**Unit IV **

Definition of Leadership

Leaders and their leadership skills play an important role in the growth of any [organization](https://www.toppr.com/guides/business-studies/organising/intro-to-organisation-and-its-importance/). Leadership refers to the process of [influencing](https://www.toppr.com/guides/chemistry/chemicals-kinetics/factors-influencing-rate-of-a-reaction/) the behaviour of people in a manner that they strive willingly and enthusiastically towards the achievement of group objectives.

A leader should have the ability to maintain good interpersonal relations with the followers or subordinates and motivate them to help in achieving the organizational objectives.

Various authors have given different definitions on leadership. Let us learn few of them: -

According to Robert Tannenbaum “Leadership is the inter-personal influence exercised in a situation and directed through communication process through the attainment of specified goals.

Rauch & Behling defined Leadership is defined as the process of influencing the activities of an organized group toward goal achievement.

Hemphill has defined Leadership is the behaviour of an individual when he is directing the activities of a group toward a shared goal.

## Characteristics of Leadership

* Leadership is an interpersonal process where a [manager](https://www.toppr.com/guides/business-management-and-entrepreneurship/nature-of-management-and-its-process/tasks-and-responsibilities-of-professional-managers/) influences and guides workers for achieving the organization’s goals.
* A good leader needs to be intelligent, mature, and have a strong personality.
* Leadership is a group process and needs at least two (or more) people interacting with each other.
* A leader can shape and mold the behaviour of a group in the [direction](https://www.toppr.com/guides/business-management-and-entrepreneurship/direction-and-coordination/elements-of-direction-leadership/) he wants.
* There are no best leadership styles. A good leader understands that he needs to tackle the situations as they arise.

**Importance of Leadership:**

* *Initiating Action:*Leadership starts from the very beginning, even before the work actually starts. A leader is a person who communicates the policies and plans to the subordinates to start the work.
* *Providing Motivation:*A leader motivates the employees by giving them [financial and non-financial incentives](https://www.toppr.com/guides/business-studies/directing/incentives/) and gets the work done efficiently. Motivation is the driving force in an individual’s life.
* *Providing guidance:*A leader not only supervises the employees but also guides them in their work. He instructs the subordinates on how to perform their work effectively so that their efforts don’t get wasted.
* *Creating confidence:*A leader acknowledges the efforts of the employees, explains to them their role clearly and guides them to achieve their goals. He also resolves the complaints and problems of the employees, thereby building confidence in them regarding the organization.
* *Building work environment:*A good leader should maintain personal contacts with the employees and should hear their problems and solve them. He always listens to the point of view of the employees and in case of disagreement persuades them to agree with him by giving suitable clarifications. In case of conflicts, he handles them carefully and does not allow it to adversely affect the entity. A positive and efficient work [environment](https://www.toppr.com/guides/geography/environment/environment/) helps in stable growth of the organization.
* *Co-ordination:*A leader reconciles the personal interests of the employees with the organizational goals and achieves co-ordination in the entity.
* *Creating Successors:*A leader trains his subordinates in such a manner that they can succeed him in future easily in his absence. He creates more leaders.
* *Induces change:*A leader persuades, clarifies and inspires employees to accept any change in the organization without much resistance and discontentment. He makes sure that employees don’t feel insecure about the changes.

Often, the success of an organization is attributed to its leaders. But, one must not forget that it’s the followers who make a leader successful by accepting his [leadership](https://www.toppr.com/guides/fundamentals-of-economics-and-management/leadership-and-management/characteristics-of-leadership-and-qualities-of-a-good-leader/). Thus, leaders and followers collectively play a key role to make leadership successful.

# **Directing**

Directing is the heart of management function. All other functions of management such as planning, organizing, and staffing have no importance without directing. [Leadership](https://www.toppr.com/guides/business-studies/directing/leadership/), motivation, [supervision](https://www.toppr.com/guides/business-management-and-entrepreneurship/direction-and-coordination/elements-of-direction-supervision/), communication are various aspects of directing. Let us study the importance and principles of directing.

## Directing

Directing refers to a process or technique of instructing, guiding, inspiring, counselling, overseeing and leading people towards the accomplishment of organizational goals.  It is a continuous managerial process that goes on throughout the life of the [organization](https://www.toppr.com/guides/business-management-entrepreneurship/organizing/structure-of-organization/).

**DIRECTING** is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. [Planning](https://www.managementstudyguide.com/planning_function.htm), [organizing](https://www.managementstudyguide.com/organizing_function.htm), staffing have got no importance if direction function does not take place.

Main characteristics of Directing are as follows:

### **1. Initiates Action**

A directing function is performed by the managers along with [planning](https://www.toppr.com/guides/business-studies/planning/planning-process/), staffing, organizing and controlling in order to discharge their [duties](https://www.toppr.com/guides/general-knowledge/indian-constitution-fundamental-concepts/fundamental-rights-and-duties/) in the organization. While other functions prepare a platform for action, directing initiates action.

### **2. Pervasive Function**

Directing takes place at every level of the organization. Wherever there is a superior-subordinate relationship, directing exists as every manager provides guidance and inspiration to his subordinates.

### **4. Continuous Activity**

It is a continuous function as it continues throughout the life of organization irrespective of the changes in the managers or [employees](https://www.toppr.com/guides/fundamentals-of-laws-and-ethics/employees-state-insurance-act-1948/important-definitions-under-esi-act-1948/).

### **5. Descending Order of Hierarchy**

Directing flows from a top [level of management](https://www.toppr.com/guides/business-studies/nature-and-significance-of-management/levels-and-functions-of-management/) to the bottom level. Every manager exercises this function on his immediate subordinate.

### **6. Human Factor**

Since all employees are different and behave differently in different situations, it becomes important for the managers to tackle the situations appropriately. Thus, directing is a significant function that gets the work done by the employees and increases the growth of the organization.

Role of supervisor:

Supervisor has got an important role to play in factory management. Supervision means overseeing the subordinates at work at the factory level. The supervisor is a part of the management team and he holds the designation of first line managers. He is a person who has to perform many functions which helps in achieving productivity. Therefore, supervisor can be called as the only manager who has an important role at execution level. There are certain philosophers who call supervisors as workers. There are yet some more philosophers who call them as managers. But actually he should be called as a manager or operative manager. His primary job is to manage the workers at operative level of management.

A supervisor plays multiplinary role at one time like -**As a Planner -** A supervisor has to plan the daily work schedules in the factory. At the same time he has to divide the work to various workers according to their abilities.

**As a Manager -** It is righty said that a supervisor is a part of the management team of an enterprise. He is, in fact, an operative manager.

**As a Guide and Leader -** A factory supervisor leads the workers by guiding them the way of perform their daily tasks. In fact, he plays a role of an inspirer by telling them.

**As a Mediator -** A Supervisor is called a linking pin between management and workers. He is the spokesperson of management as well as worker.

**As an Inspector -** An important role of supervisor is to enforce discipline in the factory. For this, the work includes checking progress of work against the time schedule, recording the work performances at regular intervals and reporting the deviations if any from those. He can also frame rules and regulations which have to be followed by workers during their work.

**As a Counselor -** A supervisor plays the role of a counselor to the worker’s problem. He has to perform this role in order to build good relations and co-operation from workers. This can be done not only by listening to the grievances but also handling the grievances and satisfying the workers.

Therefore, we can say that effective and efficient supervision helps in serving better work performance, building good human relations, creating a congenial and co-operative environment. This all helps in increasing productivity.

**Direction has following elements:**

**• Supervision  
• Motivation  
• Leadership  
• Communication**

(i) **Supervision**– implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

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

(iii) **Leadership**– may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

(iv) **Communications**– is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

# [CO-ORDINATION –The Essence of Management](https://taxguru.in/corporate-law/coordination-essence-management-practices.html)

**1. Introduction:**

Coordination is the very important aspect in any Organization. It brings unity of **action and integrates different activities of organization.** Coordination is the most important function of an organization. It refers to bringing together the activities of an organization to achieve the objectives and goals of the business. Coordination is the essence of management because of the following reasons:

**2. Co-ordination is needed to perform all the functions of management:**

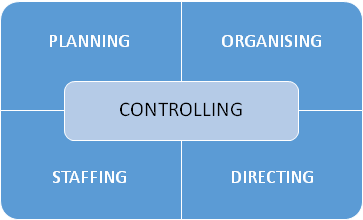
a. In Planning, coordination is required between main plan and supportive plans of different departments.

b. In Organizing, coordination is required between different resources of an organization and also between authority, responsibility and accountability.

c. In Staffing, coordination is required between skill of a person and job assigned to him, between efficiency and compensation etc.

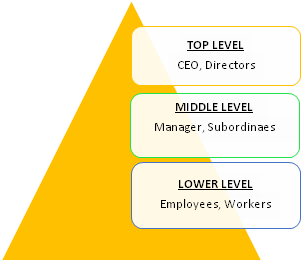
d. In Directing, coordination is required between superior and subordinates, between orders, instructions, guidelines and suggestions etc.

e. In Controlling, coordination is required between standards and the actual performance of the organization.

****

**3. Co-ordination is required at all levels of Management:**

a. Top Level: It requires coordination to integrate all the activities of organization and lead the efforts of all the individuals in one common direction



b. Middle Level: It requires coordination to balance the activities of different departments so that these can work as a part of one organization only.

c. Lower Level: It requires coordination to integrate the activities of workers towards achievement of organizational objectives.

**4. Co-ordination is the most important function of an Organization:**

Any company which fails to coordinate its activities cannot survive and run successfully for a long period of time.

**For example**: Allwyn Company established in 1942, was the first company to produce a double-decker bus. It was running successfully as a leading electronic industry, especially in refrigeration industry. By the end of 1980 the company faced the problem of coordination. There was lack of balance and integration of different activities; as a result the company started facing huge losses and by 1993 company had an accumulated loss of Rs.168 crores. Company failed to balance its departmental activities and product folios.

**So, in short we can say without coordination no company can work efficiently and earn profit.**

**Conclusion:**

After analyzing the above features we can say that  coordination is not a simple function of management but it is the “essence of management” or in other words we can say that all the functions are flowers and coordination is a thread that ties these flowers to form the garland of organization.

# Controlling Function of Management: Meaning, Importance, Process and Need

### What is Controlling?

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

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

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

Controlling has got two basic purposes

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

### Features of Controlling Function

Following are the characteristics of controlling function of management-

1. **Controlling is an end function-** A function which comes once the performances are made in confirmities with plans.
2. **Controlling is a pervasive function-** which means it is performed by managers at all levels and in all type of concerns.
3. **Controlling is forward looking-** because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.
4. **Controlling is a dynamic process-** since controlling requires taking reviewal methods, changes have to be made wherever possible.
5. **Controlling is related with planning-** Planning and Controlling are two inseperable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. *Planning presupposes controlling and controlling succeeds planning*.

# **Process of Controlling**

Controlling as a management function involves following steps:

1. **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criterions for judging the performance. Standards generally are classified into two-
   1. Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.
   2. Non-measurable or intangible- There are standards which cannot be measured monetarily. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

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

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

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

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

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

* 1. Erroneous planning,
  2. Co-ordination loosens,
  3. Implementation of plans is defective, and
  4. Supervision and communication is ineffective, etc.

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

# **Relationship between planning and controlling**

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

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

**Planning    →    Results    →    Corrective Action**

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

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

## Types of Control Techniques in Management

Management theorists and experts have devised several techniques over the years. They often divide these techniques into two categories: traditional and modern. Traditional types of techniques generally focus on non-scientific methods. On the other hand, [modern techniques](https://www.toppr.com/guides/business-management-and-entrepreneurship/controlling/modern-control-techniques/) find their [sources](https://www.toppr.com/guides/economics/collection-of-data/source-and-collection/) in scientific methods which can be more accurate.

## Traditional Types of Control Techniques in Management

* Budgetary Control
* Standard Costing
* Financial Ratio Analysis
* Internal Audit
* Break-Even Analysis
* Statistical Control

Despite the emergence of modern techniques, traditional practices are still widely in use these days. Let us discuss them one by one.

### **Budgetary Control**

Budgeting simply means showcasing plans and expected results using numerical information. As a corollary to this, budgetary control means controlling regular [operations](https://www.toppr.com/guides/maths/integers/operations-of-integer-numbers/) of an [organization](https://www.toppr.com/guides/business-management-entrepreneurship/organizing/structure-of-organization/) for executing budgets.

A budget basically helps in understanding and expressing expected results of projects and tasks in numerical form. For example, the amounts of sales, production output, [machine hours](http://www.businessdictionary.com/definition/machine-hour.html), etc. can be seen in budgets.

There can be several types of budgets depending on the kind of data they [aim](https://www.toppr.com/guides/essays/my-aim-in-life-essay-for-students-and-children/) to project. For example, a sale budget explains selling and distribution targets. Similarly, there can also be budgets for purchase, [production](https://www.toppr.com/guides/business-economics/theory-of-production-and-cost/meaning-of-production/), [capital expenditure](https://www.toppr.com/guides/principles-and-practice-of-accounting/capital-and-revenue-expenditure-and-receipts/capital-expenditures-and-revenue-expenditures/), cash, etc.

The main aim of budgetary control is to regulate the activity of an organization using budgeting. This process firstly requires managers to determine what objectives they wish to achieve from a particular activity. After that, they have to lay down the exact course of action that they will follow for weeks and months.

Next, they will translate these expected results into monetary and numerical terms, i.e. under a budget. Finally, managers will compare actual performances with their budgets and take corrective measures if necessary. This is exactly how the process of budgetary control works.

### **Standard Costing**

Standard costing is similar to budgeting in the way that it relies on numerical figures. The difference between the two, however, is that standard costing relies on standard and regular/recurring costs.

Under this technique, managers record their costs and expenses for every activity and compare them with standard costs. This controlling technique basically helps in realizing which activity is profitable and which one is not.

### **Financial Ratio Analysis**

Every business organization has to depict its financial performances using reports like balance sheets and profit & loss statements. Financial ratio analysis basically compares these financial reports to show the financial performance of a business in numerical terms.

Comparative studies of financial statements showcase standards like changes in assets, liabilities, capital, profits, etc. Financial ratio analysis also helps in understanding the liquidity and solvency status of a business.

### **Internal Audit**

Another popular traditional type of control technique is internal auditing. This process requires internal auditors to appraise themselves of the operations of an organization.

Generally, the scope of an internal audit is narrow and it relates to financial and accounting activities. In modern times, however, managers use it to regulate several other tasks.

For example, it can also cover policies, procedures, methods, and management of an organization. Results of such audits can, consequently, help managers take corrective action for controlling.

### **Break-Even Analysis**

Break-even analysis shows the point at which a business neither earns profits nor incurs losses. This can be in the form of sale output, production volume, the price of products, etc.

Managers often use break-even analysis to determine the minimum level of results they must achieve for an activity. Any number that goes below the break-even point triggers corrective measures for control.

### **Statistical Control**

The use of statistical tools is a great way to understand an organization’s tasks effectively and efficiently. They help in showing averages, percentages, and ratios using comprehensible graphs and charts.

Managers often use pie charts and graphs to depict their sales, production, profits, productivity, etc. Such tools have always been popular traditional control techniques.

# **Modern Control Techniques**

Controlling is one of the most important functions of management. It helps managers bridge the gap between their organization’s actual performance and targets. This, in turn, reduces losses and risks for [businesses](https://www.toppr.com/guides/business-studies/nature-and-purpose-of-business/concept-and-characteristics-of-business/). [Management](https://en.wikipedia.org/wiki/Management) experts and strategists have developed several traditional and modern control techniques for this purpose.

## Modern Control Techniques

There are several tools which managers can employ for facilitating control over their organization’s activities. These techniques may be either traditional or modern. [Traditional techniques](https://www.toppr.com/guides/business-studies/controlling/techniques-of-managerial-control/) generally rely on non-scientific methods.

Modern techniques, on the other hand, are more scientific in [nature](https://www.toppr.com/guides/business-studies/business-services/nature-and-types-of-services/). They are also more accurate and logical than traditional techniques. The following modern control techniques exist widely in use these days.

## Zero-Base Budgeting

American business executive and management expert Peter Phyrr first introduced zero-base budgeting in the 1970s. This process requires a manager to prepare and justify his budget from scratch (hence the name zero-base). The burden of proving the importance of each facet of budgeting lies on [managers](https://www.toppr.com/guides/business-management-and-entrepreneurship/recent-trends-in-management/role-of-international-managers/) here.

Under this [process](https://www.toppr.com/guides/fundamentals-of-economics-and-management-cma/organising/process-of-organizing/), managers first have to define the objectives of each activity they propose to supervise. Next, they should prepare alternative spending plans relating to smaller facets of each activity. These plans relate to minimum [expenditure](https://www.toppr.com/guides/economics/national-income-accounting/expenditure-method-and-income-method/) levels, the requirement of [resources](https://www.toppr.com/guides/geography/resources/types-of-resources/), targets achievable with additional expenditure, etc.

After preparing these alternative plans, managers have to rank them in priorities. Furthermore, they need to keep evaluating these plans routinely after implementing them. This technique of controlling allows effective budgeting as well as sound [planning](https://www.toppr.com/guides/business-studies/planning/introduction-meaning-importance-features-limitations-planning/).

[[https://www.toppr.com/guides/wp-content/themes/toppr-guides-v1/images/related-contents/storyicon.png](https://www.toppr.com/content/story/amp/introduction-to-democracy-and-its-type-42741/)](https://www.toppr.com/content/story/amp/introduction-to-democracy-and-its-type-42741/" \t "_blank)

**[Introduction to Democracy and its Type](https://www.toppr.com/content/story/amp/introduction-to-democracy-and-its-type-42741/" \t "_blank)**

[3 mins read](https://www.toppr.com/content/story/amp/introduction-to-democracy-and-its-type-42741/" \t "_blank)

[[https://www.toppr.com/guides/wp-content/themes/toppr-guides-v1/images/related-contents/storyicon.png](https://www.toppr.com/content/story/amp/merits-and-demerits-of-democracy-42012/)](https://www.toppr.com/content/story/amp/merits-and-demerits-of-democracy-42012/" \t "_blank)

**[Merits and Demerits of Democracy](https://www.toppr.com/content/story/amp/merits-and-demerits-of-democracy-42012/" \t "_blank)**

[2 mins read](https://www.toppr.com/content/story/amp/merits-and-demerits-of-democracy-42012/" \t "_blank)

[[https://www.toppr.com/guides/wp-content/themes/toppr-guides-v1/images/related-contents/storyicon.png](https://www.toppr.com/content/story/amp/parliamentary-and-presidential-democracy-45816/)](https://www.toppr.com/content/story/amp/parliamentary-and-presidential-democracy-45816/" \t "_blank)

**[Parliamentary and Presidential Democracy](https://www.toppr.com/content/story/amp/parliamentary-and-presidential-democracy-45816/" \t "_blank)**

[3 mins read](https://www.toppr.com/content/story/amp/parliamentary-and-presidential-democracy-45816/" \t "_blank)

## Network Analysis

A [network](https://www.toppr.com/guides/computer-aptitude-and-knowledge/networking/computer-networks/) is basically a system of interconnected things and plans. Network analysis, thus, is a technique of planning and controlling complex relationships between business activities. These network techniques may be of the following two types:

### **1. Critical path method CPM**

Under this technique, managers break down tasks into smaller factions and define the relationships between them. Next, they mark these relationships on a “network diagram” using flowcharts and mapping techniques.

**Changes in one faction, in turn, helps them determine how other factions will change as well. This process, thus, makes controlling and planning easier and effective.**

### **2. Programme evaluation and review technique PERT**

Managers generally deploy this technique for planning and controlling individual projects. It basically includes tasks like planning schedules, budgeting, [forecasting](https://www.toppr.com/guides/fundamentals-of-economics-and-management/forecasting/introduction-and-methods-of-forecasting/) requirement of resources and developing alternative plans.

Furthermore, this technique uses probability and linear programming to assist in control management. Probability estimates the chances of success and failure of each part of a project. On the other hand, [linear programming](https://www.toppr.com/guides/maths/linear-programming/types-of-linear-programming-problems/) helps in maximizing the objectives of each individual action.

## Management Audit

A management audit is nothing but a systematic evaluation of an organization’s management and its overall performances. It comprises of a systematic and comprehensive appraisal of each individual managerial function.

Management audit differs from a statutory or financial audit in terms of its scope and objectives. While accounting audits study financial performances, management audits deal with managerial activities.

This can be very difficult because such functions do not depend on numerical and scientific metrics. Hence, a management audit often relies on subjective factors like ethics, integrity, skills, etc.

A typical management audit appraises the performances of managers and their organization on various standards.

These include their corporate structure, corporate earnings, treatment of shareholders, production efficiency and fiscal policies.

Even executive evaluation, appraisal of top-level management, research & development, and economic functions are important standards.