

- \* Explain 5 principles of management as formulated by Fayol
- \* List the contribution of F. B. Gilbreth.

## CHAPTER 2

# MANAGEMENT

## INTRODUCTION

### 2.1 MEANING \*

Managing is one of the most important activities of human life. To accomplish aims that could not be achieved individually, people started forming groups. Managing has become essential to ensure the coordination of individual efforts. Management applies to all kinds of organizations and to managers at all organizational levels. Principles of management are now used not only for managing business but in all walks of life viz., government, military, social and educational institutions. Essentially, management is same process in all forms of organization. But it may vary widely in its complexity with size and level of organization. Management is the life giving element of any organization.

Definitions suggested by some of the management experts are presented below:

**Henri Fayol:** "Management is conduct of affairs of business, moving towards its objective through a continuous process of improvement and optimization of resources".

**Koontz:** "Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims".

**Mary Parker Follett:** "Management is the art of getting things done through people".

**George R. Terry:** ("Management is a process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by use of people and resources") »

**ILO:** "Management is the complex of continuously coordinated activity by means of which any undertaking administration/public or private service conducts its business".

**Lawrence A. Appley:** "Management is guiding human and physical resources into a dynamic, hard hitting organization until that attains its objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering the service".

Management	<u>Art of getting things done by ppl</u> <u>consisting of plans, organizing, actuating &amp; controlling objectives</u>
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June/July 16, June/July 13, June/July 14.

## 2.2 NATURE AND CHARACTERISTICS OF MANAGEMENT

As seen above, the production process involves land, labour, capital, organization and entrepreneurship. So long as these factors remain separated, there is no possibility for production. Production is the result of their combined efforts. Thus success of production depends on their effective combination and cooperation. In today's complex business organization, it has become a difficult and challenging task to strike an effective balance of and harmony of various factors of production. This calls for a special skill, knowledge and characteristics to seek their fullest cooperation to achieve the objectives set by an enterprise. Such skills and knowledge is the management.

Based on vast experience it has been found that the analysis of management is facilitated by a useful and clear organization of knowledge.

The following are some of the important characteristics of management.

1. It should be stable.
2. It should be applicable to all kinds of organizations.
3. It is transparent.
4. Its approaches are to be clear and goal oriented.
5. It should be simple yet effective.
6. It should be responsive to many external elements like economic, technological, social, political and ethical factors that affect the areas of operation.
7. It should have well defined goals, and effective means to accomplish the goals.
8. It should have good planning, organizing, staffing, directing and controlling functions.
9. It should provide conducive atmosphere of work.

## 2.3 SCOPE

The management is a must for every organization. The existence of management ensures proper functioning and running of an enterprise. Management plans the activities, coordinates and utilizes the available resources effectively and efficiently at minimum cost. Every business needs direction. This direction is given by the management. The resources of production are converted into production or services. The scope of management is not limited only to business organization, but it is extended to business establishments, hospitals, educational institutions, government officers, service organizations, security organization, financial organizations, stores management etc. The nature of functions of management may differ from one type of organization to another, but all these form the essence of management.

As discussed earlier, the management is not limited to only industries, but its scope can be extended to the following important areas of life.

- Developing management
- Distribution management
- Financial management
- Marketing management
- Personnel management
- Production management
- Office management
- Transport management
- Purchase management
- Sales management
- Supply chain management
- Business management (Like Hospital management, Hotel management, Educational institute management, Stores management etc.)

DDT, PPPM, TAFB, SSDP

Management can be applied in any area of business and life. Its scope starts from self management to home management and to the management of big office, industry, organization of a government etc.)

#### 2.4 FUNCTIONAL AREAS OF MANAGEMENT

Though many authors have defined several functions of management, there are five essential and well accepted functions of management. They are:

- Planning.
- Organising.
- Staffing.
- Directing (leading) and
- Controlling.

**Planning:** Planning is an executive function that is referred to as decision making. It involves missions and objectives and the actions to achieve them. This requires decision making, that is, choosing future courses of action from available alternatives. This involves the following:

- Setting short and long term goals for organization.
- Selecting objectives, strategies and policies for accomplishing the planned goals.

- Deciding in advance what to do, how to do, who has to do, when to do and where to do.
- Planning bridges the gap from where we are now to where we want to be in future.

**Organising:** Organising is a part of management that involves in establishing an intentional structure of roles for people to fill in an organization. To organize a business well, it is required to provide all the useful things for its proper functioning. They are raw materials, tools, capital and personnel. The purpose of an organization structure is to help in creating an environment for human performance. This involves in:

- Determination of activities required to achieve goals.
- Grouping these activities into department.
- Assigning such groups of activities to managers.
- Forming delegation of authority.
- Making provisions for coordination of activities.

**Staffing:** Staffing is considered as an important function which makes provision for man power to fill different positions. It involves in building the human organization by filling, and keep filling the staff. This is done by identifying work-force requirements, taking inventory of people available, recruiting new staff, selecting, placing, promoting, apprising, planning their career, training the staff to accomplish their tasks effectively and efficiently. This involves in:

- Finding the right person for right job.
- Selecting the personnel.
- Placement, training and developing new skills required for present and future jobs.
- Creating new positions.
- Apprising the staff and planning their growth and promotions etc.

**Directing:** After planning, organizing and staffing, the next important function of management is directing or leading the people towards the defined objectives. Directing involves three sub-functions namely communication, leadership and motivation. Communication is the process of passing information and understanding from one person to another. Leadership is the process by which a manager guides and influences the work of his subordinates. Motivation means arousing desire in the minds of employees of an organization to perform their best. If properly motivated, the employees will put their best efforts with dedication, loyalty and carry out the assigned task effectively. There are two types of motivations viz., financial and non-financial. Financial motivations

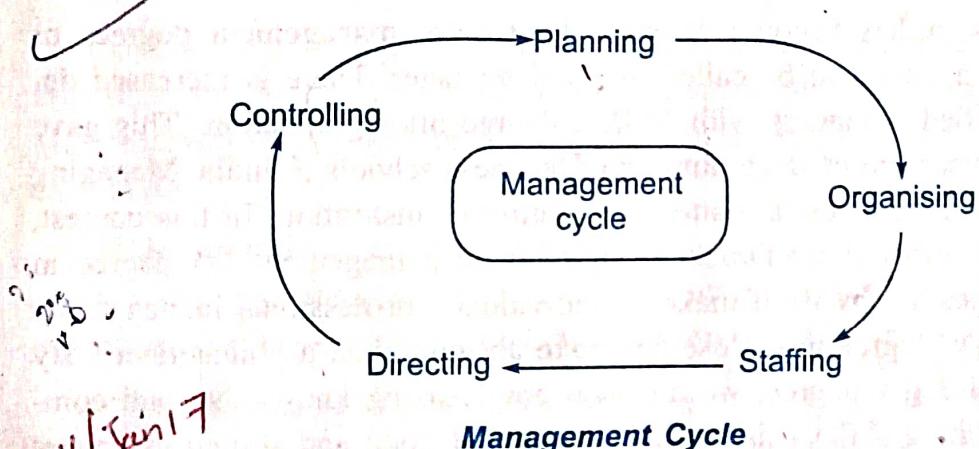


are in the form of salary, bonus, profit-sharing, rewards etc. The common non-financial motivations are job security, promotions, recognition, praise, felicitation etc.

**Controlling:** Controlling is measuring and correcting of activities of subordinates to make sure that the work is going on as per the plans. It measures performance against goals and plans, shows where short falls or deviations exist and takes necessary corrective actions to achieve the goals. Controlling generally relates to the measurement of achievement. This involves three elements.

- Establishing standards of performance.
- Measuring performance and comparing with established standards.
- Taking necessary corrective action to meet the set standards.

With accomplishment of this function, the "Management Cycle" is said to be complete.



## 2.5 MANAGEMENT AS A SCIENCE, ART OR PROFESSION

\* Managing, like any other practice – whether medicine, music composition, engineering, accounting or even cricket – is an art. It is a know-how. It is doing things in the light of the realities of a situation. Under 'art' one normally learns the "how" of a phenomenon. It is the art of getting things done through others in dynamic and mostly non-repetitive situations.

Science is an organized knowledge. A discipline can be called scientific if its methods of inquiry are systematic and empirical, information can be accumulated and analysed and results are commutative and communicable. The essential feature of any science is the application of scientific methods to the development of knowledge. Being systematic means being orderly and unbiased. All the scientific information collected first as raw data is finally arranged in order and analysed with the help of statistical tools. Science is also cumulative in that what is discovered is added to that which has been found.

Administration determines the policies upon which the enterprise is to be conducted while the function of management is to carry out the policies that are laid down by the administrative group.

The differences between administration and management are listed below:

Characteristic	Administration	Management
1. Main functions	Planning, Organising and Staffing	Leading, motivating and controlling.
2. Status	Acts as owner	Acts as an agency
3. Skills	Requires good administrative skills	Requires more technical skills.
4. Level in the organization	Top level	Lower level
5. Position	Managing Director, Owner, CEO, etc.,	Managers, Supervisors, Foremen etc.,
6. Objectives	Makes the policies, objectives and goals to be achieved.	Implements the plans and policies
7. Involvement	No direct involvement in production or services	Directly involves in the execution of plans and achieving goals.

## 2.7 ROLES OF MANAGEMENT

(Manager in any organization plays variety of roles responding to a particular situation.) The three important roles played by a manager are Interpersonal roles, Decision roles and Informational roles.

(i) **Interpersonal roles:** These includes figurehead, leader and liaison roles:

In figurehead role, the manager will perform some duties that are casual and informal ones like, receiving and greeting visiting dignitaries, attending to social functions of employees, entertaining customers by offering parties and lunches etc.

(As a leader, managers motivate, direct and encourage his subordinates. He also reconciles the needs with the goals of the organization.

(In the role of liaison, the manager works like a liaison officer between top management and the subordinate staff/ He also develops contacts with outside people and collects useful information for the well being of the organization.)

(ii) **Decision roles:** There are four decision roles played by a manager. They are resource provider, arbitrator, entrepreneur and negotiator. (Capal)

As a resource allocator, the manager divides the work, provides required resources and facilities to carryout the allocated work and delegates required authority among his subordinates. He decides who has to do what and who gets what.

As a arbitrator, a manager works like a problem solver. He finds solutions of various un-anticipated problems both within and outside the organization.

As an entrepreneur, a manager continuously looks for new ideas and tries to improve the organization by going along with changing work environment.

He also acts as a negotiator negotiates with the employees and tries to resolve any internal problems like trade agreements, strikes and grievances of employees.

(iii) **Information roles:** A manager plays as monitor, spokesman and disseminator. (Med)

A manager monitors his environment and collects information through his personal contacts with colleagues and subordinates.

As a spokesman, he communicates the information/goals of organization to his staff, and the progress of work to his superiors. He also communicates the performance of company to shareholders and the rules and responsibilities to his subordinates.

As a disseminator, the manager passes some of the information directly to his subordinates and to his bosses.

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## 2.8 LEVELS OF MANAGEMENT # see

Although all managers perform almost the same functions of management planning, organizing, directing and controlling, there are levels among them. These are top management, middle management and first line or supervisors. The top management consists of Chairman, Directors, Company Presidents, Vice-Presidents, CEO's. These are the people who make policies for the company, set goals and targets. They should possess conceptual and design skills.

Middle management is essentially a vast and diverse group that include finance manager, sales manager, marketing manager, personnel manager, departmental heads etc.

The lower level managers are the supervisors and foremen. They are basically one step above the workers.

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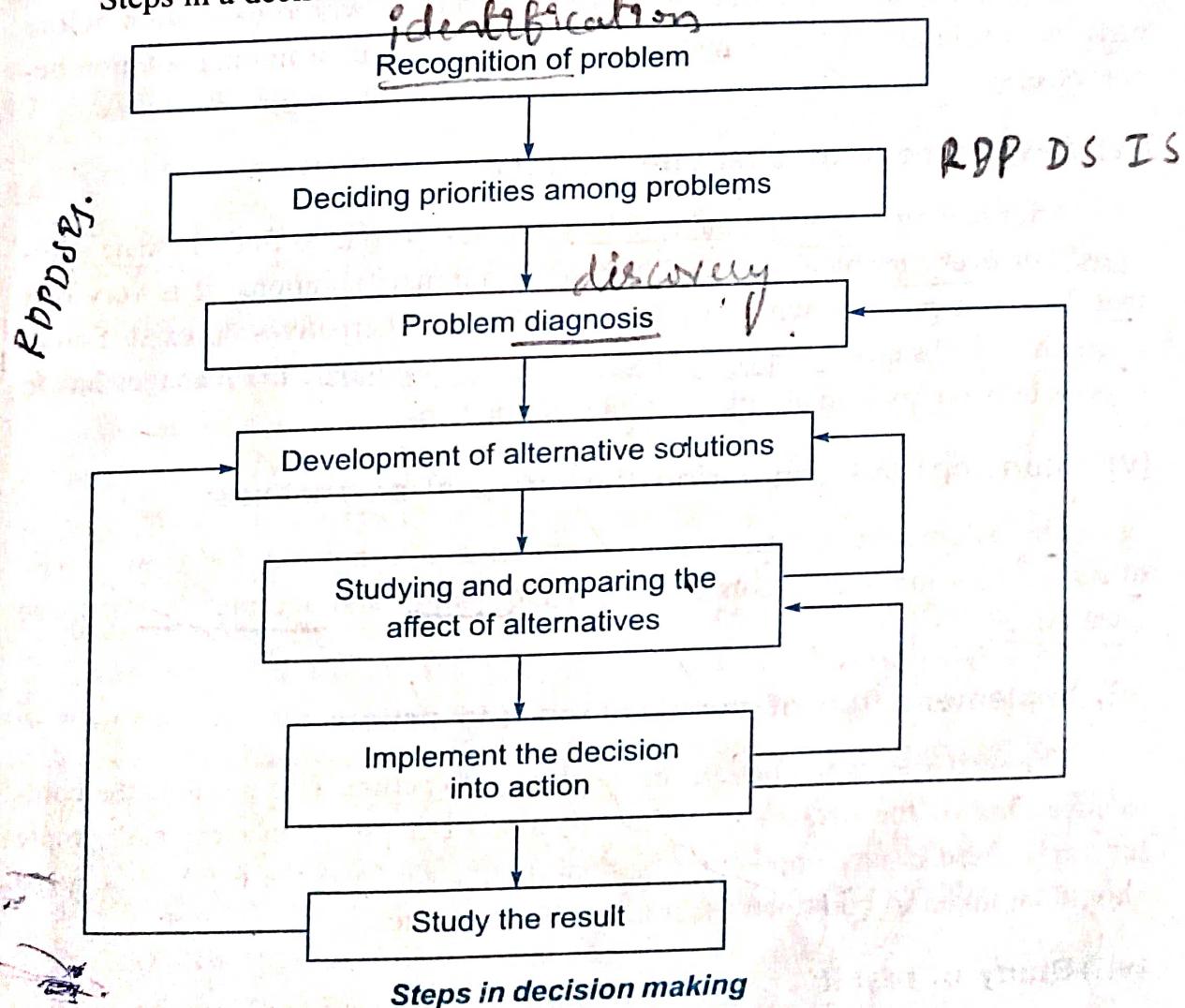
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price increase/discount, change in product range etc. Routine decisions are decisions related to day-to-day operations of an organization that are routine in nature.

- (v) **Simple and complex decisions:** A simple decision is one that is related to a problem with few number of variables. When there are many variables, the decisions making will be complex.
- (vi) **Temporary and permanent decisions:** Some decisions are to be taken depending on situation till the solution is found. A decision is taken to meet an unexpected solutions are temporary in nature. These are generally taken by shop managers. Permanent decisions are taken on a permanent basis.

### Steps in Decision Making:

Steps in a decision-making are shown in following block diagram.



#### (i) **Recognition of problem:**

The first step in decision-making is the problem recognition. A problem

may exist either due to a deviation from the past experience, a deviation from the plan, people bringing problems to the manager or problems arising from competition.

### (ii) Deciding priorities among problem:

The manager should identify the problems which he can solve, the problems which he feels that his subordinates can solve and the problems which are to be referred to the higher officers. With this decision, the manager is left with very few problems to solve.

### (iii) Problem diagnosis:

Correct diagnosis of the problem is very important for any manager. Managers should follow systems approach in diagnosing a problem. He should make a thorough study of all the sides of a problem coupled with organization before arriving at solution. If the diagnosis is made correctly, then finding solution becomes easy.

### (iv) Development of alternate solutions:

After having diagnosed the problem, the next step is to find alternate solutions. For every problem there will be some alternate solutions. It is very rare that there is a problem with only unique solution. Alternatives do exist. Sometimes, in the absence of past history of alternate solutions, the manager has to depend only on his own ability in finding alternatives.

### (v) Studying and comparing the affect of alternatives:

The alternative solutions are measured and compared for their consequences. This involves a comparison of the quality and acceptability of these alternatives.

### (vi) Implementation of the decision into action:

The next step is to convert the decision into action. This requires the communications of the decisions to the concerned employees in clear and simple terms. If there is any opposition or non-acceptance from the employees, steps should be taken to convince them to accept the same.

### (vii) Study of result:

After having implementing the decision, the manager has to carry out the follow up action. If the result is not satisfactory, the manager has to take necessary corrective action or modify his decision.

During the process of decision-making, the managers face many difficulties. Some of them are:

1. Incomplete information
2. Non-conducive environment
3. Opposition by subordinates
4. Improper communication
5. Wrong timing
6. Statutory regulations
7. Government policies
8. External influence
9. Lack of support.

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### 3.7 STEPS IN PLANNING AND PLANNING PREMISES.

The main steps involved in planning are as follows:

1. Being aware of opportunities: This is very first step and starting point for planning. Once we are aware of opportunities, we can think of setting realistic objectives.
2. Establishing objectives: It is very important to establish objectives for the entire enterprise and the objectives for each subordinate work units. That is, the major objectives are broken down into departmental and individual objectives. It is a very crucial step in planning.
3. Developing planning premises: The third step in planning is to establish planning premises. It is the process of creating assumptions about the future on the basis of which the plan will be ultimately formulated. Planning premises are important for the success of planning as they reveal facts and information relating to the future such as economic conditions, production costs competition, availability of material, resources and capital, government policies, population trends etc. This tells about which plan is to be carried out. There three types of planning premises:

- (i) Internal and external premises: Internal premises are premises within the organization. Some of the examples are: policies, forecasts, investment, availability of equipment, capability of work force, funds flow etc. External premises are premises outside the organization. They include: Government policies, technological



changes, business environment, economic conditions, population, buying power, political stability, sociological factors, demand etc.

- (ii) **Tangible and intangible premises:** Tangible premises are the measurable premises. For example, population, investment, demand etc., are tangible premises. Intangible premises are those which cannot be quantitatively measurable. Examples of this are: business environment, economic conditions, technological change etc.
  - (iii) **Controllable and uncontrollable premises:** Some of the premises are controllable like, technical man power, input technology, machinery, financial investment etc. Some other premises like, strikes, non-availability of raw material, change in government policies, socio-economic changes, phase-shift in technology, wars etc., are uncontrollable by the organization.
4. **Determination of alternative course:** Next step is to search and identify some alternative courses of action. It is very rare that for a plan there will be no alternatives. In this step alternatives are listed.
  5. **Evaluating the alternatives and selecting the best course of action:** Once the alternatives are found, then the next step is to evaluate them with respect to the premises and goals. A desired and best suitable alternative is selected by comparative analysis with reference to cost, risk, and gain etc., keeping in mind the goals and objectives.
  6. **Formulating derivative plan:** In order to complete the task, the selected plan must be translated into programs, working plans and financial requirements in the sub-units. These sub-derived plans from main plan are termed as derivative plans.

**Monitoring and controlling the plan:** This is the last step in planning. Each activity of plan is monitored on a continuous basis and if any deviation or shortfall is noticed, then the manager will initiate suitable corrective action.

### \* Dec 16 / Jan 17 3.8 HIERARCHY OF PLANS ✎ ✗ ✕ 5 marks

The plans are generally arranged in a hierarchy within any organization. It starts at the top with objectives and goals of an organization. The second level is strategies. As discussed earlier, there are two types of strategies namely single use plans and standing plans. The third level is action plans. The hierarchy of plans is shown below:

The top priority. The organization. F during next 2 strategies. St single-use-pl specific goal use plans an etc. Whereas again. Admin recruitment standing pla tion. These shop.

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aware of the informal Organization & avoid antagonizing it, they will find it advantageous to use it as they manage subordinates.

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matters should be handled by executives at higher levels.

(5) **Scalar principle**: "A chain of command". The front-line supervisor is responsible to the higher-level supervisor.

(6) **Unity of Command**: Every subordinate should receive orders from one superior whose command he can obey without causing uneasiness.

(7) **Delegation**: Power is given to subordinates to perform their functions.

(8) **Responsibility**: Every subordinate must be responsible to his superiors.

(9) **Authority**: Authority is given to subordinates to achieve common objectives.

(10) **Efficiency**: The organization should work efficiently to achieve its objectives.

(11) **Simplicity**: The organization structure should be as simple as possible.

(12) **Flexibility**: The organization structure should permit expansion and modification of basic design.

(13) **Balance**: The organization structure should have departments in proper proportion according to the principle of balance.

(14) **Unity of direction**: All activities should be directed towards a single goal and coordinated.

(15) **Personal Approach**: Proper selection of persons for posts must ensure their personal development.

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## 4.4 TYPES OF ORGANIZATION

Since organizations are sketchy, we can draw them.

### 4.2 PURPOSE OF AN ORGANIZATION

The basic purpose of having organization is to formulate a frame or structure of an enterprise with a view to fulfil the enterprise tasks. The purpose includes the following logical components:

- (i) Establishes the pattern of relationship by giving duties and responsibilities to an individual or group.
- (ii) Demarcates the authority, responsibility and duties of each individual or group.
- (iii) It tells each manager where his accountability lies and, who (below him) are in his sphere of command.
- (iv) Provides adequate communication.
- (v) Coordinates or integrates (through organization charts) and controls the activities of individuals or groups to achieve common objectives or objectives of the enterprise.

### 4.3 PRINCIPLES OF ORGANIZATION

The success of a business organization can be ensured if the following basic principles are used. In order to develop a sound and efficient organization structure, there is need to follow certain principles. In the words of E.F.L. Brech, "If there is to be a systematic approach to the formulation of organization structure, there ought to be a body of accepted principles". They are as follows:

- (1) **Objectives** : The objectives of the enterprise influence the organization structure and hence the objectives of the enterprise should first be clearly defined. Then every part of the organization should be geared to the achievement of these objectives.
- (2) **Specialisation** : Effective organization must promote specialisation. The activities of the enterprise should be divided according to functions and assigned to persons according to their specialisation.
- (3) **Span of Control**: As there is a limit to the number of persons that can be supervised effectively by one boss, the span of control should be minimum as far as possible, the minimum, that means an executive should be asked to supervise a reasonable number of subordinates only, say six.
- (4) **Exception**: As the executives at the higher level have limited time, only exceptionally complex problems should be referred to them and routine

- matters should be dealt with by the lower levels. This will enable the executives at higher level to devote time to more important and crucial issues.
- (5) **Scalar principle :** This principle is sometimes known as the "chain of command". The line of authority from the chief executive at the top to the front - line supervisor at the bottom, must be clearly defined.
  - (6) **Unity of Command:** Each subordinate should have only one supervisor whose command he has to obey. Dual subordination must be avoided, for it causes uneasiness, disorder, indiscipline and undermining of authority.
  - (7) **Delegation:** Proper authority should be delegated at the lower level of organization also to carryout the work effectively.
  - (8) **Responsibility:** The superior should be responsible for the acts of his subordinates.
  - (9) **Authority:** Authority is a tool by which a manager accomplishes the desired objectives, which should be clearly defined.
  - (10) **Efficiency:** The organization structure should help enterprise to function efficiently to accomplish the objectives at lowest cost.
  - (11) **Simplicity:** The organization structure should be simple and the levels should be as minimum as possible.
  - (12) **Flexibility:** Should be flexible, adaptable to changing circumstances, permit expansion, replacement, without dislocation and disruption of the basic design.
  - (13) **Balance:** There should be a reasonable balance in the size of various departments, between centralization and decentralization, between the principle of span of control and short chain of command and among all types of factors such as human, technical and financial.
  - (14) **Unity of direction :** Should be one objective and one plan for a group of activities having same objectives. Unity of direction facilitates unification and coordination of activities at various levels.
  - (15) **Personal Ability:** As people constitute an organization, there is need for proper selection, placement and training of staff. Organisation structure must ensure optimum use of human resources and encourage management development programme.

**16] Acceptability:** The structure of the organization should be acceptable to the people who constitute it.

#### 4.4 TYPES OF ORGANISATION

Since organization structure (or organization chart) is not a routine or academic sketch, there can be no standard format which can fit any industrial en-

## 5.2 SELECTION

(Selection of personnel for the organization is one of the most important managerial responsibilities.)

According to the requisition, a primary selection is done for the suitable candidates, to be called for the interview. The final selection is done by the executives in the case of higher posts and for lower posts recruitment, the personnel officer is present in all selections and keeps an eye on the recruitment activities with an aim:

- To find out whether the candidate can be suitable employee. For this, the candidate should be clearly told about the nature of the job, terms and conditions.
- To know the suitability for the particular jobs, he can be cross questioned and thus the suitability can be judged.
- If the selection of the worker, admitted to the firm is not working skillfully then the result will be, either there will be a poor level of work or there will be a high rate of labour turnover. Both will be harmful to the firm in the long run. Therefore every effort should be made to make proper selection.

### 5.2.1 (Techniques of selection

- Application Banks
- Preliminary or Initial Interview
- Interview
- Group discussion
- Employment tests.)

#### (i) Application Bank

It is invariably used as one of the selection tools and can be helpful at the interview stage. It provides actual information needed for evaluating the candidate's suitability. It is also used as a basic record of his personnel data is about educational qualifications, training, experience etc. Many large companies use such application forms which determine, whether the candidate possesses the basic minimum requirement about the Qualifications, Knowledge and Skills or not.

(Generally they seek information in the following areas:

- Personnel data such as age, sex, marital status.
- Family background, such as father's and mother's occupation and earnings.



- Educational background including training.
- Employment record including details about previous employment; any and present employment.
- Name and address of few persons usually other than relation to whom references can be made.
- Membership of professional organization.
- Reason for seeking job in the organization.

### (ii) Preliminary or Initial interview

This interview is usually of short duration and is aimed at obtaining certain basic information with a view of identifying the knowledge and other information not present in application.

The candidate is asked about his educational skill, knowledge, job experience, minimum salary acceptable etc. Sometimes he is also asked that why he is applying for job in that particular organization. If the candidate seems to be possessing the basic minimum requirement for efficient performance, he is given an application form to fill in.

### (iii) Interview

It is one of the least reliable and valid selection techniques. It relies upon a considerable extent in accepting or rejecting a candidate. The interview is left with the inevitable personality variables and for this he has nothing to depend upon except his subjective judgement. (The interview may follow a structural pattern or an unstructural pattern.)

➤ **In structural pattern or directive pattern:** In structural pattern of interviewing, a list of questions based on job specification is prepared in advance. The interview may be occasionally separated from the prepared list of questions and put other questions.

The candidate is supposed only to answer the questions and the interviewer can learn a lot about the candidate's ability and knowledge, but this technique imposes serious limitation in drawing out his personality. It is not very effective.

➤ **Unstructural or non-directive or unpatterned :** It is one of the most effective interviewing technique. The interviewer, instead of asking too many questions initiates the candidate to create a kind of permissive atmosphere in which the candidates talks usually quite revealingly about his experiences, aspirations, fear, weakness etc. This kind of interview requires a high degree of interviewing skill and it can therefore be conducted by only trained interviewers.

In some large organizations, the candidate has to go through a review of

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two or three panel interviewers. After each panel interviewer some candidates are eliminated and only those candidates, who succeed in the first interview are sent on to the second interviewing panel and so on.

#### **(iv) Group Discussion**

In this technique candidates are brought together in group of 6 or 8 persons for informal discussion and the selectors observe them and evaluate them. There are two kinds of group discussions, one where a problem is given to a group to discuss and the individual member is free to choose his own approach. In the second type, each individual is given an initial position and supplied with supporting information to defend his own position.)

#### **(V) Employment tests**

Most of the large companies use one or other kind of employment tests. Before a company use employment test it should take following points into account.

- Since the tests are aimed at predicting future success in a job situation, they should be selected or designated on the basis of a sound job analysis programme.
- In deciding upon the test to be used as a selection tool, its specialty should be taken into considerations.
- Tests should be valid. Before a test is selected for use as an employment, its validity should be determined in relation to the specific job.

Tests are only one of the techniques of selection. They are not fool proof and therefore instead of using single test, often a batch of tests is used. A variety of test are used as selection tools.

The object of these scientific methods of selection is to ensure that a person selected possesses those physical and mental qualities in required degrees which are essential if he is to become an efficient and successful worker.

- **Intelligence Test:** It is a measure of an individual's capacity of reasoning and verbal comprehension. It is used in the selection and classification of workers for almost every kind of job from the unskilled to the highly skilled, administrative and professional jobs.
- **Vocations Aptitude Test :** Physical strength and general intelligence are not enough to enable a person to perform a task efficiently. Besides, he must posses the ability for the performance of that job. Infact from the point of view of future achievements, a person of high natural ability is likely to prove more successful than one who

through training and experience has gained more knowledge but possesses less natural ability. If this is correct, then it makes it necessary to find out whether the applicant possesses the necessary vocational aptitude or not.

- **Analytical Test:** In this method, a job is analysed in terms of key qualities or abilities as speed and quality of observations, ability to keep one's head and not get confused when a quick decision is called for. A test or a combination of tests are then taken which measure the degree to which these abilities are present or lacking in the candidate.
- **Synthetic Test:** In case of jobs which are complex and for which the analytical tests can't be performed, synthetic tests may be adopted. It presents the candidate a complex situation more or less similar to the one normally present in actual task and his success or failure in the test is accepted as the possession or absence of the required vocational aptitude.

### 5.3 RECRUITMENT

(It is an important step in the employment of labour.) Haphazard recruitment of labour brings in a measure of chances and uncertainty in an industry and may result in inefficiency and loss of production. This means that systematic steps should be taken to ensure that right type of persons are available to the concern in right number.)

The numbers of workers required by a concern depends on

- The scale of production.
- The degree of mechanization.

Following are the various sources from where the personnel may be recruited:

- Applications introduced by friends and relatives.
- Consulting agencies.
- Campus recruitment.
- Casual callers
- Through advertisement.
- Field trip and college recruitment
- Employment exchange.
- Labour contractors.

❖ **Applications Introduced by friends and relatives:** Often the employees introduce their relative's application to find a good job for them. Many companies prefer to take such candidates because their background can be

For this purpose, manager must have knowledge of the motives of the worker which bring about purposeful behaviour and induce him to behave in a particular manner. These motives are known as 'needs' or 'wants'. These are drives to work. They have direct influence on the individual, since they determine in part his thoughts and actions.

Need can be defined as a condition requiring supply or relief, the lack of any requisite, desired or useful. A motivating situation has both subjective and objective aspect. The subjective side is a need, a drive or a desire. The objective side is called the incentive or goal. When the process of obtaining the incentive satisfies the needs, the situation is described as motivating.

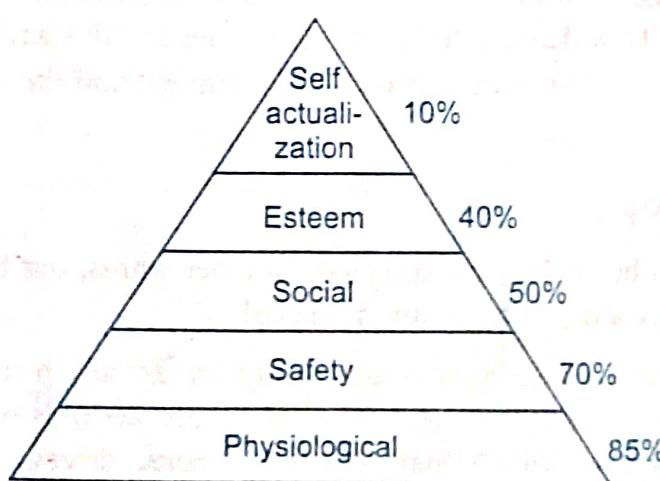
#### 6.4.5 Maslow's theory of motivation

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

#### Maslow's hierarchy of needs

Maslow has suggested that the underlying needs for all human motivation can be organised in a hierarchical manner on five general levels,

They are (i) Physiological needs (ii) Safety needs (iii) Social needs (iv) Esteem needs and (v) Self-actualization.



- **Physiological needs:** At the lowest order level are physiological needs which include the need for food, water, sex, clothing and shelter. For a human being who lacks every thing the major motivation would be such physiological needs.

If these needs are not satisfied, other needs will not emerge.

- **Safety needs:** When the physiological needs are satisfied, the safety needs become the most important in the hierarchy. These are the needs for protection against danger or loss of existing physiological needs.
- **Social needs:** The third level in the hierarchy comprises the social needs, that is the giving and receiving of love, friendship, affection, belongingness, association and acceptance. If the first two levels are fairly well satisfied, then a person becomes keenly aware of the absence of friends or of a sweetheart, and will be motivated toward affectionate relations with people in general.
- **Esteem needs:** At the fourth level in the hierarchy are the esteem needs (ego needs), which are generally classified in to two subsets. The first subset includes the needs for achievement, strength and freedom. In essence this is the need for independence. The second sub set includes the needs for status, recognition, and prestige. In essence this is the need for self-esteem or self-worth.
- **Self actualization:** The fifth and highest level in hierarchy is the self-actualization need. This is the need to realize one's potentialities for continued self-development and the desire to become more and more of what one is and what one is capable of becoming. This is also known as self realization or self attenuation.

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

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

#### 6.4.6 Behaviour

Behaviour is basically goal oriented. In other wards, our behaviour is generally motivated by a desire to attain same goal.

The basic unit of behaviour is an activity. In fact any behaviour is a series of activities and motives. The motivation of people depends on the strength of their motives. Motives are defined as needs, wants, drives, within the individual. Motives are the ways of behaviour. They arouse and maintain activity and determine the general direction of the behaviour of an individual.

#### 6.4.7 Goals

Goals are out side of an individual. They are referred to as hopes for

## CHAPTER 7

# CONTROLLING

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

### 7.1 DEFINITION

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

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

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

"Controlling is the measurement of accomplishment against the standards and the correction of deviations to assure attainment of objectives according to plans" – Koontz and O'Donnell.

### 7.2 STEPS IN CONTROLLING

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

- (i) Establishing standards
  - (ii) Measuring and comparing actual results against standards
  - (iii) Taking corrective action
- (i) **Establishing standards:** The first step in any control process is to establish standards against which results can be measured. Standards are criteria of performance. Standards may be qualitative or quantitative. Standards like, costs should be reduced, communication is to be faster, goodwill, employees morale etc., are some examples of qualitative standards. Number of units produced, profit percentage, standard hours, total cost incurred, overheads etc., can be expressed quantitatively.

Standards are to be flexible in order to adapt to changing conditions. Standards should emphasise the achievement of results more than the conformity to rules and methods. The standards could be of physical standards, cost standards, revenue standards, capital standards, intangible standards etc.

- (ii) **Measuring and comparing actual results against standards:** The second step in control process is to measure the performance and compare it with the set standards. Measurement of performance can be done by personal observation or by a study of various summaries of figures, reports, charts and statements. Comparison is very easy if the system of control is well defined. Several established techniques are available for quick comparison. Some variations are desirable like excess production, reduced expenditure than standard etc. When the actual performance matches with standards, no corrective action is required. However, if the standards are not achieved, then the management should initiate necessary corrective action. If the deviations are beyond the reasonable limits then they should be reported to the top management.
- (iii) **Taking corrective action:** After comparing the actual performance with the set standards and noticing the deviations, the next important step is to take corrective action by managers. The causes of deviation may be due to ineffective communication, defective system of wages, wrong tools and machines, negligence from worker, lack of training, ineffective supervision, inadequate facilities etc. The management has to take necessary corrective action based on the nature of causes of deviation.

Managers may correct deviations by redrawing their plans, or by modifying goals, they may use their authority through reassignment of job to others, or by putting additional staff, or providing extra training, better tools and by better leading.

### 7.3 ESSENTIALS OF A SOUND CONTROL SYSTEM

The essentials of a sound control system are as follows:

- (i) **Feedback:** Feedback is the process of adjusting future actions based upon the information regarding past performance. Feedback makes the control system very effective.
- (ii) **Objective:** Control system should be objective and understandable. Objective controls specify the expected results in clear and definite terms and leave little scope for argument by the employees. They avoid aristocracy.
- (iii) **Suitability:** The control system should be appropriate to the nature

- **Safety:** Free from hazards of life, accidents, diseases, wars, etc., are the goals for the need of safety. Insurance for life, accident, health, promise for retirement benefits etc., are the best measures to satisfy the need of safety. Security of job is a very important goal.
- **Social need:** This is expressed in the form of co-operation tendency of workers. They join groups of similar belief oriented people.
- **Esteem:** Which are generally classified into two subjects. The first subject includes the needs for achievement, strength and freedom. In essence this is the need for independence. The second subject includes the needs for status, recognition, and prestige. In essence this is the need for self-esteem or self-worth.
- **Self actualization:** This is the need to realize one's potentialities for continued self-development and the desire to become more and more of what one is and what one is capable of becoming.

#### 6.4.12 Needs of an employee

Maslow told motives are those which are still not satisfied. So according to the workers want the following:

- Full appreciation of their work
- Feeling in the things
- Sympathetic understanding of personal problems
- Job security
- Good manager
- Good wages
- Promotion and growth with company
- Management loyalty with workers
- Good working conditions
- Tactful discipline

#### 6.4.13 Hawthorne Studies and its findings

In 1924, experts at a Hawthorne plant of the Western Electric Company USA., decided to study the effect of illumination on productivity. It is one of the most famous studies in the history of human relation.

In the beginning of studies the efficiency experts assumed that the output increases with illumination for that the expert selected two groups of employees: Control group and the Test group.

The control group worked under normal lighting. The test group worked under various light conditions. As the lighting was increased the output of the