of quality nor can the standard of performance be established effectively. This will lead to poor performance, delay in completion of tasks, wastages, chaos and ultimately control and coordination would suffer. Proper planning can ensure establishment performance standards scientifically and systematically, timely and effective performance measurement, timely identification and elimination of deviations and thus harmonious function at the workplace.

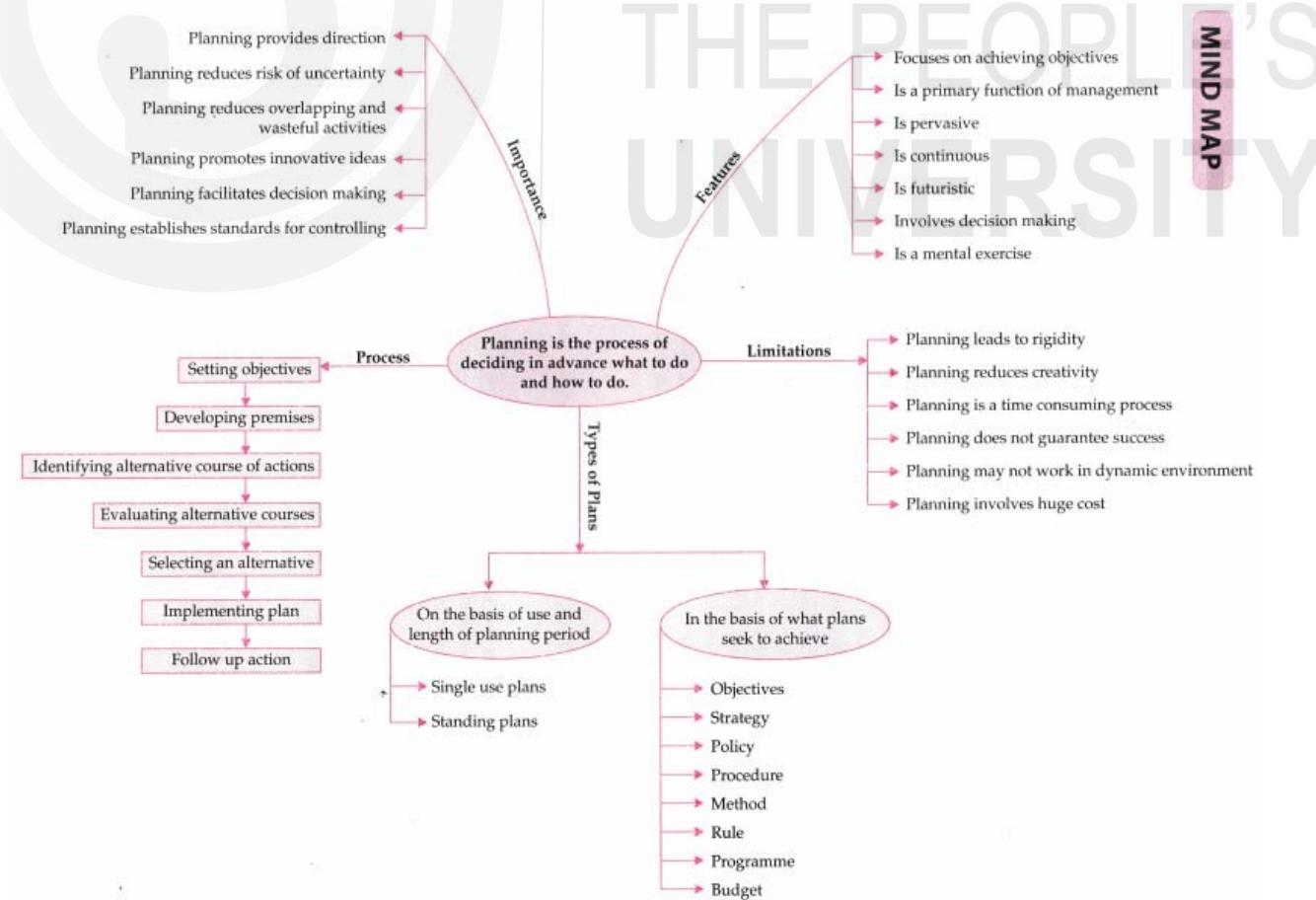
7. **Planning Promotes Innovative Ideas:** It is clear that planning selects the best alternative out of the many available. All these alternatives do not come to the manager on their own, but they have to be discovered. While making such an effort of discovery, many new ideas emerge and they are studied intensively in order to determine the best out of them. In this way, planning imparts a real power of thinking in the managers. It leads to the birth of innovative and creative ideas. For example, a company wants to expand its business. This idea leads to the beginning of the planning activity in the mind of the manager.
8. **Planning Facilitates Decision Making:** Decision making means the process of taking decisions. Under it, a variety of alternatives are discovered and the best alternative is chosen. The planning sets the target for decision making. It also lays down the criteria for evaluating courses of action. In this way, planning facilitates decision making.

#### **Limitations:**

Though planning is the first and foremost managerial function, still it is indulged in various negative connotation and limitations. These limitations are:

1. **Uncertainty:** Planning function prepares policies and procedures for future and set goals to be achieved in future. Owing to the uncertain nature of the future, planning function tends to be ineffective as nothing can be assessed about future with surety. So planning is prone to failure many times. As planning is about the future, the future course of action can only be based on anticipation, assumptions, speculations, and probabilities. The management sets the goals to achieve, prepares a plan to achieve those runs with the risk of failure. Though data analysis and statistics have made the planning accurate and effective, yet its cent percent success can never be ensured.
2. **Planning is cognitive function:** planning being the cognitive and intellectual function requires serious attention, time and expertise to plan and make decisions. These require maximum mental involvement and time. Managers who are always grappling with day-to-day operational problems could not devote much attention and time on planning. Many organizations keep planning function at a back seat as it is required only when any adverse change is observed. Thus the effect of planning will be observed in a long time. Therefore focus on the present problem is necessary than the problem of the future.

3. **Abstraction:** as discussed, planning is about predicting future, it involves dealing with vague alternatives. It addresses a question like “what if”. Since it is a function of assumptions, estimation, guesswork and speculation, planning works in abstraction with nothing hard and fast and concrete.
4. **Rigidity:** setting up of objectives, choosing a course of action to be implemented to achieve those objectives makes the planning rigid enough to deviate from the stated path. Work for an uncertain future, with abstraction and speculation through predetermined goals and course of action makes planning function inefficient and ineffective many times. Plan, procedures and practices with predetermined goals and objectives and already stated course of action is deterrent to creativity and innovation. It leaves no room for freedom at work and makes an organization bureaucratic many times. Thus planning function is criticized due to its rigidity.
5. **Costly affair:** planning is an expensive function both in terms of time and money. It requires a huge outlay to assess and estimate information from within and outside the organization. These require an investment of time with serious mental and cognitive devotion. Since it is an intellectual function, it requires experts to assess, evaluate a problem and suggesting a solution thereafter. Many times business organization resort to expert houses offering planning functions from data extraction to data analysis to policy formation. These outside experts cause huge costs to an organization.



## BENEFITS FROM ORGANISATIONAL PERSPECTIVE:

- **Gives an organization a sense of direction** Without plans and goals, organizations merely react to daily occurrences without considering what will happen in the long run. For example, the solution that makes sense in the short term doesn't always make sense in the long term. Plans avoid this drift situation and ensure that short range efforts will support and harmonize with future goals.
- **Focuses attention on objectives and results** Plans keep the people who carry them out focused on the anticipated results. In addition, keeping sight of the goal also motivates employees.
- **Establishes a basis for teamwork** Diverse groups cannot effectively cooperate in joint projects without an integrated plan. Examples are numerous: Plumbers, carpenters, and electricians cannot build a house without blueprints. In addition, military activities require the coordination of Army, Navy, and Air Force units.
- **Helps anticipate problems and cope with change** When management plans, it can help forecast future problems and make any necessary changes up front to avoid them. Of course, surprises — such as the 1973 quadrupling of oil prices — can always catch an organization short, but many changes are easier to forecast. Planning for these potential problems helps to minimize mistakes and reduce the “surprises” that inevitably occur.
- **Provides guidelines for decision making** Decisions are future oriented. If management doesn't have any plans for the future, they will have few guidelines for making current decisions. If a company knows that it wants to introduce a new product three years in the future, its management must be mindful of the decisions they make now. Plans help both managers and employees keep their eyes on the big picture.
- **Serves as a prerequisite to employing all other management functions** Planning is primary, because without knowing what an organization wants to accomplish, management can't intelligently undertake any of the other basic managerial activities: organizing, staffing, leading, and/or controlling.

---

## 4.6 TYPES OF PLANNING

---

Based on the organizational objectives and goals the planning can broadly be classified into three main categories. These are Strategic Planning, Tactical Planning and Operational planning. The organization works in an uncertain business environment. Thus it is susceptible to various threats as well as opportunities from the environment. When an organization analyzes possible

threats and competitive opportunities within the environment and evaluates its strength and weaknesses to position itself to take the advantage of the environment or survive the adverse the organization plans strategically. **Strategic planning** involves long term commitment often five or more years. This planning is complex as it includes the entire organization and formulation of objectives. Generally, strategically planning is done in the view of organizational vision and mission. Since it is long term and highly technical therefore top management is involved in it. On the other hand, **tactical planning** of less long term in nature usually for one to three years and it is about developing means and mechanism to be adopted for the implementation of strategic plans. In simple words, tactical planning is “how to implement” strategic plans. This planning is about implementation therefore middle-level managers are involved in such planning process. The third type of planning i.e. **operational planning** seems to functional planning where organization-wide or goals and objective for each unit or sub-unit is established ways to achieve them is looked for. Operational planning is short-term planning for less than one year as it aims to eliminate current operational problems. Planning at this level supports at the higher-level planning of tactical and strategic.

The above discussion classified the planning into three broad categories, however, planning can also be classified based on the time frame involved in it. Broadly plans under planning are divided into three parts i.e. Long-term plans, medium-term plans and short-term plans. Plans those are highly technical and deals with the competitive aspect of the organization are termed as **long term plans** as they involve allocation of resources for a long period usually between five and fifteen years. However they may vary concerning their nature, scope, complexity, and size and are usually somewhat vague. These plans are more susceptible to uncertain events that may leave a significant impact on the organization. Such as technological changes, change in consumer behaviour, government policies can significantly affect the organization and involves serious attention of top management to make a long-term plan. Plans that are relatively detailed and specific and usually range between two and five years are **medium-term plans**. These plans are operational as decisions like raw material purchase; overhead expenses, labour wages, production etc are taken. Though these decisions are also crucial to an organization, yet any flaw in planning would not result in serious failure, as it can be altered in two-three years. Similarly in **short-term plans** for about a year or so are more specific and deals with day to day operation such as inventory management, employees training etc.

Plans can be classified based on the nature and scope of plans. Based on their nature and scope of plans, plans can be standing and of repeated nature that is used repeatedly. In such plans, objectives, policies, procedures, rules and strategies are developed. These plans serve as guidelines to carry out business activities. When an organization has a single-use plan, it usually establishes programmes and budgets.

### Types of Plans:

with different purposes and perspectives. Accordingly they may take various shapes and stand differently in the hierarchy of importance.

**The most popular ways to describe organizational plans are by their:**

1. Coverage – Strategic, tactical, and operational,
2. Time frame – Short and long term,
3. Specificity – Specific versus directional,
4. Frequency of use – Single use and standing.

Note that these planning classifications aren't independent. For instance, short-and long-term plans are closely related to strategic and operational ones. And single-use plans typically are strategic, long term, and directional.

## **1. Strategic, Tactical and Operational Plans:**

### **a. Strategic Plans:**

Strategic plans are designed to meet the broad objectives of the organization – to implement the mission that provides the unique reason for organization's existence. They are set at the top managerial level, and are meant to guide the whole organization.

An organization's strategic plan is the starting point for planning. The aim of strategic planning is to help a company select and organize its businesses in a way that would keep the company healthy in spite of unexpected upsets occurring in any of its specific businesses or product lines.

For example- in order to deal with uncertainties of raw material availability, a company's strategic plan may purport to acquire its own facilities for generating raw material. Strategic plan serves as a guide to the development of sound sub plans to accomplish the organizational objectives.

### **b. Tactical Plans:**

Top level managers set the strategies that an organization should focus to achieve organizational goals. Examples of strategies include set-up a plant to generate raw material for the organization's manufacturing activities, explore North-East market, and likewise. Middle managers interpret these strategies and develop tactical plans for their departments that follow strategies in order to contribute to the organizational goals.

In order to develop tactical plans, middle management needs detail reports (financial, operational, market, external environment). Tactical plans have shorter time frames and narrower scopes than strategic plans. Tactical planning provides the specific ideas for implementing the strategic plan. It is the process of making detailed decisions about what to do, who will do it, and how to do it.

**In short, tactical plans may be understood in following terms:**

1. Tactical planning deals primarily with the implementation phase of the planning process
2. Tactical planning turns strategy into reality
3. Tactical planning usually has a 1-2 year time horizon
4. Tactical planning is usually tightly integrated with the annual budget process

**c. Operational Plans:**

The supervisor interprets the strategic and tactical management plans as they apply to his unit. This way, he makes operational plans to support tactical plans. These plans provide the details of how the strategic plans will be accomplished. Examples of planning by supervisors include scheduling the work of employees and identifying needs for staff and resources to meet future changes. Operating plans tend to be repetitive and inflexible over the short run. Change comes only when it is obvious that plans and specific action steps are not working.

There are two main type of operational plans – Single use plans which are developed to achieve specific purposes and dissolved when these have been accomplished; standing plans are standardized approaches for handling recurring and predictable situations.

Note that Tactical plans are based on the organization's strategic plan. In turn, operational plans are based on the organization's tactical plans. These are specific plans that are needed for each task or supportive Activity comprising the whole. Strategic, tactical, and operational planning must be accompanied by controls.

Monitoring progress or providing for follow-up is intended to ensure that plans are carried out properly and on time. Adjustments may need to be made to accommodate changes in the external and/ or internal environment of the organization.

**2. Short-Range and Long-Range Plans:**

Time is an important factor in planning. George Terry says, "The time period covered by planning should preferably include sufficient time to fulfil the managerial commitments involved."

Generally a short range planning (SRP) means a plan for one or two years and long range planning (LRP) means a plan for three to five years or more. Though this division may be considered as arbitrary, but it may have a general acceptability. This period of course, may vary according to the nature and size of business.

When a concern requires long gestation period, it is natural that the long range planning may cover a longer period than five years. For example-organizations, such as oil or mining companies, or airlines must make long range planning because of their particular purposes and objectives. A home video-rental store or a book store might concentrate on seasonal

or annual goals.

However, whatever the period of planning, it should not be too rigid. It should rather be flexible to meet the unknown factors of the future. If a concern adopts both short-term and long-term planning, the short-term planning should fit in with long-term planning. It is important, for managers, to understand the roles of both long range and short range planning in overall planning scheme.

### **3. Specific and Directional Plans:**

Specific plans are established to achieve a specific purpose and dissolves when the purpose is accomplished. For example- a manager who seeks to increase his firm's sales by 20 per cent over a given twelve-month period might establish specific procedures, budget allocations, and schedules of activities to reach that objective. These represent specific plans.

Directional plans identify general guidelines. They provide focus but do not lock managers into specific objectives or courses of action. Instead of following a specific plan to cut costs by 4 per cent and increase revenues by 6 per cent in the next six months, a directional plan might shoot for improving corporate profits by 5 to 10 per cent every year.

Intuitively it seems right that specific plans would be preferable to directional or loosely guided plans, because they have clearly defined objectives. There is no ambiguity, no problem with misunderstandings. However, in certain circumstances, like in case of fast changing environment, directional plans provide the flexibility required to cope with the changing situations.

### **4. Single Use and Standing Plans:**

A single-use plan is a one-time plan specifically designed to meet the needs of a unique situation and created in response to non-programmed decisions that managers make.

In contrast, standing plans are ongoing plans that provide guidance for activities repeatedly performed in the organization. Standing plans are created in response to programmed decisions that managers make and include the policies, rules, and procedures.

#### **i. Single-Use Plans:**

Single-use plans are detailed courses of action that probably will not be repeated in the same form in the future. For example- a firm planning to set up a new warehouse because it is expanding rapidly will need a specific single-use plan for that project, even though it has established a number of other warehouses in the past.

It will not be able to use an existing warehouse plan, because the projected warehouse presents unique requirements of location, construction costs, labour availability, zoning restrictions, and so forth. The major types of single-use plans are programs, projects, and budgets.

**a. Programs:**

A program covers a relatively large set of activities. The program shows- (1) the major steps required to reach an objective, (2) the organization unit or member responsible for each step, and (3) the order and timing of each step. The program may be accompanied by a budget or a set of budgets for the activities required.

A program may be as large in scope as placing a person on the moon or as comparatively small as improving the reading level of fourth-grade students in a school district. Whatever its scope, it will specify many activities and allocations of resources within an overall scheme that may include other single-use plans as projects and budgets.

**b. Projects:**

Projects are the smaller and separate portions of programs. Each project has limited scope and distinct directives concerning assignments and time. In the warehouse example, typical projects might include the preparation of layouts, a report on labour availability, and recommendations for transferring stock from existing facilities to the new installation. Each project will become the responsibility of designated personnel who will be given specific resources and deadlines.

**c. Budgets:**

Budgets are statements of financial resources set aside for specific activities in a given period of time. They are primarily devices to control an organization's activities and so are important components of programs and projects. Budgets itemize income as well as expenditures and thus provide targets for such activities as sales, departmental expenses, or new investments.

Managers often use budget development as the process by which decisions are made to commit resources to various alternative courses of action. In this sense, budgets can be considered single-use plans in their own right.

**ii. Standing Plans:**

**a. Policies:**

A policy is a general statement designed to guide employees' actions in recurring situations. It establishes broad limits, provides direction, but permits some initiative and discretion on the part of the supervisor. Thus, policies are guidelines. Some policies deal with very important matters, like those requiring strict sanitary conditions where food or drugs are produced or packaged. Others may be concerned with relatively minor issues, such as the way employees dress.

Policies are usually established formally and deliberately by top

managers of the organization. Policies may also emerge informally and at lower levels in the organization from a seemingly consistent set of decisions on the same subject made over a period of time.

For example- if office space is repeatedly assigned on the basis of seniority, that may become organization policy. In recent years policy has also been set by factors in the external environment—such as government agencies that issue guidelines for the organization's activities (such as requiring certain safety standards).

#### **b. Procedures:**

A procedure is a sequence of steps or operations describing how to carry out an activity. It is more specific than a policy and establishes a customary way of handling a recurring activity. Thus, less discretion on the part of the supervisor is permissible in its application. For example- the refund department of a large discount store may have a policy of “refunds made, with a smile, on all merchandise returned within seven days of purchase.”

The procedure for all clerks who handle merchandise returned under that policy might then be a series of steps like these- (1) Smile at customer. (2) Check receipt for purchase date. (3) Check condition of merchandise ... and so on. Such detailed instructions guide the employees who perform these tasks and help insure a consistent approach to a specific situation.

**OBJECTIVES:** the future goals and desired state that an organization strives to achieve in future. Objectives are road map or direction path that keeps an organization attentive and focused towards its goals and helps in dodging obstacles. Peter Drucker say that an organization mostly has objectives related to market share, innovation, productivity, profitability, physical and financial resources, performance and development etc. Charles Perrow classified objectives into five categories namely; Societal objectives (cultural values, production of goods and services), output objectives, system objectives, product objectives and Derived objectives (community development).

Though organizational objectives are vital to an organization, yet it suffers from the problem of quantification. Where objectives stated in quantitative terms are easily understandable, qualitative objectives are vague and confusing. For example, the objective of cost reduction, ROI on investment, market share, reduction in cost by one-third, fifteen increase in profit, ten percent return on capital etc are explicitly stated and are not subject to vagueness and confusion. Qualitative objective such as maximizing customer satisfaction through quality performance, maintaining an ethical relationship with stakeholders etc are necessary but vague in terms of a clear definition of satisfaction, quality performance and ethics. Objectives that are clear and unambiguous are sure to be achieved.

## Management by Objectives (MBO)

Management by objective is the scientific and strategic approach to enhance the organizational objective wherein goals and objectives of organizations are clearly stated, define and conveyed by the managers to the entire organization. The crucial step of defining the objective under this approach is to monitor and evaluate employees' performance against the stated objectives. Ideally, under this approach, employees themselves set their goals and course of action that effectively fulfil their obligation. In other words, MBO is a scientific strategy to establish objectives jointly by managers and subordinates and desire to achieve them with achieving organizational objectives simultaneously. MBO approach follows the following six steps:

1. *Defining organizational objectives/goals* with the help of different managers and supervisors. Based on organization status and performance, objectives to be achieved in specific time are established. A broad range of objectives that are critical to the organization is established and most top-level managers are involved in this step.
2. *Defining objectives for employees*: after establishing the general broad organizational objectives, plans and procedures, managers are superiors discuss and work with their subordinates to establish their objectives. This step is crucial enough as the personal objectives of employees motivate them to work towards organizational objectives. Managers and superiors discuss the need, goals, time and resources required by the employees to achieve their objective and organizational objective ultimately. Employees present their thought and ideas about what departmental objectives are necessary to be framed and achieved.
3. *Regular monitoring performance and progress*: since an organization is managed by managing the objectives of an organization. Thus, apart from increasing managerial efficiency, regular monitoring and progress of employees are necessary. Close monitoring of performance ensures eliminating performance deviation and flaws.
4. At this step performance of each employee concerning performance standard and objectives are *evaluated* by the concerned managers or supervisors.
5. *Providing Feedback*: feedback step is very crucial under management by objective approach. Continuous feedback on performance helps the employees to manage their performance quality and correcting their actions. Feedback at a particular point of time should be replaced with continuous feedback through regular formal and informal meetings of superiors and subordinates. In this way, probable performance deviation can be eliminated and progress can be ensured.
6. *Performance Appraisal*: the routine of performance of an employee by the managers is the final step under the MBO approach.

Management by objectives offers several benefits to the organization such as it ensures better communication between managers and subordinates while objectives for organization and employees are set, makes job clarity amongst subordinates, it leads to increase in motivation level of employees as they feel

more connected with the organization being part of the planning process, and it also ensures the close monitoring too of performance of employees. Ultimately, MBO improves the planning process. Despite several benefits to the organization and employees, MBO is engulfed in various demerits and limitations. Since it involves setting clear and unambiguous objectives for organization as well as employees, a lot of paperwork is involved in it. Regular meetings and sessions are conducting with managers and subordinates to set objectives and detailed records are maintained. Secondly, many a time, lower levels of management are kept outside the objective-setting process and thus the process becomes less democratic. Thirdly, where poor performance is closely monitored and managed, exceptionally good performances do not get any incentive. Moreover, MBO faces the problem of defining the objectives with clarity, devising suitable means to achieve them, difficulty in avoiding conflicts.

**Policies:** Policies refers to guides to think about the actions to be taken to make decisions with regards to organizational objectives. It is ready reference and answer to all the questions that may arise in due course of time in running the organization. These are broad, comprehensive and flexible to define the course of actions to be followed to attain objectives. In other words, it eliminates the possible confusion of objectives and makes the objectives more concrete and static. Though they are not about any decision yet it sets the boundary and limits within which decision should be made. For instance, an organization aiming at reducing the poverty level within a particular area may hire employees from that local area only.

A good policy is the one that is broad, consistent, adequate in numbers, practical and flexible. The policy formulated must be outlined broadly leaving more scope for managers to decide within the limit. It need not cover every detail as it would become more particular and less scope would be there to make a decision. Since many policies resort to many questions, there are chances that one policy may contradict others. Such a situation must be avoided and hence policies formulated must be consistent and not mutually contradictory. The policy of an organization binds itself in a single thread with which is it known. Hence it is an image builder. A policy must be logical and practical so that every member of an organization can rely on that and managers can make a decision effectively. Lastly, it must be flexible enough to incorporate any probable change and uncertainty.

**Procedures:** A good objective and good policy may not lead to the desired result until a clear way and mean to achieve them are not established. An organization that does not ponder upon the procedure to be followed for accomplishing its objectives and policies to be implemented is certain to flounder. Questions like what, when and by whom a task would be performed. An effective procedure ensures easy to control, standardisation, consistency, coordination and communication.

**Rules:** in a general term, rules are norms set by the organization that governs what and what not to be done under a certain situation. It is the self-imposed principle of action and varies with the situation. Rules set the parameters to be followed and standards to be achieved. Hence it does not leave any scope

for decision making. Deviations or violations of rules usually lead to punishment.

**Strategies:** derived from the Greek word “strategi” which means the office of the general. Strategy refers to the organizational overall plan to attain the objectives working under the ambit of uncontrollable environmental forces. In an uncertain external environment, the organization is exposed to various threats as well as opportunities. In such situations, an enterprise makes various strategies such as; a strategy to stabilize the business in a turbulent situation, strategy to develop a product, strategy to expand the market, vertical integration, mergers, disinvestment, etc.

### **Planning Practices in Indian Organisations**

Several researchers have looked into the planning practices in Indian enterprises.

Some of these studies are reported here:

#### **Richman and Copen (1972)**

Virtually all of the medium-sized and larger companies surveyed established at least some quantitative objectives or targets on an annual or short-term basis. These generally include profitability, sales and production objectives. Most of them also had some kind of growth objectives and some general guidelines to help determine those areas in which the firm would concentrate or expand its efforts. However few defined longer-term objectives clearly.

Only one of the Indian firms surveyed, a drug producer, did a truly thoughtful job of developing a long-term growth and development model. It identified explicitly a desirable position to strive for several years in the future and designed specific strategies to reach it. This firm established specific three and five-year goals for market share and profitability.

In general, planning processes and plans at firms studied in India focused on the short run, and in particular on short-term projections of monthly, weekly and daily operating data. Planning documents consisted mostly of sales forecasts and some kind of operating budgets. However, these were prepared more for control purposes than for future planning. The only planning activity found in most of the major firms was the translation of a sales forecast into requirements of imported raw materials and the ordering and stockpiling of these items. In a few cases there were accurate forecasts of capital requirements or productive capacities made.

#### **Bhatia (1981)**

This research study on the objectives of a sample of 65 out of the 251 giant companies listed by Research Bureau of Economic Times, revealed that only 45 per cent of these have explicitly defined objectives and 55 per cent do not have expressed objectives. Moreover out of those which have specified their objectives 17 per cent feel that their objectives are confidential and not to be divulged.

the large-sized, do realise the need and urgency of planning their operations over longer periods of time. Many however, still consider planning over longer periods a waste of effort primarily because of a larger measure of uncertainties prevailing in the Indian environment.

## 4.7 SUMMARY

Planning is the crucial, first and foremost function of management. It is the function that lays down foundation stone for other managerial functions such as organizing, staffing, directing and controlling. With a view to meet future uncertain event, it is also about retrospection and enhancing the planning eliminating the flaws committed in previous plans. Planning being cognitive, continuous and future driven process, it is engrossed with various merits and limitations as well. Planning is not simple and easy to perform function, rather it is cognitive and comprehensive function that requires various chronological steps to be followed. Be it objectives, procedures, rules, strategies and policies an organization need to define its planning function accordingly in order to make an organization successful.

### Case Studies:

I. Super Fine Rice Ltd. has the largest share of 55% in the market. The company's policy is to sell only for cash. In 2015, for the first time company's number one position in the industry has been threatened because other companies started selling rice on credit also. But the managers of Super Fine Rice Ltd. continued to rely on it's previously tried and tested successful plans which didn't work because the environment is not static. This led to decline in sales of Super Fine Rice Ltd. The above situation is indicating two limitations of planning which led to decline in it sales.

#### a) Identify the limitations.

#### Answer:

The two limitations of planning which led to decline in it sales are:

- Planning does not guarantee success.
- Planning may not work in dynamic environment.

II. Laxmi Chemicals Ltd., a soap manufacturing company, wanted to increase its market share from 30% to 55% in the long-run. A recent report submitted by the Research & Development Department of the company had predicted a growing trend of herbal and organic products. On the basis of this report, the company decided to diversify into new variety of soaps with natural ingredients having benefits and fragrances of Jasmine, Rose, Lavender, Mogra, Lemon Grass, Green Apple, Strawberry etc. The Unique Selling Proposition (USP) was to promote eco-friendly living in the contemporary life style. The company decided to allocate 30 crores to achieve the objective.

#### a) Identify the type of one of the functions of management mentioned above which will help the company to acquire dominant position in the market

**Answer:**

Strategy is the type of plan which will help the company to acquire dominant position in the market.

- III. Two years ago, Mayank obtained a degree in food technology. For some time, he worked in a company that manufactured bread and biscuits. He was not happy in the company and decided to have his own bread and biscuits manufacturing unit. For this, he decided the objectives and the targets, and formulated an action plan to achieve the same. One of his objectives was to earn 50% profits on the amount invested in the first year. It was decided that raw materials like flour, sugar, salt, etc. will be purchased on two months credit. He also decided to follow the steps required for marketing the products through his own outlets. He appointed Harsh as the Production Manager who decided the exact manner in which the production activities were to be carried out. Harsh also prepared a statement showing the requirement of workers in the factory throughout the year. Mayank informed Harsh about his wise sales target for different products, for the forthcoming quarter. While working on the production table, a penalty of D150/- per day was announced for not wearing the helmet, gloves and apron by the workers.

**a. Identify and explain the different types of plans discussed.**

**Answer:**

The different types of plans discussed above are listed below:

1. **Objectives:** Objectives are the end results of the activities that an organisation seeks to achieve through its existence. All other activities within the organisation are directed towards achieving these objectives.

“One of the objectives was to earn 50% profit on the amount invested in the first year.”

2. **Policy:** A policy is a set of general guidelines that help in managerial decision making and action. “decided that the raw materials like flour, wheat, sugar, etc. will be purchased on two months credit.”

3. **Method:** A method refers to the prescribed ways or manner in which a task has to be performed considering the objective. “decided the exact manner in which production activities were to be carried out.”

4. **Procedure:** A procedure contains a series of specific steps to be performed in a chronological order to carry out the routine activities.

“decided to follow the steps required for marketing of the products through his own outlets.”

5. **Rule:** A rule is a specific statement relating to the general norms in terms of Do’s and Dont’s that guide the behaviour of people. It commands strict obedience and a penalty which is likely to be imposed on its violation.

"While working on the production table, a penalty of Rs. 150 per day was announced for not wearing helmets, gloves and aprons by the workers."

## 4.8 SELF-ASSESSMENT QUESTIONS

### I Perspective Planning in Mahindra Ugine Steel Co. Ltd.

The following passages are extracted from the statement of the chairman of Mahindra Ugine Steel Co. Ltd. at its annual general meeting in 1971. These extracts will provide you an idea of the importance attached to a perspective (long-term) plan for an enterprise and also of some of the factors which condition the planning of a business enterprise.

"I am happy to advise you that in furtherance of our plans to expand the capacity of your Plant and to achieve maximum economies of scale your Company has been able to submit a comprehensive plan to the Government for enlargement of the productive capacity upto 60,000 tonnes of finished Tool, Alloy and Special Steels per annum In planning the expanded capacity of our plant we shall strive to achieve maximum diversification of the end-products consistent with a favourable capital-output ratio... For this, we have to constantly strive to expand our operations and diversify our product-mix so that the goals are met or even exceeded.

The observations about our sales and the outlook for our Company prompts me to discuss briefly the developments and trends in our own industry and share some thoughts on perspective planning. Planning today is a universally accepted exercise for one and all. It involves looking as far ahead as the data on our hands and our vision permit. In the life of a corporation this means a close study of all the factors that shape its progress and influence it decisively. There are several such factors and one such all-important factor, external to the organisation that could provide the guidelines for future growth is the assessment of the potential market. I attach overriding importance to a sincere, honest and realistic attempt to size up the approximate if not the exact requirements of a given product for a given year in the planning and creation of manufacturing capacity.

Your Company is vitally interested in making projections of its own growth with the help of macro-projections of the demand for Mild, Alloy and Special Steels released by various Government and semi-Government agencies. During the last decade there has been several such macro-projection . The last estimates of demand for Steel have come from NCAER. Most of the studies work out the potential demand with the help of the end-use method which is a simple but down to earth technique to assess the short-term as well as long-term demand in developing countries. The recent estimates of NCAER also utilise the same method.

In the latest study of the demand for Steel, the NCAER has taken full account of (a) all the major steel consuming sectors, (b) requirements of such consumers, (c) increase in demand due to export of Steel, (d) Steel content of machinery and engineering goods to be exported, (e) possible reduction in

demand due to substitution of Steel by items such as plastics, asbestos, cement, aluminium, etc. in such products as motor cars, railway rolling stock, ship-building, pipes and tubes, (f) Price elasticity of Steel demand and (g) Steel content of imported products and so on.

The main assumption underlying the end-use method is firstly that the targets for various industries obtained from research organisations like the Planning Commission or those of NCAER itself, would be achieved. Experience tells us that this has not always been a correct assumption and plan targets for even the major steel consuming sectors get elasticised. Also in several industries there have been shortfalls in respect of the attainment of targets. As you can see for yourselves, such shortfalls may result in over-estimation of the requirements. Conversely, where targets are exceeded, which is not often the case, the forecast of requirements for a particular industry turn out to be under-estimates.

Secondly, the success of the end-use method is largely conditioned by the accuracy of the norms that relate the Steel industry to the Steel consuming industry by indicating the input co-efficient. Such norms are known to change with technological progress and innovations and there have been several occasions in the past when estimates have gone haywire on account of unrealistic norms having been adopted. For instance, the norms employed by the Perspective Planning Division in its 1965 estimate of the requirements of Alloy and Special Steels have been replaced by the NCAER which has employed its own norms for various industries. The end-use method thus assumes that the impact of technological changes would be minimal, if not nil on the norms of consumption of Steel. Naturally to obtain more accurate figures at the end of such an exercise, the final estimates are adjusted upward to provide for such findings of changes in various consuming sectors. In order to make the macro-projections meaningful for the producers to plan and expand their capacity, it is essential that norms are kept under review and at the end of every year or so the Associations of Consumers and Producers should get together and see that any significant changes in the norms are reflected in the demand figures and necessary adjustments and/or corrections are made on the overall demand projections. By such an exercise the year to year projection of demand would be rendered more realistic and would provide a workable basis to determine the gap between demand and availability.

With these considerations regarding the merits and demerits of the end-use technique in mind, let us consider the recent studies in demand estimates with special reference to the products of our own industry viz. Alloy and Special Steels. There have been as many estimates of demand for Alloy and Special Steels as there are for other Steels also. As against about 300,000 tonnes for 1973-74 and 430,000 tonnes for 1978-79, estimated by the Steering Group of the Steel Ministry in 1968 and incorporated in the Fourth Five Year Plan document, the latest study of the Council provides for 434,000 tonnes for 1975 and 817,000 tonnes for 1980.

The estimates of the Steering Committee as revised by the Technical Wing of the Steel Ministry have now become available. Accordingly the demand for

Alloy and Special Steels has been revised upwards from 300,000 tonnes to 400,000 tonnes for 1973-74 and from 430,000 tonnes to 590,000 tonnes for 1978-79. What is of interest to your Company as a producer of Alloy Constructional Steel in these varying estimates is that for 1973-74 the estimates of both the Technical Wing and the NCAER arrive at almost the same figure, but for a difference of only about 2,000 tonnes. The marginal divergence, however, turns out to be sizable in the estimates for the end of the Seventies. As against the Technical Wing's estimate of 178,700 tonnes for 1978-79, the Council Places the demand for Alloy Constructional Steel at 239,906 tonnes for 1980.

It is now accepted that the assessment of the Technical Wing has been rather conservative and that the Council's studies despite certain limitations are more realistic. A message that emerges loud and clear from these studies is that even after the schemes for expansion or setting up of new units on green sites which are now under consideration are successfully implemented by the end of the decade, there would still be a gap, probably substantial rather than marginal between requirements and actual production.

All said and done the numerous estimates referred to above need to be further processed and worked upon for purposes of drawing meaningful conclusions that guide us in deciding about future investments in the creation of new Alloy Steel capacity and in determining the ideal product-mix for your or other plants. The breakdown of such broad aggregates into categories, grades, shapes, surface finish i.e. black or bright, etc. is a pre-condition for successful corporate planning. Quite a few snap judgments, I am afraid, have already been made based on broad aggregate demand resulting in duplication of capacity of the same size ranges. And circumstances may force us to amend them, if not reverse such decisions. In this context, I would emphasize that before a final sanction is issued for creation of fresh capacity, adequate thought is given to the point whether such fresh capacity should come about through new units on green sites or through expansion of existing units or both. These considerations weigh very heavily in favour of the second proposition. Expansion would firstly help creation of new capacity faster; it would involve lower capital investment; and finally what is important, it would help the existing units to achieve economies of scale.

It is high time that a master perspective plan for the speedy expansion of Steel capacity in the country is drawn up and Government and industry jointly and single-mindedly work for the crystallisation of such plans. This exercise has to be followed by clearer thinking about the future needs.

A corporate or industry wise perspective plan considers not only the market potential for a product but also the derivative demand for essential inputs to be supplied by the feeder and ancillary industries. Only such an assessment of the requirements and availability of raw materials would give meaning and content to the perspective plan."

### **Questions:**

- 1) What factors influence the planning in MUSCO?

- 2) How does Government policy influence planning in MUSCO?
- 3) What method of making future forecasts is referred to in these passages? What are its elements? How accurately can be the forecasts arrived at through this method? Find out from the books listed below what the other methods of demand forecasting are.

---

## 4.9 REFERENCES/ FURTHER READINGS

---

- Chabra, T. (2018).*Principles & Practices of Management*. Dhanpat Rai Publications.
- Donnelly, J., Gibson, J., & Ivancevich, J. (2000).*Fundamentals of management*. New York: McGraw Hill Companies/Primis Custom Pub.
- Mandal, S. K. (2011).*Management: Principles and Practice*. Jaico Publishing House.
- Robbins, S. (2003).*Management*. Frenchs Forest, N.S.W.: Pearson Education.
- Terry, G., & Franklin, S. (1997).*Principles of management*. New Delhi: AITBS Publishers.
- Bateman, T., & Snell, S. (2013).*M: Management (3rd ed)*. McGraw Hill / Irwin: New York, NY
- Bernard Taylor; Strategies for Planning: Long Range Planning (August 1975)  
Quoted by Stoner, Management (Prentice Hall, New Delhi) Page 102.
- Bhatia, M.L. 1981, Corporate Objectives, *Indian Management*, September.
- Crutchfield, N., & Roughton, J. (2013). *Safety Culture : An Innovative Leadership Approach*. Elsevier Science & Technology, 2013. ProQuest Ebook Central
- Mandal, S. K. (2011).*Management: Principles and Practice*. Jaico Publishing House.
- Richman & Coper, 1972. *International Management and Economic Development*, Tata McGraw-Hill: New Delhi.
- Saim, S., & Idris, M. S. (2017). Co-curriculum management practiced by principle in secondary level.*Social Science*, 47734-47736.
- Wren, D. A., & Bedeian, A. G. 2009. The evolution of management thought. (6th ed.), New York: Wiley.

## **UNIT 5 ORGANISING**

---

### **Objectives**

After completion of this unit, you will be able to understand:

- the concept of organising
- the meaning of work;
- different approaches to organizing and analyzing work;
- methods to improve and measure the work process;
- the time and Motion study;
- the concept of Ergonomics; and
- impact of Information Technology on Work Design.

### **Structure**

- 5.1 Introduction
- 5.2 The concept of organizing and analyzing work
- 5.3 Different approaches to organizing and analyzing work
- 5.4 Work improvement and measurement
- 5.5 Time and motion study
- 5.6 Ergonomics
- 5.7 Workspace and architectural ergonomics
- 5.8 Impact of information technology on organising work
- 5.9 Summary
- 5.10 Self assessment questions
- 5.11 References/ Further Readings

---

### **5.1 INTRODUCTION**

---

Organising refers to the formal *grouping of* people and activities to facilitate achievement of the firm's objectives. Issues for discussion here are the types of organisation structure, degree of centralisation, levels of management, span of control, delegation of authority, unity of command, line and staff relationship, and staffing.

Structure refers to the specific manner in which people are grouped. An organisation can group its people on the basis of the various functions (such as production, personnel, finance, marketing), geographical territories or around specific products or product lines (such as detergents, toiletries, basic chemicals, agro-products, as in case of Hindustan Lever Limited). The concept of matrix organisation is a recent evolution and combines the functional and product organisation. This type of organisation is especially

useful in case of projects which require both specialists as well as functional experts to execute a project within a specified time frame. Another type of organisation is by the type of customers served. A company manufacturing and marketing computers has organised its sales department in two groups. One group sells to institutions such as offices, banks, schools, colleges, etc., while the other group sells to individuals. Many companies selling office equipment have organised separate marketing teams to cater to the private sector and the public sector because of the different cultures prevailing in them.

Centralisation refers to the point or level where all decision-making authority is concentrated. One-man enterprises; such as a small bread and butter stores, vegetable vendor, a self-employed car mechanic, are examples of complete centralisation. As the enterprise grows, it becomes increasingly difficult for one person to manage alone and he has to necessarily line up other people and give them authority to make some decisions. These decisions may be routine, programmable decisions but complete centralisation is no longer possible. The decision-making authority is now vested in more than one individual. This is decentralisation.

You require information to make a decision. It is possible that information may be generated at one place but the decision is taken at another. A Bombay based multinational involved in making and selling ball bearings has its manufacturing facility at Pune. Every evening all information regarding the day's production, machine down time, inventory position is sent to the head office via the linked computer facility and all decisions regarding change in production scheduling are made at the head office. The introduction of real time information with the help of computers enables information generated at one place to be instantaneously transmitted thousands of miles away for making a decision. However, the real criterion for an organisation having a centralised or decentralised structure is a reflection of the top Management's thinking and philosophy.

Closely related to the concept of centralisation are the concepts of levels of management and span of control. Levels of management refers to the number of hierarchical levels under the control of a particular manager. Machine operator, foreman, floor manager and production manager represent the levels of management in a typical production department under the director. The machine operators report to the foreman, the foreman reports to the floor manager who in turn reports to the production manager who is accountable to the director. The number of machine operators who directly report to the foreman represents his span of control. There is a great deal of controversy regarding the ideal number of people that a manager can effectively control or the ideal span of control. Many management thinkers are of the view that three to seven is the ideal range. In practice, this may actually vary from one individual manager to another.

At each level of management, there is a reporting relationship between the manager and the workers. The fewer the number of people that a worker has to report to, the less will be the problem of conflict in instructions, and greater the feeling of responsibility for results. Similarly, the clearer the line

of authority from the manager to the workers, the better the decision-making and communication.

The staff functionary reports directly to the top management and is not a part of the chain of command.

A company may draw up any number of ambitious plans, but if it does not have the right kind of people, it can never succeed in implementing these plans. One of the biggest challenges which a manager faces is matching the right people with the right jobs. The process of staffing starts with defining the job to be done and the necessary qualifications, skills and experience required to do it. The next step is to search for the persons with the desired background. The search may involve a number of complex steps such as advertising the job through newspapers and specialised magazines, screening the applications received in response to the advertisement, conducting a selection process which may include a variety of techniques such as written test, group discussion, personal interview, etc. Before making the final selection, it is important to be sure that the candidate fits in well with the other people and the culture of the organisation.

Having found the right candidate, it is equally important that you are able to retain him. Among other things, motivation and leadership provided by the top management of organisation also plays an important role.

As you have seen, planning specifies the future course of direction of an organisation. The organising process follows the planning process. 'While planning specifies *what* will be achieved *when*, organising specifies *who* will achieve *what* and *how it* will be achieved.

To understand the organising process involving the people and jobs in an organisation, let us discuss a situation in a bank. Suppose you happen to be a teller (person who sits behind the service window) in a bank. Your job requires transacting deposits, withdrawals, cashing the cheques. Also, you may have to secure the approval of bank manager before you could cash a cheque for a person who is not a regular customer of your bank. Here, the bank manager's orders or directives will define how much authority you have to do things on your own. Besides, your work may also be supervised by your immediate superior officer. Hence, organising involves identification of specific jobs, grouping of jobs of similar nature, number of jobs to be included in a specific group and deciding how many people a manager can effectively oversee. An integrated network of people, their jobs and their working relationships ultimately constitutes the structure of the organisation.

Therefore, the organising skills can be broadly spelled out as

- ability to analyse and describe various organisational jobs;
- ability to select, train and induct people in jobs;
- ability to draw working links i.e. define authority and span of control amongst people; and
- ability to change these working links whenever there are major changes in the environment or technology or strategy of the organisation etc.

Another example may make it clear to you as to how the manager utilises his organising skill when major changes take place in the environment or technology or strategy. Suppose, you happen to be a doctor in a village, where you are in charge of organising a hospital for catering to routine and non- routine or emergency facilities. You know that more facilities are available in city hospitals such as provision of regular ambulance service, wide range of medicines and services of doctors and nurses, etc. At the time of dealing with an emergency case, you should rush to the city hospital. You have to organise yourself and your co-workers to assess how crucial this responsibility becomes when you have limited resources available with you, yet you want to achieve the best you can.

---

## 5.2 THE CONCEPT OF ORGANIZING AND ANALYZING WORK

---

The goal accomplishment of an organization requires work to be done in many different areas, and highly specialized knowledge and experience. Hence the work is divided among people, work units such as divisions, departments and groups. Organizing work refers *how to arrange matters so that people can work in concert to get the work done, division of work between people and groups, the work done by managers at different levels, and co-coordinating the work of people and groups to make possible to realize the goal of the organization.*

It includes issues like:

- Organization Charts : Organization chart is a form of line diagram . It indicates the arrangement of work units, the delegation of work (that is the delegation of responsibility) and work units in relation to each other.
- Division of Work : The work is divided among people and work units suchas divisions, departments or groups. The Head of each work unit is in charge for the work done by the unit as well as for the work by him/her.
- Organising the work done (responsibility carried) at different levels
- Maintaining relationships between people at different levels .
- Coordinating work between people etc.

---

## 5.3 DIFFERENT APPROACHES TO ORGANIZING AND ANALYZING WORK

---

### I. The Ancient Approach

The concept of organizing work was there even in ancient times. For instance, the ancient Egyptians built their pyramids, the ancient Chinese built the Great Wall of Chine, the Mesopotamians used to irrigate their land and wall their cities, and the Romans built their roads, aqueducts and Hadrian's Wall. All these man-made construction

required large amounts of human effort and therefore organizing i.e. planning, control and coordination.

The Chinese philosopher Mencius (372-289BC) wrote about the concept and the advantages of the division of labor. Records reveal that the ancient Greeks understood the advantages of, and practiced uniform work methods. They also employed work songs to develop a rhythm in order to achieve a smooth, less fatiguing tempo and to improve productivity.

The division of labor was also recognized by Plato (427-347BC). He wrote in *The Republic*, ‘A man whose work is confined to such limited task must necessarily excel at it’. However, work itself was viewed by the ancient Greeks and the Romans, as demeaning / humiliating. Those who could afford to do so were treated as employed slaves.

With the fall of the Roman Empire, development was reduced; slavery being replaced by feudalism. In pre-Reformation Christian Europe work was also seen as a burden. In this period, the mechanical clock was invented by Heinrich Von Wych in Paris in 1370, and Guttenberg’s printing press was set up. The former permitted accurate work measurement and the latter the ability to communicate by the printed word. Indeed Guttenberg’s inspired creative thinking can be viewed as an early example of method study. However, with the Reformation the Protestant ‘work ethic’ emerged based on Luther’s glorification of work theory. Calvinism brought further consolidation to this principle and with it the virtues of frugality and the honorable acquisition of wealth. Work was viewed in society as respectable and idleness as awful.

## **II. The Approach during the Industrial Revolution Period**

The momentum for industrial revolution was initiated in the seventeenth century. Agricultural methods had improved in Europe. Technical advances were also being made, most notably in textile manufacturing, in the eighteenth century with the invention of Hargreaves’s spinning jenny, Arkwright’s water frame and Compton’s mule. The steam engine first developed in 1698 by Thomas Savory, was harnessed by James Watt. These factors, technological developments, expanding trade/markets, growing populations created opportunities for merchants and entrepreneurs to invest in new factories. This was the beginning of the Industrial Revolution. All these necessitated the improvement in work methods, quality, and productivity of workers.

With the emergence of the factory system, Adam Smith, the Father of Economics advocated making work efficient by means of specialization in the eighteenth century. He advocated dividing the work down into simple tasks. He provided three advantages of the division of labour:

- the development of skills;
- the saving of time; and
- the possibility of using specialized tools

After the War of Independence there was a shortage of musket parts in the United States. Eli Whitney proposed the manufacturing of muskets by means of using interchangeable parts. Records from the Soho Bell Foundry in Chelsea, around the same time as Whitney, evince the use of production standards, cost control, work study and incentives during the period..

In 1832, Charles Babbage, an engineer, philosopher and researcher, examined the division of labor in his book *On the Economy of Machinery and Manufacturers*. Babbage proposed, as an advantage of the division of labor, that the amount of skill needed to take on a specialized task was only the skill necessary to complete that task. He illustrated this concept by breaking down the manufacture of a pin, into seven elements. The important inference for employers was that they need to pay for the amount of skill necessary to complete each individual task. He advocated breaking down jobs into elements and costing each element.

In this manner, these developments foreshadow the machine age, replacing traditional manual labor and improving productivity. Machines were located near sources of power, first water later coal for steam. Large concentration of machines were gathered in one place under one roof in the factories. Huge numbers of people came together to operate these machines and in the delivery of the outputs from the factories. As a result, the management functions of control, planning and coordination were required with greater strength..

At the turn of the century, the problem of layout and method were studied by Robert Owen. Owen through experimentation at the New Lanark Mills was successful in raising the living conditions of his workers whilst reorganizing his mills on commercial principles. Robert Owen is endorsed with being the first to identify fatigue and the work environment as factors affecting the performance of factory workers.

### III. The Scientific Management Approach

Frederick W. Taylor known as the father of scientific management and modern industrial engineering. By experimenting with different designs of shovel for use with different material (from 'rice' coal to ore) he was able to design shovels that would permit the worker to shovel for the whole day. In so doing, he reduced the number of people shoveling at the Bethlehem Steel Works from 500 to 140. This work, and his studies on the handling of pig iron, greatly contributed to the analysis of work design and gave rise to method study.

In 1909, he published the book for which he is best known, *Principles of Scientific Management*. Taylor's impact has been so great because he developed a concept of work design, work-measurement, production control and other functions, that completely changed the nature of industry.

#### Objectives of Scientific Management

The four objectives of management under scientific management are as follows:

- The development of a science for each element of a man's work to replace the older rule-of-thumb methods.
- The scientific selection, training and development of workers instead of allowing them to choose their own tasks and train themselves as best they could.
- The development of a spirit of hearty cooperation between workers and management to ensure that work would be carried out in accordance with scientifically devised procedures.
- The division of work between workers and the management in almost equal shares, each group taking over the work for which it is best fitted instead of the former condition in which responsibility largely placed with the workers.

His framework for organization was: clear delineation of authority, responsibility, separation of planning from operation, incentive schemes for workers, management by exception, and task specialization.

### **Assumptions of Scientific Management**

Two basic assumptions dominated Taylor's approach to the design of jobs. **First Assumption (Management):** Management is assumed to be more effective than labor at devising methods for executing the work and then at planning and organizing. By breaking the work down into simple elements:

- the training of workers is clearly simplified
- workers are more easily substituted, one for another
- supervision is made easier as it is apparent when workers are doing something that is not part of the specified task.

**Second Assumption (Workers):** Human beings are rational economic beings. The prime goal is assumed to be monetary and consequently reward systems which relate pay levels to output are seen as likely to result in maximum output. As such, humans will examine a situation and identify a course of action likely to maximize their self interest and act accordingly. All that is required to maximize output, from the organizations perspective, is to hire the right people, train them properly and construct an appropriate reward system. If the work can be paced, a worker can develop a natural rhythm and momentum.

### **Principles of Scientific Management**

Three primary principles of scientific management directly or indirectly relating to work design are:

- i. Taylor assumed that it is possible to "gather all of the traditional knowledge which in the past has been possessed by the workman and then classifying, tabulating, and reducing this knowledge to rules, laws, and formulae which are immensely helpful to the

workmen in doing their daily work". In this way the industrial engineer (and the manager) learns the best way for a job to be performed.

- ii. The work of every individual employee "is fully planned out by the management at least one day in advance... describing in detail the task which he is to accomplish as well as the means to be used in doing the work" (p.39). If management understands the process by which the work is done, it should be possible to plan out the work in the smallest detail before the employee even show up. In this way the manager and engineer know exactly how the work will be accomplished.
- iii. "The science which underlies each workman's act is so great and amounts to so much that the workman who is best suited to actually do the work is incapable (either through lack of education or through insufficient mental capacity) of understanding this science" (p.41). If management understands the best, most efficient way for a job to be accomplished, and if this is planned out in advance, no mental contribution is necessary from the worker.

The scientific management approach was exceedingly successful in the first half of the 20<sup>th</sup> century.

### **Constraints of Scientific Management**

Although scientific management was unquestionably effective for more than 50 years, gradually it is losing ground because of the following reasons.

First, production and/or service jobs are no longer simple. Creating uncomplicated jobs was easy at the beginning of the 20<sup>th</sup> century because the products and the manufacturing processes were elementary. However this is not the case today. Even unskilled factory jobs today require reading computer screens, working with numerical tools, or using and/or making custom products and services.

Second, allied with this increase in job complexity, the technology employed in both manufacturing and the service sector has also increased in complexity.

The jobs of today also are changing more rapidly than in the past and so also the technology. If the technology is changing daily, so are those rules. By the time management understands the technology and how it should best be used, the technology has changed.

Finally, products and services are changing at an ever more rapid rate. If we want to compete in the global marketplace, speed has become a necessity (Dumaine, 1989).

#### **IV. Fordism**

In the early 20th Century , Henry Ford dramatically established the concept of relative surplus value by doing what at the time was considered impossible. He paid workers 4 or 5 times the ‘going rate’ (actually the bare minimum that could be screwed from the bosses), yet still made a huge profit. By vastly increasing the production of relative surplus value through the use of the assembly line, coupled with FW Taylor’s ‘Scientific Management’ of the work process, he was able to vastly improve the productivity of his plants.

Ford brought into existence the concept of ‘mass worker’. Whereas before the capitalist had relied largely on skilled workers to manage the production process, the mass worker was a new type.

#### **V. The Human Relations Approach**

The human relations approach arose almost as a direct result of the harshness imposed by supervisors who excessively used scientific management principles. An outgrowth of the famous Hawthorne Studies conducted during 1924-33, the human relations approach de-emphasized the technical components of a job and concerned itself with the impact of employee social and psychological needs on productivity.

Originally, the goals of the Hawthorne investigators were to identify elements of the work environment which fostered productivity. Surprisingly, the investigators discovered that the greatest impact on productivity was that of the social interaction patterns of the workers rather than environmental conditions like lighting. The significance of the findings to management are that:

- workers thought and acted not as individuals but as a group;
- workers would sacrifice their self-interest in the fact of group pressure;
- money is not the sole motivator. (This prompted Mayo to comment: “Factory managers are going to someday realize that workers are not governed primarily by economic motives.”)
- supervisors have significant influence on output.
- Mayo’s recommendations reflected these findings and were that:
- managers must not ignore the informal organization but ensure its norms are in harmony with organizational goals;
- man is basically motivated by social needs, not economic ones;
- in order to influence the behavior of individuals managers must focus on the work group rather than individuals; and
- effective supervisors are those who satisfy subordinates’ social needs.

These recommendations led to principles advocating the design of jobs which facilitate social need gratification by the workers, including the use of non- authoritarian leadership styles by supervisors and the fostering of effective workgroups.

## VI. The Socio Technical Systems Approach

The socio technical systems approach to work redesigns tasks in a manner that jointly optimizes the social and technical efficiency of work. Beginning with studies on the introduction of new coal-mining technologies in 1949, the socio technical systems approach to work design focused on small, self-regulating work groups. Later it was found that such work arrangements could operate effectively only in an environment in which bureaucracy was limited. Today's trends towards lean and flat organizations, work teams, and an empowered workforce are logical extensions of the sociotechnical philosophy of work design.

## VII. Modern Approaches

Modern concepts, are not entirely disparate to scientific management and classical organization theory, but are evolved from earlier views and represent modifications based on research and experience.

In order to counter the weaknesses of the earlier approaches discussed above that the *behavioral science approach* was adopted. Industrial psychologists , although at first arrived at similar conclusions to the human relations movement, based on their research concentrated on motivation of individuals .And industrial sociologists looked at the behavior of formal and informal groups at work.

In the period between 1951 and 1971, managers moderated their 'logical' approach to such things as job design and considered such alternatives as participation, job-redesign, job enlargement and job enrichment. By the mid- 1960s and 70s in Britain there was much puzzlement as to which theory to follow and much conflicting evidence from researchers. Goldthorpe (1969), for example, was to find that some employees, although they disliked the work which involved repetitive tasks in their Coventry car assembly plant, would put up with them for the money rather than move to more interesting jobs and lower wages in plants nearby. Experiments at Philips at Eindhoven demonstrated that although output initially mounted after enlarging the jobs in radio assembly, workers were unhappy with their new jobs and responsibilities and many left. White (1973) also found that the motivation of managers to work depended very much on two factors: the type of job that was being performed and the age of the jobholder. These findings show the boundaries of approaches such as those proposed by Herzberg and others that advocate a single 'best way' and draw attention to the danger of viewing behavioral science as a provider of packaged solutions.

In nutshell, advocates of each approach point the finger at the incompetence of the application of other approaches. Accordingly, it becomes clear that no single panacea exists for work organization. As

advocated by the contingency theorists, it depends upon several 'contingent variables' .

## **5.4 WORK IMPROVEMENT AND MEASUREMENT**

### **Work Improvement**

The term 'work improvement' is very wide and includes the study of work and simplification and standardization of methods, equipment and working condition. It is otherwise known as '*method study*' or '*method engineering*'. Work improvement may be defined as *scientific techniques of studying and analyzing the conditions influencing the quantity and quality of work done by the workers*. According to W.W. Haynes and J.D. Massie, "All of the physical aspects of operations can be considered as a part of the work improvement study, layout of work-place, materials handling, design of equipment, working conditions including lighting, color, air-conditioning, power and so forth".

Work improvement not only improves work efficiency, but also improves human comfort and satisfaction. This is also known as '*human engineering*' or '*ERGONOMICS*'.

### **Work Measurement**

Work measurement deals with assessing the time content of a job performed by an operator to determine the proper time to be allowed and the efforts required for the efficient performance of a job. R.M. Curie has defined work measurement as '*application of techniques designed to establish the time for a qualified worker to carry out a specified job at a defined level of performance*'. Work measurement is popularly known as 'time study' which is a major constituent of the work study. Its advantages are as follows:

- Work measurement determines the normal time for a job and thereby serves as a basis of a sound wage incentive system.
- The standard time determined by work measurement helps in labor cost control.
- Work measurement provides the relevant data for efficient work planning and control.
- Work measurement facilitates effective manning of plant and equipment.
- Work measurement technique can be useful in reducing the time and cost involved in the proposed production orders.

### **Work Measurement vs. Work Improvement**

Work measurement is the study and analysis of time taken in the performance of a specific task. Work improvement denotes the study of methods and techniques of production for increasing efficiency. These two

concepts are interlinked with each other because both of these aim to increasing productivity. Efficient work improvement is a precondition of work measurement. Work improvement uses the techniques of motion study, process analysis, plant layout and materials handling whereas work measurement involves time study, work sampling and synthetic standards. Work improvement is done to suggest the best method of doing the job whereas work measurement helps in fixing fair day's work, laying down wage incentive plans, and production planning and control.

## **5.5 TIME AND MOTION STUDY**

Work study is an important tool in the hands of management for achieving greater productivity in the organization. It is a methodical study of the use of workers, materials and equipment in order to enhance existing methods and work performance by elimination of every type of waste. Taylor recommended the technique of time study for work measurement and determination of time standards. Gilbreths devised the technique of motion study to carry out work study. Thus, work study covers both time study and motion study for work measurement and work improvement.

### **Objectives of Work Study**

The objectives of work study are as follows:

- Effective use of manpower
- Effective use of methods, machines and equipment.
- Effective layout of plant.
- Elimination of unnecessary human motion.
- Simplification and standardization of operations.
- Measurement of time required to perform an operation and establishment of standard level of performance for each worker.

### **Motion Study**

Frank B. Gilbreth, an intrusive Industrial engineer, had pioneered the technique of Motion study in association with his wife Lillian Mollar Gilbreth during

1902-12. Prior to use of Gilbreth's standard method, 120 bricks laid per worker were considered to be normal. Gilbreth's development of standard method using motion study resulted in an average production rate of 350 bricks per worker per hour. This increase was not achieved by making bricklayers work faster but through most effective way of doing it. For example, Gilbreth reduced the number of motions from 18 to 5 in laying the bricks. Traditionally, a bricklayer would bend over and pick up a brick from a pile of bricks on a relatively unadjustable scaffold, rotate the brick to find the best side, and then lay thebrick by tapping with mortar of often poor consistency. Gilbreth suggested a different pattern. Gilbreth wanted bricklayers to be able to pick up a brick most efficiently. Therefore, he

had minimum-cost laborers arranging the bricks on a pallet for ease of pick up by the master bricklayer. He then provided adjustable scaffolds, the proper location of bricks and mortar, and mortar of proper consistency. The result was a vast improvement in productivity with less fatigue.

From various studies Gilbreth developed the law of human motion from which evolved the principle of motion economy. The motion study is a process of analyzing a job to find the easiest, most effective, and most economical way of doing it with the help of a close scrutiny of the motions made by a worker or a machine. Motion study can be divided into three components, namely :

(i) analysis of therbligs, (ii) micromotion study; and (iii) principles of motion economy.

### **Therblig Analysis**

Gilbreth classified the basic motions into what he called *therbligs* (which is gilbreths spelled back), such as search, find, transport empty, preposition, grasp, and so forth. A therblig is a small part of a job. Gilbreths gave a list of 17 basic motions of a worker. The list is as follows : 1) Search (Sh) 2) Select. (St.) 3) Grasp (G) 4) Transport empty (TE) 5) Transport loaded. (TL) 6) Hold (H) 7) Release load (RL) 8) Position (P) 9) Preposition (PP) 10) Inspect. (I) 11) Assemble (A) 12) Disassemble (DA) 13) Use (U) 14) Unavoidable delay(UD) 15) Avoidable delay (AD) 16) Plan (Pn) 17) Rest for overcoming fatigue (R).

### **Micromotion Study**

Micromotion study is a study of the fundamental elements of an operation with the help of a high speed movie camera in order to eliminate the unnecessary motions involved in the operation and balancing the necessary motions. The speed of the camera should be 1,000 frames per minute. Finding out the numbers of films that elapse in doing a particular element of motion and knowing the speed of the camera, one can know the exact time value that could be assigned to a particular element. This value can be indicated on the frame scale or time scale drawn on the simo chart (simultaneous motion cycle chart). The study is known as memo motion study if it is done with the help of a slow speed camera.

### **Principles of Motion Economy**

The principle of motion economy developed by Gilbreths envisage the correct application of theories behind motion elements to achieve harmonization of human body movements, best layout of work places and the optimal design of equipment and tools. There are five basic principles of motion economy which are listed below

- Principles of minimum movement.
- Principles of simultaneous and symmetrical movement.
- Principles of rhythmic movement.

- Principles of natural movement.
- Principles of habitual movement.

The study of the above principles is a lengthy one, usually coming under workphysiology. However, a few rules of effective motions are mentioned below:

1. Successive movement should be so related that one movement passes easily into that which follows.
2. The order of movements should be so arranged that the mind can attend to the final aim.
3. The sequence of movements is to be so framed that an easy rhythm can be established.
4. The continuous movements are preferable to angular movements involving sudden changes in the direction of movements.
5. The number of movements should be reduced as far as possible.
6. Simultaneous use of both hands should be encouraged.
7. Fixed positions should be provided for tools, materials, etc.

### Time Study

Time study is an essential way of work measurement. It is the art of recording and analyzing methodically the time required to perform a motion or a series of motions. This divulges that time study is to be conducted after a motion study has been undertaken.

Probably the first attempt at formally timing work was done in 1760 when Jean Radolphe Perronet studied the manufacturing of pins and attempts to establish standard times for various operations. Documents have been found relating to the Old Derby China Works for the year 1792 in which Mr. Thomas Mason pledged himself to undertake time studies in the factory. But the term Time Study was coined by F.W. Taylor. Unlike the early activities of Perronet and others, Taylor started to break the timing down into elements.

### Objectives

The need for time study arises whenever a better method of doing a work is introduced in a plant. Time study endeavors to:

- Determine a standard day's work by finding the amount of time needed byworkers to perform the various operations and
- Provide production data.

### Procedure of Time Study

The procedure to time study involved the following steps:

- Selection of work to be studied.
- Establishing standardized methods, equipments and working conditions.

- Selecting the average worker who is to be studied while performing the work. Necessary confidence in the worker should be created so as to obtain his cooperation.
- Division of work into elements suitable for time study.
- Studying the operator doing the job. For the validity of the time study results, it is necessary that the analyst should take readings not once but a number of times. The number of times for which time study should be repeated, (i.e., number of cycles) will depend upon the level of confidence needed.
- Recording time with the help of stop watch on the time study board of the required number of work cycles.
- After the time values for each element for a sufficient number of cycles have been recorded, the mode value is selected. The mode value represents the most frequently appearing time value for an element of the job. Mode values of different elements will be added to get the normal time for doing a job. Normal time is the time required by an average worker working under normal conditions to perform a job.
- Adding allowance to normal time to get the standard time. Relaxation allowances include personal allowance, fatigue allowance, delay allowance, etc.

In the above mentioned procedure, it is recommended that an average worker should be preferred for the purpose of time study. If an average worker is not chosen, performance rating factor will have to be assessed to determine the normal time for each category of worker. For instance, workers are divided into three categories : (i) Poor workers (75 points); (ii) Normal or average workers (100 points); and (iii) Good Workers (125 points). If a good worker is studied, the time taken by him to perform the job will be multiplied by 125/100 to get the normal time taken by an average worker

### **Benefits of Time Study**

The advantages of time study are as follows:

- Time study helps in determining the ideal workload of different categories of workers.
- The standards of performance evolved as a result of time study may be used for evaluating the performance of employees.
- Time study helps in designing a suitable incentive wage plan to motivate the workers to increase their productivity.
- Cost standards are very accurate if they are based on the results of time study.

### Limitations of Time study

Time study is not limitless. Some of the perceptible limitations of time study are like so:

- There are variations of the standard time determined by different observers. Even the same observer sets different standard time each time he is asked to conduct the time study.
- Time study involves an element of subjectivity of the observer. Sufficient judgment has to be used by the observer in the choice of a measure of central tendency, deciding the degree of personal allowance and so on.
- The standard time determined by time study may not be accurate because of incorrect performance rating of the operator under study.
- Time study usually has an adverse effect on the workers. They may not show the normal behavior pattern when they are being observed. Even the trade unions may resist stop watch time studies.

### Difference between Time Study and Motion Study

The difference between the Time and Motion study is specified in Table 1.

**Table 1: Difference between Time Study and Motion Study**

Basis	Time Study	Motion Study
1. Purpose	Concerned with the determination of time taken by the workers in performing each operation on the job.	Concerned with the motions or movements of workers.
2. Scope	Covers both workers and machines.	Covers only workers.
3. Procedure	Conducted with the help of a stop watch.	Conducted by photographic procedures.

## 5.6 ERGONOMICS

Ergonomics is the scientific, interdisciplinary study of individuals and their physical relationship to the work environment. It is closely associated with industrial and experimental psychology. Beginning in 1940, the term 'human engineering' was associated with equipment design. By mid 1950s, several aircraft companies began to utilize human engineering in machine design and training programmes.

Ergonomics is also called the science of human engineering. Human engineering may be described as an approach by which an engineer set about the problem of designing machine and equipment to be used by human beings. The human engineer applies scientific knowledge and research methodology to study human areas as they pertain to the operation of the machine systems and concepts.

Human engineering groups generally include engineers, psychologists, physiologists, mathematicians, anthropologists, physicians and specialists from other fields.

The human and machine systems possess different characteristics as shown in Table 2. Ergonomics advocates using these characteristics in complimentary manner while designing and implementing any production and mechanical operations.

**Table 2: Man Vs Machines**

	<b>Man excels in</b>		<b>Machines excels in</b>
1.	Detection of certain forms of very low energy levels.	1.	Monitoring (both men & machines)
2.	Sensitivity to an extremely wide variety of stimuli	2.	Performing routine, repetitive, or very precise operations.
3.	Perceiving patterns and making generalizations about them.	3.	Responding very quickly to control signals
4.	Detecting signals in high noise levels	4.	Exerting great force, smoothly and with precision
5.	Ability to store large amounts of information for long periods and recalling relevant facts of appropriate	5.	Storing and recalling large amounts information in short time period moments.
6.	Ability to exercise judgment where events cannot be completely defined	6.	Performing complex and rapid computation with high accuracy
8.	Improvising and adopting flexible procedures	9.	Doing many different things at one time
9.	Ability to react to unexpected low-probability events	9.	Deductive processes
10	Applying originality in solving problems: i.e. alternate solutions	10	Insensitivity to extraneous factors
11.	Ability to profit from experience and later course of action.	11.	Ability to repeat operations very rapidly, continuously, and precisely the same way over a long period
12.	Ability to perform fine manipulation, especially where misalignment appears unexpectedly	12.	Operating in environments, which are hostile to man or beyond human tolerance
13.	Ability to continue to perform even when over loaded.		
14.	Ability to reason inductively		

**Source:** Woodson, Wesley E. and Donald W. Conover (1964), *Human Engineering Guide for Equipment Designers*, University of California Press, Berkeley.

## Needs of Human Engineering

Human engineering is the study of people at work and of work methods. Its purposes are to:

- Design human-machine system involving the best combination of human and machine elements.
- Study equipments design, hours of work and physical conditions of work.
- Design the machine for its users fitting it to their physiological requirements to minimize fatigue and maximize output.
- Reduce the types of injuries caused by poor design. Ergonomically designed spaces, systems and environment that take into account both the psychological and physical aspects of the people increases efficiency, health and prevent injuries and musculoskeletal disorders
- Assist in design and operation of man-machine environmental system which will ensure physical and mental ease to the human beings.
- Design the machines and equipments in such a manner that not only the users but also those in the vicinity should be protected against dangers of accidents.
- Design the machinery, equipment and tools to suit the human operator and not *vice versa*. It includes the following :
- Tools and materials should be arranged at the work-place in such a way that the operator can reach them easily.
- Machine control should be installed in the working area so that it is within the reach of the machine operator.
- There should be mechanization of materials handling on and between processing points, particularly, for heavy and bulky items.
- The machine operator should be permitted to sit while on the job unless the nature of job requires him to stand. If he is required to stand for long hours, he should be given rest pauses so as to relax himself. There should be proper arrangement to eliminate job safety hazards.
- Good working conditions should be provided to the operators so as to maintain their physical and mental health. There should be satisfactory lighting and sanitary facilities. The operator should have easy access to service facilities.

## 5.7 WORKSPACE AND ARCHITECTURAL ERGONOMICS

The design of the workspace or **Architectural Ergonomics** has a direct impact on the efficiency and productivity of the workers. Workspace is the space within which one performs the tasks that add up to his job. Physical design of a workspace includes working out how much space needed, and positioning of furniture, tools, equipment and any other items needed to perform the tasks, in respect of posture, access, clearance, reach and vision of the user.

A poorly designed workspace, or a bad arrangement of furniture or equipment, may result in injuries and strains due to adoption of uncomfortable working postures, less ‘spare’ capacity to deal with unexpected events or emergencies, the increased possibility of errors or accidents, and inefficiency.

A ‘workspace envelope’ is a 3-dimensional space within which one carries out physical work activities when he is at a fixed location. The limits of the envelope are determined by one's functional arm reach which, in turn, is influenced by the direction of reach and the nature of the task being performed.

**Table 3: Guidelines for the Design of Workspaces**

- Encourage a frequent change in posture
- Avoid forward bending of head and trunk
- Avoid causing the arms to be held in a raised position
- Avoid twisted and asymmetrical positions
- Avoid postures that require a joint to be used for long periods of time at the limit of its range of motion
- Provide adequate back support for all seats
- Where muscular force must be exerted the limbs should be in a position of greatest strength
- Test your workspace layouts

Proper work place design **helps to** reduce or eliminate the risk of injury to a worker, minimizes the required number of movements or steps, and optimizes the flow of process or materials through the space. By designing for efficient use of space, technology and architectural features, architectural ergonomics enhances function and usability by promoting: work flow, process flow, traffic flow, wayfinding, integration of technology, facility maintenance, and accessibility. Guidelines for the design of workspaces is provided in Table 3.

Architectural Ergonomics can be incorporated into an organization by:

- Facilitating employees in Participative Design Processes
- Design audits
- Ergonomics training

### **Digital Human Simulation and Ergonomics**

A new method for determining the workspace of human motion has been established in recent years at the University of Iowa Center for Computer Aided Design (CCAD) . This method addresses the problems of interest in human motion analysis in terms of ergonomic design, workspace visualization, posture prediction, layout design, and placement. It brings in the exact boundary of the workspace in closed-form which makes it possible to :

- Demarcate the exact reach envelope (boundary of the workspace) of humanlimbs while taking into consideration the ranges of motion.
- Visualize the exact workspace of human limbs.
- Define and plan trajectories in the workspace.
- Design ergonomic workplaces subject to specified cost functions.
- Facilitate the design of layouts and packaging.
- Verify measured data and validate human models.
- Predict realistic postures, and
- Optimize designs based on specified cost functions. Cost functions representing dexterity, reach ability, energy, force, and others have been developed and integrated with optimization code to address ergonomics design problems.

### **Activity 1**

Suppose you are designing an internet café. How can you use ergonomics.

.....  
.....  
.....  
.....  
.....

### **Activity 2**

Your neighbour has started a new school for kids. He is interested in applying ergonomics in the school. He has bought some colored and mobile furniture for classrooms, so the kids can move and organize it in several ways. Could you please help him with some ideas regarding this problem? He would also like to use ergonomics to stimulate kids imagination and to facilitate the process of learning.

.....  
.....

## 5.8 IMPACT OF INFORMATION TECHNOLOGY ON ORGANISING WORK

Over the past ten to fifteen years the emergence of Information Technology (IT) as a strategic resource has evolved new types of working and working relationships. It has not only affected the structure of organizations but has made it possible to invent new ways of working. IT has been used as a facilitator as well as an enabler of new work. As a consequence it has enabled many companies to reduce their fixed asset costs, mainly office space and buildings.

A few examples of new forms of IT enabled work design are:

**Satellite Location** is an attempt to reduce the office space. Satellite Locations are networked together to form a cohesive structure. Expensive large corporate centers have been reduced in size and only a token ‘image’ presence is kept in prestige locations.

**Hot Desking And Hoteling** is another attempt to reduce office space and hence the cost of fixed assets. Employees simply plug in to office space with docking facilities for laptop computers and other support.

**Telecentres and Telecottages:** Telecentres are specific regional centres that support many organisations’ employees providing all the electronic communications infrastructure needed for effective working. Telecottages are a variation on these themes to support workers in rural or thinly populated locations.

**Teleworking and Telecommuting:** Teleworking could be described as home working with electronic communication support whereas telecommuting could be described as the mobile office in a car, hotel or anywhere, supported by the mobile phone and the laptop computer. (According to a new AT&T survey conducted by the Economist Intelligence Unit, business will see a major growth in teleworking over the next two years. 17% of AT&T managers now work full time from home in Virtual Offices, while the operational benefit of telework to AT&T exceeds \$150 million annually).

**Telematics (Field Systems):** A closely related concept to telecommuting but the equipment is more specialized usually fixed in vehicles. Used to communicate information between control centres and mobile workers. It is used by the utilities, service companies and the Police etc.

**Computer Supported Co-Operative Working (CSCW):** It is gaining appreciation as a technology that can support and enhance a truly enterprise-wide working environment.

**The Virtual Organisation:** Many sole traders use agencies that provide a virtual presence for their clients using CIT (computer integrated telephony) and by providing office space and electronic facilities when needed.

Teleworkers can be networked together to form their own organisations, although their clients may never see them or need to visit them. Their virtual offices may be contained in a website.

**Online business and E-commerce:** The success and growth of the Internet has made on-line business a cost effective and available technology for many small and medium sized businesses to market their products. Amazon is a virtual bookstore, now the largest bookstore in the world.

### Activity 3

On the basis of your experience, explain how IT can enabled new ways of working at the work place.

.....  
.....  
.....  
.....  
.....

### Activity 4

Carefully go through the narrative on impact of IT on organizing work and construct definitions and examples of the following terms.

#### Hotdesking and Hotelling:

.....  
.....  
.....  
.....  
.....  
.....  
.....

#### Telecottages and Telecentres:

.....  
.....  
.....  
.....  
.....

#### CSCW:

.....  
.....

.....  
.....  
.....  
.....  
.....  
**Virtual Organizations:**

.....  
.....  
.....  
.....  
.....  
**Teleworking and Telecommuting:**

.....  
.....  
.....  
.....  
.....  
**E-commerce:**

.....  
.....  
.....  
.....  
.....  
**Telematics:**

## **5.9 SUMMARY**

Work is any productive activity undertaken to generate a given product or a service. Organizing work refers to arrangement of matters so that people can work in concert to get the work done. There are different ways of organizing and analyzing work as recommended by different management thinkers.

Work measurement is the study and analysis of time taken in the performance of a specific task. Work improvement denotes the study of methods and techniques of production for increasing efficiency. Work study covers both time study and motion study for work measurement and

work improvement. While Time study is concerned with the determination of time taken by the workers in performing each operation on the job, Motion study is concerned with the motions or movements of workers.

Ergonomics is the scientific study of individuals and their physical relationship to the work environment. Computer Aided Design method addresses the problems of interest in human motion analysis in terms of ergonomic design, workspace visualization, posture prediction, layout design, and placement. The use of IT has evolved many new forms of work design in recent years.

---

## 5.10 SELF ASSESSMENT QUESTIONS

---

1. What are the different approaches to organising and analysing work?
  2. Explain the concept of “ergonomics.”
  3. Write down the impact of IT in organising work with suitable examples.
- 

## 5.11 REFERENCES/ FURTHER READINGS

---

England, G.W. and Harpaz, I.(1990), “How Working is Defined: National Contexts and Demographic and Organizational Role Influences”, *Journal OfOrganizational Behavior*, 11.

Hall, Richard H.(1994), *Sociology of Work, Perspectives, Analyses, and Issues*, Pine Forge Press, p.5.

Singh, B.P. and Chhabra, T.N. (2002), *Organization Theory and Behavior*, Dhanpat Rai & Co. (P) Ltd., Delhi (2002). <http://workorganization 11.html>

## **UNIT 6 STAFFING & DIRECTING**

### **Objectives**

After going through this unit, you should be able to:

- Understand the concept of staffing
- Know the important functions of staffing
- Acknowledge the importance of staffing
- Identify the characteristics of staffing
- Recognize the important elements of staffing
- Understand the concept of directing
- Identify the characteristics of directing
- Recognize the important elements of directing
- Acknowledge the principles of directing

### **Structure**

- 6.1 Introduction
- 6.2 Staffing
- 6.3 Characteristics of staffing
- 6.4 Training and Development
- 6.5 Directing
- 6.6 Summary
- 6.7 Self-assessment questions
- 6.8 References/ Further Readings

### **6.1 INTRODUCTION**

Talented and hardworking people are the foundation of any firm. Talented and hardworking people are the principal assets of an organization. It is an entrenched fact that progress of a firm needs the regular infusion of an eminent staff. Therefore, for the success of any firm, provision for relevant human resources or adequate staffing is essential. It is also believed that the objectives of an organization can be achieved only when the right person is placed on the right position.

Directing is defined as giving instructions and directing people in executing their work. In order to obtain few predetermined objectives, directing is carried out. When one talks about the management of an organization, directing is one of the crucial managerial functions and is defined as a process of guiding, motivating, instructing, counselling and supervising people to attain certain objectives. It encompasses various elements like communication, leadership, motivation and communication.

## 6.2 STAFFING

The procedure of employing qualified candidates in the company or organization for particular positions. Staffing as defined by management is an action of hiring the personnel by reviewing their competence, knowledge and providing them particular job roles accordingly. Staffing is one of the most vital management function. It includes the procedure of fulfilling the available position of the correct personnel at the correct job, at correct time. Consequently, each thing will take place in the correct manner. For every organization, human resource is of the utmost importance as in any organization entire resources like money, equipment, machines etcetera can be acquired constructively and efficiently through productive endeavours of human resource. Hence, it is extremely important for every employee to get correct position in the company in order to get accurate job, as per their talent, capability, and specialization which may provide help to the organization in order to attain the pre-determined goals in the appropriate manner by the full contribution of manpower. Therefore, it can be inferred that staffing is a crucial function of each business corporation.

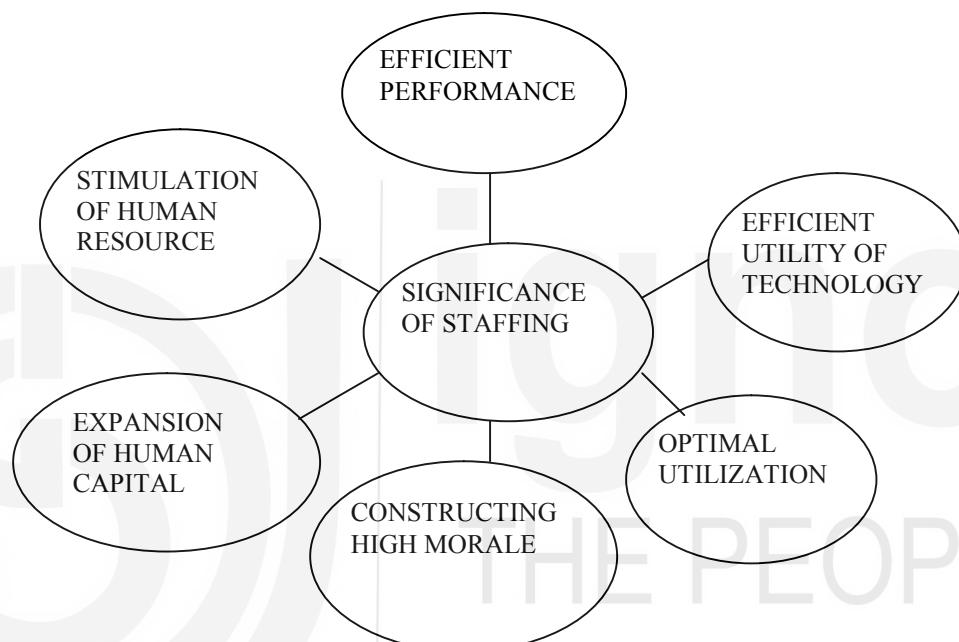
### FUNCTIONS OF STAFFING



1. **Procure qualified personnel-** obtaining a qualified workforce for various job positions in the company is the most important purpose of staffing.

2. **Recruitment of a right person-** higher performance and maximum productivity can be attained through recruiting the correct person for the accurate jobs
3. **Promoting the optimal application of HR-** the optimum utilization of HR can be achieved through different aspects.
4. **Enhancing job satisfaction-** through employment of the correct person, job satisfaction along with morale of the employee strengthens.
5. **Ensuring growth of the organization-** growth and continuity of the company is ensured by development of managers.

## IMPORTANCE OF STAFFING



1. **Efficient performance-** staffing is the key for performing other functions efficiently.
2. **Efficient utility of technology-** while performing the function of staffing' management can ensure the accurate kinds of personnel.
3. **Optimal utilisation-** a large amount of money is spent on recruiting, selecting, training and developing employees. In order to get an optimal output the function of staffing should be efficient.
4. **Constructing high morale-** the accurate work climate should be built for the employers to contribute to the procurement of the organizational objectives. A fine work climate not only ensures job satisfaction but also helps in boosting morale. This can be achieved through efficient staffing.
5. **Expansion of human capital-** since management has to train and advance the existing workers for advancement in career, therefore the concern of the staffing is the requirement of human capital.
6. **Stimulation of human resource-** the behaviour of an individual in an organization is influenced by multiple factors like socio-cultural factors,

education level etc. Hence, human aspects are very important so that employees remain motivated through incentives (financial/ non-financial) and perform their duties properly.

### **6.3 CHARACTERISTICS OF STAFFING**

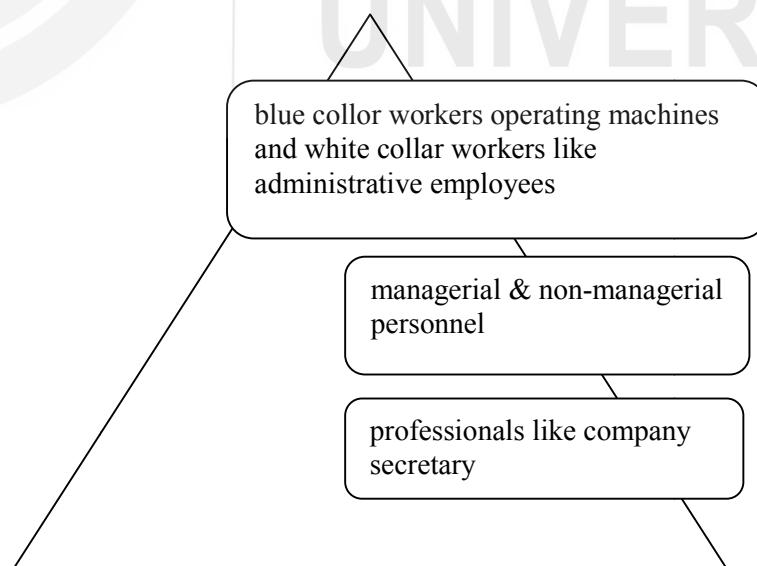
***PEOPLE CENTRED***

***MANAGERIAL RESPONSIBILITY***

***HUMAN SKILLS***

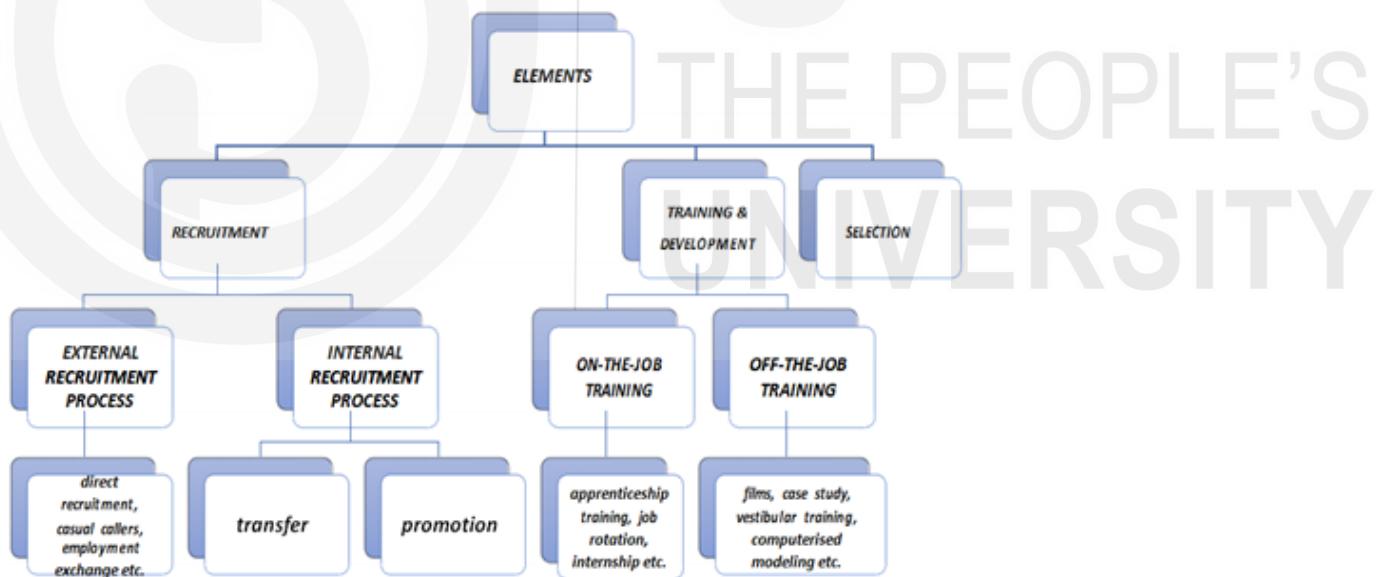
***CONTINUOUS FUNCTION***

1. **PEOPLE CENTRED-** staffing can be broadly perceived as a function of people centred and hence it is pertinent to all kinds of organization. It has to do with the group of personnel from topmost to the bottom most of the organization.



2. **MANAGERIAL RESPONSIBILITY-** the most fundamental function of management is staffing which incorporates that the manager is involved in performing the function of staffing continuously. Managers are actively related with the employment, selection, teaching and evaluation of his subordinates. Hence, the chief executive, managers of department and foremen in association with their subordinates perform the activities.
3. **HUMAN SKILLS-** the chief concern of the staffing function is with training and development of various types for human resource. Hence, the human relation skill should be used by managers in order to provide the subordinates with appropriate guidance and training of the function of staffing is executed properly, then in an organization, human relations will be amiable and will be performed mutually in an organized fashion.
4. **CONTINUOUS FUNCTION-** For a start -up or a well-established firm, it is important to perform the function of staffing. In a new organization, employment, selection and training of personnel has to be done, whereas in already established organization every single manager should be involved for various activities of staffing. Therefore, it is the responsibility of the manager to look after all the employees so that overall objectives of a company can be achieved by completing the work assigned.

## IMPORTANT ELEMENTS



- **RECRUITMENT-** recruitment is defined as prompting maximum number of candidates to apply in the organization for vacant position of job. The function of recruitment is very essential because the conclusion of recruitment function is accepting huge number of applications in order to make selection from them. The two types of recruitment process are-
  - a. **Internal Recruitment Process-** in internal recruitment process unoccupied job positions are filled up by the already existing

workers of the company. No applicants from outside is allowed in the internal source.

#### **Advantages of internal recruitment process are-**

1. It is efficient and economical
2. It stimulates the already existing employees
3. Time required for training is less
4. Chances of turnovers are also less because employees are familiar with the organization's rules and regulations
5. It also helps in improving employee's performance as in order to get promotion better performance is shown by employees.
6. Employees are trained through transfer also as in the manifestation of job rotation.
7. Remaining workers can be moved to other department through transfer.

#### **Disadvantages-**

1. No novel ideas will approach in the organization.
2. Limited choices will be there
3. Not satisfactory for new organization
4. Due to frequent transfer productivity of employees may get reduced.

#### **Methods of Internal Recruitment-**

1. **Transfer-** transferring means carrying clients from one job position to another at the identical authority. The compensation level along with the authority level remain unchanged with the transfer. Prestige, rank and responsibilities also remained unchanged. The only thing which changes is the working place. Eg: when a clerk is transferred from accounts to purchase department.
  2. **Promotion-** promotion means transfer of employees from the current job position to higher authority level. With the promotion aspects like prestige, rank, employee's responsibility along with the authority level enhances.
- b. External Recruitment Process-** external recruitment is defined as a process in which applications for filling the vacant job position are invited from outside the organization. It is preferred when a huge number of job positions are unoccupied.

#### **Advantages-**

1. Fresh and novel talent contributes in the organization.
2. Wide array of options are available
3. Management comes across trained and qualified personnel.

4. Campus placement is a way through which organizations can procure employees who have knowledge about latest technology.
5. Through external recruitment competitive spirit developed in the existing employees.

### **Disadvantages-**

1. Downfall in the self-esteem of existing employees.
2. New employees may find it difficult to adjust the existing rules and regulations, this indicates more turnover chances.
3. It is expensive and time consuming process.

### **Methods of External Recruitment-**

1. **Direct Recruitment-** it is more appropriate for unskilled job positions like peon etc.
2. **Casual Callers-** recruiting candidates from waiting list.
3. **Media Advertising-** getting the vacant job position advertised.
4. **Employment Exchanges-** act as an intermediate between the organizations who are recruiting and the job seekers.
5. **Agencies for Placement and Management Consultant-** they ask for bio data and record from different seekers of job and address them to appropriate clients.
6. **Campus Recruitment-** many organizations visit the technical institutes and professional colleges to recruit fresh graduates according to the requirements.
7. **Recommendation from Existing Employees-** many organizations ask their employees to recommend the names of known people whom they find suitable for vacant job position.
8. **Labour Contractors-** labour contractors are in immediate contact with labours so that they can provide the unskilled workers at a short time period.
9. **Advertisement on Television-** recruitment of vacant job position is broadcasted on different channels.
10. **Web Publishing-** websites which provide information regarding job seekers and the companies. Eg: Naukri.com etc.
11. **Factory Gate-** in the factory or the workshops various people enquire about the unoccupied job positions at the factory gate only. It is appropriate for unskilled job positions like machine operator, etc.
  - **SELECTION-** the process of finding the most appropriate candidate for the unoccupied job position in the organization is called selection.

### Steps performed in the selection process are-

1. **Preliminary Screening:** preliminary interview is conducted for the candidates whose applications are selected. It is conducted by HR managers. It is conducted to evaluate the self-esteem of the candidate.
2. **Selection Test:** some organizations discover the pragmatic knowledge of applicants through written test. Depending upon the need of the organization the kind of test to be conducted is decided. Different kinds of tests conducted by the companies are-
  - a. *Intelligence test- conducted to check the employee's efficiency level.*
  - b. *Aptitude test- conducted to discover the learning potential of the applicant.*
  - c. *Personality test- conducted to discover the human behaviour of the applicant.*
  - d. *Trade test- conducted to evaluate the knowledge and competence of the applicant related to unoccupied job position.*
  - e. *Interest test-conducted to explore the job in which applicant has maximum interest.*
3. **Employment Interview:** after qualifying the test candidates are called for interviews. The final interview is conducted by the panel of experts. Specialised or professional knowledge of candidate is evaluated. Candidate is also given a chance to clarify the doubts regarding work condition, salary or any other doubts.
4. **Scrutinizing the references and background:** when a candidate is selected in the interview his/her references are contacted to enquire about the character of the candidate.
5. **Selection Decision:** selection list includes interview and references check. The most appropriate candidate is selected from the selection list.
6. **Medical examination:** selected candidates are directed to the medical fitness test before handing over the appointment letter.
7. **Job Offer:** the candidates who qualify the medical test are offered job by the means of letter of appointment.
8. **Contract of Employment:** when the job offer is accepted by the candidate, he or she signs the employment's contract. The contract of employment includes the title of the job, payrolls, allowances etc.

## 6.4 TRAINING AND DEVELOPMENT

Training means preparing the employees with the competence and skill which are required to perform the job. The overall growth of an employee is referred as development. The focus of development is the personal growth of an employee.

If an accountant is sent for orientation programme to enhance the conceptual skills is the example of development. Whereas, if an accountant is sent to

learn the new technology for accounting which ensures fast and accurate books of account is called training.

### **Advantages-**

- a. Learning time is reduced
- b. Better performance
- c. Formation of positive attitude and motivation
- d. Helps in finding solutions to operational problems like absenteeism, lack of team work etc.
- e. Managing the needs of manpower
- f. Helps to modify changes
- g. Beneficial for employees like-
  - Provides finer career options
  - Helps in earning more
  - Enhances the morale
  - Reduces the chances of accidents

### **Methods of training-**



**On-the-job training                  off-the-job training**

**ON-THE-JOB TRAINING-** on-the-job-training is defined as the training which is provided to the employees when they are carrying out the job. In this method the workers learn by executing. It is appropriate for technical jobs. It provides an opportunity for employees to access practical knowledge. It should be avoided when one has to deal with sophisticated and costly machines as it results in wastage of knowledge.

### **Techniques of On-the-job-Method:**

1. **Apprenticeship training-** apprenticeship training programmes are conducted for those workers who strive to go in for skilled jobs. A trained master worker is appointed who guides the learner about the skill or competence of the job.
2. **Job Rotation-** in order to enlighten the employee about the requirements of various job positions he/she is transferred from one job position to another for short duration of time.
3. **Internship-** professional institutes send their students to the corporate sector so that students can apply their theoretical knowledge learnt in the institutes. Students are paid stipend which is a less amount of salary.

4. **Coaching-trainee** is instructed by a superior guide called coach. The coach guides an employee on various aspects like how to overcome weakness and make it a strength etc.
5. **Induction Training-** also known as orientation training. It is described as the process of greeting an employee when he first joins the organization. An employee is provided with the information of the organization like company's history, operation, products, services, rules, responsibilities, promotion, terms & conditions etc.

**OFF-THE-JOB TRAINING-** employee is taken away from the workplace. Employee is sent for the training of appropriate job positions like managerial job position. In order to train the managers conferences and seminars are held.

#### Techniques of Off-the-job-Method:

1. **Conferences or Classroom Lectures-** consultation is the actual meaning of conference. It is the most systematic way to convey a specific information.
2. **Vestibule School-** it means the duplicate model of a company. It is used in the place of on-the-job training when costly and sophisticated machines are involved. Therefore, a dummy model of machine is prepared.
3. **Films-** in certain cases showing movies to the employees are also very effective. Through demonstrative skill movies can impart crucial information on different techniques.
4. **Case study-** in this method a real problem faced by managers is discussed. Trainees are expected to provide alternatives and suggestions to solve the problem. It also acts as a bridge between the theoretical and practical knowledge.
5. **Computerized Modeling and Scheduled Instruction-** a computer is programmed in such a way that it demonstrates an actual problems of job along with the solutions to overcome these problems. It is a cost effective program which provides a great learning environment to the employees.

### CASE STUDY ON STAFFING

#### *Governance of Human Resources at INFOSYS.*

The former CEO of Infosys Narayana Murthy stated that the assets of the organization moved out every evening. They have to ensure that their assets return the next morning.

Infosys is an organization of consulting and software services. In order to affirm their asset value it includes human resources on its balance sheet. The following rationale has been given for the same as: certain financial and non-financial parameters of the company determine its long term success. The contemporary non-financial parameter that challenges the utility of evaluating the success of the firm exclusively on traditional measures is human resource. Human resource is an umbrella term which encompasses

managerial skills, leadership, expertise, innovation and entrepreneurial. Staffing is inherent to human resource management. According to Infosys an individual is the biggest asset in sustaining its competitive position and realizes that assets can walk away easily. Therefore, as competitors at abroad and in India it wants to hold on to its IT talent due to which Infosys faced a difficulty on deciding the strategy to attract, hold on to and evolve its human assets in an extremely competitive and effective environment. The recent practices of human resource at Infosys is the consequence of the leader's vision and the culture they have generated. Narayana Murthy has a humble and straight-forward leadership style which is not common in the business world. He believes in allocating his wealth with his workers. He is credited for constructing a proximal and empowering culture at Infosys. His management style is grounded on western management.

Source: Sumita Raghuram, Fordham Graduate School of Business.

## 6.5 DIRECTING

Directing is defined as a procedure of guiding, counselling, instructing, leading, inspiring and overseeing people to the achievement of the goals of organization. It is an ongoing process of manager which continues throughout the organizational life. Directing is the chief component of managerial function. Without directing workforce will have no clue regarding the path to be followed. The various functions of management like staffing, organizing, planning etc. have no value without directing.

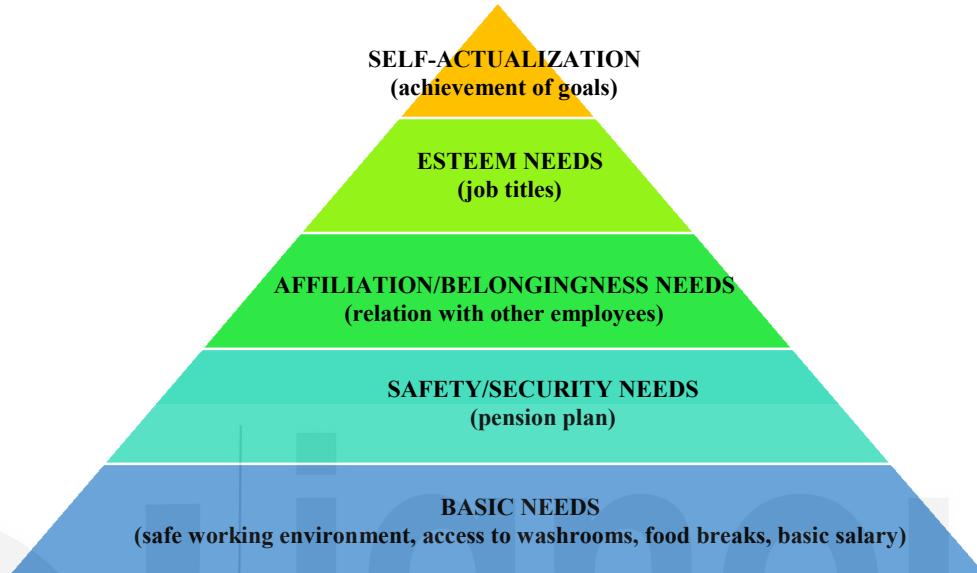
The various aspects of directing are-

a. **Supervision**- supervision can be comprehended as-

- an element of directing- as it is the duty of every manager in an organization to supervise his/her subordinates
- function performed by a supervisor- supervisor has a chief role in an organization because he/she is directly in contact with the workers whereas the other managers they have no direct contact with the workers of bottom level.



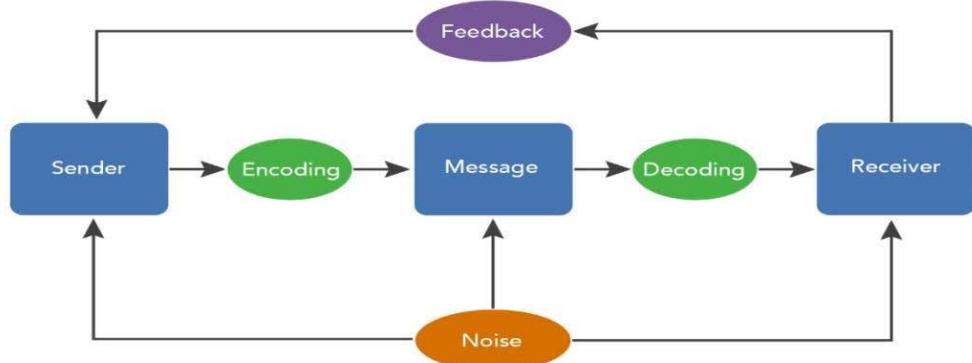
- a. **Motivation-** the process of invigorating people to act in order to attain desired goals and objectives is called motivation. Motivation relies upon persuading the needs of people. It is an essential element because it helps in enhancing the performance of employees by recognizing and identifying the requirements of human resources in the workplace. Hierarchy of an employee needs can be explained as-



- b. **Leadership-** leadership is the potential of an individual to nurture good interpersonal relations with his/her followers and stimulate or motivate the followers to contribute for accomplishing organizational objectives. Success of an organization depends upon its leader.

**Example:** success of Microsoft because of its leader Bill Gates, success of Reliance Industries because of its leader Ambanis.

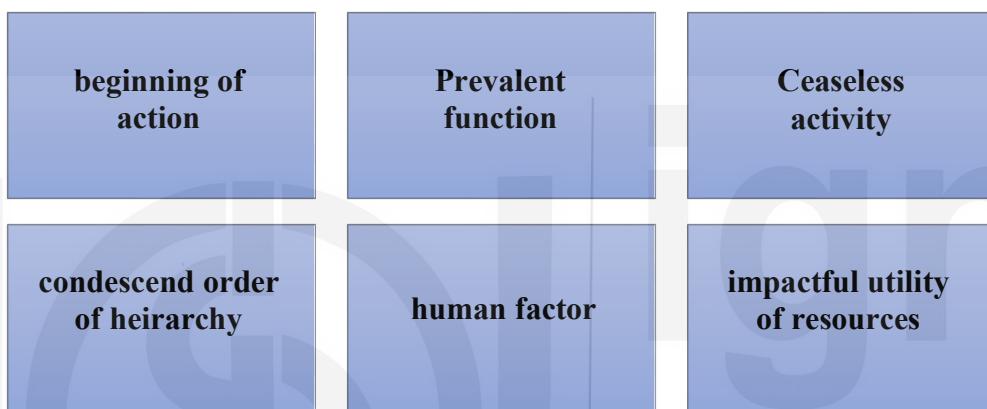
- c. **Communication-** communication plays an important role in accomplishment of a manager. The knowledge and intelligence of a manager is of no use if he/she is unable to build an effective communication with his/her subordinates and develop an understanding in them. Therefore, the communication skills of manager and employees are emphasised in an organization. Communication is defined as an exchange of feelings, ideas, facts among people in order to build a common understanding. Important elements of communication are-



- **Sender-** a person who conveys an idea or thoughts. Sender is the source of communication.

- **Encoding-** messages are converted into communication symbols like picture, gesture, etc.
- **Message-** content of ideas or thoughts which are to be communicated.
- **Decoding-** encoded symbols of the sender are converted.
- **Receiver-** communication of a sender is received by a person. This person is the receiver.
- **Feedback-** activity of a receiver which shows that whether he/she has received and understood the message or not
- **Noise-** obstruction to communication which can be caused to sender, message or receiver.

### CHARACTERISTICS OF DIRECTING



1. **Beginning of Action-** in order to release the roles in an organization, managers perform directing functions in addition to staffing, controlling, planning and organizing. Other functions arrange action platform and action is initiated by directing.
2. **Prevalent Function-** directing plays a role at each level of the company. Directing exists at every superior-subordinate relationship as each manager guides and inspires his/her subordinates.
3. **Ceaseless Activity-** directing is an ongoing function because it continues through the life of a company regardless of the replacement of managers or employees.
4. **Condescend Order of Hierarchy-** the function of directing is exercised by each manager on the subordinate. It points flow from a top to bottom level of management.
5. **Human factor-** since there occurs an individual difference among employees, therefore every employee behaves differently in every situation. Hence, it is important for managers to address situation appropriately. Through directing, one can get the work completed by the employees and enhances organizational growth.
6. **Impactful Utility of Resources-** it includes determining the roles and responsibilities of each subordinate hence avoiding replication of efforts etc. and making use of employees, money, machine and material in the largest possible way. This way cost is reduced and profit is increased.

## ELEMENTS OF DIRECTING



**circulating orders & directions to subordinates**



**connection with subordinates**



**overall administration**



**prompting subordinates**



**leadership**



**nurturing discipline and gratifying effective people**

1. **Circulating orders and directions to subordinates-** it is an important step in the procedure of directing subordinates. An order is an essential tool for getting things completed. Orders may be formal, general, written or specific, informal and oral.
2. **Administration in a complete manner-** it means supervising the progress of daily work of subordinates and providing them proper guidance. The most important feature of supervision is face-to-face interplay between subordinate and supervisor. It also includes personal contact of supervisor to his subordinate. Supervision also helps in converting plans in action.
3. **Prompting subordinates-** prompting subordinates means motivating subordinates so that they work for achieving desirable objective. Among different factors of production only human factor is dynamic and give mobility to further physical resources. Motivation helps in keeping employees eager to perform better.
4. **Leadership-** leadership is defined as influence one exerts on others in order to guide them to perform in a manner that leader expects them to perform. Through leadership skill trust and zeal can be developed among subordinates.
5. **Connection with subordinates-** connection with subordinates can be built through communication by transmitting the ideas, feelings, facts etc. from one person to the other. It is the duty of manager to guide, supervise and monitor his subordinates about what, how and when to do different things.

6. **Nurturing discipline and gratifying effective people-** effective and efficient work can be done by employees if manager feasibly give directions by nurturing discipline and trust in the company. The outcome of the systematic work would be rewards in manifestation of bonus, incentive etc.

## PRINCIPLES OF DIRECTING



1. **MAXIMUM CONTRIBUTION OF AN INDIVIDUAL-** those directing policies which motivate the employees to perform their maximum potential so that the goals and objectives of an organization are met, should be adopted by management. Maximum contribution of an individual is one of the most important principle of directing.
2. **AGREEMENT OF OBJECTIVES-** directing plays a vital role in keeping harmony of objectives between employees and organization in order to avoid the conflict which sometimes occur between the objectives of individual and organization. For example, organization would want to increase its profit and keep its maximum share, whereas the employees would want to have major share of the profit as it is the result of their hard work. Therefore, directing keeps balance of objectives between the employees and organization.
3. **UNIFICATION OF COMMAND-** according to the principle of unification of command solely one supervisor should give instructions to a subordinate at a time. Confusion can be created if a subordinate receives instructions from different supervisors at a time. This confusion also has a potential to result in conflict and disorganization and subordinate might not be able to give priority to the work.
4. **RELEVANT TECHNIQUE OF DIRECTION-** in order to supervise, communicate, monitor, motivate and lead the employees on the basis of their attitude, abilities, requirements and further situational variables, a relevant directing technique should be used.
5. **COMMUNICATION OF MANAGER-** instructions are clearly given to the employees. Managerial communication is important to ensure that

the employees have acknowledged the similar meaning which was supposed to be communicated.

6. **USING INFORMAL ORGANIZATION-** an informal group always exists within each formal organization. Those informal groups should be identified and used by managers to communicate information. This enables the free flow of information among supervisors and subordinates. An effective interchange of information is essential for organisation's growth.
7. **FOLLOW UP-** a follow-up is important to monitor whether subordinates are following the policies, instructions and procedures. A modification can be done if there is found to be any problem in implementation.

### CASE STUDY ON DIRECTING

#### *Grassroot Leadership: Ford Motor Company*

Various competent managers and technicians were always attracted and fostered by Ford but same is not the case with change agents and leaders. An army of “warrior entrepreneurs” wants to be built by Ford.

Warrior entrepreneurs are people who have the competence and courage to drop old ideas and believes in dynamics of change. In order to capitalize the emanate opportunities, the fundamental changes in the senior management team were announced by Ford as it resumes to nourish its automotive business, improves the operational fitness of the company and advance a strategic shift. Ford president Jim Hackett announced the changes in leadership and said that it is extremely fortunate to have a team filled with an experienced and devoted executives to remarkably build-up their business while constructing towards their vision of being the world's most trustworthy mobile company. According to Ford, grassroot leadership is the best vehicle for constructing a successful business.

Source: <http://media.ford.com/content/formedia/fna/us/en/news/2018/02/22/company-news.html>

### DIFFERENCE BETWEEN STAFFING AND DIRECTING

FOUNDATION	STAFFING	DIRECTING
<b>Definition</b>	Procedure of filling vacancies of job and holding on to the recruited employees	Procedure of informing, influencing, managing and guiding people to provide the level of services that they are capable of so that predetermined objectives and goals can be achieved.
<b>Purpose</b>	To fulfill the organization's requirement of human resource	To ensure that the work is done in the right manner

Arrangement	Proceeding organizing	Proceeding staffing
<b>Degree of management</b>	Middle level management	Managers at each level of an organization
<b>Functioning zone</b>	Employee's promotion Training Recruitment	Motivating Instructing guiding

## 6.6 SUMMARY

Staffing is a managerial function of filling the vacant position in an organization.

Functions of staffing are-

- a. Procuring qualified personnel
- b. Recruitment of a right person
- c. Promoting the optimal application of human resources
- d. Increasing job satisfaction
- e. Ensuring the growth of a company

Significance of staffing is efficient performance, evolution of human capital etc.

Staffing is people centred, managerial responsibility, an ongoing function and a human skill.

Recruitment, selection, training and development are the few elements of staffing.

A complex managerial function which deals with anything to everything that encourage subordinates to perform the job efficiently is called directing.

Directing includes components like supervision, motivation, leadership and communication.

Directing is characterised with-

- f. Initiation of an action
- g. Prevalent function
- h. Ceaseless activity
- i. Condescend order of hierarchy
- j. Human factor
- k. Impactful utility of resources

Administration, circulating orders, nurturing discipline are few elements of directing.

Maximum contribution of an individual, agreement of objectives, communication of manager, follow-up are the principles of directing.

## 6.7 SELF-ASSESSMENT QUESTIONS

1. Concern of the staffing is-
  - a. Management of managers
  - b. Planning
  - c. Procedure
  - d. Policy

Correct answer: a

2. Which of the following are not the functions of staffing-
  - a. Procure qualified personnel
  - b. Recruitment of a right person
  - c. Promoting optimal application of human resource
  - d. Initiating an action

Correct answer: d

3. Which of the following are characteristics of directing-
  - a. Prevalent function
  - b. Human factor
  - c. Ceaseless activity
  - d. All of the above

Correct answer: d

4. The process of instructing and leading people is known as-
  - a. Directing
  - b. Staffing
  - c. a & b both
  - d. None of the above

Correct answer: a

5. Leadership is the element of-
  - a. Staffing
  - b. Directing
  - c. Organizational behaviour

- d. Organizational process

Correct answer: b

6. Motivating subordinates so that they work for achieving desirable objective is known as-

- a. Connecting with subordinates
- b. Nurturing the subordinates
- c. Prompting subordinates
- d. All of the above

Correct answer: c

7. Administration means-

- a. Supervising the progress of daily work
- b. Directing subordinates
- c. Influence on subordinates
- d. None of the above

Correct answer: a

8. Procedure of employing qualified candidates in the company is called-

- a. Staffing
- b. Directing
- c. Procuring qualified personnel
- d. None of the above

Correct answer: a

9. Transfer and promotion are methods of-

- a. External recruitment
- b. Internal recruitment
- c. Selection
- d. Staffing

Correct answer: b

10. Methods of recruitment are-

- a. Internal recruitment
- b. External recruitment
- c. Selection

d. A&b both

Correct answer: d

**Fill in the blanks-**

1. In training and development ..... & ..... are methods of training.
2. The workers who strive to go in skilled jobs ..... training is given.
3. The dummy model of company is called .....
4. ..... is the actual meaning of conference.
5. In order to enlighten an employee about the requirements of various job positions he/she is transferred from one job position to another for short duration of time, this is known as .....
6. Intelligent test, aptitude test, personality test are conducted for the process of .....
7. A process in which applications for filling the vacant job position are invited from outside the organization is called .....
8. ..... & ..... are the two types of internal recruitment.
9. Films, case study, computerised modelling are the examples of .....
10. Trainee is instructed by a superior guide called .....

**Answers**

1. On-the-job and off-the-job
2. Apprenticeship
3. Vestibule school
4. Consultation
5. Job rotation
6. Selection
7. External recruitment
8. Transfer and promotion
9. Off-the-job training
10. Coach

**Answer the following questions-**

1. Explain the functions of staffing.
2. What do you understand by staffing? Explain its characteristics.
3. What are the advantages of staffing?
4. Define elements of staffing.
5. Differentiate between off-the job and on-the-job training.

6. What do you understand by directing? Explain various aspects of directing.
7. Explain the characteristics of directing.
8. What are the elements of direction? Define in detail.
9. What are the principles of directing?
10. Differentiate between staffing and directing.

## **6.8 REFERENCES/ FURTHER READINGS**

---

- Rao, P. Subba. Management and Organisational Behaviour: Text, Cases and Games. Himalaya Publishing House, 2008.
- K, Ashwatthapa. Organisational Behaviour: Text, Cases and Games. 8th ed., Himalaya Publishing House, 2013.
- Robbins, et al. Organisational Behaviour. 2nd ed., Pearson, 2014.
- Nelson, Debra, et al. “ORGB. A South-Asian Perspective.” ORGB. A South-Asian Perspective, 2nd ed., Cengage Learning, pp. 269-272.)
- <https://en.wikipedia.org/wiki/Staffing>
- <https://ncert.nic.in/textbook/pdf/lebs106.pdf>
- <https://ncert.nic.in/textbook/pdf/lebs107.pdf>
- [https://www.shaalaa.com/question-bank-solutions/distinguish-between-following-staffing-directing-management-functions\\_79636](https://www.shaalaa.com/question-bank-solutions/distinguish-between-following-staffing-directing-management-functions_79636)



ignou  
THE PEOPLE'S  
UNIVERSITY