

#### **14 Principles of Management - Henri Fayol**

Henri Fayol (1841-1925) was a French management theorist whose theories in management and organisation of labour were widely influential in the beginning of 20th century. He was a mining engineer who worked for a French mining company Commentry-Fourchambault-Decazeville, first as an engineer, then moved into general management and Managing Director from 1888 to 1918.

During his tenure as MD he wrote various articles on administration and in 1916 *The Bulletin de la Société de l'Industrie Minérale*, printed his *Administration, Industrielle et Générale - Prévoyance, Organisation, Commandement, Coordination, Contrôle*.

In 1949 the first English translation appeared and titled 'General and Industrial Management' by Constance Storrs.

Fayol was the first to identify the four functions of management: planning, organizing, directing, and controlling, as known today. His original definition of management comprised of five elements: **forecast & plan, organise, command, coordinate, and control.**

His 14 principles are:

**Division of work** - specialisation provides the individual to build up experience, continuous improvement in skills, and thereby be more productive.

**Authority** - the right to issue commands, along with which must go the balanced responsibility for its function

**Discipline** - which is two-sided, for employees only obey orders if management play their part by providing good leadership.

**Unity of Command** - each worker should have only one boss with no other conflicting lines of command.

**Unity of direction** - people engaged in the same kind of activities must have the same objectives in a single plan

**Subordination of individual interest to general interest** - management must see that the goals of the firms are always paramount.

**Remuneration** - payment is an important motivator although by analysing a number of possibilities, Fayol points out that there is no such thing as a perfect system

**Centralisation or decentralisation** - this is a matter of degree depending on the condition of the business and the quality of its personnel

**Scalar chain (line of Authority)** - a hierarchy is necessary for unity of direction but lateral communication is also fundamental as long as superiors know that such

communication is taking place.

**Order**- both material order and social order are necessary. The former minimises lost time and useless handling of materials. The latter is achieved through organisation and selection.

**Equity** - in running a business a 'combination of kindness and justice' is needed in treating employees if equity is to be achieved.

**Stability of tenure** - this is essential due to the time and expense involved in training good management.

**Initiative** - allowing all personnel to show their initiative in some way is a source of strength for the organisation even though it may well involve a sacrifice of 'personal vanity' on the part of many managers

**Esprit de corps** - management must foster the morale of its employees. He further suggests that, "real talent is needed to coordinate effort, encourage keenness, use each person's abilities, and reward each one's merit without arousing possible jealousies and disturbing harmonious relations." Harmony and pulling together among personnel.

Although the principles are 90 years old, I believe that they still apply today.

# **Evolution of Management**

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## CONTENT

**Evolution of Management:** Taylor and Scientific Management, Fayol's Administrative Management, Bureaucracy, Hawthorne Experiments and Human Relations, Social System Approach, Decision Theory Approach

# Evolution of Management Concept

- The evolution of management thought is a process that started in the early days of man.
- It began since the period man saw the need to live in groups.
- Mighty men were able to organize the masses, share them into various groups.
- The sharing was done accord to the masses' strength, mental capacities, and intelligence.
- The point is that management has been practiced in one way or the other since civilization began.
- If you want a good example where advance management principles were applied, consider the organization of the olden days Roman Catholic Church, military forces as well as ancient Greece. These are all excellent examples.
- But the industrial revolution brought drastic change.
- And suddenly, the need to develop a more holistic and formal management theory became a necessity.

# Scientific Management

## Frederick Taylor and Scientific Management

In 1911, Frederick Winslow Taylor published his work, *The Principles of Scientific Management*, in which he described how the application of the scientific method to the management of workers greatly could improve productivity. Scientific management methods called for optimizing the way that tasks were performed and simplifying the jobs enough so that workers could be trained to perform their specialized sequence of motions in the one "best" way.

Prior to scientific management, work was performed by skilled craftsmen who had learned their jobs in lengthy apprenticeships. They made their own decisions about how their job was to be performed. Scientific management took away much of this autonomy and converted skilled crafts into a series of simplified jobs that could be performed by unskilled workers who easily could be trained for the tasks.

Taylor became interested in improving worker productivity early in his career when he observed gross inefficiencies during his contact with steel workers.



# Soldiering

## **Soldiering**

Working in the steel industry, Taylor had observed the phenomenon of workers' purposely operating well below their capacity, that is, *soldiering*. He attributed soldiering to three causes:

1. The almost universally held belief among workers that if they became more productive, fewer of them would be needed and jobs would be eliminated.
2. Non-incentive wage systems encourage low productivity if the employee will receive the same pay regardless of how much is produced, assuming the employee can convince the employer that the slow pace really is a good pace for the job. Employees take great care never to work at a good pace for fear that this faster pace would become the new standard. If employees are paid by the quantity they produce, they fear that management will decrease their per-unit pay if the quantity increases.
3. Workers waste much of their effort by relying on rule-of-thumb methods rather than on optimal work methods that can be determined by scientific study of the task.

To counter soldiering and to improve efficiency, Taylor began to conduct experiments to determine the best level of performance for certain jobs, and what was necessary to achieve this performance.

## Time Studies

Taylor argued that even the most basic, mindless tasks could be planned in a way that dramatically would increase productivity, and that scientific management of the work was more effective than the "initiative and incentive" method of motivating workers. The initiative and incentive method offered an incentive to increase productivity but placed the responsibility on the worker to figure out how to do it.

To scientifically determine the optimal way to perform a job, Taylor performed experiments that he called *time studies*, (also known as *time and motion studies*). These studies were characterized by the use of a stopwatch to time a worker's sequence of motions, with the goal of determining the one best way to perform a job.

The following are examples of some of the time-and-motion studies that were performed by Taylor and others in the era of scientific management.

### Pig Iron

If workers were moving 12 1/2 tons of pig iron per day and they could be incentivized to try to move 47 1/2 tons per day, left to their own wits they probably would become exhausted after a few hours and fail to reach their goal. However, by first conducting experiments to determine the amount of resting that was necessary, the worker's manager could determine the optimal timing of lifting and resting so that the worker could move the 47 1/2 tons per day without tiring.

Not all workers were physically capable of moving 47 1/2 tons per day; perhaps only 1/8 of the pig iron handlers were capable of doing so. While these 1/8 were not extraordinary people who were highly prized by society, their physical capabilities were well-suited to moving pig iron. This example suggests that workers should be selected according to how well they are suited for a particular job.



## The Science of Shoveling

In another study of the "science of shoveling", Taylor ran time studies to determine that the optimal weight that a worker should lift in a shovel was 21 pounds. Since there is a wide range of densities of materials, the shovel should be sized so that it would hold 21 pounds of the substance being shoveled. The firm provided the workers with optimal shovels. The result was a three to four fold increase in productivity and workers were rewarded with pay increases. Prior to scientific management, workers used their own shovels and rarely had the optimal one for the job.

## Bricklaying

Others performed experiments that focused on specific motions, such as Gilbreth's bricklaying experiments that resulted in a dramatic decrease in the number of motions required to lay bricks. The husband and wife Gilbreth team used motion picture technology to study the motions of the workers in some of their experiments.

## **Taylor's 4 Principles of Scientific Management**

After years of various experiments to determine optimal work methods, Taylor proposed the following four principles of scientific management:

1. Replace rule-of-thumb work methods with methods based on a scientific study of the tasks.
2. Scientifically select, train, and develop each worker rather than passively leaving them to train themselves.
3. Cooperate with the workers to ensure that the scientifically developed methods are being followed.
4. Divide work nearly equally between managers and workers, so that the managers apply scientific management principles to planning the work and the workers actually perform the tasks.

These principles were implemented in many factories, often increasing productivity by a factor of three or more. Henry Ford applied Taylor's principles in his automobile factories, and families even began to perform their household tasks based on the results of time and motion studies.

# Drawbacks of Scientific Management

While scientific management principles improved productivity and had a substantial impact on industry, they also increased the monotony of work. The core job dimensions of skill variety, task identity, task significance, autonomy, and feedback all were missing from the picture of scientific management.

While in many cases the new ways of working were accepted by the workers, in some cases they were not. The use of stopwatches often was a protested issue and led to a strike at one factory where "Taylorism" was being tested. Complaints that Taylorism was dehumanizing led to an investigation by the United States Congress. Despite its controversy, scientific management changed the way that work was done, and forms of it continue to be used today.

# Fayol's Administrative Management

## Definition:

The **Administrative Theory** is based on the concept of departmentalization, which means the different activities to be performed for achieving the common purpose of the organization should be identified and be classified into different groups or departments, such that the task can be accomplished effectively.

- The administrative theory is given by Henri Fayol, who believed that more emphasis should be laid on organizational management and the human and behavioral factors in the management.
- Thus, unlike the scientific management theory of Taylor where more emphasis was on improving the worker's efficiency and minimizing the task time
- here the main focus is on how the management of the organization is structured and how well the individuals therein are organized to accomplish the tasks given to them.

▪The other difference between these two is, the administrative theory focuses on improving the efficiency of management first so that the processes can be standardized and then moves to the operational level where the individual workers are made to learn the changes and implement those in their routine jobs.

▪While in the case of the scientific management theory, it emphasizes on improving the efficiency of the workers at the operating level first which in turn improves the efficiency of the management. Thus, the administrative theory follows the top-down approach while the scientific management theory follows the bottom-up approach.

▪Fayol has given 14 principles of management with the intent to improve the functioning of the managers.



# The Bureaucratic Model

A German Sociologist called Max Weber proposed this model. And it includes a system of rules, division of labor hinged on functional specialization, legal authority, and power, the hierarchy of authority and placement of employees based on their technical competence.

Max Weber bureaucracy ideally has the following characteristics:

- i. Specialization of labor
- ii. A formal set of rules and regulations
- iii. Well-defined hierarchy within the organization
- iv. Impersonality in the application of rules

Max Weber listed six major principles of the bureaucratic form as follows:

**A formal hierarchical structure** – In a bureaucratic organization, each level controls the level below it. Also, the level above it controls it. A formal hierarchy is the basis of central planning and centralized decision-making.

**Rules-based Management** – The organization uses rules to exert control. Therefore, the lower levels seamlessly execute the decisions made at higher levels.

**Functional Specialty organization** – Specialists do the work. Also, the organization divides employees into units based on the type of work they do or the skills they possess.

**Up-focused or In-focused Mission** – If the mission of the organization is to serve the stockholders, board, or any other agency that empowered it, then it is up-focused. On the other hand, if the mission is to serve the organization itself and those within it (like generating profits, etc.), then it is in-focused.

**Impersonal** – Bureaucratic organizations treat all employees equally. They also treat all customers equally and do not allow individual differences to influence them.

**Employment based on Technical Qualifications** – Selection as well as the

## **Hawthorne Experiments and Human Relations**

Professor George Elton Mayo (1880-1949) has secured fame as the leader in a series of experiments which became one of the great turning-points in management thinking.

At the Hawthorne plant of Western Electric, he discovered that job satisfaction increased through employee participation in decisions rather than through short-term incentives.

Mayo's importance to management lies in the fact that he established evidence on the value of a management approach and style which, although not necessarily an alternative to F W Taylor's scientific management, presented facts which Taylorites could not ignore.



## **Key theories**

### **Hawthorne**

The Hawthorne plant of Western Electric was located in Chicago. It had some 29,000 employees and manufactured telephones and telephone equipment, principally for AT & T. The company had a reputation for advanced personnel policies and had welcomed a research study by the National Research Council into the relationship between work-place lighting and individual efficiency.

### **The experiments**

The study began in 1924 by isolating two groups of workers in order to experiment with the impact of various incentives on their productivity. Improvements to levels of lighting produced increases in productivity, but so too did reversion to standard lighting and even below-standard lighting in both groups. The initial assumption therefore was that increased output stemmed from variation alone.

Other incentives - including payment incentives and rest pauses - were manipulated at regular intervals, and although output levels varied, the trend was inexorably upwards. Whatever experimentation was applied, output went up. Although it had been fairly conclusively determined that lighting had little or nothing to do with output levels, the Assistant Works Manager (George Pennock) agreed that something peculiar was going on and that experimentation should continue.

## Interpreting Hawthorne

For industry to benefit from the experiments at Hawthorne, Mayo first concluded that supervisors needed training in understanding the personal problems of workers, and also in listening and interviewing techniques. He held that the new supervisor should be less aloof, more people-oriented, more concerned, and skilled in handling personal and social situations.

It was only later, after a period of reflection, that Mayo was able to conclude that:

- job satisfaction increased as workers were given more freedom to determine the conditions of their working environment and to set their own standards of output;

- intensified interaction and cooperation created a high level of group cohesion;

- job satisfaction and output depended more on cooperation and a feeling of worth than on physical working conditions.

In Mayo's view, workers had been unable to find satisfactory outlets for expressing personal problems and dissatisfactions in their work life. The problem, as Mayo perceived it, was that managers thought the answers to industrial problems resided in technical efficiency, when actually the answer was a human and social one.



# **SOCIAL SYSTEM APPROACH**

- Understanding the behaviour of groups & individuals.
- Features
  1. Social System, a system of cultural relationship
  2. Relationship exist between external and internal environment of the organisation.
  3. Formal Organisation - Cultural relationships of social groups working within the organisation.
  4. Co-operation necessary
  5. Efforts directed - harmony between goals of organisation & goals of groups.

## ADVANTAGES.

- This approach is an *important contribution* in field of management.
- Organization is a *social system*. Hence *decisions* should not be taken by *considering* one group, but *all the groups are considered*.
- There are *formal and informal* organizations in management has to *identify* such *informal groups* and *motivate them*.
- Both types of *incentives i.e. financial and non financial* are being *prevailed* to *satisfy* and *encourage* various *groups working* in an organization.



# Decision Theory

## Approach in

### *Introduction:*

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*Simple decisions usually need a simple decision-making process.  
But difficult decisions typically involve issues like these:*

- *Uncertainty* - Many facts may not be known.
- *Complexity* - You have to consider many interrelated factors.
- *High-risk consequences* - The impact of the decision may be significant.
- *Alternatives* - Each has its own set of uncertainties and consequences.
- *Interpersonal issues* - It can be difficult to predict how other people will react.
- *With these difficulties in mind, the best way to make a complex decision is to use an effective process.*

# The Six Steps in Decision Theory

1. Clearly **define** the problem at hand
2. List the possible **alternatives**
3. Identify the possible **outcomes** & **criteria**
4. List the **payoff** or profit of each combination of alternatives and outcomes
5. **Select** one of the mathematical decision theory models
6. **Apply** the model and make your **decision**





# Introduction to Management and Organization

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# Functional Areas of Business

- **R&D**
- **Marketing**
- **Finance**
- **Production**
- **HR**

# Functional Area of Business

- **R&D** = Research & Development
  - New product design and development



# Functional Area of Business

- **Marketing**

- Planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives





# Functional Area of Business

- **Finance**

- Revenue, expenses, budget, financial records and financial statements





# Functional Area of Business

- **Production**

- **Extraction and cultivation** (products are obtained from nature or grown using natural resources)
- **Processing** (changing and improving the form of another product)
- **Manufacturing** (combines raw materials and processes goods into finished products)



# Functional Area of Business

- **HR = Human Resources**
  - People who work for a business/organization
  - Involves in planning & staffing, performance management, compensation & benefits, and employee relations



# Manager

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# Who managers are?

- Someone who coordinates and oversees the work of other people in order to accomplish organizational goals.



**How many level of  
managers can we  
classify?**

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# How to classify managers in organizations?

## Traditional Pyramid Form of Management Level



# I. Lowest Level of Management

- **First-line managers:** manage the work of non-managerial employees who typically are involved with producing the organization's products or servicing the organization's customer
- **They are often called:** supervisor, shift manager, district manager, department manager, office manager



## II. Middle Level of Management

- **Middle managers:** manage work of first-line managers
- **They are often called:** regional manager, project leader, store manager, division manager



# III. Upper Level of Management

- **Top managers:** are responsible for making organization wide decisions and establishing the plans and goals that affect the entire organization.
- **They are often called:** executive vice president, president, managing director, chief operating officer, chief executive officer

# What is Management?

- **Management** involves coordinating and overseeing the work activities of others so that their activities are completed efficiently and effectively.
- Or **Management** is the art of getting work done through others

## 2 Important Words for Management: Efficiency and Effectiveness

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# ***Efficiency and Effectiveness***

## ***Efficiency***

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- **Efficiency** = getting the most output from the least amount of inputs
- “doing things right”
- concern with means(ways) of getting things done

## ***Effectiveness***

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- **Effectiveness** = do those work activities that will help the organization reach its goals
- “doing the right things”
- concern with ends(result) of organizational goal achievement



Or...

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# ***Efficiency and Effectiveness***

## ***Efficiency***

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- ***Efficiency*** = getting work done with a minimum effort, expense, or waste
- (use resources – people, money, raw materials– wisely and cost-effectively)

## ***Effectiveness***

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- ***Effectiveness*** = accomplish tasks that help fulfill organizational objectives
- (make the right decisions and successfully carry them out to accomplish the org. goal)

# Efficiency and Effectiveness in Management



**Efficiency  
(Means)**

**Resource  
Usage**



**Low Waste**



**Effectiveness  
(Ends)**

**Goal  
Attainment**



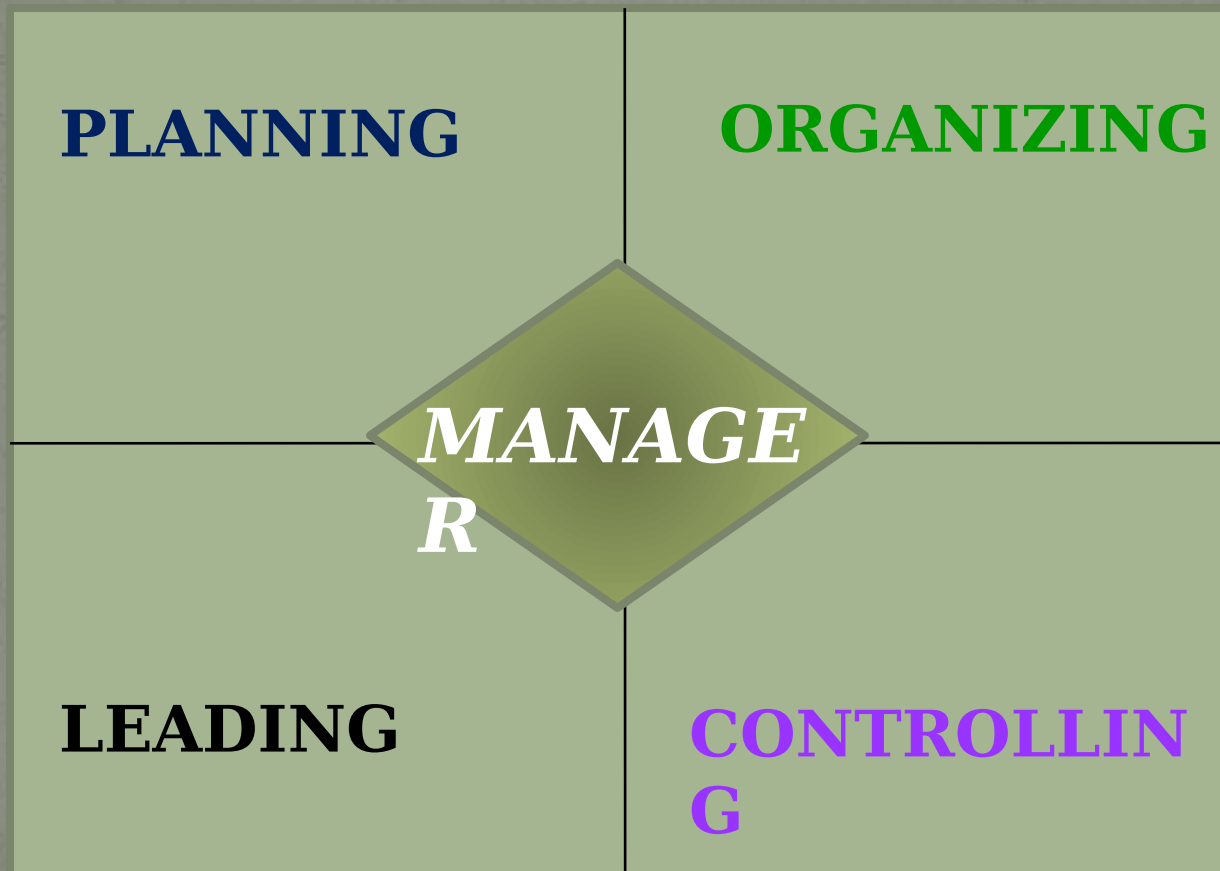
**High  
Attainment**



**Management Strives for:  
Low Resource Waste (high  
efficiency)  
High Goal Attainment (high  
effectiveness)**



# Management Functions





# 1. PLANNING

- Define goals
- Establish strategies for achieving those goals
- Develop plans to integrate and coordinate activities

**Setting goals and plans** (how to achieve them)

## 2. ORGANIZING

- Determine
  - What tasks are to be done ?
  - Who is to do them ?
  - How tasks are to be grouped ?
  - Who reports to whom ?
  - Where decisions are to be made ?

**Arrange tasks and other resources to accomplish organization's goals**

# 3. LEADING

- Motivate subordinates(lower positions)
- Help resolve group conflicts
- Influence individuals or teams as they work
- Select the most effective communication channel
- Deal with employee behavior issues

**Hire, train, motivate(lead) people**



# 4. CONTROLLING

- Monitor activities' performance
- Compare actual performance with the set goals
- Evaluate activities' performance whether things are going as planned
- Correct any disturbance to get work back on track and achieve the set goals

**Ensure all activities are accomplished as planned**

# Homework: “Master Manager”

- Using current business periodicals (*Wall Street Journal, Financial Times, Fortune, The Economist, Forbes, etc.*), find 1 example of manager you would describe as master managers.
- Write a paper describing the individual as manager and why you feel he/she deserve this title.

Area of Management:

- **Functional Managers**

V.S.

- **General Managers**



# Area of Management:

- **Functional Manager** is responsible for just 1 organizational activity
- **General Manager** is responsible for several organizational activities

# Managers for 3 Types of Organizations

1. **For-Profit Organizations:** For making money, or profits, by offering products or services
2. **Non-profit Organizations:** For offering services in either public sector or private sector such as hospitals, colleges, social-welfare agencies
3. **Mutual-Benefit Organizations:** For aiding members such as farm cooperatives, labor unions, trade associations, and clubs

**Do managers manage  
differently for different  
types of organizations?**

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# Management for different types of organizations

## SAME

- **4 management functions**—  
planning, organizing, leading, and controlling— are needed for all types

## DIFFERENCE

- **Measurement of success**
  - **For-profit**: how much profit (or loss) it generate
  - **Nonprofit & Mutual-benefit**: effectiveness of services delivered

# **Management Roles**

# Management Roles

- Specific actions or behaviors expected of a manager
- 3 types of managerial roles:
  - Interpersonal
  - Informational
  - decisional



# ***Mintzberg's Managerial Roles***

- **Interpersonal Roles:** involve people (subordinates and person outside the organization) and other duties that are ceremonial and symbolic in nature
- **Informational Roles:** involve collecting, receiving, and disseminating information
- **Decisional Roles:** entail making decisions or



# Mintzberg's groups managerial activities and roles as involving:

Managerial activities	Associated roles
<b><u>interpersonal roles:</u></b> arising from formal authority and status and supporting the information and decision activities.	<ul style="list-style-type: none"><li>•figurehead</li><li>•liaison</li><li>•leader</li></ul>
<b><u>Informational roles</u></b>	<ul style="list-style-type: none"><li>•monitor</li><li>•disseminator</li><li>•spokesman</li></ul>
<b><u>decisional roles:</u></b> making significant decisions	<ul style="list-style-type: none"><li>•improver/changer (entrepreneur)</li><li>•disturbance handler</li><li>•resource allocator</li><li>•negotiator</li></ul>

# 1. Interpersonal Roles

- **Figurehead:** perform ceremonial duties like greeting company visitors, speaking at the opening of a new facility, or representing the company in front of community



# 1. Interpersonal Roles

## (Cont)

- **Leader:** motivate and encourage workers to accomplish organizational objectives
- **Liaison:** deal with people outside their units to develop alliances that will help in org. goal achievement

## 2. Informational Roles

- **Monitor:** scan environment for information, actively contact others for information, continually update news/ stories related to their business (inside and outside org.)
- **Disseminator:** share the information they have collected with their subordinates and others in the company

## 2. Informational Roles (Cont)

- **Spokesperson:** share information with people outside their departments and companies



# 3. Decisional Roles

- **Entrepreneur:** adapt themselves, their subordinates, and their units to change/innovation
- **Disturbance Handler:** respond to pressures and problems demand immediate attention and action

### 3. Decisional Roles (Cont)

- **Resource Allocator:** set priorities and decide about use of resources
- **Negotiator:** continual negotiate schedules, projects, goals, outcomes, resources, and employee raises in order to accomplish the goals

# **Management Skills**



# Management Skills

- **Technical Skills:** job-specific knowledge and techniques needed to proficiently perform work tasks
- **Human Skills:** ability to work well with other people both individually and in group
- **Conceptual Skills:** ability to see the organization as a whole, understand the relationships among various subunits, visualize how the organization fits into its external environment

# ***Skills Needed at Different Managerial Levels***

**Top Managers**

**Conceptual  
Skills**

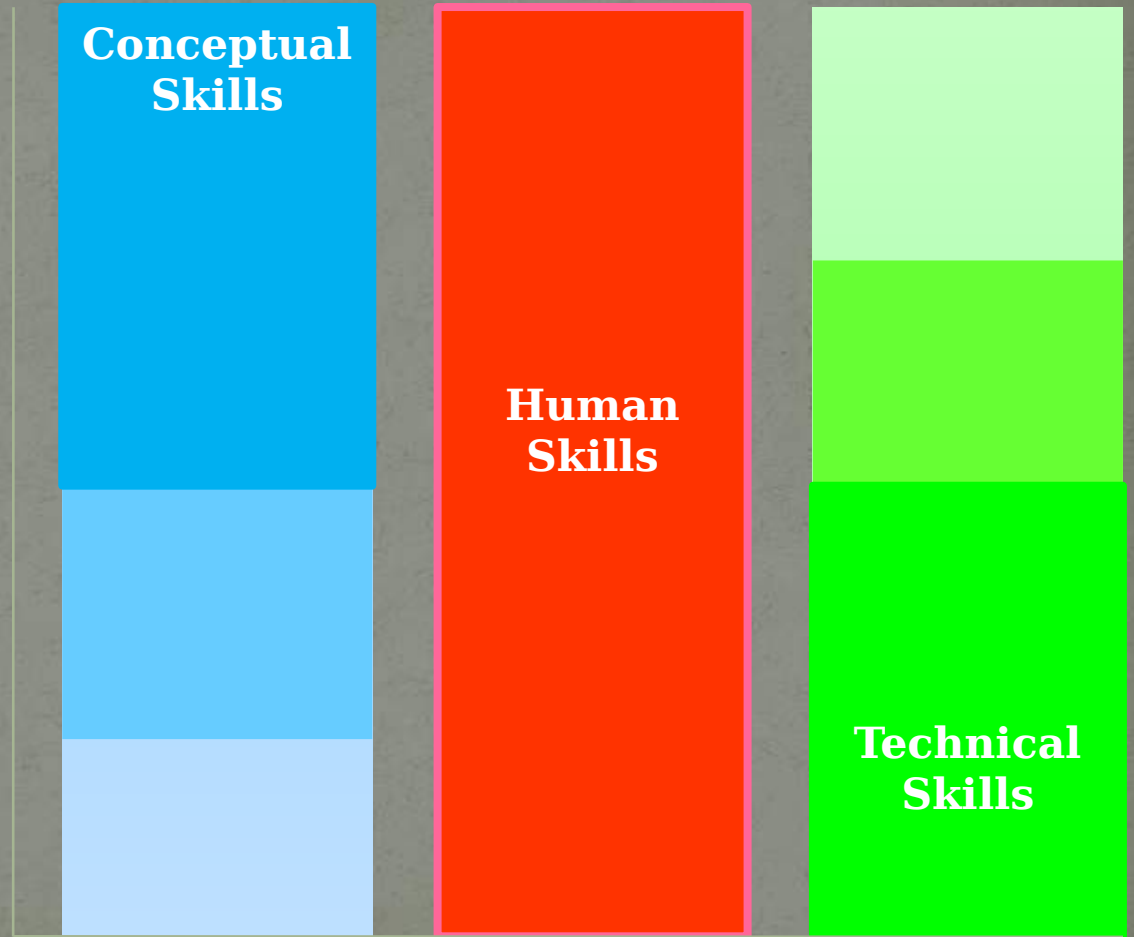
**Middle Managers**

**Human  
Skills**

**Low-Level Managers**

**Technical  
Skills**

**\*Dark color = necessary to  
have**



# **Why Study Management?**



# Why Study Management?

## ❑ The universality of management

- The reality that management is needed in all types, sizes, level, areas of organizations.

## ❑ The reality of work

- You will either manage or be managed in your future career

# Why Study Management?

## □ *Rewards and challenges of being a manager*

Rewards	Challenges
Create work environment where org. members can work to the best of their ability	Do hard work
Have opportunity to think creatively & use imagination	May have duties that are more clerical than managerial
Help others find meaning & fulfillment in work	Have to deal with a variety of personalities
Support, coach, and nurture others	Often have to deal with limited resources
Work with variety of people	Motivate workers in chaotic and uncertain situations
Receive recognition & status in org. and community	Blend knowledge, skills, ambitions, and experiences of a diverse workgroup
Play a role in influencing org.	Success depends on others' work

# PLANNING

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# **CONTENT**

- ❑ Planning:
- ❑ Meaning,
- ❑ Definition,
- ❑ Features of Planning,
- ❑ Importance of Planning,
- ❑ Limitations of Planning,
- ❑ Plans: Types of Plans.

# Meaning

- ❑ In simple words we can say, planning bridges the gap between where we are standing today and where we want to reach.
- ❑ Planning involves setting objectives and deciding in advance the appropriate course of action to achieve these objectives so we can also define planning as setting up of objectives and targets and formulating an action plan to achieve them.
- ❑ Another important ingredient of planning is time. Plans are always developed for a fixed time period as no business can go on planning endlessly.

## **Definition**

Planning can be defined as “thinking in advance what is to be done, when it is to be done, how it is to be done and by whom it should be done”.

Keeping in mind the time dimension we can define planning as “Setting objectives for a given time period, formulating various courses of action to achieve them and then selecting the best possible alternative from the different courses of actions”.



# **Features/Nature/Characteristic of Planning**

- ❑ Planning contributes to Objectives**
- ❑ Planning is Primary function of management  
Pervasive**
- ❑ Planning is futuristic/Forward looking**
- ❑ Planning is continuous**
- ❑ Planning involves decision making**
- ❑ Planning is a mental exercise**

# **Importance/Significance of Planning**

- ❑ Planning provides Direction**
- ❑ Planning Reduces the risk of uncertainties**
- ❑ Planning reduces over lapping and wasteful activities**
- ❑ Planning Promotes innovative ideas**
- ❑ Planning Facilitates Decision Making**
- ❑ Planning establishes standard for controlling**
- ❑ Focuses attention on objectives of the company**

# **Limitations of Planning**

- ❑ Planning leads to rigidity**
- ❑ Planning may not work in dynamic environment**
- ❑ Planning involves huge Cost**
- ❑ It is a time consuming process**
- ❑ Planning does not guarantee success**



# **Planning Process**

- 1. Setting up of the objectives**
- 2. Developing premises**
- 3. Listing the various alternatives for achieving the objectives**
- 4. Evaluation of different alternatives**
- 5. Selecting an alternative**
- 6. Implement the plan**
- 7. Follow-up**

## **Plan:**

Plan is a document that outlines how goals are going to be met. It is a specific action proposed to help the organization achieve its objectives. There may be more than one way and means of reaching a particular goal but with the help of logical plans, objectives of an organization could be easily achieved.

## **Single Use Plans:**

Single use plans are one time use plan. These are designed to achieve a particular goal that once achieved will not reoccur in future. These are made to meet the needs of unique situations. The duration or length of single use plan depends upon the activity or goal for which it is made. It may last one day or it may last for weeks or months if the project for which it is made is long.

## **Standing Plans:**

Standing plans are also known as Repeat Use Plans. These plans focus on situations which occur repeatedly. Standing plans are used over and over again. They are made once but retain their value over a period of years. Although some revisions and updates are made in these plans from time to time.

# **Types of Plans**

***Planning is a pervasive function which means it is not the task of top level managers only but managers working at different levels perform planning function. The plans framed by top level manager may differ from the plans formed by middle and lower level managers.***

The different types of plans or common plans formed by the managers at different levels are:

Objectives

Strategy – Programmes

Rules & Policies – Methods

Procedures – Budgets



# 1. Objectives

Objectives are the ends towards which the activities are directed. They are the end result of every activity.

An objective:

- (a) Should be related to single activity;
- (b)** Should be related to result and not to activity to be performed;
- (c)** It should be measurable or must be measured in quantitative term;
- (d)** It must have a time limit for achievement of objective;
- (e)** It must be achievable or feasible.

## **2. Strategy**

A strategy is a comprehensive plan to achieve the organizational objectives.

The dimensions of strategy are:

- (i) Determining long term objectives.
- (ii) Adopting a particular course of action.
- (iii) Allocating resources for achieving the objectives.

Strategy formulation is the task of top level people and it is must to scan and understand clearly the business environment before framing the strategy. The common decisions in strategy are whether to introduce a new product or not. If to introduce then how, finding out customer for your products making changes in existing products etc. All the strategic decisions are greatly influenced by the business environment. Strategy defines the future decisions regarding the organization's direction and scope in the long run.

### **3.Policies:**

Policy can be defined as organization's general response to a particular problem or situation. In simple words, it is the organization's own way of handling the problems. Policies are made at every level because the managers at every level need to decide or predetermine the way of handling a situation and policy acts as a guide to take decisions in unexpected situation.

Policy formation always encourages initiatives of employees because employees have to deal with situations and the way of handling the situation is decided in consultation with the employees. Then they will be able to handle the situation in a much better way.

#### **4. Procedures:**

Procedures are required steps established in advance to handle future conditions. The sequence of steps to be followed by employees in different situations must be predetermined so that everyone follows same steps.

The procedure can be defined as the exact manner in which an activity has to be accomplished.

Procedures are made common for all the departments to co-ordinate their activities. So procedures cut across all the departmental lines.



## **5. Rules:**

- Rules spell out special actions or non-actions of the employees. There is no discretion allowed in rules, i.e., they must be followed strictly and if rules are not followed then strict actions can be taken against employees who are disobeying the rules. Rules are spelt out to create the environment of discipline in the organization.

## **6. Programmes:**

Programmes are the combination of goals, policies, procedures and rules. All these plans together form a program. The programmes are made to get a systematic working in the organisation. The programmes create relation between policies, procedures and goals. The programmes are also prepared at different levels. A primary programme is prepared by the top level and then to support the primary programme supportive programmes of different levels are prepared for smooth function of the company.

## **7. Methods:**

Methods can be defined as formalized or systematic way of doing routine or repetitive jobs. The managers decide in advance the common way of doing a job.

So, that

- (a) There is no doubt in the minds of employees;
- (b) There can be uniformity in actions of the employees;
- (c) These help in applying the techniques of standardization and simplification;
- (d) Act as guide for employees.

If the common way of doing the job is not decided in advance then there will be confusion and comparison will not be possible. For example, for the valuation of stock, the organisation must decide in advance what method has to be adopted (lifo or fifo). So that everyone follows the same method and comparison with the past value of stock can be done, method for calculation of depreciation.

## **8. Budget:**

Budget is the statement of expected result expressed in numerical terms. In budgets the results are always measurable and most of the time these are financial in nature but it does not mean that company prepares only financial budget. Financial budget is also known as profit plan of the company because it includes the expected income and related expenditures with that income and the profit which the company will earn in the coming year.

Along with financial budget, capital budget is prepared to find out the expected capital requirement. Operational budget is prepared where instead of finance hourly units are used stating expected hours the employees will be working. Budgets are prepared by managers at every level and lower level managers generally prepare operational budgets.

The most common budget prepared by managers at different levels is cash budget. This budget estimates the expected cash inflow and cash outflow over a period of time. Cash inflow comes from sales and cash outflow is in the form of expenses. Businessmen can find out net cash position by subtracting cash outflow from cash inflow.





**Thank  
You!**

A 3D rendered graphic of a blue, irregularly shaped sign with a white border. The sign features the words "Thank" and "You!" in a bold, white, sans-serif font, stacked vertically. A small, dark brown pushpin is pinned to the top center of the sign. The sign is set against a plain white background, which is itself centered on a dark gray background with a subtle geometric pattern of intersecting lines.

# STAFFING

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***SHROMONA NEOGI***

# CONTENT

**Staffing: Concept;  
Definition, Meaning, and  
Functions of Staffing,  
Importance of Staffing,  
Characteristics of Staffing**

**Overview of - Manpower  
Planning, Job Design,**

# Meaning

Staffing is the process of hiring eligible candidates in the organization or company for specific positions. In management, the meaning of staffing is an operation of recruiting the employees by evaluating their skills, knowledge and then offering them specific job roles accordingly. Let us find out more about what is Staffing and what it entails along with its functions



## **Definition**

Staffing can be defined as one of the most important functions of management. It involves the process of filling the vacant position of the right personnel at the right job, at right time. Hence, everything will occur in the right manner.

# Functions of Staffing

The first and foremost function of staffing is to obtain qualified personnel for different jobs position in the organization.

In staffing, the right person is recruited for the right jobs, therefore it leads to maximum productivity and higher performance.

It helps in promoting the optimum utilization of human resource through various aspects.

Job satisfaction and morale of the workers increases through the recruitment of the right person.

Staffing helps to ensure better utilization of human resources.

It ensures the continuity and growth of the organization, through development managers.

# **Importance of Staffing**

## **Efficient Performance of Other Functions**

For the efficient performance of other functions of **management**, staffing is its key. Since, if an organization does not have the competent personnel, then it cannot perform the functions of management like **planning**, organizing and control functions properly.

## **Effective Use of Technology and Other Resources**

What is staffing and technology's connection? Well, it is the human factor that is instrumental in the effective utilization of the latest technology, capital, material, etc. the management can ensure the right kinds of personnel by performing the staffing function

## **Optimum Utilization of Human Resources**

The wage bill of big concerns is quite high. Also, a huge amount is spent on recruitment, selection, training, and development of employees. To get the optimum output, the staffing function should be performed in an efficient manner.



# **Development of Human Capital**

Another function of staffing is concerned with human capital requirements. Since the management is required to determine in advance the manpower requirements. Therefore, it has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in the future.

## **The Motivation of Human Resources**

In an organization, the behaviour of individuals is influenced by various factors which are involved such as education level, needs, socio-cultural factors, etc. Therefore, the human aspects of the organization have become very important and so that the workers can also be motivated by financial and non-financial incentives in order to perform their functions properly in achieving the objectives.

## **Building Higher Morale**

The right type of climate should be created for the workers to contribute to the achievement of the organizational objectives. Therefore, by performing the staffing function effectively and efficiently, the management is able to describe the significance and importance which it attaches to the personnel working in the enterprise.



# Characteristics of

## Staffing

- *People-Centered*
- *Responsibility of Manager*
- *Human Skills*
- *Continuous Function*

# Manpower Planning

*Manpower Planning* which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. Human Resource Planning has got an important place in the arena of industrialization. Human Resource Planning has to be a systems approach and is carried out in a set procedure. The procedure is as follows:

- Analyzing the current manpower inventory
- Making future manpower forecasts
- Developing employment programs
- Design training programs

# Importance of Manpower Planning

**Key to managerial functions-** The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.

**Efficient utilization-** Efficient management of personnel becomes an important function in the industrialization world of today. Setting of large scale enterprises require management of large scale manpower. It can be effectively done through staffing function.

**Motivation-** Staffing function not only includes putting right men on right job, but it also comprises of motivational programs, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans becomes an integral part of staffing function.

**Better human relations-** A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.

**Higher productivity-** Productivity level increases when resources are utilized in best possible manner. Higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities ( Performance appraisal, training and development, remuneration)



## Need of Manpower Planning

❑ *Manpower Planning* is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draw employment programs. Manpower Planning is advantageous to firm in following manner:

❑ Shortages and surpluses can be identified so that quick action can be taken wherever required.

❑ All the recruitment and selection programs are based on manpower planning.

❑ It also helps to reduce the labour cost as excess staff can be identified and thereby overstaffing can be avoided.

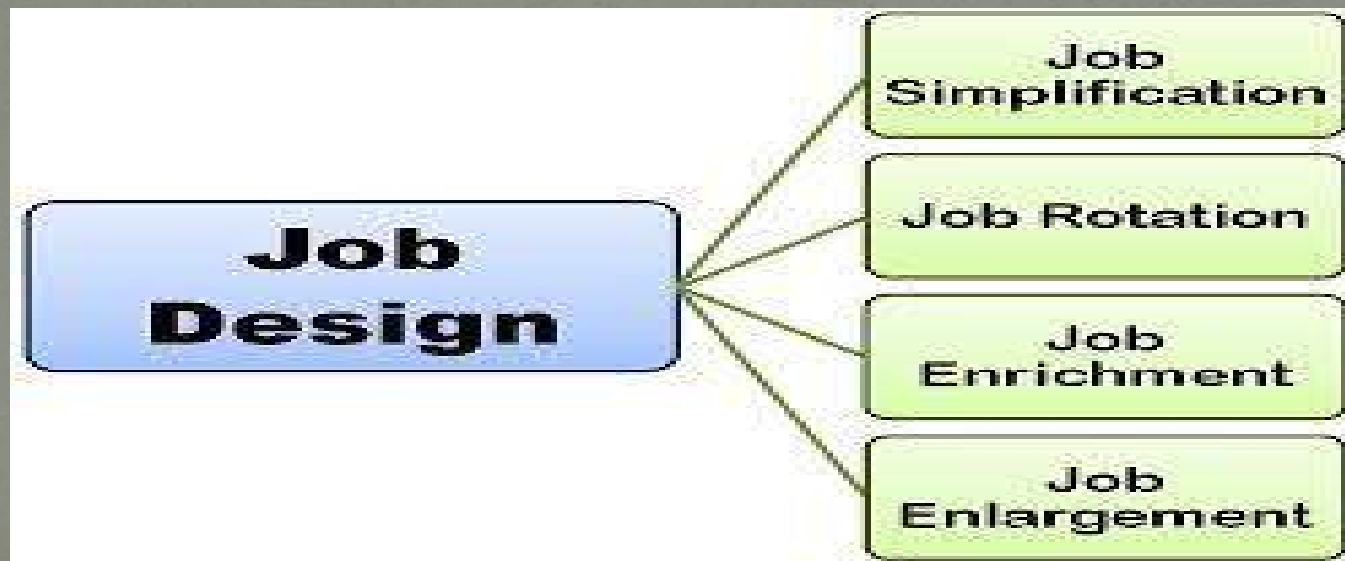
❑ It also helps to identify the available talents in a concern and accordingly training programs can be chalked out to develop those talents.

❑ It helps in growth and diversification of business. Through manpower planning, human resources can be readily available and they can be utilized in best manner.

❑ It helps the organization to realize the importance of manpower management which ultimately helps in the stability of a concern.



Job design is the process of organizing work into the tasks required to perform a specific job. It involves the conscious efforts to organize tasks, duties and responsibilities into a unit of work to achieve certain objectives. An HR manager should have a keen interest in the design and specification of individual jobs within the organization.



# Recruitment & Selection

**Recruitment and Selection** is an important operation in HRM, designed to maximize employee strength in order to meet the employer's strategic goals and objectives. It is a process of sourcing, screening, shortlisting and selecting the right candidates for the required vacant positions.

## **The Scope of Recruitment and Selection**

➤ The scope of Recruitment and Selection is very wide and it consists of a variety of operations. Resources are considered as most important asset to any organization. Hence, hiring right resources is the most important aspect of Recruitment. Every company has its own pattern of recruitment as per their recruitment policies and procedures.

➤ The scope of Recruitment and Selection includes the following operations –

- Dealing with the excess or shortage of resources
- Preparing the Recruitment policy for different categories of employees
- Analyzing the recruitment policies, processes, and procedures of the organization
- Identifying the areas, where there could be a scope of improvement
- Streamlining the hiring process with suitable recommendations
- Choosing the best suitable process of recruitment for effective hiring of resources
- Any organization wants its future to be in good and safe hands. Hence, hiring the right resource is a very important task for any organization.

# Training and Development

Training and Development is one of the main functions of the human resource management department. Training refers to a systematic setup where employees are instructed and taught matters of technical knowledge related to their jobs. It focuses on teaching employees how to use particular machines or how to do specific tasks to increase efficiency. Whereas, Development refers to the overall holistic and educational growth and maturity of people in managerial positions. The process of development is in relation to insights, attitudes, adaptability, leadership and human relations.





## **Performance Appraisal**

A performance appraisal is a regular review of an employee's job performance and overall contribution to a company. Also known as an annual review, performance review or evaluation, or employee appraisal, a performance appraisal evaluates an employee's skills, achievements, and growth--or lack thereof. Companies use performance appraisals to give employees big-picture feedback on their work and to justify pay increases and bonuses, as well as termination decisions. They can be conducted at any given time but tend to be annual, semi-annual, or quarterly.

### **Performance Appraisal Types**

Most performance appraisals are top-down, meaning supervisors evaluate their staff with no input from the subject. But there are other types:

Self assessment: Individuals rate their job performance and behavior.

Peer assessment: An individual's work group rates his performance.

360-degree feedback assessment: Includes input from an individual, her supervisor, and her peers.

Negotiated appraisal: A newer trend that utilizes a mediator and attempts to moderate the adversarial nature of performance evaluations by allowing the subject to present first. Also focuses on what the individual is doing right before any criticism is given. This structure tends to be useful during conflicts between subordinates and supervisors.





**Thank  
You!**

A blue, 3D-style sticker with the words "Thank You!" in a bold, white, sans-serif font. The sticker is pinned to a white background with a single black pushpin. The entire scene is set against a dark, textured, greyish-brown background that resembles aged paper or a book cover.