Unit 3

Planning – The First and Fundamental Function of Management

Meaning:
Planning means *thinking before doing* — deciding in advance **what**, **how**, **when**, and **who** will perform the tasks.

Essence:

- It acts as a **blueprint for future action**.
- Helps bridge the gap between the **present position** and **desired goals**.
- Ensures **resources, time, and efforts** are used effectively.
- **Reduces uncertainty** and improves efficiency.
- Acts as the **compass of management**, showing direction and guiding decisions.

Definitions:

- **Koontz & O'Donnell:** "Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it. Planning bridges the gap from where we are to where we want to go."
- **Business Jargons:** "Planning is an intellectual process that involves setting objectives and developing various courses of action to achieve them."

Conclusion:
Without planning, organizations are like **ships sailing without a map** — directionless and uncertain.

Feature of planning

• **Goal-Oriented** – Every plan aims at achieving specific objectives.

• **Primary Function of Management** – It's the foundation on which all other functions (organizing, staffing, directing, controlling) depend.

• **Pervasive** – Required at **all levels** of management and in **all departments**.

• **Continuous Process** – Planning is ongoing; it must be revised as circumstances change.

• **Futuristic** – Involves **looking ahead**, forecasting future conditions, and preparing accordingly.

•**Decision-Making Activity** – Entails selecting the **best course of action** among various alternatives.

• **Mental Exercise** – A **creative and intellectual process**, requiring analysis, foresight, and judgment.

Importance of planning

- **Provides Direction** – Ensures all efforts are aligned with the organization's goals.
- **Reduces Uncertainty** – Anticipates future challenges and prepares solutions in advance.
- **Minimizes Waste & Overlapping** – Avoids duplication of efforts, leading to **efficient resource utilization**.
- **Encourages Innovation** – Stimulates managers to think of **new and improved methods**.
- **Facilitates Decision-Making** – Offers a framework for comparing alternatives and choosing wisely.
- **Sets Standards for Control** – Actual performance can be measured and evaluated against the plan.
- **Promotes Coordination** – Unifies efforts across departments and levels toward common objectives.

Types of Planning

Type	Time Horizon / Scope	Focus / Purpose	Example
1. Strategic Planning	Long-term (5–10 years or more)	Defines overall direction, mission, and vision of the organization	Company decides to expand into international markets
2. Tactical (Functional) Planning	Medium-term (1–3 years)	Converts strategic goals into departmental or functional plans	Marketing team plans a 2-year global campaign
3. Operational Planning	Short-term (daily, weekly, monthly)	Focuses on routine activities, schedules, and procedures	Preparing employee work shifts for holiday season

Type	Time Horizon / Scope	Focus / Purpose	Example
4. Contingency Planning	As needed (for emergencies)	Prepares for unexpected events or crises	IT firm designs a disaster recovery plan for server failure

Planning process

1. **Setting objectives**
   - State clear, specific, measurable goals (use SMART: Specific, Measurable, Achievable, Relevant, Time-bound).
   - Example: *Increase regional sales by 15% in Q3 through two new distributor partnerships*.
2. **Developing planning premises**
   - List assumptions about the external and internal environment (economy, competition, resource availability, tech).
   - Mark each premise as *certain / probable / uncertain*.
3. **Identifying alternatives**
   - Brainstorm different courses of action (strategies, tactics, resource mixes).
   - Keep options practical and distinct.
4. **Evaluating alternatives**
   - Compare options using criteria: cost, risk, expected benefit, time to implement, resource needs, alignment with objectives.
   - Tools: decision matrix, cost–benefit, SWOT.
5. **Selecting the best alternative**
   - Choose the option that best balances objectives, risk and resources. Document why it was chosen.
6. **Implementing the plan**
   - Allocate resources, assign responsibilities, set milestones and timelines. Use RACI or simple responsibility chart.
7. **Follow-up & monitoring**

- Track progress vs. milestones, measure KPIs, review assumptions. Adjust plan when variance or new information appears.

Elements of Planning/Hierarchy of Planning Elements

1. Mission

- **Meaning:** The fundamental purpose of the organization — *why it exists*.
- **Focus:** Defines philosophy, core values, and scope of operations.
- **Example:** *Google's mission: "To organize the world's information and make it universally accessible and useful."*

---

2. Objectives

- **Meaning:** Specific, measurable results the organization aims to achieve.
- **Focus:** Derived from the mission; time-bound and quantifiable.
- **Example:** *Increase market share by 10% within one year.*

---

3. Strategies

- **Meaning:** Broad courses of action for achieving objectives.
- **Focus:** Long-term direction; resource allocation to gain advantage.
- **Examples:** *Cost leadership, product differentiation, market expansion*.

---

4. Policies

- **Meaning:** General guidelines for consistent decision-making.
- **Focus:** Define boundaries and behavior expected from managers and employees.
- **Example:** *"Promote from within the organization whenever possible."*

---

5. Procedures

- **Meaning:** Step-by-step methods for performing specific tasks.
- **Focus:** Ensure consistency, efficiency, and standardization.
- **Example:** *Procedure for resolving customer complaints*.

---

6. Rules

- **Meaning:** Specific, mandatory statements that must be followed.
- **Focus:** No discretion allowed; enforce discipline.
- **Example:** *“No smoking in the workplace.”*

---

7. Programmes

- **Meaning:** Integrated plans combining objectives, policies, and procedures to achieve a specific goal.
- **Focus:** Coordinates multiple activities, timelines, and resources.
- **Example:** *Training programme for new employees*.

---

8. Budget

- **Meaning:** A financial plan assigning resources to various activities.
- **Focus:** Acts as both a **planning** and **controlling** tool.
- **Example:** *Annual marketing budget of ₹50 lakhs*.

Planning in organizations happens at different levels/

Levels of Planning in Management

1. Corporate Plan (Top-Level Planning)

- **Scope:** Entire organization
- **Focus:** Long-term direction, mission, and vision
- **Decisions:** Which industries/markets to enter, mergers, acquisitions, diversification, resource allocation

- **Example:** A conglomerate like *Tata Group* deciding to expand into renewable energy or divest from steel
- **Time Horizon:** Long-term (5–10 years or more)

---

2. Business Unit Plan (Middle-Level Planning)

- **Scope:** Individual business units or Strategic Business Units (SBUs)
- **Focus:** Competitive strategy within a specific market or industry
- **Decisions:** How to compete — cost leadership, differentiation, or focus strategy; product positioning; pricing strategies
- **Example:** *Tata Motors* (as a business unit of Tata Group) planning to launch electric vehicles to compete in the automobile market
- **Time Horizon:** Medium-term (1–5 years)

---

3. Departmental / Functional Plans (Lower-Level Planning)

- **Scope:** Specific departments (marketing, HR, finance, operations, etc.)
- **Focus:** Day-to-day operations and functional goals that support business unit strategy
- **Decisions:** Marketing campaigns, recruitment drives, production schedules, training programmes, budgeting
- **Example:** The HR department planning a new employee training programme to support the EV launch
- **Time Horizon:** Short-term (daily, monthly, yearly)

Relationship Between Levels of Planning/Pyramid of Planning Levels

1. Corporate Plan

- **Top-level**: Sets the *overall direction* of the organization.
- Focus: Vision, mission, diversification, mergers, resource allocation.
- **Time horizon:** Long-term (5–10 years or more).

---

2. Business Unit Plan

- **Middle-level**: Converts corporate direction into *competitive strategies* for each unit.
- Focus: Product/market strategy, cost leadership, differentiation, pricing, innovation.
- **Time horizon:** Medium-term (1–5 years).

---

3. Departmental / Functional Plans

- **Lower-level**: Translates business strategies into *operational tasks*.
- Focus: Marketing campaigns, HR training, budgeting, daily/annual targets.
- **Time horizon:** Short-term (daily, monthly, yearly).

Decision Making in Management

Meaning

Decision making is the process of **selecting the best course of action** from among several alternatives to achieve a specific goal.

Decision-making is a **continuous process** — it requires regular review and adjustment.

It involves both **rational analysis** (facts and data) and **intuition** (experience and judgment).

Effective decision-making reduces uncertainty and enhances organizational effectiveness.

Decision making is the core of all management activities. (POSDC)
It involves **evaluating options, analyzing risks**, and **choosing wisely**.

Simple Definition: Choosing the right path to solve a problem or achieve an objective.

Definitions

- **Koontz & O'Donnell:**
  "Decision making is the selection of a course of action from among alternatives to achieve a desired result."

- **George R. Terry:**
  "Decision making is the selection based on some criteria from two or more possible alternatives."

Key Characteristics

- 🎯 **Goal-oriented:** Focused on achieving objectives
- 🔁 **Continuous process:** Managers make decisions regularly
- 🌍 **Pervasive:** Present in every function and level of management
- 🧠 **Rational & logical:** Involves analysis, reasoning, and judgment
- ⚖️ **Based on alternatives:** Involves choosing among options
- 🏁 **Outcome-focused:** Aims to solve problems or exploit opportunities

---

Essence

Decision making is the heart of management —
No plan, action, or control is possible without making decisions.

Importance of Decision Making in Management

1. Foundation of Planning: No plan can be made without deciding **objectives, methods, and resources**.

2. Helps in Achieving Goals: Guides the organization toward its objectives by selecting the **best course of action**.

3. Reduces Uncertainty: Provides clarity and confidence in **uncertain situations**.

4. Efficient Utilization of Resources: Ensures **optimal use** of money, manpower, and materials.

5. Facilitates Coordination: Aligns decisions across departments for **unity of action**.

6. Encourages Innovation: Promotes **creative thinking** and exploring new alternatives.

7. Basis of Control: Enables performance to be **measured against decisions taken**.

8. Improves Organizational Effectiveness: Sound decisions improve **productivity, morale, and competitiveness**.

Types of Decision Making in Management

1. Based on Nature of Decisions

- **Programmed Decisions:** Routine, repetitive, and structured decisions.
  Example: Reordering inventory or approving regular expenses.
- **Non-Programmed Decisions:** Unique, unstructured, and complex decisions.
  Example: Entering a new market or launching a new business model.

---

2. Based on Levels of Management

- **Strategic Decisions:** Taken by top management; long-term and policy-oriented.
  Example: Mergers, diversification, expansion.
- **Tactical Decisions:** Taken by middle management; medium-term and resource-related.
  Example: Launching a new product line.
- **Operational Decisions:** Taken by lower-level managers; short-term and routine.
  Example: Scheduling shifts or managing daily operations.

---

3. Based on Capacity of Individuals

- **Individual Decisions:** Taken by a single manager (common in small firms).
- **Group Decisions:** Taken collectively by a team or committee (used for complex problems).

---

4. Based on Approach

- **Rational Decisions:** Based on logical analysis, data, and facts.
- **Intuitive Decisions:** Based on experience, instincts, or judgment.

Decision-Making Process in Management

1. Identify the Problem

- Recognize that a decision is needed.
- **Example:** Sales are declining, so management must take action.

---

2. Collect Relevant Information

- Gather all necessary data, facts, and insights about the situation.
- **Example:** Conduct market research, analyze competitors, and gather customer feedback.

---

3. Identify Alternatives

- List all possible courses of action.
- **Example:**
    - Increase advertising
    - Reduce prices
    - Launch a new product

---

4. Evaluate Alternatives

- Compare each alternative in terms of:
    - Cost
    - Risk
    - Feasibility
    - Alignment with organizational goals

---

5. Select the Best Alternative

- Choose the option that **maximizes benefits** and **minimizes risks**.

---

6. Implement the Decision

- Put the chosen plan into action.
- Assign responsibilities and allocate necessary resources.

---

7. Review and Feedback

- Monitor outcomes and compare them with objectives.
- Make adjustments if required.

- **Example:** If sales don't improve, revisit the decision and try another alternative.

Analogy: Decision-Making as a Puzzle

1. **Identify the problem** → See the puzzle picture.
2. **Collect information** → Gather all puzzle pieces.
3. **Identify alternatives** → Try different fits.
4. **Select the best** → Choose the best fit.
5. **Review** → Check if the puzzle looks right.

Unit -4

Effective decision-making

it involves choosing the most suitable course of action from available alternatives to achieve organizational goals.

Characteristics of Effective Decision-Making

- **Goal-Oriented:** Decisions align with overall organizational objectives. *Example: School gives extra classes to improve results.*
- **Rational:** Based on facts, logic, and systematic analysis. *Example: Company checks sales data before deciding.*
- **Timely:** Made at the right moment to avoid delays or lost opportunities. *Example: Shop orders umbrellas before rainy season.*
- **Feasible:** Practical and achievable with existing resources A shop wants to expand, so it starts by opening just one small branch instead of many.
- **Flexible:** Can adapt to changing situations. *Example: Restaurant changes opening time when customers come early.*
- **Participative:** Includes input from relevant stakeholders. *Example: Manager asks staff before changing schedules.*
- **Ethical:** Ensures fairness, transparency, and social responsibility. *Example: Company uses good materials to be truthful to customers.*

Techniques of Decision-Making

1. Qualitative Techniques (Judgment-Based)
(These techniques depend on human experience, judgment, and creativity.)

• **Intuition:** Deciding based on your experience or gut feeling.

• **Brainstorming:** A group freely shares ideas without judging them.

• **Didactic Interaction:** Two groups debate their ideas, and then a decision is made.

• **Delphi Technique:** Experts give their opinions secretly in several rounds until they agree.

• **Nominal Group Technique (NGT):** People first think quietly, then discuss, then vote.

• **Multi-voting:** The group votes many times to slowly reduce the number of options.

2. Quantitative Techniques (Data-Driven)

(These techniques use numerical data, statistics, and mathematical models.)

- **Decision Tree Analysis:** A diagram that shows choices and what might happen after each choice.
- **Payoff Matrix:** A table that compares different options in different situations.

Option	Hot Weather Profit	Cold Weather Profit
Ice Cream	High	Low
Hot Chocolate	Low	High

- **Linear Programming:** Using math to find the best way to use limited resources. A factory calculates how many chairs and tables to produce with limited wood to maximize profit.
- **Queuing Theory:** Studying how to reduce waiting time in lines. A bank analyses customer waits times to decide if they need more counters.
- **Simulation:** Creating a model to test possible outcomes. A hospital uses a computer model to test how many patients it can handle during busy hours.
- **Cost-Benefit Analysis:** Comparing benefits and costs.
- **Operations Research Tools:** Complex math methods for tough decisions. A shipping company uses advanced models to choose the best delivery routes.

Organizing

- **Meaning:** Organizing is the process of arranging, grouping, and coordinating activities and resources to achieve organizational objectives effectively.

- **Definition (Theo Haimann):** "Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them."
- **In short:** It is the bridge between planning and execution.

Significance of Organizing (CSC R AGA)

1. **Clarity of roles** – defines authority and responsibility.
2. **Specialization** – increases efficiency through division of work.
3. **Coordination** – integrates efforts of all departments.
4. **Resource utilization** – avoids duplication and wastage.
5. **Adaptability** – helps adjust to environmental changes.
6. **Growth & Expansion** – provides structure for scaling.
7. **Authority–Responsibility balance** – ensures accountability.

Steps in the Organizing Process (**IGADEC**)

The **Process of Organizing** is simply deciding **who does what** and **who reports to whom** to get a big job done.

1. **Identification of activities** – What needs to be done? based on objectives.
2. **Grouping of activities** – into departments or units.
3. **Assignment of duties** – allocating work to individuals.
4. **Delegation of authority** – giving power to perform tasks.
5. **Establishing relationships** – Deciding who is the **boss** and who has to report to them.
6. **Coordination** – ensuring smooth functioning.

Authority and Responsibility Relationship

Key Concepts

- **Authority:** The right to give orders and expect obedience.
- **Responsibility:** The obligation to perform assigned tasks.
- **Accountability:** Being answerable for results or outcomes.

Key Principles

- **Authority must equal responsibility** (Parity Principle). The amount of **power** (authority) you are given must be the same as the size of the **job** (responsibility) you have to do.without balance of both work cant be done like you can not buy coffee machine but responsible for its 24*7 work is bad
- **Responsibility cannot be delegated**; only authority can be delegated. You can give *someone else the power* to do a task for you (**Authority**), but you are still the one ultimately held **accountable** for the final result (**Responsibility**).
- **Clear authority–responsibility relationships** reduce confusion. it prevents people from getting different instructions from different bosses (avoiding the "two-bosses problem") and stops important tasks from being forgotten.

Formula

Authority = Responsibility → Accountability

Once authority and responsibility are given, the person becomes **accountable** for the outcome

Example:

A manager is given the **authority** to approve expenses and the **responsibility** to manage the budget.
If the budget is misused, the manager is **accountable**.

Centralization

Meaning

- Concentration of decision-making power at the top level of management.

Merits (BSQU)

1. **B**etter coordination: The **Head Office** sets a single annual budget, ensuring all departments work within the same financial plan.
2. **S**trong leadership: The **Founder's** vision for "premium quality" is strictly enforced because they approve all production changes personally.
3. **Q**uick implementation: After the CEO decides to launch a new product, the **order is sent immediately** to all factories to begin production.

4. **U**niform policies: Every single store location uses the **exact same script** for handling customer returns.

Demerits (PLDO)

1. **P**oor adaptability: A **store manager** cannot quickly adjust prices for a local sale because they must wait for approval from the distant Head Office.
2. **L**ess initiative at lower levels: A **branch employee** notices a better way to file paperwork but never suggests it because they know the Head Office won't allow a change
3. **D**elays in decision-making: A simple request for new office equipment takes **two weeks** because it must travel up five levels for the CEO's signature.
4. **O**verburdened top management: The **Vice President** wastes time approving every small travel request, distracting them from strategic planning.

Decentralization

Meaning

- Systematic delegation of decision-making authority to lower levels of management.

Merits (QDRG)

1. **Q**uick decisions: Decisions are made locally, right where the problem is.
2. **D**evelops managerial talent: A **Junior Manager** learns complex budgeting skills by managing their own department's funds
3. **R**educes burden on top management: The **CEO** focuses only on the company's five-year plan instead of daily operational issues.
4. **G**reater motivation and initiative: Employees feel trusted and empowered to act creatively.

Demerits (PRHC)

1. **P**ossible misuse of authority: A **Department Head** only hires people who are friends with them.
2. **R**isk of inconsistent decisions: Different managers may make different choices on similar issues. One **Branch Manager** offers a 15% discount, while another in the next town offers only 5%.

3. **H**igh cost due to duplication: Different units might hire their own staff or buy their own equipment unnecessarily.
4. **C**ompetent managers required: The system fails if lower-level managers aren't skilled enough to make good decisions.

Motivation

- Motivation is the **internal force** that stimulates a person to act in a particular way to achieve goals.

Definitions

- **Koontz & O'Donnell:** "Motivation is a general term applying to the entire class of drives, desires, needs, wishes and similar forces."
- **Dubin:** "Motivation is something that moves the person to action and continues him in the course of action already initiated."

In Short: Motivation = Stimulus → Action → Goal Achievement

Meaning:
Motivation begins when a **stimulus** (need, desire, or reason) arises.
This stimulus pushes a person to take **action**.
The action continues until the **goal is achieved**.

Simple Example:

- You feel hungry (**stimulus**)
- You go to the kitchen to get food (**action**)
- You eat and feel satisfied (**goal achievement**)

Need for Motivation *(PRIME-C)*

• Improves efficiency and productivity
Example: Workers produce more when motivated with rewards.

• Reduces absenteeism and turnover
Example: Motivated employees come regularly and stay in the company.

• Builds positive attitude and morale
Example: Praise and recognition make employees feel valued.

• Facilitates change and innovation
Example: Motivated staff willingly adopt new technology.

• **Ensures goal-directed behaviour**
Example: Bonuses motivate employees to achieve sales targets.

• **Creates supportive work environment**
Example: Motivation encourages teamwork and cooperation.

Types of Motivation

1. Positive Motivation

- Based on rewards, recognition, appreciation.
- **Examples:** bonuses, promotions, praise.
- Builds enthusiasm, confidence, and long-term commitment.

2. Negative Motivation

- Based on fear of consequences or penalties.
- **Examples:** warnings, demotions, fines.
- Ensures compliance but can create stress or resentment.

Note: Positive motivation is more sustainable and effective.

Methods / Tools of Motivation

Financial Incentives (Monetary Rewards) *(WBPR)*

- Wages & salaries
- Bonuses & commissions
- Profit-sharing, stock options
- Retirement benefits, allowances

Non-Financial Incentives (Psychological & Social Rewards) *(RJOPG)*

- Recognition & praise
- Job security
- Opportunities for growth & promotion
- Participation in decision-making
- Good working conditions

Motivation Theories

Maslow's Need Hierarchy Theory

Maslow said that **human needs are arranged in a hierarchy**, and people are motivated step-by-step.
Lower-level needs must be satisfied first before higher-level needs become motivating

Five Levels of Needs (PSSES)

1. **Physiological Needs**
   – Basic survival needs: food, water, shelter, clothing.

2. **Safety Needs**
   – Security, job safety, protection from danger.

3. **Social Needs**
   – Belongingness, friendship, relationships, acceptance.

4. **Esteem Needs**
   – Respect, recognition, status, achievement.

5. **Self-Actualization Needs**
   – Realizing one's full potential, personal growth, creativity.

Important Note:

Maslow's theory is usually shown as a **pyramid**, with basic needs at the bottom and higher needs at the top.

McGregor's Theory X and Theory Y

McGregor described **two opposite assumptions** that managers make about employees.
These assumptions decide how managers lead and motivate workers.

Theory X (Traditional View of Employees) (Negative View)

- People **dislike work** and avoid it when possible.
- Prefer **to avoid responsibility**.
- Need **strict supervision** and control.
- Motivation mainly through **fear, punishment, and money**.

Theory Y (Modern/Humanistic View) (Positive View)

- People see work as **natural**, like play or rest.

- They **accept and seek responsibility**.
- They are **self-motivated**, creative, and capable of self-direction.
- Motivation through **participation, recognition, and growth opportunities**.

Unit 5 and 6

Leadership & Controlling

Leadership

- **Meaning**: Leadership is the process of **influencing and guiding people** to achieve common goals.
- **Definition**:
    - *Koontz & O'Donnell*: *"Leadership is the art of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals."*
    - *Chester Barnard*: *"Leadership is the ability of a superior to influence the behavior of subordinates and persuade them to follow a particular course of action."*
- In short: *Leadership = Influence + Guidance + Goal Achievement*.

Features of Leadership

- **Influence-based** – relies on persuasion, not coercion.
- **Goal-oriented** – directs efforts toward objectives.
- **Group activity** – exists only in the context of followers.
- **Continuous process** – dynamic and ongoing.
- **Interpersonal relationship** – built on trust and communication.
- **Situational** – effectiveness depends on context.
- Mnemonic: **"IGG-CIS"** (*Influence–Goal–Group–Continuous–Interpersonal–Situational*).

Functions of a Leader

- **Planning & Policy-making** – setting direction.
- **Organizing & Coordinating** – aligning resources and people.

- **Motivating & Inspiring** – energizing followers.
- **Communication** – ensuring clarity and feedback.
- **Supervision & Guidance** – monitoring and supporting.
- **Conflict Resolution** – maintaining harmony.
- **Representation** – acting as spokesperson of the group.
- **Development of People** – training and mentoring.
- Mnemonic: **"PO-MCSCRD"** (*Planning–Organizing–Motivating–Communication–Supervision–Conflict resolution–Representation–Development*).

Qualities of a Successful Leader

- **Visionary** – clear sense of direction.
- **Integrity** – honesty and ethical conduct.
- **Confidence** – inspires trust.
- **Communication skills** – clear and persuasive.
- **Decisiveness** – ability to take timely decisions.
- **Empathy** – understanding followers' needs.
- **Adaptability** – flexible to change.
- **Knowledge & Competence** – expertise in field.
- **Motivational ability** – inspires enthusiasm.
- Mnemonic: **"VIC-CADEKM" (*Vision–Integrity–Confidence–Communication–Decisiveness–Empathy–Knowledge–Motivation*).**

Leadership Styles

1. **Autocratic (Authoritarian)**

- Leader takes all decisions, expects obedience.
- Quick decisions but low morale.

2. **Democratic (Participative)**

- Leader involves subordinates in decision-making.
- Builds motivation, creativity, and commitment.

3. **Laissez-faire (Free-rein)**

- Leader gives maximum freedom to subordinates.

- Works if team is highly skilled and self-motivated.

4. **Paternalistic**

- Leader acts as a father figure, caring but authoritative.
- Builds loyalty but may reduce initiative.

5. **Transformational**

- Inspires followers with vision, passion, and innovation.

6. **Transactional**

- Based on rewards and punishments.
- Focuses on performance and compliance.
- **Mnemonic: "ADL-PTT"** (*Autocratic–Democratic–Laissez-faire–Paternalistic–Transformational–Transactional*).

Controlling

- **Meaning**: Controlling is the managerial function of **measuring actual performance, comparing it with standards, and taking corrective action** to ensure objectives are achieved.
- **Definitions**:
  - *Koontz & O'Donnell*: *"Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished."*
  - *Henry Fayol*: *"Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued, and principles established."*
- In short: *Controlling = Measure → Compare → Correct → Achieve goals.*

Features of Controlling

1. **Goal-oriented** – ensures achievement of objectives.
2. **Pervasive** – applicable at all levels and functions.
3. **Continuous** – ongoing process, not one-time.
4. **Forward-looking** – corrective actions are future-focused.
5. **Dynamic** – adapts to changes in environment.

6. **Closely linked with planning** – control is meaningless without plans.

- Mnemonic: **“GPC-FDC”** (*Goal–Pervasive–Continuous–Forward–Dynamic–Connected to planning*).

Importance of Controlling

- Ensures efficient use of resources
- Improves employee discipline and motivation
- Facilitates coordination among departments
- Helps in achieving organizational goals
- Reduces errors and deviations
- Provides basis for future planning
- Mnemonic: **“ERF-ARP”** (*Efficiency–Resource use–Future planning–Achieve goals–Reduce errors–Promote discipline*).

Process of Controlling

1. **Setting Performance Standards** – benchmarks for measurement.
2. **Measuring Actual Performance** – through observation, reports, MIS.
3. **Comparing Actual with Standards** – identify deviations.
4. **Analyzing Deviations** – find causes and significance.
5. **Taking Corrective Action** – remove causes of deviations.
6. **Feedback** – learn for future improvements.

- Mnemonic: **“SM-CAF”** (*Standards–Measure–Compare–Analyze–Fix*).

Effective Control System

- **Suitability** – tailored to organizational needs.
- **Simplicity** – easy to understand and operate.
- **Flexibility** – adaptable to changes.
- **Economy** – cost-effective.
- **Timeliness** – provide information at the right time.
- **Accuracy** – reliable and precise data.
- **Objectivity** – based on facts, not bias.

- **Strategic focus** – aligned with key goals.
- **Mnemonic: "SAFE-TAOS"** (*Suitable–Accurate–Flexible–Economical–Timely–Appropriate–Objective–Strategic*).

Techniques of Controlling

- **Traditional Techniques**

1. **Personal Observation** – direct supervision.
2. **Statistical Reports** – charts, tables, ratios.
3. **Break-even Analysis** – cost-volume-profit relationship.
4. **Budgetary Control** – comparing actual with budgeted figures.
5. **Internal Audit** – checking accuracy of accounts.

- Mnemonic: **"PS-BBI"** (*Personal–Statistical–Break-even–Budgetary–Internal audit*).

Modern Techniques

1. **Management by Objectives (MBO)** – joint goal-setting and review.
2. **Management Information System (MIS)** – timely, accurate data for decisions.
3. **PERT/CPM** – project evaluation and scheduling.
4. **Zero-based Budgeting (ZBB)** – justifying all expenses from zero.
5. **Responsibility Accounting** – assigning accountability to managers.
6. **Benchmarking** – comparing with best practices.
7. **Balanced Scorecard** – measuring performance across financial and non-financial areas.

Mnemonic: "MM-PZRB-BB" (*MBO–MIS–PERT/CPM–ZBB–Responsibility accounting–Benchmarking–Balanced scorecard*).

Management of Change

- **Meaning:** Management of Change refers to the systematic approach of preparing, supporting, and helping individuals, teams, and organizations in making organizational transitions.
- **Definition:**
- **Joseph L. Massie:** "Change management is a conscious and concerted initiative by those in charge of the destiny of the business undertaking to keep a constant

and intelligent watch over uncontrollable forces, assess their impact, and evolve strategies to maintain equilibrium."

- **In short**: It is the process of moving from the current state → desired future state, with minimal resistance and maximum effectiveness.

Need for Change

- **Technological advancements** – automation, AI, digitalization.
- **Market competition** – survival and growth.
- **Globalization** – adapting to international standards.
- **Customer expectations** – demand for quality, speed, customization.
- **Legal & regulatory requirements** – compliance with new laws.
- **Organizational growth** – mergers, diversification, restructuring.
- **Workforce dynamics** – new skills, generational shifts.
- Mnemonic: **"TMG-CLOW"** (*Technology–Market–Globalization–Customer–Legal–Organization–Workforce*).

Types of Change

1. **Planned vs. Unplanned Change**

- Planned: deliberate, systematic (e.g., restructuring).
- Unplanned: sudden, reactive (e.g., crisis response).

2. **Internal vs. External Change**

- Internal: initiated within (new policies, leadership).
- External: driven by environment (laws, competition).

3. **Strategic vs. Operational Change**

- Strategic: long-term, vision-oriented.
- Operational: day-to-day processes.

4. **Transformational vs. Incremental Change**

- Transformational: radical, organization-wide.
- Incremental: small, continuous improvements.

Mnemonic: **"PIST"** (*Planned/Unplanned–Internal/External–Strategic/Operational–Transformational/Incremental*).

Process of Planned Change

1. **Recognize the need for change** – identify gaps/problems.
2. **Diagnose the situation** – analyze causes and areas of impact.
3. **Develop change objectives** – set clear goals.
4. **Plan the change strategy** – methods, resources, timelines.
5. **Implement the change** – execute with communication & training.
6. **Monitor and evaluate** – measure results, adjust if needed.
7. **Stabilize and institutionalize** – embed into culture.

- Mnemonic: **"RDP-IMS"** (*Recognize–Diagnose–Plan–Implement–Monitor–Stabilize*).

Resistance to Change

- Resistance is the **opposition or pushback** employees or organizations show when change is introduced.
- **Causes of Resistance**
- **Logical/Rational** – lack of information, cost concerns, uncertainty.
- **Psychological/Emotional** – fear of unknown, insecurity, habits.
- **Sociological** – group norms, peer pressure, cultural values.

Ways to Overcome Resistance

- Effective communication and transparency.
- Participation and involvement of employees.
- Training and skill development.
- Support systems (counseling, mentoring).
- Incentives and recognition.