B.C.A study

UNIT-1 NATURE OF MANAGEMENT

MEANING;

The organization and coordination of the activities of a business in order to achieve defined objectives.
Management is often included as a factor of production along with? machines, materials, and money. According to the management guru Peter Drucker (1909-2005), the basic task of management includes both marketing and innovation. Practice of modern management originates from the 16th century study of low-efficiency and failures of certain enterprises, conducted by the English statesman Sir Thomas More (1478-1535). Management consists of the interlocking functions of creating corporate policy and organizing, planning, controlling, and directing an organization's resources in order to achieve the objectives of that policy.

DEFINITION OF MANAGEMENT

Many management experts have tried to define management. But, no definition of management has been universally accepted. Let us discuss some of the leading definitions of management:

Peter F. Drucker defines, "management is an organ; organs can be described and defined only through their functions".

According to Terry, "Management is not people; it is an activity like walking, reading, swimming or running. People who perform Management can be designated as members, members of Management or executive leaders."

Ralph C. Davis has defined Management as, "Management is the function of executive leadership anywhere."

According to Mc Farland, "Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, direct, maintain and operate purposive organization through systematic, co-ordinated co-operative human effort."

Henry Fayol, “To mange is to forecast and plan, to organize, to compound, to co-ordinate and to control.” Harold Koontz says, “Management is the art of getting things done through and within formally organized group.”

William Spriegal, “Management is that function of an enterprise which concerns itself with direction and control of the various activities to attain business objectives. Management is essentially an executive function; it deals with the active direction of the human effort.”

Kimball and Kimball, “Management embraces all duties and functions that pertain to the initiation of an enterprise, its financing, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organization under which the enterprise is to operate and the selection of the principal officers.”

Sir Charles Reynold, “Management is the process of getting things done through the agency of a community. The functions of management are the handling of community with a view of fulfilling the purposes for which it exists.”

CHARACTERISTICS OF MANAGEMENT

Management is a distinct activity having the following salient features:

1. Economic Resource : Management is one of the factors of production together with land, labour and capital. As 10 industrialization increases, the need for managers also increases. Efficient management is the most critical input in the success of any organized group activity as it is the force which assembles and integrates other factors of production, namely, labour, capital and materials. Inputs of labour, capital and materials do not by themselves ensure production, they require the catalyst of management to produce goods and services required by the society. Thus, management is an essential ingredient of an organization.

2. Goal Oriented : Management is a purposeful activity. It coordinates the efforts of workers to achieve the goals of the organization. The success of management is measured by the extent to which the organizational goals are achieved. It is imperative that the organizational goals must be well-defined and properly understood by the management at various levels

. 3. Distinct Process : Management is a distinct process consisting of such functions as planning, organizing, staffing, directing and controlling. These functions are so interwoven that it is not possible to lay down exactly the sequence of various functions or their relative significance.

4. Integrative Force : The essence of management is integration of human and other resources to achieve the desired objectives. All these resources are made available to those who manage. Managers apply knowledge, experience and management principles for getting the results from the workers by the use of non-human resources. Managers also seek to harmonize the individuals’ goals with the organizational goals for the smooth working of the organization.

5. System of Authority : Management as a team of managers represents a system of authority, a hierarchy of command and control. Managers at different levels possess varying degree of authority. Generally, as we move down in the managerial hierarchy, the degree of authority gets gradually reduced. Authority enables the managers to perform their functions effectively.

6. Multi-disciplinary Subject : Management has grown as a field of study (i.e. discipline) taking the help of so many other disciplines such as engineering, anthropology, sociology and psychology. Much of the management literature is the result of the association of these disciplines. For instance, productivity orientation drew its inspiration from industrial engineering and human relations orientation from psychology. Similarly, sociology and operations research have also contributed to the development of management science.

7. Universal Application : Management is universal in character. The principles and techniques of management are equally applicable in the fields of business, education, military, government and hospital. Henri Fayol suggested that principles of management would apply more or less in every situation. The principles are working guidelines which are flexible and capable of adaptation to every organization where the efforts of human beings are to be coordinated.

SIGNIFICANCE OF MANAGEMENT

1. **Achievements of group goals** : Management makes group efforts more effective. The group as a whole cannot realise its objectives unless and until there is mutual co-operation and co-ordination among the members of the group. Management creates team work and team spirit in an organization by developing a sound organization structure. It brings the human and material resources together and motivates the people for the achievement of the goals of the organization.
2. **Optimum utilization of resources :** Management always concentrates on achieving the objectives of the enterprise. The available resources of production are put to use in such a way that all sort of wastage and inefficiencies are reduced to a minimum.
   Workers are motivated to put in their best performance by the inspiring leadership. Managers create and maintain an environment conducive to highest efficiency and performance. Through the optimum use of available resources, management accelerates the process of economic growth.
3. **Minimisation of cost :** In the modern era of intense competition, every business enterprise must minimise the cost of production and distribution. Only those concerns can survive in the market, which can produce goods of better quality at the minimum cost. A study of the principles of management helps in knowing certain techniques used for reducing costs. These techniques are production control, budgetary control, cost control, financial control, material control, etc.
4. **Change and growth :** A business enterprise operates in a constantlychanging environment. Changes in business environment create uncertainties and risk and also produce opportunities for growth. An enterprise has to change and adjust itself in the everchanging environment. Sound management moulds not only the enterprise but also alters the environment itself to ensure the success of the business. Many of the giant business corporations of today had a humble beginning and grew continuously through effective management.
5. **Efficient and smooth running of business** : Management ensures efficient and smooth running of business, through better planning, sound organization and effective control of the various factors of production.
6. **Higher profits :** Profits can be enhanced in any enterprise either by increasing the sales revenue or reducing costs. To increase the sales revenue is beyond the control of an

enterprise. Management by decreasing costs increases its profits and thus provides opportunities for future growth and development.

7. **<u>Provide innovation :</u>** Management gives new ideas, imagination and visions to an enterprise.
8. **<u>Social benefits :</u>** Management is useful not only to the business firms but to the society as a whole. It improves the standard of living of the people through higher production and more efficient use of scarce resources. By establishing cordial relations between different social groups, management promotes peace and prosperity in society.
9. **<u>Useful for developing countries</u> :** Management has to play a more important role in developing countries, like India. In such countries, the productivity is low and the resources are limited. It has been rightly observed, "There are no under-developed countries. They are only under-managed ones".
10. **<u>Sound organization structure :</u>** Management establishes proper organization structure and avoids conflict between the superiors andsubordinates. This helps in the development of spirit of cooperation and mutual understanding, and a congenial environment is provided in the organization.

FUNCTIONS OF MANAGEMENT/PROCESS OF MANAGEMENT

For our purpose, we shall designate the following six as the functions of a manager: planning, organizing, staffing, directing, coordinating and controlling.

<u>1. Planning :</u> Planning is the most fundamental and the most pervasive of all management functions. If people working in groups have to perform effectively, they should know in advance what is to be done, what activities they have to perform in order to do what is to be done, and when it is to be done. Planning is concerned with 'what', 'how, and 'when' of performance.

It is deciding in the present about the future objectives and the courses of action for their achievement. It thus involves:

(a) determination of long and short-range objectives; (b) development of strategies and courses of actions to be followed for the achievement of these objectives; and (c) formulation of policies, procedures, and rules, etc., for the implementation of strategies, and plans.

The organizational objectives are set by top management in the context of its basic purpose and mission, environmental factors, business forecasts, and available and potential resources. These objectives are both long-range as well as short-range. They are 13 divided into divisional, departmental, sectional and individual objectives or goals. This is followed by the development of strategies and courses of action to be followed at various levels of management and in various segments of the organization. Policies, procedures and rules provide the framework of decision making, and the method and order for the making and implementation of these decisions. Every manager performs all these planning functions, or contributes to their performance. In some organizations, particularly those which are traditionally managed and the small ones, planning are often not done deliberately and systematically but it is still done. The plans may be in the minds of their managers rather than explicitly and precisely spelt out: they may be fuzzy rather than clear but they are always there. Planning is thus the most basic function of management. It is performed in all kinds of organizations by all managers at all levels of hierarchy.

2. Organizing : Organizing involves identification of activities required for the achievement of enterprise objectives and implementation of plans; grouping of activities into jobs; assignment of these jobs and activities to departments and individuals; delegation of responsibility and authority for performance, and provision for vertical and horizontal coordination of activities. Every manager has to decide what activities have to be undertaken in his department or section for the achievement of the goals entrusted to him. Having identified the activities, he has to group identical or similar activities in order to make jobs, assign these jobs or groups of activities to his subordinates, delegate authority to them so as to enable them to make decisions and initiate action for undertaking these activities, and provide for coordination between himself and his subordinates, and among his subordinates

. Organizing thus involves the following sub-functions : (a) Identification of activities required for the achievement of objectives and implementation of plans. (b) Grouping the activities so as to create self-contained jobs. (c) Assignment of jobs to employees. (d) Delegation of authority so as to enable them to perform their jobs and to command the resources needed for their performance. (e) Establishment of a network of coordinating relationships.

Organizing process results in a structure of the organization. It comprises organizational positions, accompanying tasks and responsibilities, and a network of roles and authority-responsibility relationships. Organizing is thus the basic process of combining and integrating human, physical and financial resources in productive interrelationships for the achievement of enterprise objectives. It aims at combining employees and interrelated tasks in an orderly manner so that organizational work is performed in a coordinated manner, and all efforts and activities pull together in the direction of organizational goals.

3. Staffing : Staffing is a continuous and vital function of management. After the objectives have been determined, strategies, policies, programmes, procedures and rules formulated for their achievement, activities for the implementation of strategies, policies, programmes, etc. identified and grouped into jobs, the next logical step in the management process is to procure suitable personnel for manning the jobs. Since the efficiency and effectiveness of an organization significantly depends on the quality of its personnel and since it is one of the primary functions of management to achieve qualified and trained people to fill various positions, staffing has been recognized as a distinct function of management.

It comprises several subfunctions : (a) Manpower planning involving determination of the number and the kind of personnel required. (b) Recruitment for attracting adequate number of potential employees to seek jobs in the enterprise. (c) Selection of the most suitable persons for the jobs under consideration. (d) Placement, induction and orientation. (e) Transfers, promotions, termination and layoff. (f) Training and development of employees.

As the importance of human factor in organizational effectiveness is being increasingly recognized, staffing is gaining acceptance as a distinct function of management. It need hardly any emphasize that no organization can ever be better than its people, and managers must perform the staffing function with as much concern as any other function.

4. Directing : Directing is the function of leading the employees to perform efficiently, and contribute their optimum to the achievement of organizational objectives. Jobs assigned to subordinates have to be explained and clarified, they have to be provided guidance in job performance and they are to be motivated to contribute their 16 optimum performance with zeal and enthusiasm.

The function of directing thus involves the following sub-functions : (a) Communication (b) Motivation (c) Leadership

5. Coordination : Coordinating is the function of establishing such relationships among various parts of the organization that they all together pull in the direction of organizational objectives. It is thus the process of tying together all the organizational decisions, operations, activities and efforts so as to achieve unity of action for the accomplishment of organizational objectives.

The significance of the coordinating process has been aptly highlighted by Mary Parker Follet. The manager, in her view, should ensure that he has an organization "with all its parts coordinated, so moving together in their closely knit and adjusting activities, so linking, interlocking and interrelation, that they make a working unit, which is not a congeries of separate pieces, but what I have called a functional whole or integrative unity".

Coordination, as a management function, involves the following sub-functions: (a) Clear definition of authority-responsibility relationships (b) Unity of direction (c) Unity of command (d) Effective communication (e) Effective leadership

6. Controlling : Controlling is the function of ensuring that the divisional, departmental, sectional and individual performances are consistent with the predetermined objectives and goals. Deviations from objectives and plans have to be identified and investigated, and correction action taken. Deviations from plans and objectives provide feedback to managers, and all other management processes including planning, organizing, staffing, directing and coordinating are continuously reviewed and modified, where necessary. Controlling implies that objectives, goals and standards of performance exist and are known to employees and their superiors. It also implies a flexible and dynamic organization which will permit changes in objectives, plans, programmes, strategies, policies, organizational design, staffing policies and practices, leadership style, communication system, etc., for it is not uncommon that employees failure to achieve predetermined standards is due to defects or shortcomings in any one or more of the above dimensions of management.

Thus, controlling involves the following process : (a) Measurement of performance against predetermined goals. (b) Identification of deviations from these goals. (c) Corrective action to rectify deviations.

It may be pointed out that although management functions have been discussed in a particular sequence-planning, organizing, staffing, directing, coordinating and controlling – they are not performed in a sequential order. Management is an integral process and it is difficult to put its functions neatly in separate boxes. Management functions tend to coalesce, and it sometimes becomes difficult to separate one from the other. For example, when a production manager is discussing work problems with one of his subordinates, it is difficult to say whether he is guiding, developing or communicating, or doing all these things simultaneously. Moreover, managers often perform more than one function simultaneously.

NATURE OF MANAGEMENT

The nature of management as a science, as art and as a profession is discussed below :

Management as a Science : Development of management as a science is of recent origin, even though its practice is ages old. Fredrick W. Taylor was the first manager-theorist who made significant contributions to the development of management as a science. He used the scientific methods of analysis, observation and experimentation in the management of production function. A perceptive manager, as he was, he distilled certain fundamental principles and propounded the theory and principles of scientific management. His work was followed by many others including Gantt, Emerson, Fayol, Barnard, etc. During the last few decades, great strides have been made in the development of management as a systematized body of knowledge which can be learnt, taught and researched. It has also provided powerful tools of analysis, prediction and control to practicing managers. The scientific character of management has been particularly strengthened by management scientists who have developed mathematical models of decision making. Another characteristic of science in management is that it uses the scientific methods of observation, experimentation and laboratory research. Management principles are firmly based on observed phenomena, and systematic classification and analysis of data. These analyses and study of observed phenomena are used for inferring cause-effect relationships between two or more variables.

Generalizations about these relationships result in hypotheses. The hypotheses when tested and found to be true are called principles. These principles when applied to practical situations help the practitioner in describing and analyzing problems, solving problems and predicting the results.

MANAGEMENT AS ARTS

: Just as an engineer uses the science of engineering while building a bridge, a manager uses the knowledge of management theory while performing his managerial functions. Engineering is a science; its application to the solution of practical problems is an art. Similarly, management as a body of knowledge and a discipline is a science; its application to the solution of organizational problems is an art. The practice of management, like the practice of medicine, is firmly grounded in an identifiable body of concepts, theories and principles. A medical practitioner, who does not base his diagnosis and prescription on the science of medicine, endangers the life of his patient. Similarly, a manager who manages without possessing the knowledge of management creates chaos and jeopardizes the well-being of his organization.

MANAGEMENT AS PROFESSION

We often hear of professionalisation of management in our country. By a professional manager, we generally mean a manager who undertakes management as a career and is not interested in acquiring ownership share in the enterprise which he manages. But, is management a profession in the true sense of the word? or, is management 21 a profession like the professions of law and medicine?

According to McFarland a profession possess the following characteristics : (i) a body of principles, techniques, skills, and specialized knowledge; (ii) formalized methods of acquiring training and experience; (iii) the establishment of a representative organization with professionalisation as its goal; (iv) the formation of ethical codes for the guidance of conduct; and (v) the charging of fees based on the nature of services.

Management is a profession to the extent it fulfils the above conditions. It is a profession in the sense that there is a systematized body of management, and it is distinct, identifiable discipline. It has also developed a vast number of tools and techniques. But unlike medicine or law, a management degree is not a prerequisite to become a manager. In fact, most managers in India as elsewhere do not have a formal management education. It seems reasonable to assume that at no time in the near future, the possession of a management degree will be a requirement for employment as a career manager.

MANAGEMENT VS ADMINISTRATION

The use of two terms management and administration has been a controversial issue in the management literature. Some writers do not see any difference between the two terms, while others maintain that administration and management are two different functions. Those who held management and administration distinct include Oliver Sheldon, Florence and Tead, Spriegel and Lansburg, etc. According to them, management is a lower-level function and is concerned primarily with the execution of policies laid down by administration. But some English authors like Brech are of the opinion that management is a wider term including administration.

This controversy is discussed as under in three heads: (i) Administration is concerned with the determination of policies and management with the implementation of policies. Thus, administration is a higher level function. (ii) Management is a generic term and includes administration. (iii) There is no distinction between the terms management and administration and they are used interchangeably.

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(i) **Administration is a Higher Level Function** : Oliver Shelden subscribed to the first viewpoint. According to him, “Administration is concerned with the determination of corporate policy, the coordination of finance, production and distribution, the settlement of the compass of the organization and the ultimate control of the executive. Management proper is concerned with the execution of policy within the limits set up by administration and the employment of the organization in the particular objects before it… Administration determines the organization; management uses it. Administration defines the goals; management strives towards it”. Administration refers to policy-making whereas management refers to execution of policies laid down by administration. This view is held by Tead, Spriegel and Walter. Administration is the phase of business enterprise that concerns itself with the overall determination of institutional objectives and the policies unnecessary to be followed in achieving those objectives. Administration is a determinative function; on the other hand, management is an executive function which is primarily concerned with carrying out of the broad policies laid down by the administration

2 **Management is a Generic Term** : The second viewpoint regards management as a generic term including administration. According to Brech, “Management is a social process entailing responsibility for the effective and economical planning and regulation of the operation of an enterprise in fulfillment of a given purpose or task. Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activities is regulated and checked against plans”. Thus, Brech conceives administration as a part of management. Kimball and Kimball also subscribe to this view. According to them administration is a part of management. Administration is concerned with the actual work of executing or carrying out the objectives.

3. Management and Administration are Synonymous: The third viewpoint is that there is no distinction between the terms ‘management’ and ‘administration’. Usage also provides no distinction between these terms. The term management is used for higher executive functions like determination of policies, planning, organizing, directing and controlling in the business circles, while the term administration is used for the same set of functions in the Government circles. So there is no difference between these two terms and they are often used interchangeably. It seems from the above concepts of administration and management that administration is the process of determination of objectives, laying down plans and policies, and ensuring that achievements are in conformity with the objectives. Management is the process of executing the plans and policies for the achievement of the objectives determined by an administration. This distinction seems to be too simplistic and superficial. If we regard chairmen, managing directors and general managers as performing administrative functions, it cannot be said that they perform only planning functions of goal determination, planning and policy formulation, and do not perform other functions such as staffing functions of selection and promotion, or directing functions of leadership, communication and motivation. On the other hand, we cannot say that managers who are responsible for the execution of plans and formulation of plans and policies, etc. do not contribute to the administrative functions of goal determination, and formulation of plans and policies. In fact all manages, whether the chief executive or the first line supervisor, are in some way or the other involved in the performance of all the managerial functions.

LEVELS OF MANAGEMENT

The real significance of levels is that they explain authority relationships in an organization. Considering the hierarchy of authority and responsibility, one can identify three levels of management namely:

(i) Top management of a company consists of owners/shareholders, Board of Directors, its Chairman, Managing Director, or the Chief Executive, or the General Manager or Executive Committee having key officers. **(ii) Middle management** of a company consists of heads of functional departments viz. Purchase Manager, Production Manager, Marketing Manager, Financial controller, etc. and Divisional and Sectional Officers working under these Functional Heads. **(iii) Lower level or operative management** of a company consists of Superintendents, Foremen, Supervisors, etc.

1. Top management : Top management is the ultimate source of authority and it lays down goals, policies and plans for the enterprise. It devotes more time on planning and coordinating functions. It is accountable to the owners of the business of the overall management. It is also described as the policy making group responsible for the overall direction and success of all company activities. The important functions of top management include : (a) To establish the objectives or goals of the enterprise. (b) To make policies and frame plans to attain the objectives laid. (c) To set up an organizational frame work to conduct the operations as per plans. (d) To assemble the resources of money, men, materials, machines and methods to put the plans into action. (e) To exercise effective control of the operations. (f) To provide overall leadership to the enterprise.

2. Middle management : The job of middle management is to implement the policies and plans framed by the top management. It serves as an essential link between the top management and the lower level or operative management. They are responsible to the top management for the functioning of their departments. They devote more time on the organization and motivation functions of management. They provide the guidance and the structure for a purposeful enterprise. Without them the top management's plans and ambitious expectations will not be fruitfully realized.

The following are the main functions of middle management : (a) To interpret the policies chalked out by top management. (b) To prepare the organizational set up in their own departments for fulfilling the objectives implied in various business policies. (c) To recruit and select suitable operative and supervisory staff. (d) To assign activities, duties and responsibilities for timely implementation of the plans. (e) To compile all the instructions and issue them to supervisor under their control. (f) To motivate personnel to attain higher productivity and to reward them properly. (g) To cooperate with the other departments for ensuring a smooth functioning of the entire organization. (h) To collect reports and information on performance in their departments. (i) To report to top management (j) To make suitable recommendations to the top management for the better execution of plans and policies.

3. Lower or operative management: It is placed at the bottom of the hierarchy of management, and actual operations are the responsibility of this level of management. It consists of foreman, supervisors, sales officers, accounts officers and so on. They are in direct touch with the rank and file or workers. Their authority and responsibility is limited. They pass on the instructions of the middle management to workers. They interpret and divide the plans of the management into short-range operating plans. They are also involved in the process of decisions-making. They have to get the work done through the workers. They allot various jobs to the workers, evaluate their performance and report to the middle level management. They are more concerned with direction and control functions of management. They devote more time in the supervision of the workers.

MANAGERIAL SKILLS

A skill is an individual's ability to translate knowledge into action. Hence, it is manifested in an individual's performance. Skill is not necessarily inborn. It can be developed through practice and through relating learning to one's own personal experience and background. In order to be able to successfully discharge his roles, a manager should possess three major skills. These are conceptual skill, human relations skill and technical skill. Conceptual skill deals with ideas, technical skill with things and human skill with people.

1. **The conceptual skill** refers to the ability of a manager to take a broad and farsighted view of the organization and its future, his ability to think in abstract, his ability to analyze the forces working in a situation, his creative and innovative ability and his ability to assess the environment and the changes taking place in it

2. **The technical skill** is the manager's understanding of the nature of job that people under him have to perform. It refers to a person's knowledge and proficiency in any type of process or technique. In a production department this would mean an understanding of the technicalities of the process of production. Whereas this type of skill and competence seems to be more important at the lower levels of management

3. **Human relations skill** is the ability to interact effectively with people at all levels. This skill develops in the manager sufficient ability (a) to recognize the feelings and sentiments of others; (b) to judge the possible actions to, and outcomes of various courses of action he may undertake; and (c) to examine his own concepts and values which may enable him to develop more useful attitudes about himself. This type of skill remains consistently important for managers at all levels.

Skill-mix of different management levels

Top Management——————— Conceptual Skills Middle Management——————— Human Relations Skills Low Management ——————————-Technical Skills

B.C.A study

UNIT- 2: EVOLUTION OF MANAGEMENT THOUGHTS

1.CONTRIBUTION OF HENRY FAYOL

A body of principles of management has been developed by Henri Fayol, the father of modern management. Fayol wrote perceptibly on the basis of his practical experience as a manager. Although, he did not develop an integrated theory of management, his principles are surprisingly in tune with contemporary thinking in management theory. Fayol held that there is a single “administrative science”, whose principles can be used in all management situations no matter what kind of organization was being managed. This earned him the title of “Universality”. He, however, emphasized that his principles were not immutable laws but rules of thumb to be used as occasion demanded.

Fayol held that activities of an industrial enterprise can be grouped in six categories : (i) technical (production), (ii) commercial (buying, selling and exchange), (iii) financial (search for and optimum use of capital), (iv) security (protection of property and persons), (v) accounting (including statistics); and (vi) managerial.

However, he devoted most of his attention to managerial activity. He developed the following principles underlying management of all kinds of organizations :

HENRY FAYOL’S FOURTEEN PRINCIPLES OF MANAGEMENT:

1 **Authority and Responsibility are Related** : Fayol held that authority flows from responsibility. Managers who exercise authority over others should assume responsibility for decisions as well as for results. He regarded authority as a corollary to responsibility. Authority is official as well as personal. Official authority is derived from the manager’s position in organizational hierarchy and personal authority is compounded of intelligence, experience,

moral worth, past services, etc. A corollary of the principle that no manager should be given authority unless he assumes responsibility is that those who have responsibility should also have commensurate authority in order to enable them to initiate action on others and command resources required for the performance of their functions. This aspect of relationship between responsibility and authority is particularly relevant in India where authority tends to be concentrated in higher echelons of management.

2. Unity of Command : This principle holds that one employee should have only one boss and receive instructions from him only. Fayol observed that if this principle is violated authority will be undermined, discipline will be jeopardy, order will be disturbed and stability will be threatened. Dual command is a permanent source of conflict. Therefore, in every organization, each subordinate should have one superior whose command he has to obey.

3. Unity of Direction : This means that all managerial and operational activities which relate a distinct group with the same objective should be directed by "one head and one plan. According to Fayol, there should be, "one head and one plan for a group of activities having the same objective". It, however, does not mean that all decisions should be made at the top. It only means that all related activities should be directed by one person. For example, all marketing activities like product strategy and policy, advertising and sales promotion, distribution channel policy, product pricing policy, marketing research, etc., should be under the control of one manager and directed by an integrated plan. This is essential for the "unity of action, coordination of strength and focusing of effort". Violation of this principle will cause fragmentation of action and effort, and wastage of resources.

4. Scalar Chain of Command : According to Fayol scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks. The line of authority is the route followed via every link in the chain by all communication which start from or go to the ultimate authority.

5. Division of Work : This is the principle of specialization which, according to Fayol, applies to all kinds of work, managerial as well as technical. It helps a person to acquire an ability and accuracy with which he can do more and better work with the same effort. Therefore, the work of every person in the organization should be limited as far as possible to the performance of a single leading function.

6. Discipline : Discipline is a sine qua non for the proper functioning of an organization. Members of an organization are required to perform their functions and conduct themselves in relation to others according to rules, norms and customs. According to Fayol, discipline can best be maintained by : (i) having good superiors at all levels; (ii) agreements (made either with the individual employees or with a union as the case may be) that are as clear and fair as possible; and (iii) penalties judiciously imposed.

7. Subordination of Individual Interest to General Interest : The interest of the organization is above the interests of the individual and the group. It can be achieved only when managers in high positions in the organization set an example of honesty, integrity, fairness and justice. It will involve an attitude and a spirit of sacrificing their own personal interests whenever it becomes apparent that such personal interests are in conflict with organizational interests. It may, however, be emphasized that social and national interests should have precedence over organizational interests whenever the two run counter to each other.

8. Remuneration : Employees should be paid fairly and equitably. Differentials in remuneration should be based on job differentials, in terms of qualities of the employee, application, responsibility, working conditions and difficulty of the job. It should also take into account factors like cost of living, general economic conditions, demand for labour and economic state of the business.

9. Centralisation : Fayol believed in centralisation. He, however, did not contemplate concentration of all decision making authority in the top management. He, however, held that centralisation and decentralisation is a question of proportion. In a small firm with a limited number of employees, the owner-manager can give orders directly to everyone. In large organizations, however, where the worker is separated from the chief executive through a long scalar chain, the decision making authority has to be distributed among various managers in varying degrees. Here one generally comes across a situation of decentralisation with centralised control. The degree of centralisation and decentralisation also depends on the quality of managers.

10. Order : Order, in the conception of Fayol, means right person on the right job and everything in its proper place. This kind of order, depends on precise knowledge of human requirements and resources of the concern and a constant balance between these requirements and resources.

11. Equity : It means that subordinates should be treated with justice and kindliness. This is essential for eliciting their devotion and loyalty to the enterprise. It is, therefore the duty of the chief executive to instill a sense of equity throughout all levels of scalar chain.

12. Stability of Tenure of Personnel : The managerial policies should provide a sense of reasonable job security. The hiring and firing of personnel should depend not on the whims of the superiors but on the well-conceived personnel policies. He points out that it takes time for an employee to learn his job; if they quit or are discharged within a short time, the learning time has been wasted. At the same time those found unsuitable should be removed and those who are found to be competent should be promoted. However, “a mediorce manager who stays is infinitely preferable to outstanding managers who come and go”.

13. Initiative : It focuses on the ability, attitude and resourcefulness to act without prompting from others. Managers must create an environment which encourages their subordinates to take initiative and responsibility. Since it provides a sense of great satisfaction to intelligent employees, managers should sacrifice their personal vanity in order to encourage their subordinates to show initiative. It should, however, be limited, according to Fayol, by respect for authority and discipline.

14. Esprit de Corps : Cohesiveness and team spirit should be encouraged among employees. It is one of the chief characteristics of organized activity that a number of people work together in close coopearation for the achievement of common goals. An environment should be created in the organization which will induce people to contribute to each other’s efforts in such a way that the combined effort of all together promotes the achievement of the overall objectives of enterprise. Fayol warns against two enemies of esprit de corps, viz. (i) divide and rule, and (ii) abuse of written communication. It may work to the benefit of the enterprise to divide its enemy but it will surely be dangerous to divide one’s own workers. They should rather be welded in cohesive and highly interacting work-groups. Overreliance on written communication also tends to disrupt team spirit. Written communication, where necessary, should always be supplemented by oral communication because face-to-face contacts tend to promote speed, clarity and harmony.

2.CONTRIBUTION OF F.W TAYLOR

He is known as 'father of scientific management'. His ideas about management grew out of his wide-ranging experience in three companies: Midvale Steel Works, Simonds Rolling Mills and Bethlehem Steel Co.

Taylor concluded that scientific management involves a completer mental revolution on the part of both workers and management, without this mental revolution scientific management does not exist.

5 principles of scientific management;propounded by Taylor

Principles of scientific management propounded by Taylor are:

1. Science, Not Rule of Thumb 2. Harmony, Not Discord 3. Mental Revolution 4. Cooperation, Not Individualism 5. Development of each and every person to his or her greatest efficiency and prosperity.

1. Science, Not Rule of Thumb:

In order to increase organisational efficiency, the 'Rule of Thumb' method should be substituted by the methods developed through scientific analysis of work.

Rule of Thumb means decisions taken by manager as per their personal judgments. According to Taylor, even a small production activity like loading iron sheets into box cars can be scientifically planned. This will help in saving time as well as human energy. Decisions should be based on scientific enquiry with cause and effect relationships.

This principle is concerned with selecting the best way of performing a job through the application of scientific analysis and not by intuition or hit and trial methods.

The work assigned to any employee should be observed and analyzed with respect to each element or part thereof and the time involved therein so as to decide the best way of performing that the work and to determine the standard output for same.

2. Harmony, Not Discord:

Taylor emphasized that there should be complete harmony between the workers and the management since if there is any conflict between the two, it will not be beneficial either for the workers or the management.

Both the management and the workers should realize the importance of each other. In order to achieve this state, Taylor suggested complete mental revolution on the part of both management and workers.

It means that there should be complete change in the attitude and outlook of workers and management towards each other. It should always be kept in mind that prosperity for an employer cannot exist for a long time unless it is accompanied by the prosperity of the employees of that organisation and vice versa.

It becomes possible by (a) sharing a part of surplus with workers (b) training of employees, (c) division of work (d) team spirit (e) positive attitude (f) sense of discipline (g) sincerity etc.

Management should always be ready to share the gains of the company with the workers and the latter should provide their full cooperation and hard work for achieving organizational goals. Group action with mutual-trust and understanding should be perfect understanding the focus of working. This principle requires that there should be perfect understanding between the management and workers and both should feel that they are part of same family. It helps to produce synergy effect since both management and workers work in unison.

3. Mental Revolution:

The technique of Mental Revolution involves a change in the attitude of workers and management towards each other. Both should realize the importance of each other and should work with full cooperation. Management as well as the workers should aim to increase the profits of the organisation.

For this the workers should put in their best efforts so that the company makes profit and on the other hand management should share part of profits with the workers. Thus, mental revolution requires a complete change in the outlook of both management and workers. There should be a spirit of togetherness between workers and management.

4. Cooperation, Not Individualism:

This principle is an extension of principle of ‘Harmony, not discord’ and lays stress on mutual cooperation between workers and the management. Cooperation, mutual confidence, sense of goodwill should prevail among both, managers as well as workers. The intention is to replace internal competition with cooperation.

Both ‘Management’ and ‘Workers’ should realize the importance of each other. Workers should be considered as part of management and should be allowed to take part in decision making process of the management. Management should always welcome their suggestions and should also reward them if their suggestions prove to be beneficial for the organisation viz. reduction of costs or increase in production etc.

At the same time, workers should also resist from going on strike or making unnecessary demands from management. Workers should be treated as integral part of organisation and all important decisions should be taken after due consultation with workers. Both of them should visualize themselves as two pillars whose soundness alone can ensure achievement of common goals of the organisation.

Taylor also suggested that there should be proper division of work and responsibility between the two. Management should always guide, encourage and help the workers.

5. Development of each and every person to his or her greatest efficiency and prosperity:

Efficiency of any organisation also depends on the skills and capabilities of its employees to a great extent. Thus, providing training to the workers was considered essential in order to learn the best method developed through the use of scientific approach. To attain the efficiency, steps should be taken right from the process of selection of employees. Employees should be scientifically selected.

ELEMENTS AND TOOLS OF SCIENTIFIC MANAGEMENT

• **Separation of Planning and doing:** Taylor emphasized the separation of planning aspects from actual doing of the work. The planning should be left to the supervisor and the workers should emphasize on operational work.
• **Functional Foremanship:** Separation of planning from doing resulted into development of supervision system that could take planning work
adequately besides keeping supervision on workers. Thus, Taylor evolved the concept of functional foremanship based on specialization of functions

Image result for functional foremanship diagram

FUNCTIONAL FOREMANSHIP

• Job Analysis: It is undertaken to find out the best way of doing things. The best way of doing a job is one which requires the least movement consequently less time and cost.

• Standardization: Standardization should be maintained in respect of instruments and tools, period of work, amount of work, working conditions, cost of production etc.

• Scientific Selection and Training of Workers: Taylor has suggested that the workers should be selected on scientific basis taking into account their education, work experience, aptitudes, physical strength etc.

• Financial Incentives: Financial incentives can motivate workers to put in their maximum efforts. Thus, monetary (bonus, compensation) incentives and non monetary (promotion, upgradation) incentives should be provided to employees.

3.CONTRIBUTION OF GEORGE ELTON MAYO

George Elton Mayo (1880-1949): Mayo was a professor at the Harvard Business School. He served as the leader of the team which carried out the famous Hawthorne Experiments at the Hawthorne plant of the Western Electric Company (USA) during 1927-32. Originally the research was an application of Taylor's management science techniques

designed to improve production efficiency.
Mayo discussed in detail the factors that cause a change in human behaviour. Mayo's first study involved the manipulation of illumination for one group of workers and comparing their output with that of another group whose illumination was held constant. He concluded that the cause of increase in the productivity of workers is not a single factor like changing working hours or rest pauses but a combination of these
several other factors. Considerate supervision, giving autonomy to the workers, allowing the formation of small cohesive groups of workers, creating conditions which encourage and support the growth of these groups and the cooperation between workers and management lead to increase in productivity.
Mayo's contribution to management thoughts lies in the recognition of the fact that worker's performance is related to psychological, sociological and physical factors. Mayo and his associates concluded that a new social setting created by their tests had accounted for the increase in productivity. Their finding is now known as the Hawthorne Effect or the tendency for people, who are singled out for special attention, to improve their performance. Hawthorne study was an important landmark in studying the behaviour of workers and his relationship to the job, his fellow workers and organization. He highlighted that workers were found to restrict their output in order to avoid displeasure of the group, even at the sacrifice of incentive pay.
Thus, Hawthorne studies were a milestone in establishing the framework for further studies into the field of organizational behaviour.

4.CONTRIBUTION OF CHESTER BERNARD

Chester Barnard (1886-1961): Chester Barnard, president of Bell TelephoneCompany, developed theories about the functions of the manager as determined by constant interaction with the environment. Barnard saw organizations as social systems that require human cooperation. He expressedhis view in his book The Function of the Executive. He proposed ideas that bridged classical and human resource view points. Barnard believes thatorganizations were made up of people with interacting social relationships.
The manager's major functions were to communicate and stimulate subordinates to high level of efforts.
He saw the effectiveness of an organization as being dependent on its ability to achieve cooperative efforts from a number of employees in a total,integrated system. Barnard also argued that success depended on maintaining good relations with the people and institutions with whom the organization regularly interacted. By recognizing the organization's dependence on investors, suppliers, customers, and other external stakeholders, Barnard introduced the idea that managers had to examine the external environment and then adjust the organization to maintain a state of equilibrium. Barnard also developed set of working principles by which organizational communication systems can maintain final authority for the management team. These principles are:

• Channels of communication should be definitely known.
• Objective authority requires a definite formal channel of communication
to every members of an organization.
• The line of communication must be as direct or short as possible.
• The complete line of communication should usually be used.
• Competence of the persons serving at communication centers that is
officers, supervisory heads, must be adequate.
• The line of communication should not be interrupted during the time theorganization is to function.

5.CONTRIBUTION OF PETER DRUCKER

In 1943, Peter Drucker began his own consulting business which allowed him to work with companies like IBM and Procter & Gamble. He realized that the two most important things for a business to achieve were innovation and marketing.

Drucker taught that management is a liberal art and is about much more than productivity. To be an effective manager you must understand things like psychology, science, religion, and the other things that go into that subject.

Drucker observed that often managers would try to take charge of everything. This was usually out of a desire for control or the belief that they were the only person who could accomplish a task correctly. Because of this, he advocated strongly for the decentralization of management. He taught that managers needed to delegate tasks to empower their employees.

In his 1954 book “The Practice of Management”, Peter Drucker coined the term “management by objectives” or MBO. MBO compares the performance of employees to the typical standards required for that position. The belief behind MBO is that if employees help determine the standards, they will have more incentive to fulfill them.

Peter’s Drucker’s 5 Most Important Questions

One of the biggest ways Peter Drucker was able to contribute to business and management was by teaching organizations how to best allocate their energy and resources. His book, “The 5 Most Important Questions You Will Ever Ask About Your Organization”, outlined five important questions every executive should ask about their business.

- **What is your mission?**

Every business needs an effective and concise mission statement. Your mission statement doesn’t explain what you do but rather *why* you do what you do. Your mission statement should be the driving force behind the actions of you and everyone in your company.

- **Who is your customer?**

Peter Drucker understood that many businesses didn't even really know who it was they were serving. You must find out who your customer is and then organize all of your efforts toward meeting their needs and bringing them value.

- **What does your customer value?**

This question is perhaps the most important of all five questions. The key is that it can only truly be answered by your customer themselves. You must know what your customer wants and needs.

- **What are your results?**

Drucker stated that you must be able to measure your results in both qualitative and quantitative terms. You must not only know what your results are but you must have a standard for evaluating them as well.

- **What is your plan?**

In order to reach your goal, you must have a plan for how to get there. According to Peter Drucker, your plan should include your mission statement, action steps, and a way to evaluate your results. If you can't summarize those points then you don't have a plan to achieve your goals.

Business Ethics

meaning:

Ethics means the set of rules or principles that the organization should follow. While in business ethics refers to a code of conduct that businesses are expected to follow while doing business.

Through ethics, a standard is set for the organization to regulate their behavior. This helps them in distinguishing between the wrong and the right part of the businesses.

The ethics that are formed in the organization are not rocket science. They are based on the creation of a human mind. That is why ethics depend on the influence of the place, time, and the situation.

Code of conduct is another term that is used extensively in businesses nowadays. It is a set of rules that are considered as binding by the people working in the organization.

Ethical Principles in Businesses from an Indian Perspective

Essentially, any businesses that run in India comprises of these ethical principles.

Integrity

Whenever there is great pressure to do right instead of maximizing profits, this principle is tested. The executives need to demonstrate courage and personal integrity, by doing what-what think is right.

These are the principles, which are upright, honorable. They need to fight for their beliefs. For these principles, they will not back down and be hypocritical or experience.

Loyalty

No ethical behavior can be promoted without trust. And for trust, loyalty needs to be demonstrated. The executives need to be worthy of this trust while remaining loyal to the institutions and the person. There should be friendship in the time of adversity and support and devotion for the duty.

They should not use or disclose personal information. This leads to confidence in the organization. They should safeguard the ability of a professional to make an independent decision by avoiding any kind of influence or the conflicts of interest.

So, they should remain loyal to their company and their colleagues. When they accept the other employees, they need to provide a reasonable time to the firm and respect the proprietary information attach to the previous firm. Thus, they should refuse to take part in any activity that might take the undue advantage of the firm.

Honesty

The ethical executives are honest while dealing with their regular work. They also need to be truthful and do not deliberately deceive or mislead the information to others. There should be an avoidance of the partial truths, overstatements, misrepresentations, etc. Thus, they should not have selective omission by any means possible.

Respect and Concern

These are two necessarily different forms of behavior in the organization. But they go in tandem that is why they have been put under one principle. When the executive is ethical he is compassionate, kind, and caring.

There is one golden rule which states that help those who are in need. Further, seek their accomplishments in such a manner that the business objectives of the firm are achieved.

The executives also need to show respect towards the employee's dignity, privacy, autonomy, and rights. He needs to maintain the interests of all those whose decisions are at stake. They need to be courteous and treat the person equally and rightly.

Fairness

The executives need not be just fair in all the dealings, but they also should not exercise the wrong use of their power. They should not try to use over each or other indecent manners to gain any sort of advantage. Also, they should not take undue advantage of anything or other people's mistakes.

Fair people are inclined more towards justice and ensure that the people are equally treated. They should be tolerant, open-minded, willing to admit their own mistakes. The executives should also be able to change their beliefs and positions based on the situation.

Leadership

Any executive, if ethical, should be a leader to others. They should be able to handle the responsibilities. They should be aware of the opportunities due to their position. The executives need to be a proper role model for others.

Elements of Business Ethics

1. **Formal Code of Conduct**: Those organisations which undertake to inculcate ethical conduct in the business organisation, establish and implement the code of conduct, for their employees and members. These codes are the statement of organisational values.
2. **Ethics committee**: There are many organisations, which create the ethics committee, which is especially dedicated to maintaining ethics in the organisation. Such committees raise ethical concerns, develops and update the code of conduct, settle down ethical dilemmas, in the organisations.
3. **Ethical Communication**: Another major component is the development of an effective ethical communication system, which has a great role to play in making the ethics programme successful. It tends to educate employees regarding the ethical standards and norms of the organisation.
4. **Ethics office**: The next step, is the setting up an ethics office, to communicate and enact policies among various members of the organisation.
5. **Disciplinary system**: A disciplinary system should be formed, so as to handle the ethical contravention quickly and severely.

6. **Ethics training programme**: Another important aspect, is the ethics training programme, in which the employees of the organisation undergo training, and learn ethical norms of the company.
7. **Monitoring**: An ethical programme is considered successful and fruitful only when an effective monitoring committee, is created which looks after various processes and controls deviations.

Social Responsibility of Business

Meaning:

Social responsibility of business implies the obligations of the management of a business enterprise to protect the interests of the society.

According to the concept of social responsibility the objective of managers for taking business decisions is not merely to maximize profits or shareholders' value but also to serve and protect the interests of other members of a society such as workers, consumers and the community as a whole.

Responsibility of Business Enterprises towards Stakeholders and Society in General contract:

Responsibility of Business Enterprises towards Stakeholders and Society in General

Social contract is a set of rules that defines the agreed interrelationship between various elements of a society. The social contract often involves a quid pro quo (i.e. something given in exchange for another). In the social contract, one party to the contract gives something and expects a certain thing or behaviour pattern from the other.

1. Responsibility to Shareholders:

In the context of good corporate governance, a corporate enterprise must recognise the rights of shareholders and protect their interests. It should respect shareholders' right to information and respect their right to submit proposals to vote and to ask questions at the annual general body meeting.

The corporate enterprise should observe the best code of conduct in its dealings with the shareholders. However, the corporate Board and management try to increase profits or shareholders' value but in pursuing this objective, they should protect the interests of employees, consumers and other stakeholders. Its special responsibility is that in its efforts to increase profits or shareholders' value it should not pollute the environment.

2. Responsibility to Employees:

The success of a business enterprise depends to a large extent on the morale of its employees. Employees make valuable contribution to the activities of a business organisation. The corporate enterprise should have good and fair employment practices and industrial relations to enhance its productivity. It must recognise the rights of workers or employees to freedom of association and free collective bargaining. Besides, it should not discriminate between various employees.

The most important responsibility of a corporate enterprise towards employees is the payment of fair wages to them and provide healthy and good working conditions. The business enterprises should recognise the need for providing essential labour welfare activities to their employees, especially they should take care of women workers. Besides, the enterprises should make arrangements for proper training and education of the workers to enhance their skills.

However, it may be noted that very few companies in India follow many of the above good practices. While the captains of Indian industries generally complain about low productivity of their employees, little has been done to address their problems. Ajith Nivard Cabraal rightly writes, "It should perhaps be realised that corporations can only be as effective and efficient as its employees and therefore steps should be taken to implement such reforms in a pro-active manner, rather than merely attempting to comply with many labour laws that prevail in the country. This is probably one area where good governance practices could make a significant impact on the country's business environment."

3. Responsibility to Consumers:

Some economists think that consumer is a king who directs the business enterprises to produce goods and services to satisfy his wants. However, in the modern times this may not be strictly true but the companies must acknowledge their responsibilities to protect their interests in undertaking their productive activities.

The following responsibilities of business enterprises to consumers are worth mentioning:

1. They should supply goods or services to the consumers at reasonable prices and do not try to exploit them by forming cartels. This is more relevant in case of business enterprises producing essential goods such as life-saving drugs, vegetable oil and essential' services such as electricity

supply and telephone services.

2. They should not supply to the consumers' shoddy and unsafe products which may do harm to them.

3. They should provide the consumers the required after-sales services.

4. They should not misinform the consumers through inappropriate and misleading advertisements.

5. They should make arrangements for proper distribution system of their products so as to ensure that black-marketing and profiteering by traders do not occur.

6. They should acknowledge the rights of consumers to be heard and take necessary measures to redress their genuine grievances.

Despite the above responsibilities which are generally regarded as good marketing practices by management experts the business enterprises in India generally do not pay heed to them and as a result consumers are dissatisfied or disappointed in a large number of cases. There has been a growing awareness of consumer rights.

The organised movement to protect consumer rights which is termed as consumerism has been the result of the negligence of business enterprises to their responsibilities to consumers. Besides, due to the indifferent attitude of business enterprises to consumer rights, Government has been compelled to enact Consumer Protection Act to protect consumers' rights and to prevent their exploitation by the businesses.

4. Obligation towards the Environment:

The foremost responsibility of business enterprises is to ensure that they should not damage the environment and for this purpose they should reduce as much as possible air and water pollution by their productive activities. They should not dump their toxic waste products in rivers and streams to avoid their pollution. Pollution of environment poses a great health hazard for the people and is a cause of several respiratory and skin diseases.

In economic theory pollution of environment is regarded as social cost that must be minimised. There is now a growing awareness towards reduction in environment pollution. According to the recent findings the climate change is occurring due to greater emission of carbon dioxide and other pollutants.

Therefore, the corporate enterprises should adopt high standards of environmental protection and ensure that they are implemented regardless of enforcement of any environment laws passed by the government. Many countries including India have passed laws to protect the environment but they are not properly and strictly enforced.

Business enterprises in their attempt to maximise profits recklessly and negligently pollute the environment. Therefore, it is required that government should take tough measures and enforce environment laws strictly if environment is to be protected.

5. Responsibility to Society in General:

Business enterprises function by public consent with the basic objective of producing goods and services to meet the needs of the society and provide employment to the people. The traditional view is that in performing this function businesses maximise profits or shareholders' value and doing so they do not behave in any socially irresponsible way.

B.C.A study

UNIT-1:FUNCTIONS OF MANAGEMENT:PART-1

PLANNING;

MEANING OF PLANNING/CONCEPT OF PLANNING

Planning is a process which involves anticipation of future course of events and deciding the best course of action. It is a process of thinking before doing. To plan is to produce a scheme for future action; to bring about specified results, at specified cost, in a specified period of time.

It is deliberate attempt to influence, exploit, bring about, and control the nature,direction, extent, speed and effects of change. It may even attempt deliberately to create change, remembering always that change (like decision) in any one sector will in the same way affect other sectors. Planning is a deliberate and conscious effort done to formulate the design and orderly sequence actions through which it is expected to reach the objectives. Planning is a systematic attempt to decide a particular course of action for the future, it leads to determination of objectives of the groupactivity and the steps necessary to achieve them. Thus, it can be said that planning is the selecting and relating of facts and the making and using ofassumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results.

Definition of planning:

“Planning is the process of deciding in advance what is to be done, who is to do it, how it is to be done and when it is to be done”.

According to **Koontz, O’Donnell and Weihrich**, “Planning is an intellectually demanding process; it requires the conscious determination of courses of action and the basing of decisions on purpose, knowledge and considered estimates”.

Planning is thus deciding in advance the future state of business of an enterprise, and the means of attaining it. Its elements are :

1. **What will be done** – what are the objectives of business in the short and in the long run?
2. **What resources will be required** – This involves estimation of the available and potential resources, estimation of resources required for the achievement of objectives, and filling the gap between the two, if any.
3. **How it will be done** – This involves two things : (i) determination of tasks, activities, projects, programmes, etc., required for the attainment of objectives, and (ii) formulation of strategies, policies, procedures, methods, standard and budgets for the above purpose.
4. **Who will do it** – It involves assignment of responsibilities to various managers relating to contributions they are expected to make for the attainment of enterprise objectives. This is preceded by the breaking down of the total enterprise objectives into segmental objectives, resulting into divisional, departmental, sectional and individual objectives.
5. **When it will be done –** It involves determination of the timing and sequence, if any, for the performance of various activities and execution of various projects and their parts.

Nature of planning:

ü Planning is goal-oriented: Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.

ü Primacy of Planning: Planning is the first of the managerial functions. It precedes all other management functions.

ü Pervasiveness of Planning: Planning is found at all levels of management. Top management looks after strategic planning.

ü Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.

ü **Efficiency, Economy and Accuracy**: Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.

ü Co-ordination: Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.

ü Limiting Factors: A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.

ü Flexibility: The process of planning should be adaptable to changing environmental conditions.

ü Planning is an intellectual process: The quality of planning will vary according to the quality of the mind of the manager.

Purpose of planning:

ü To manage by objectives: All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusingattention on them.

ü To offset uncertainty and change: Future is always full of uncertainties and changes.Planning foresees the future and makes the necessary provisions for it.

ü To secure economy in operation: Planning involves, the selection of most profitable courseof action that would lead to the best result at the minimum costs.

ü To help in co-ordination: Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activitiesof an organization.

ü To make control effective: The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

ü To increase organizational effectiveness: Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

Needs and importance of planning:

1. **Planning is essential in modern business :** The growing complexity of the modern business with rapid technological changes, dynamic changes in the consumer preferences and growing tough competition necessities orderly operations, not only in the current environment but also in the future environment. Since planning takes a future outlook, it takes into account the possible future developments.
2. **Planning affects performance :** A number of empirical studies provide evidence of organizational success being a function of formal planning, the success being measured by such factors as return on investment, sales volume, growth in earnings per share and so on. An investigation of firms in various industrial products as machinery, steel, oil, chemicals and drugs revealed that companies that engaged in formal planning consistently performed better than those with no formal planning.

3. **Planning puts focus on objectives :** The effectiveness of formal planning is primarily based upon clarity of objectives. Objectives provide a direction and all planning decisions are directed towards achievement of these objectives. Plans continuously reinforce the importance of these objectives by focusing on them. This ensures maximum utility of managerial time and efforts.
4. **Planning anticipates problems and uncertainties :** A significant aspect of any formal planning process in collection of relevant information for the purpose of forecasting the future as accurately as possible. This would minimize the chances of haphazard decisions. Since the future needs of the organization are anticipated in advance, the proper acquisition and allocation of resources can be planned, thus minimizing wastage and ensuring optimal utility of these resources.
5. **Planning is necessary to facilitate control :** Controlling involves the continual analysis and measurement of actual operations against the established standards. These standards are set in the light of objectives to by achieved. Periodic reviews of operations can determine whether the plans are being implemented correctly. Well developed plans can aid the process of control in two ways.
   First, the planning process establishes a system of advance warning of possible deviations from the expected performance. Second contribution of planning to the control process is that it provides quantitative data which would make it easier to compare the actual performance in quantitative terms, not only with the expectations of the organization but also with the industry statistics or market forecasts.
6. **Planning helps in the process of decision making :** Since planning specifies the actions and steps to be taken in order to accomplish organizational objectives, it serves as a basis for decision-making about future activities. It also helps managers to make routine decisions about current activities since the objectives, plans, policies, schedules and so on are clearly laid down.

Types of planning:

planning is of basically four types:

1.operational planning:

This type of planning typically describes the day-to-day running of the company. Operational plans are often described as single use plans or ongoing plans. Single use plans are created for events and activities with a single occurrence (such as a single marketing campaign). Ongoing plans include policies for approaching problems, rules for specific regulations and procedures for a step-by-step process for accomplishing particular objectives.

Strategic Planning

“Strategic plans are all about why things need to happen,” Story said. “It’s big picture, long-term thinking. It starts at the highest level with defining a mission and casting a vision.”

Strategic planning includes a high-level overview of the entire business. It’s the foundational basis of the organization and will dictate long-term decisions. The scope of strategic planning can be anywhere from the next two years to the next 10 years. Important components of a strategic plan are vision, mission and values.

Tactical Planning

“Tactical plans are about what is going to happen,” Story said. “Basically at the tactical level, there are many focused, specific, and short-term plans, where the actual work is being done, that support the high-level strategic plans.”

Tactical planning supports strategic planning. It includes tactics that the organization plans to use to achieve what’s outlined in the strategic plan. Often, the scope is less than one year and breaks down the strategic plan into actionable chunks. Tactical planning is different from operational planning in that tactical plans ask specific questions about what needs to happen to accomplish a strategic goal; operational plans ask how the organization will generally do something to accomplish the company’s mission.

Contingency Planning

Contingency plans are made when something unexpected happens or when something needs to be changed. Business experts sometimes refer to these plans as a special type of planning.

Contingency planning can be helpful in circumstances that call for a change. Although managers should anticipate changes when engaged in any of the primary types of planning, contingency planning is essential in moments when changes can’t be foreseen. As the business world becomes more complicated, contingency planning becomes more important to engage in and understand.

process of planning:

1.RECOGNISING NEED FOR ACTION:An important part of the planning process is to be aware of the **business opportunities (https://www.toppr.com/guides/business-management-and-entrepreneurship/entrepreneurship-creativity-and-innovation/assessment-of-business-opportunities/)** in the firm's external environment as well as within the firm. Once such opportunities get recognized the managers can recognize the actions that need to be taken to realize them. A realistic look must be taken at the prospect of these new opportunities and **SWOT analysis (https://www.toppr.com/guides/commercial-knowledge/business-environment/swot-analysis/)** should be done.

Say for example the government plans on promoting cottage industries in semi-urban areas. A firm can look to explore this opportunity.

2] Setting Objectives

This is the second and perhaps the most important step of the planning process. Here we establish the objectives for the whole **organization (https://www.toppr.com/guides/business-management-entrepreneurship/organizing/structure-of-organization/)** and also individual departments. Organizational objectives provide a general direction, objectives of departments will be more planned and detailed.

Objectives can be long term and short term as well. They indicate the end result the company wishes to achieve. So objectives will percolate down from the managers and will also guide and push the **employees (https://www.toppr.com/guides/fundamentals-of-laws-and-ethics/employees-state-insurance-act-1948/important-definitions-under-esi-act-1948/)** in the correct direction.

3] Developing Premises

Planning is always done keeping the future in mind, however, the future is always uncertain. So in the **function of management (https://www.toppr.com/guides/business-studies/nature-and-significance-of-management/levels-and-functions-of-management/)** certain assumptions will have to be made. These assumptions are the premises. Such assumptions are made in the form of forecasts, existing plans, past policies, etc.

These planning premises are also of two types – internal and external. External assumptions deal with factors such as political environment, **social environment (https://www.toppr.com/guides/commercial-knowledge/business-environment/macro-political-legal-social-environment/)**, the **advancement of technology (https://www.toppr.com/bytes/10-most-amazing-technologies/)**, competition, government policies, etc. Internal assumptions deal with policies, availability of resources, **quality of management (https://www.toppr.com/guides/business-management-and-entrepreneurship/recent-trends-in-management/total-quality-management/)**, etc.

These assumptions being made should be uniform across the organization. All managers should be aware of these premises and should agree with them

4] Identifying Alternatives

The fourth step of the planning process is to identify the alternatives available to the managers. There is no one way to achieve the objectives of the firm, there is a multitude of choices. All of these alternative courses should be identified. There must be options available to the manager.

Maybe he chooses an innovative alternative hoping for more efficient results. If he does not want to experiment he will stick to the more routine course of action. The problem with this step is not finding the alternatives but narrowing them down to a reasonable amount of choices so all of them can be thoroughly evaluated.

5] Examining Alternate Course of Action

The next step of the planning process is to evaluate and closely examine each of the alternative plans. Every option will go through an examination where all there pros and cons will be weighed. The alternative plans need to be evaluated in light of the organizational objectives.

For example, if it is a financial plan. Then it that case its risk-return evaluation will be done. Detailed calculation and analysis are done to ensure that the plan is capable of achieving the objectives in the best and most efficient manner possible.

6] Selecting the Alternative

Finally, we reach the **[decision making (https://www.toppr.com/guides/business-management-and-entrepreneurship/planning/principles-in-decision-making/)]** stage of the planning process. Now the best and most feasible plan will be chosen to be implemented. The ideal plan is the most profitable one with the least amount of negative consequences and is also adaptable to dynamic situations.

The choice is obviously based on scientific analysis and mathematical equations. But a managers intuition and experience should also play a big part in this decision. Sometimes a few different aspects of different plans are combined to come up with the one ideal plan.

7] Formulating Supporting Plan

Once you have chosen the plan to be implemented, managers will have to come up with one or more supporting plans. These secondary plans help with the implementation of the main plan. For example plans to hire more people, train personnel, expand the office etc are supporting plans for the main plan of launching a new product. So all these secondary plans are in fact part of the main plan.

8] Implementation of the Plan

And finally, we come to the last step of the planning process, implementation of the plan. This is when all the other **functions of management (https://www.toppr.com/guides/business-studies/nature-and-significance-of-management/levels-and-functions-of-management/)** come into play and the plan is put into action to achieve the objectives of the organization. The tools required for such implementation involve the types of plans- procedures, policies, budgets, rules, standards etc.

Barriers to effective planning:

Resistance to Change

The difficulties of the planning process are not always the result of accident or incompetence. Most people who are going to be affected by change don’t like the idea and resist it. Resistance to planning for change within organizations can take the form of malingering, undermining of morale or straightforward opposition. Contingency plans to accommodate resistance should be included in any comprehensive planning process.

Insufficient or Poorly Allocated Resources

If plans become excessively ambitious, they can sometimes be stymied by a simple lack of resources on the part of a company or organization. This is particularly true if planning involves physical plant renovation or expansion. Grand plans are much less expensive to create on paper than in bricks and mortar, and planners can easily lose track of the eventual cost of their plans.

Lack of Situation Analysis

Without an honest analysis of the current situation bereft of emotions, planning cannot be effective. If you don't know where you are, you cannot plot a map or plan to take you where you want to go. All effective plans start with an honest review of the project or company's specific situation, its competition and a market analysis of its customer demographics. A forecasting analysis can also help make a reasonable plan that can be carried out.

Experience-based Thinking

The human mind tends to base its thoughts, activities and expectations on what has happened in the past. Often, this is a valuable trait, but in a planning process it can become a liability. If planning requires the development of new ways of doing things, an inability to overcome the past on the part of the planners can become a liability that obstructs innovative thought. Albert Einstein said that people cannot solve their problems with the same thinking that created them.

Inertia Barriers to the Planning Process

Inertia is most frequently a problem for large and long-established organizations. Inertia can be created by a combination of archaic infrastructure, calcified modes of thinking, oversize bureaucracy and fear of change. Forward thinking elements within an organization that want to engage in creative planning may have to spend a lot of time and energy overcoming the inertia of things that have gone before.

Communication Barriers to Effective Planning

When communication within or between groups breaks down or doesn't exist, planning becomes ineffective. Business plans need to clearly outline the current situation and goals and objectives along with prioritized strategies and tactics in a way that everyone involved can understand.

Without clear communication, planning leads to replication of effort and people working at cross purposes when they should be working together.

Poor communication may be caused by undeveloped skills, rivalries, misunderstanding of the planning process or excessive complexity within the planning group structure.

Levels of planning:

In management theory it is usual to consider that there are three basic level of planning, though in practice there may be more than three levels of management and to an extent there will be some overlapping of planning operations. The three level of planning are as under :

1. **Top Level Planning :** Also known as overall or strategic planning, top level planning is done by the top management, i.e. board of directors or governing body. It encompasses the long-range objectives and policies of organization and is concerned with corporate results rather than sectional objective. Top level planning is entirely long-range and is inextricably linked with long-term objectives. It might be called the 'what' of planning.
2. **Second Level Planning :** Also known as tactical planning, it is done by middle level mangers or department heads. It is concerned with 'how' of planning. It deals with deployment of resources to the best advantage. It is concerned mainly, but not exclusively, with longrange planning, but its nature is such that the time spans are usually shorter than those of strategic planning. This is because its attentions are usually devoted to the step by step attainment of the organization's main objectives. It is, in fact, oriented to functions and departments rather than to the organization as a whole.
3. **Third Level Planning :** Also known as operational or activity planning, it is the concern of department managers and supervisors. It is confined to putting into effect the tactical or departmental plans. It is usually for short-term and may be revised quite often to be in tune with the tactical planning.

Advantage of planning:

specific objective and action statements has numerous advantages for the organization which are as follows :

1. **Focuses Attention on Objectives :** Since all planning is directed towards achieving enterprise objectives, the very act of planning focuses attention on these objectives. Laying down the objectives is the first step in planning. If the objectives are clearly laid down, theexecution of plans will also be directed towards these objectives.

2. **Reduces Uncertainty :** Planning helps in reducing uncertainties of future because it involves anticipation of future events. Effective planning is the result of deliberate thinking based on facts and figures. It involves forecasting also. Planning gives an opportunity to a business manager to foresee various uncertainties which may be caused by changes in technology, taste and fashion of thepeople, etc. Sufficient provision is made in the plans to offset these uncertainties.
3. **Facilitates Control :** Planning helps the managers in performing their function of control. Planning and control are inseparable in the sense that unplanned action cannot be controlled because control involves keeping activities on the predetermined course by rectifying deviations from plans. Planning helps control by furnishing standards of control. It lays down objectives and standards of performance which are essential for the performance of control function.
4. **Encourages Innovation and Creativity :** Planning is basically the deciding function of management. It helps innovative and creative thinking among the managers because many new ideas come to the mind of a manager when he is planning. It creates a forward looking attitude among the managers.
5. **Improves Motivation :** A good planning system ensures participation of all managers which improves their motivation. It improves the motivation of workers also because they know clearly what is expected of them. Moreover, planning serves as a good training device for future managers.
6. **Improves Competitive Strength :** Effective planning gives a competitive edge to the enterprise over other enterprises that do not have planning or have ineffective planning. This is because planning may involve expansion of capacity, changes in work methods, changes in quality, anticipation tastes and fashion of people and technological changes, etc.
7. **Achieves Better Coordination :** Planning secures unity of direction towards the organizational objectives. All the activities are directed towards the common goals. There is an integrated effort throughoutthe enterprise. It will also help in avoiding duplication of efforts. Thus, there will be better coordination in the organization.

8.Ensures Economical Operation : Planning involves a lot of mental exercise which is directed towards achieving efficient operation in the enterprise. It substitutes joint directed effort for uncoordinated piecemeal activity, even flow of work for uneven flow, and deliberate decisions for snap judgement costs. This helps in better utilization of resources and thus minimizing costs.

Limitations of planning:

1. **Lack of reliable data :** There may be lack of reliable facts and figures over which plans may be based. Planning loses its value if reliable information is not available or if the planner fails to utilize the reliable information. In order to make planning successful, the planner must determine the reliability of facts and figures and must base his plans on reliable information only.
2. **Lack of initiative :** Planning is a forward looking process. If a manager has a tendency to follow rather than lead, he will not be

able to make good plans. Therefore, the planner must take the required initiative. He should be an active planner and should take adequate follow up measure to see that plans are understood and implemented properly.

3. **Costly process :** Planning is time consuming and expensive process. This may delay action in certain cases. But it is also true that if sufficient time is not given to the planning process, the plans so produced may prove to be unrealistic. Similarly, planning involves costs of gathering and analyzing information and evaluation of various alternatives. If the management is not willing to spend on planning, the results may not be good.
4. **Rigidity in organizational working :** Internal inflexibility in the organization may compel the planners to make rigid plans. This may deter the managers from taking initiative and doing innovative thinking. So the planners must have sufficient discretion and flexibility in the enterprise. They should not always be required to follow the procedures rigidly.
5. **Non-acceptability of change :** Resistance to change is another factor which puts limits on planning. It is a commonly experienced phenomenon in the business world. Sometimes, planners themselves do not like change and on other occasions they do not think it desirable to bring change as it makes the planning process ineffective.
6. **External limitations :** The effectiveness of planning is sometimes limited because of external factors which are beyond the control of the planners. External strategies are very difficult to predict. Suddenbreak-out of war, government control, natural havocs and many other factors are beyond the control of management. This makes the execution of plans very difficult.
7. **Psychological barriers :** Psychological factors also limit the scope of planning. Some people consider present more important than future because present is certain. Such persons are psychologically opposed to planning. But it should not be forgotten that dynamic mangers always look ahead. Long-range wellbeing of the enterprise cannot be achieved unless proper planning is done for future.

FORECASTING:

what is forecasting ??

Forecasting is the process of making predictions of the future based on past and present data and most commonly by analysis of trends. A commonplace example might be estimation of some variable of interest at some specified future date. Prediction is a similar, but more general term. Forecasting is the basis of premising. Forecasting uses many statistical techniques. Therefore, it is also called as **Statistical Analysis**.

Needs for forecasting:

1. Promotion of new business:

Forecasting is of utmost importance in setting up a new business. It is not an easy task to start a new business as it is full of uncertainties and risks. With the help of forecasting the promoter can find out whether he can succeed in the new business; whether he can face the existing competition; what is the possibility of creating demand for the proposed product etc.

After discovering the business opportunity, he will see the possibilities of assembling men, money, materials etc. The success of a business unit depends upon as to how sound is the forecasting? Proper forecasting will help to minimise the role of luck or chance in determining business success or failure. A successful promoter is also the prophet of economic conditions.

2. Estimation of financial requirements:

The importance of forecasting can't be ignored in estimating the financial requirements of a concern. Efficient utilisation of capital is a delicate issue before the management. No business can survive without adequate capital. But adequacy of either fixed or working capital depends entirely on sound financial forecasting.

Financial estimates can be calculated in the light of probable sales and cost thereof. How much capital is needed for expansion, development etc., will depend upon accurate forecasting?

3. Smooth and continuous working of a concern:

'Forecasting of earnings' ensures smooth and continuous working of an enterprise, particularly to newly established ones. By forecasting, these concerns can estimate their expected profits or losses. The object of a forecast is to reduce in black and white the details of working of a concern.

4. Correctness of management decisions:

The correctness of management decisions to a great extent depends upon accurate forecasting. As Meivin, T. Copeland says, "Administration is essentially a decision making process and authority has responsibility for making decisions and for ascertaining that the decisions made are carried out.

In business, whether the enterprise is large or small, changes in conditions occur; shifts in personnel take place, unforeseen contingencies arise. Moreover, just to get the wheels started and to keep them turning, decisions must be made."

This shows that the decision making process continues throughout the life of the concern. Forecasting plays an important role in various fields of the concern. As in the case of production planning, management has to decide what to produce and with what resources. Thus forecasting is considered as the indispensable component of business, because it helps management to take correct decisions.

5. Success in business:

The accurate forecasting of sales helps to procure necessary raw materials on the basis of which many business activities are undertaken. The accurate sales forecasting becomes the basis for several other budgets. In the absence of accurate sales forecasting, it is difficult to decide as to how much production should be done.

Thus, to a great extent, the budgets of other departments depend upon the compilations based on the sales forecasts and the accuracy of these budgets also depends upon correctness of sales forecasting. Thus, the success of a business unit depends on the accurate forecasting by the various departments.

6. Plan Formulation:

The importance of correct forecasting is apparent from the Key role it plays in planning. It should not go unaccounted that forecasting is an essential element in planning since planning premises include some forecasts. There are forecast data of a factual nature having enormous implication on sound premises.

Undoubtedly, forecasting is a prelude to planning and indeed it is the foundation on which planning takes place. Infact, planning under all circumstances and in all occasions involve a good deal of forecasting, i.e. appraising the future in the light of existing conditions and environment. Forecasting and planning are closely related. Adequate planning, no matter whether it is overall or sectoral, short-term or long term, largely depends on forecasting.

7. Co-Operation and co-ordination:

Forecasting is not one man's job. It needs proper co-ordination of all departmental heads in a company. Thus, by bringing participation of all concerned in the process of forecasting, team spirit and coordination is automatically encouraged.

According to Henry Fayol, "The act of forecasting is of great benefit to all who take part in the process, and is the best means of ensuring adaptability to changing circumstances. The collaboration of all concerned leads to a united front, an understanding of the reasons for decisions and a broadened outlook."

8. Complete Control:

Forecasting provides the information which helps in the achievement of effective control. The managers become aware of their weaknesses during forecasting and through implementing better effective control they can overcome these weaknesses.

Techniques of forecasting:

1. Historical Analogy Method:

Under this method, forecast in regard to a particular situation is based on some analogous conditions elsewhere in the past. The economic situation of a country can be predicted by making comparison with the advanced countries at a particular stage through which the country is presently passing.

Similarly, it has been observed that if anything is invented in some part of the world, this is adopted in other countries after a gap of a certain time. Thus, based on analogy, a general forecast can be made about the nature of events in the economic system of the country. It is often suggested that social analogies have helped in indicating the trends of changes in the norms of business behaviour in terms of life.

Likewise, changes in the norms of business behaviour in terms of attitude of the workers against inequality, find similarities in various countries at various stages of the history of industrial growth. Thus, this method gives a broad indication about the future events of general nature.

2. Survey Method:

Surveys can be conducted to gather information on the intentions of the concerned people. For example, information may be collected through surveys about the probable expenditure of consumers on various items. Both quantitative and qualitative information may be collected by this method.

On the basis of such surveys, demand for various products can be projected. Survey method is suitable for forecasting demand—both of existing and new products. To limit the cost and time, the survey may be restricted to a sample from the prospective consumers.

3. Opinion Poll:

Opinion poll is conducted to assess the opinion of the experienced persons and experts in the particular field whose views carry a lot of weight. For example, opinion polls are very popular to predict the outcome of elections in many countries including India. Similarly, an opinion poll of the sales representatives, wholesalers or marketing experts may be helpful in formulating demand projections.

If opinion polls give widely divergent views, the experts may be called for discussion and explanation of why they are holding a particular view. They may be asked to comment on the views of the others, to revise their views in the context of the opposite views, and consensus may emerge. Then, it becomes the estimate of future events.

4. Business Barometers:

A barometer is used to measure the atmospheric pressure. In the same way, index numbers are used to measure the state of an economy between two or more periods. These index numbers are the device to study the trends, seasonal fluctuations, cyclical movements, and irregular fluctuations.

These index numbers, when used in combination with one another, provide indications as to the direction in which the economy is proceeding. Thus, with the business activity index numbers, it becomes easy to forecast the future course of action.

However, it should be kept in mind that business barometers have their own limitations and they are not sure road to success. All types of business do not follow the general trend but different index numbers have to be prepared for different activities, etc.

5. Time Series Analysis:

Time series analysis involves decomposition of historical series into its various components, viz. trend, seasonal variances, cyclical variations, and random variances. When the various components of a time series are separated, the variation of a particular situation, the subject under study, can be known over the period of time and projection can be made about the future.

A trend can be known over the period of time which may be true for the future also. However, time series analysis should be used as a basis for forecasting when data are available for a long period of time and tendencies disclosed by the trend and seasonal factors are fairly clear and stable.

6. Regression Analysis:

Regression analysis is meant to disclose the relative movements of two or more inter-related series. It is used to estimate the changes in one variable as a result of specified changes in other variable or variables. In economic and business situations, a number of factors affect a business activity simultaneously.

Regression analysis helps in isolating the effects of such factors to a great extent. For example, if we know that there is a positive relationship between advertising expenditure and volume of sales or between sales and profit, it is possible to have estimate of the sales on the basis of advertising, or of the profit on the basis of projected sales, provided other things remain the same.

7. Input-Output Analysis:

According to this method, a forecast of output is based on given input if relationship between input and output is known. Similarly, input requirement can be forecast on the basis of final output with a given input-output relationship. The basis of this technique is that the various sectors of economy are interrelated and such inter-relationships are well-established.

For example, coal requirement of the country can be predicted on the basis of its usage rate in various sectors like industry, transport, household, etc. and how the various sectors behave in future. This technique yields sector-wise forecasts and is extensively used in forecasting business events as the data required for its application are easily obtained.

DECISION MAKING:

THE CONCEPT OF DECISION MAKING:

Decision-making is a mental process. It is a process of selecting one best alternative for doing a work. Thus, it is a particular course of action chosen by a decision maker as the most effective alternative for achieving his goals.

According to D.E. McFarland, "A decision is an act of choice where in an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from a number of possible alternatives".

In the words of Haynes and Massie, "A decision is a course of action which is consciously chosen for achieving a desired result".

Hence decision-making is a typical form planning. It involves choosing the best alternative among various alternatives, in order to realize certain objectives. A decision represents a judgement, a final word, and resolution of conflicts or a commitment to act in certain manner in the given set of circumstances. It is really a mental exercise which decides what to do.

CHARACTERISTICS OF DECISION MAKING
The essential characteristics of decision making are given below:

1. It is a process of choosing a course of action from among the alternative courses of action.

2. It is a human process involving to a great extent the application of intellectual abilities.
3. It is the end process preceded by deliberation and reasoning.
4. It is always related to the environment. A manager may take one decision in a particular set of circumstances and another in a different set of circumstances.
5. It involves a time dimension and a time lag.
6. It always has a purpose. Keeping this in view, there may just be a decision not to decide.

Types of decision making:

1. Routine and Basic Decision Making

Routine decision making means such decisions, which are taken in respect of the day to day activities of the organization and which require less thinking and advise. These are of a repetitive nature.

Basic decision making means such decisions which are essential for the existence of the organization and for which complete study, analysis, power, and critical thinking are essential.

2. Personal and Organisational Decision Making

The decisions which are taken by any person in his personal capacity, and not as a member of the organization are known as a **personal decision**, for example, decisions for leave, dress, resigning the organization and accepting or rejecting promotions, etc.

The **organizational or institutional decisions** are which are taken by the executives or officers in their formal capacity and which may be delegated to other persons.Such decisions directly affect organizational behaviour.

3. Individual and Group Decision Making

When the size of the business unit is small and the decisions to be taken do not require high, specific and technical knowledge, then the decisions for various problems are normally taken by the managers himself.

Such decisions are known as individual decision-making technique.

Group decision making techniques mean such decisions which are not taken by a single individual, but by a group.

This is known as participating decisions are known as individual decision making.

4. Policy and Operating Decision Making

Policy decisions are those which relate to the basic policies of the organization and these are taken by the top management or board of directors. Such decisions are also known as management decisions or basic decisions.

Operating decision making is in respect of decisions relating to the general affairs of the institution or enterprise and is of mechanical nature.

Such decisions making is also known as executive or current decision making because they are helpful in the execution of policy decisions.

Policy decisions are those which relate to the basic policies of the organization and these are taken by the top management or board of directors. Such decisions are also known as management decisions or basic decisions.

5. Programmed and Non-Programmed Decision Making

Programmed decision making is of repetitive and routine nature and which is taken through some well decided and well-organized system, so that when the problem arises, it may be solved by using that method.

Non Programmed decision making is not a routine or repetitive nature. These are unique and new and they have a long-lasting effect on the organization.

This decision making is based on traditional methods, and not on the predecided procedure.

6. Planned and Unplanned Decision Making

Decisions for which Advance preparation is done, an are based on the collection of facts, analysis and scientific methods are known as planned decision making.

Unplanned decision making technique means Such decisions for which no plan is made, But are necessary, according to the circumstances, problems and opportunities prevailed.

7. Tactical and Strategic Decision Making

Tactical decision making is of routine nature, related to the normal day to day activities and is of relatively lesser significance.

For these decisions, the options are limited and do not require much analysis and evolution.

Strategic decision making technique is those decisions, which are very difficult to be taken. This effect the future of the business and are related to the whole Organisation.

In other words, these are the decisions, which are taken presently, but their primary effect is observed after sometime.

8. Organizational, Departmental and Interdepartmental Decisions Making

Organizational decision making means such decisions which are taken by the higher authorities of the Institution and affect the whole organization or enterprise. Such decision making is also known as enterprise decision making.

Departmental decision making is for those decisions which affect the operation of the whole department of an enterprise and its employees.

Such decisions are taken by department managers, chairman, or the management. Interdepartmental decision making is for those decisions which are taken by the higher authorities/chairpersons/representatives of two or more departments of the organizations, after mutual deliberations. Such decisions are taken by department managers, chairman, or the management.

process of rational decision making:

1. Verify and define your problem.

To prove that you actually have a problem, you need evidence for it. Most marketers think data is the silver bullet that can diagnose any issue in our strategy, but you actually need to extract insights from your data to prove anything. If you don’t, you’re just looking at a bunch of numbers packed into a spreadsheet.

To pinpoint your specific problem, collect as much data from your area of need and analyze it to find any alarming patterns or trends.

Example:

“After analyzing our blog traffic report, we now know why our traffic has plateaued for the past year — our organic traffic increases slightly month over month but our email and social traffic decrease.”

2. Research and brainstorm possible solutions for your problem.

Expanding your pool of potential solutions boosts your chances of solving your problem. To find as many potential solutions as possible, you should gather plenty of information about your problem from your own knowledge and the internet. You can also brainstorm with others to uncover more possible solutions.

3. Set standards of success and failure for your potential solutions.

Setting a threshold to measure your solutions’ success and failure lets you determine which ones can actually solve your problem. Your standard of success shouldn’t be too high, though. You’d never be able to find a solution. But if your standards are realistic, quantifiable, and focused, you’ll be able to find one.

4. Flesh out the potential results of each solution.

Next, you should determine each of your solutions’ consequences. To do so, create a strength and weaknesses table for each alternative and compare them to each other. You should also prioritize your solutions in a list from best chance to solve the problem to worst chance.

5. Choose the best solution and test it.

Based on the evaluation of your potential solutions, choose the best one and test it. You can start monitoring your preliminary results during this stage too.

6. Track and analyze the results of your test.

Track and analyze your results to see if your solution actually solved your problem.

7. If the test solves your problem, implement the solution. If not, test a new one.

If your potential solution passed your test and solved your problem, then it's the most rational decision you can make. You should implement it to completely solve your current problem or any other related problems in the future. If the solution didn't solve your problem, then test another potential solution that you came up with.

Techniques of dicision making:

The following are some of the important decision making techniques :
(A) Qualitative Techniques
(B) Quantitative Techniques

(A) Qualitative Decision Making Techniques
There is a great importance of generating a reasonable number of alternatives, so that one can decide upon the better quality items and make better decision.
Generating a reasonable number of alternatives is very useful for solving any complex problem. There are following means of generating the alternatives :
(a) Brainstorming
(b) Synectics, and
(c) Nominal Grouping

(a) Brainstorming
This technique was developed by Alex F. Osborn, and is one of the oldest and best known techniques for stimulating the creative thinking. This is carried out in a group where members are presented with a problem and are asked to develop as many as potential solutions as possible. The member of the group may be experts, may be from other organizations but the members should be around six to eight. The duration of the session may be around 30 minutes to 55 minutes. The premise of brainstorming is that when people interact in a free and exhibited atmosphere, they will generate creative ideas. The idea generated by one person acts as a stimulus for generating idea by others. This generation of ideas is a contagious and creates an atmosphere of free discussion and spontaneous thinking. The

major objective of this exercise is to produce as many deals as possible, so that there is greater likelihood of identifying a best solution.

The important rules of brainstorming are as given below :

(i) Criticism is prohibited.

(ii) Freewheeling is always welcome.

(iii) Quantity is desirable.

(iv) Combination and improvements are sought.

One session of brainstorming exercise generates around 50 to 150 ideas.

Brainstorming is very useful in research, advertising, management, armed forces, governmental and non-governmental agencies.

Limitations of Brainstorming

The limitations of brainstorming are given below :

(i) It is not very effective when a problem is very complex and vague

(ii) It is time consuming

(iii) It is very costly

(iv) It produces superficial solutions.

(b) Synectics

This technique was developed by William J.J. Gordon. It is recently formalized tool of creative thinking. The word Synectics is a Greek word,meaning the fitting together of diverse elements. The basic purpose of synectics is to stimulate novel and even bizarre alternatives through the joining together of distinct and apparently irrelevant ideas. The selection of members to synectics group is based on their background and training. The experienced leader states the problem for the group to consider, group reacts to the problem stated on the basis of their understanding and convictions. When the nature of the problem is thoroughly reviewed and analyzed, group proceeds to offer potential solutions. The leader has to structure the problem and he/she can use various methods to involve the preconscious mind, like role-playing, use of analogies, paradoxes, metaphors and other thought provoking exercises.

This helps in generation of alternatives. The technical expert assists the group in evaluating the feasibility of ideas. It also suffers from some limitations of brainstorming. This is more useful and appropriate for solving complex and technical problems.

(c) Nominal Grouping : This was developed by Andre Dellbecq and Andrew Van de Ven. Nominal group is very effective in situations where high degree of innovation and idea generation is required. It is highly structured and follows following stages :

Stage-I : Around seven to ten participants with different background andtraining are selected, familiarized with a selected problem like what alternatives are available for achieving a set of objective.

Stage-2 : Each member is asked to prepare a list of ideas in response to the identified problem, individually for achieving a set of objective.

Stage -3 : After ten minutes, the member shares ideas, one at a time, in a round-robin manner. The group facilitator records the ideas on a blackboard or flip chart for all to see.

Stage-4 : Each group member then openly discusses and evaluates each recorded ideas. At this point, it may be rewarded, combined, added or deleted.
Stage-5 : Each member votes ranking the ideas privately. Following a brief discussion of the vote, a final secret ballot is conducted. The group's preference is the arithmetical outcome of the individual voter, these are followed by concluding meeting.

Quantitative Techniques

There are several techniques that a manager can employ while making decisions. For example, quantitative techniques enable managers to take decisions objectively and efficiently.

1. Linear programming

This technique basically helps in maximizing an objective under limited resources. The objective can be either optimization of a utility or minimization of a disutility. In other words, it helps in utilizing a resource or constraint to its maximum potential.

Managers generally use this technique only under conditions involving certainty. Hence, it might not be very useful when circumstances are uncertain or unpredictable.

2. Probability decision theory

This technique lies in the premise that we can only predict the probability of an outcome. In other words, we cannot always accurately predict the exact outcome of any course of action.

Managers use this approach to first determine the probabilities of an outcome using available information. They can even rely on their subjective judgment for this purpose. Next, they use this data of probabilities to make their decisions. They often use 'decision trees' or pay-off matrices for this purpose.

3. Game theory

Sometimes, managers use certain quantitative techniques only while taking decisions pertaining to their business rivals. The game theory approach is one such technique.

This technique basically simulates rivalries or conflicts between businesses as a game. The aim of managers under this technique is to find ways of gaining at the expense of their rivals. In order to do this, they can use 2-person, 3-person or n-person games.

4. Queuing theory

Every business often suffers waiting for periods or queues pertaining to personnel, equipment, resources or services.

For example, sometimes a manufacturing company might gather a stock of unsold goods due to irregular demands. This theory basically aims to solve such problems.

The aim of this theory is to minimize such waiting periods and also reduce investments on such expenses.

For example, departmental stores often have to find a balance between unsold stock and purchasing fresh goods. Managers in such examples can employ the queuing theory to minimize their expenses.

5. Simulation

As the name suggests, the simulation technique observes various outcomes under hypothetical or artificial settings. Managers try to understand how their decisions will work out under diverse circumstances.

Accordingly, they finalize on the decision that is likely to be the most beneficial to them. Understanding outcomes under such simulated environments instead of natural settings reduces risks drastically.

6. Network techniques

Complex activities often require concentrated efforts by personnel in order to avoid wastage of time, energy and money. This technique aims to solve this by creating strong network structures for work.

There are two very important quantitative techniques under this approach. These include the Critical Path Method and the Programme Evaluation & Review Technique. These techniques are effective because they segregate work efficiently under networks. They even drastically reduce time and money.

ORGANISING:

definition-

According to **Theo Haimann**,

> *“Organising is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them.”*

> ***According to Louis Allen,***
> *“Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.”*

oraganising process

The **stages** or **steps** in the **process of organisation** are explained below:-

1. Fixing the objectives of the organisation

At the top level, administrative management first fixes the common objectives of organisation. At the middle level, executive management fix the departmental objectives. Lastly, at the lower level, supervisory management fix the day-to-day objectives. All the objectives of the organisation must be specific and realistic.

2. Finding activities must for achieving objectives

After fixing the objectives, the top-level management prepares a list of different activities (or works) which are required to be carried out for achieving these objectives. This list is prepared at random without following any sequence or order. This is a very important step because it helps to avoid duplication, overlapping and wastage of efforts.

3. Grouping the similar activities

All similar or related activities having a common purpose are grouped together to make departments. For e.g. all activities or works which are directly or indirectly connected with purchasing are grouped together to make the Purchase Department. So various departments such as Purchase, Production, Marketing, Finance, etc. are made. The grouping of similar activities leads to division of labour and specialisation.

4. Defining responsibilities of each employee

The responsibilities (duties) of each employee are clearly defined. This will result in the selection of a right person for the right post / job. He / she will know exactly what to do and what not to do. Therefore, it will result in efficiency.

5. Delegating authority to employees

Each employee is delegated (surrender or given) authority. Without authority, the employees cannot carry out their responsibilities. Authority is the right to give orders and the power to get obedience. The authority given to an employee should be equal to the responsibility given to him.

6. Defining authority relationship

When two or more persons work together for a common goal, it becomes necessary to clearly define the authority relationship between them. Each person should know who is his superior, from who he should take orders, and to whom he will be answerable. Similarly, each superior should know what authority he has over his subordinates.

7. Providing employees all required resources

After defining the authority relationships, the employees are provided with all the material and financial resources, which are required for achieving the objectives of the organisation. So in this step, the employees actually start working for a common goal.

8. Coordinating efforts of all to achieve goals

This is the last stage or step in the process of organisation. Here, the efforts of all the individuals, groups, departments, etc. are brought together and co-coordinated towards the common objectives of the organisation.

types of organisation

there exist two types of organisation:

- Formal Organisation
- Informal Organisation

formal organisation

What is Formal Organization

The **formal organization** is basically goal-oriented entity that exist to accurate the efforts of individuals and it refers to the structure of jobs and positions with clearly defined functions, responsibilities and authorities.

Definition of Formal Organization

According to **Chester Banard (https://en.wikipedia.org/wiki/Chester_Barnard)** “an organization is formal when the activities are coordinated towards a common objective”. He found that the essence of formal organization is conscious common purpose and that formal organization comes into being when persons:

1. Are able to communicate with each other
2. Are willing to act, and
3. Share a purpose

In this way, all business organizations are formal organizations they have a system of well defined jobs bearing a definite measure of authority, responsibility and accountability. All this is designed to enable the people working within the enterprise to work more effectively for achieving objectives.

Advantages

- The formal organisation clearly outlines the relationships among employees. Hence, it becomes easier to rack responsibilities.
- An established chain of commands maintains the unity of command.
- As the duties of each member is clearly defined, there is no ambiguity or confusion in individual roles whatsoever. Further, there is no duplication of efforts which eliminates any wastage.

- In a formal organisation, there is a clear definition of rules and procedures. This means that behaviours and relationships among the members are predictable. Consequently, there is **stability (https://www.toppr.com/guides/general-awareness/financial-banking-institutions-in-india/financial-stability-and-development-council/)** and no chaos existing in the enterprise.
- Finally, it leads to the achievement of organisational goals and objectives. This is because there exist systematic and well thought out work cultures and relationships.

Disadvantages

- Decision making is slow in a formal organisation. It is important to realise that any organisational need has to flow through the respective chain of commands before being addressed.
- Formal organisation is very rigid in nature. This means that there prevails perfect discipline coupled with no deviations from the procedures. Hence, this can lead to low recognition of talent.
- Lastly, the formal organisation does not take into account the social nature of humans as it talks about only structure and work. Interestingly, we cannot eliminate this integral part of our **nature (https://www.toppr.com/guides/business-studies/business-services/nature-and-types-of-services/)**. Hence, it does not entirely display the functioning of the organisation.

informal organisation

informal Organisation exists within the formal organisation. An informal organisation is a network of personal and social relationships. People working in a formal organisation meet and interact regularly. They work, travel, and eat together. Therefore, they become good friends and companions. There are many groups of friends in a formal organisation. These groups are called informal organisation.

An informal organisation does not have its own rules and regulation. It has no system of co-ordination and authority. It doesn’t have any superior-subordinate relationship nor any specific and well-defined objectives. Here in informal organisation, communication is done through the grapevine.

Advantages

- In this type of organisation, communication does not need to follow the defined chain. Instead, it can flow through various routes. This implies that communication in an informal organisation is much faster relative to formal organisation.
- Again, humans are social animals. The needs to socialize exists deep within our existence. The informal organisation ensures that there is socialization within the enterprise. Consequently,

members experience the sense of belongingness and job satisfaction.
- Informal organisation, getting true feedbacks and reactions is not easy. Hence, in informal organisation, various limitations of formal organisation is covered up.

Disadvantages

- The informal organisation is random and can result in the spread of rumours. Again, we cannot manage and control informal organisation. Consequently, this may result in chaos within the enterprise.
- It is important to realise that it is not possible to effect changes and grow without the support of the informal organisation. This can work in both ways, for growth or decline of the enterprise.
- To point out again, informal organisation conforms to group standards and behaviours. If such behaviours are against the organisational interests, they can eventually lead to disruption of the organisation.

difference between formal and informal organisation:

Basis	Formal Organization	Informal Organization
Formation	A formal organization is formed by the top level management.	An Informal organization is formed by social forces within the organization.
Rules and Regulation	The members of a formal organization have to follow certain rules and regulations.	The members of an informal organization do not have to follow any rules and regulations.
Duties and Regulations	In a formal organization, the duties and responsibilities, authority, and accountability of each member is well defined.	In an informal organization, there are no fixed duties, responsibilities, and accountability for the members.
Objectives or Goals	In a formal organization, the objectives or goals are specific and well-defined.	In an informal organization, the objectives are not specific and well defined.
Stability	A formal organization is stable.	An informal organization is not stable.
Channels of Communication	A formal organization uses formal channels of communication.	An informal organization uses informal channels of communication(i.e grapevine).
Organization Chart	A formal organization is shown on the organizational chart.	An informal Organization is not shown on the organization chart.
Superior-Subordinate Relationship	In a formal organization, there exist a superior-subordinate relationship.	In an informal organization, there is no such superior-subordinate relationship.
Benefits for members	The members of formal organization get financial benefits and perks like wages or salaries, bonus, travelling allowances, health, insurance etc	The members of informal organization get social benefits and personal benefits like friend circle, community, groups, etc

delegation of authority

Definitions of Delegation of Authority ↓

1. According to **F.C. Moore**, “Delegation means assigning work to the others and giving them authority to do so.”

2. According to **O. S. Miner**, “Delegation takes place when one person gives another the right to perform work on his behalf and in his name and the second person accepts a corresponding duty or obligation to do that is required of him.”
3. According to **Louis Allen**, “Delegation is the dynamics of management, it is the process a manager follows in dividing the work assigned to him so that he performs that part which only he, because of his unique organizational placement, can perform effectively, and so that he can get others to help him with what remains.”

Elements of Delegation

1. **Authority** – in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn’t misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority.Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn’t imply escaping from accountability. Accountability still rest with the person having the utmost authority.
2. **Responsibility** – is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn’t accomplish tasks assigned as expected, then also he is answerable for that
3. **Accountability** – means giving explanations for any variance in the actual performance from the expectations set. Accountability can not be delegated. For example, if ’A’ is given a task with sufficient authority, and ’A’ delegates this task to B and asks him to ensure that task is done well, responsibility rest with ’B’, but accountability still rest with ’A’. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability, in short, means being answerable for the end result. Accountability can’t be escaped. It arises from responsibility.

process of delegation

Delegation of authority is the base of superior-subordinate relationship, it involves following steps:-

1. **Assignment of Duties –** The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.

2. **Granting of authority** – Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason, every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. **Creating Responsibility and Accountability** – The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior. Responsibility is very important. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted. Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.

needs of delegation

The Importance of Delegation is because it leads to;

1. **Efficiency:** Efficiency arises when duty is transferred to people with skills that match the role. Let the team members carry out routine activities for themselves while you plan and strategize for the next step. This will ensure you have adequate time for planning, less stress and improved efficiency
2. **Development:** Team leaders have skills and abilities that can be passed down to other team members. The best way to do this is to teach them the new skills and then delegate duties to them for them to utilize the already learnt skills. The importance of delegation is in team development as well; as you can outsource team development to experienced members of your team thereby increasing their mentoring skills as well as decision making.
3. **Empowerment:** To empower is to allow others become experts at what they do even if they surpass your ability. This encourages personal development of team members leading to the overall team success.
4. **Leadership:** A good leader does not do, he plans and coaches. After coaching, team members will take roles assigned to them and accomplish with or without supervision. When tasks are completed, new tasks can be taken with maximum confidence.

decentralisation

Definitions of Decentralisation

According to **Henry Fayol**, “Everything that goes to increase the importance of the subordinate’s role is decentralisation, everything that goes to reduce it is centralisation.”

According to **Louis Allen**, “decentralisation refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central point.”

This definition makes it clear that even in decentralisation, delegation to the lowest levels is not complete as the basic functions in the management process are centralized.

difference between delegation and decentralisation

Basis	Delegation	Decentralization
Nature	Delegation is a compulsory act.	Decentralization is an optional policy.
Freedom of action	There is less freedom to take own decisions as there is more control by superiors.	There is greater freedom of action as there is less control over executives.
Status	It is a process followed to share tasks.	It is the result of the policy decision of the top management.
Scope	It has narrow scope as it involves superior and his immediate subordinate only.	It has wide scope as it involves all the levels of management.
Purpose	The main purpose is to lessen the burden of the manager.	The main purpose in this case is to increase the role of the subordinates in the organization by giving them the authority to take decisions.

STAFFING

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. It is a truth that human resource is one of the greatest for every organization because in any organization all other resources like- money, material, machine etc. can be utilized effectively and efficiently by the positive efforts of human resource.

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

1. The first and foremost function of staffing is to obtain qualified personnel for different jobs position in the organization.
2. In staffing, the right person is recruited for the right jobs, therefore it leads to maximum productivity and higher performance.
3. It helps in promoting the optimum utilization of human resource through various aspects.
4. Job satisfaction and morale of the workers increases through the recruitment of the right person.
5. Staffing helps to ensure better utilization of human resources.
6. 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.

DIRECTING

Directing definition

Directing refers to a process or technique of instructing, guiding, inspiring, counselling, overseeing and leading people towards the accomplishment of organizational goals. It is a continuous managerial process that goes on throughout the life of the organization.

nature of directing

1. Initiates Action

A directing function is performed by the managers along with planning, staffing, organizing and controlling in order to discharge their duties in the organization. While other functions prepare a platform for action, directing initiates action.

2. Pervasive Function

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

4. Continuous Activity

It is a continuous function as it continues throughout the life of organization irrespective of the changes in the managers or employees.

5. Descending Order of Hierarchy

Directing flows from a top level of management to the bottom level. Every manager exercises this function on his immediate subordinate.

6. Human Factor

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

Importance of Directing

1. Initiates Action

Each and every action in an organization is initiated only through directing. The managers direct the subordinates about what to do, how to do when to do and also see to it that their instructions are properly followed.

2. Ingrates Efforts

Directing integrates the efforts of all the employees and departments through persuasive leadership and effective communication towards the accomplishment of organizational goals.

3. Motivates Employees

A manager identifies the potential and abilities of its subordinates and helps them to give their best. He also motivates them by offering them financial and non-financial incentives to improve their performance.

4. Provides Stability

Stability is significant in the growth of any organization. Effective directing develops co-operation and commitment among the employees and creates a balance among various departments and groups.

5. Coping up with the Changes

Employees have a tendency to resist any kind of change in the organization. But, adapting the environmental changes is necessary for the growth of the organization. A manager through motivation, proper communication and leadership can make the employees understand the nature and contents of change and also the positive aftermaths of the change. This will help in a smooth adaptation of the changes without any friction between the management and employees.

6. Effective Utilization of Resources

It involves defining the duties and responsibilities of every subordinate clearly thereby avoiding wastages, duplication of efforts, etc. and utilizing the resources of men, machine, materials, and money in the maximum possible way. It helps in reducing costs and increasing profits.

Principles of Directing

1. Maximum Individual Contribution

One of the main principles of directing is the contribution of individuals. **Management (https://www.toppr.com/guides/business-management-and-entrepreneurship/nature-of-management-and-its-process/management-functions/)** should adopt such directing policies that motivate the employees to contribute their maximum potential for the attainment of organizational goals.

2. Harmony of Objectives

Sometimes there is a conflict between the organizational objectives and individual objectives. For example, the organization wants profits to increase and to retain its major share, whereas, the employees may perceive that they should get a major share as a bonus as they have worked really hard for it.

Here, directing has an important role to play in establishing harmony and coordination between the objectives of both the parties.

3. Unity of Command

This principle states that a subordinate should receive instructions from only one superior at a time. If he receives instructions from more than one superiors at the same time, it will create confusion, conflict, and disorder in the organization and also he will not be able to prioritize his work.

4. Appropriate Direction Technique

Among the principles of directing, this one states that appropriate direction techniques should be used to supervise, lead, communicate and motivate the employees based on their needs, capabilities, attitudes and other situational variables.

5. Managerial Communication

According to this principle, it should be seen that the instructions are clearly conveyed to the employees and it should be ensured that they have understood the same meaning as was intended to be communicated.

6. Use of Informal Organization

Within every formal organization, there exists an informal group or organization. The manager should identify those groups and use them to communicate information. There should be a free flow of information among the seniors and the subordinates as an effective exchange of information are really important for the growth of an organization.

7. Leadership

Managers should possess a good leadership quality to influence the subordinates and make them work according to their wish. It is one of the important principles of directing.

8. Follow Through

As per this principle, managers are required to monitor the extent to which the policies, procedures, and instructions are followed by the subordinates. If there is any problem in implementation, then the suitable modifications can be made.

B.C.A study

unit-4:function of management part-2

motivation:

Meaning:

Motivation is an important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employees but a negative motivation will reduce their performance. A key element in personnel management is motivation.

According to Likert,

> *“It is the core of management which shows that every human being gives him a sense of worth in face-to face groups which are most important to him….A supervisor should strive to treat individuals with dignity and a recognition of their personal worth.”*

definition

Berelson and Steiner:

“A motive is an inner state that energizes, activates, or moves and directs or channels behaviour goals.”

Lillis:

“It is the stimulation of any emotion or desire operating upon one’s will and promoting or driving it to action.”

The Encyclopedia of Management:

“Motivation refers to degree of readiness of an organism to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness.”

Dubin:

“Motivation is the complex of forces starting and keeping a person at work in an organization.”

Vance:

“Motivation implies any emotion or desire which so conditions one’s will that the individual is properly led into action.”

nature of motivation

1. Motivation is an inner feeling which energizes a person to work more.

2. The emotions or desires of a person prompt him for doing a particular work.

3. There are unsatisfied needs of a person which disturb his equilibrium.

4. A person moves to fulfill his unsatisfied needs by conditioning his energies.

5. There are dormant energies in a person which are activated by channelizing them into actions.

importance of motivation

(1) Improves Performance Level:

The ability to do work and willingness to do work both affect the efficiency of a person. The ability to do work is obtained with the help of education and training and willingness to do work is obtained with the help of motivation.

Willingness is more important in comparison to ability. For example, a person is highly educated and he is recruited on this very basis. But it is not essential that he will do outstanding work.

(2) Helps to Change Negative or Indifferent Attitudes of Employees:

Some employees of an organisation have a negative attitude. They always think that doing more work will not bring any credit. A manager uses various techniques to change this attitude.

For example, if the financial situation of such an employee is weak, he gives him a raise in his remuneration and if his financial condition is satisfactory he motivates him by praising his work.

(3) Reduction in Employee Turnover:

The reputation of an organisation is affected by the employee turnover. This creates a lot of problems for the managers. A lot of time and money go waste in repeatedly recruiting employees and giving them education and training.

Only motivation can save an organisation from such wastage. Motivated people work for a longer time in the organisation and there is a decline in the rate of turnover.

(4) Helps to Reduce Absenteeism in the Organisation:

In some of the organisations, the rate of absenteeism is high. There are many causes for this-poor work conditions, poor relations with colleagues and superiors, no recognition in the organisation, insufficient reward, etc. A manager removes all such deficiencies and motivates the employees. Motivated employees do not remain absent from work as the workplace becomes a source of joy for them.

(5) Reduction in Resistance to Change:

New changes continue taking place in the organisation. Normally workers are not prepared to accept any changes in their normal routine. Whereas it becomes essential to bring in some changes because of the demands of time.

Employees can be made to accept such changes easily with the help of motivation. Motivated people accept these changes enthusiastically and improve their work performance.

theories of motivation

1. Maslow's Hierarchy of Needs theory

Maslow (https://en.wikipedia.org/wiki/Abraham_Maslow) (1943, 1954) stated that people are motivated to achieve certain needs and that some needs take precedence over others. Our most basic need is for physical survival, and this will be the first thing that motivates our behavior. Once that level is fulfilled the next level up is what motivates us, and so on.

1. **Physiological needs** – these are biological requirements for human survival, e.g. air, food, drink, shelter, clothing, warmth, sex, sleep.

If these needs are not satisfied the human body cannot function optimally. Maslow considered physiological needs the most important as all the other needs become secondary until these needs are met.

2. **Safety needs** – protection from elements, security, order, law, stability, freedom from fear.

3. **Love and belongingness needs** – after physiological and safety needs have been fulfilled, the third level of human needs is social and involves feelings of belongingness. The need for interpersonal relationships motivates behavior

Examples include friendship, intimacy, trust, and acceptance, receiving and giving affection and love. Affiliating, being part of a group (family, friends, work).

4. **Esteem needs** – which Maslow classified into two categories: (i) esteem for oneself (dignity, achievement, mastery, independence) and (ii) the desire for reputation or respect from others (e.g., status, prestige).

Maslow indicated that the need for respect or reputation is most important for children and adolescents and precedes real self-esteem or dignity.

5. **Self-actualization needs** – realizing personal potential, self-fulfillment, seeking personal growth and peak experiences. A desire "to become everything one is capable of becoming"

maslow's hierarchy of needs five stage pyramid

Maslow's hierarchy of needs is a motivational theory in psychology comprising a five-tier model of human needs, often depicted as hierarchical levels within a pyramid.

Needs lower down in the hierarchy must be satisfied before individuals can attend to needs higher up. From the bottom of the hierarchy upwards, the needs are: physiological, safety, love and belonging, esteem and self-actualization.

2. McGregor's Participation Theory:

Image result for mcgregor x and y theory

Douglas McGregor formulated two distinct views of human being based on participation of workers. The first basically negative, labeled Theory X, and the other basically positive, labled Theory Y.

Theory X is based on the following assumptions:

1. People are by nature indolent. That is, they like to work as little as possible.

2. People lack ambition, dislike responsibility, and prefer to be directed by others.

3. People are inherently self-centered and indifferent to organisational needs and goals.

4. People are generally gullible and not very sharp and bright.

On the contrary, Theory Y assumes that:

1. People are not by nature passive or resistant to organisational goals.

2. They want to assume responsibility.

3. They want their organisation to succeed.

4. People are capable of directing their own behaviour.

5. They have need for achievement.

What McGregor tried to dramatise through his theory X and Y is to outline the extremes to draw the fencing within which the organisational man is usually seen to behave. The fact remains that no organisational man would actually belong either to theory X or theory Y. In reality, he/she shares the traits of both. What actually happens is that man swings from one set or properties to the other with changes in his mood and motives in changing environment.

Theory X	Theory Y
People are by nature indolent. That is they work as little as possible	People are not by nature passive or resistant to organizational needs. They have become so as a result of experience in organizations.
People lack ambition, dislike responsibility, and prefer to be led People are inherently self-centered and indifferent to organizational needs People are by nature resistant to change	The motivation, the potential for development, the capability for assuming responsibility, and the readiness to direct behavior toward organizational goals are all present in people. Management does not pull them there. It is the responsibility of management to make it possible for people to develop these human characteristics for themselves
People are gullible and not very bright, the ready dupes of charlatan and the demagogue	The essential ask of management is to arrange conditions and methods of operation so that people can achieve their own goals best by directing their own efforts towards organizational goals

LEADERSHIP

What is Leadership

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others towards accomplishment of specific goals in a given situation. Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.

Leadership is the potential to influence behaviour of others. It is also defined as the capacity to influence a group towards the realization of a goal. Leaders are required to develop future visions, and to motivate the organizational members to want to achieve the visions.

According to Keith Davis, "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals."

Characteristics of Leadership

1. It is a inter-personal process in which a manager is into influencing and guiding workers towards attainment of goals.
2. It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.
3. It is a group process. It involves two or more people interacting with each other.
4. A leader is involved in shaping and moulding the behaviour of the group towards accomplishment of organizational goals.
5. Leadership is situation bound. There is no best style of leadership. It all depends upon tackling with the situations.

Importance of Leadership

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. The following points justify the importance of leadership in a concern.

1. **Initiates action-** Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.
2. **Motivation-** A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.
3. **Providing guidance-** A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
4. **Creating confidence-** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.
5. **Building morale-** Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.
6. **Builds work environment-** Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.
7. **Co-ordination-** Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

various styles of leadership

1. Democratic Leadership
2. Autocratic Leadership
3. Laissez-Faire Leadership
4. Strategic Leadership
5. Transformational Leadership
6. Transactional Leadership
7. Coach-Style Leadership
8. Bureaucratic Leadership

1. Democratic Leadership

Commonly Effective

Democratic leadership is exactly what it sounds like — the leader makes decisions based on the input of each team member. Although he or she makes the final call, each employee has an equal say on a project's direction.

Democratic leadership is one of the most effective leadership styles because it allows lower-level employees to exercise authority they'll need to use wisely in future positions they might hold. It also resembles how decisions can be made in company board meetings.

2. Autocratic Leadership

Rarely Effective

Autocratic leadership is the inverse of democratic leadership. In this leadership style, the leader makes decisions without taking input from anyone who reports to them. Employees are neither considered nor consulted prior to a direction, and are expected to adhere to the decision at a time and pace stipulated by the leader.

An example of this could be when a manager changes the hours of work shifts for multiple employees without consulting anyone — especially the effected employees.

3. Laissez-Faire Leadership

Sometimes Effective

If you remember your high-school French, you'll accurately assume that laissez-faire leadership is the least intrusive form of leadership. The French term "laissez faire" literally translates to "let them do," and leaders who embrace it afford nearly all authority to their employees.

In a young startup, for example, you might see a laissez-faire company founder who makes no major office policies around work hours or deadlines. They might put full trust into their employees while they focus on the overall workings of running the company.

4. Strategic Leadership

Commonly Effective

Strategic leaders sit at the intersection between a company's main operations and its growth opportunities. He or she accepts the burden of executive interests while ensuring that current working conditions remain stable for everyone else.

This is a desirable leadership style in many companies because strategic thinking supports multiple types of employees at once. However, leaders who operate this way can set a dangerous precedent with respect to how many people they can support at once, and what the best direction for the company really is if everyone is getting their way at all times.

5. Transformational Leadership

Sometimes Effective

Transformational leadership is always "transforming" and improving upon the company's conventions. Employees might have a basic set of tasks and goals that they complete every week or month, but the leader is constantly pushing them outside of their comfort zone.

When starting a job with this type of leader, all employees might get a list of goals to reach, as well as deadlines for reaching them. While the goals might seem simple at first, this manager might pick up the pace of deadlines or give you more and more challenging goals as you grow with the company.

6. Transactional Leadership

Sometimes Effective

Transactional leaders are fairly common today. These managers reward their employees for precisely the work they do. A marketing team that receives a scheduled bonus for helping generate a certain number of leads by the end of the quarter is a common example of transactional leadership.

Transactional leadership helps establish roles and responsibilities for each employee, but it can also encourage bare-minimum work if employees know how much their effort is worth all the time. This leadership style can use incentive programs to motivate employees, but they should be consistent with the company's goals and used in addition to *unscheduled* gestures of appreciation.

7. Coach-Style Leadership

Commonly Effective
Similarly to a sports team's coach, this leader focuses on identifying and nurturing the individual strengths of each member on his or her team. They also focus on strategies that will enable their team work better together. This style offers strong similarities to strategic and democratic leadership, but puts more emphasis on the growth and success of individual employees.

A manager with this leadership style might help employees improve on their strengths by giving them new tasks to try, offering them guidance, or meeting to discuss constructive feedback. They might also encourage one or more team members to expand on their strengths by learning new skills from other teammates.

8. Bureaucratic Leadership

Rarely Effective
Bureaucratic leaders go by the books. This style of leadership might listen and consider the input of employees — unlike autocratic leadership — but the leader tends to reject an employee's input if it conflicts with company policy or past practices.

You may run into a bureaucratic leader at a larger, older, or traditional company. At these companies, when a colleague or employee proposes a strong strategy that seems new or non-traditional, bureaucratic leaders may reject it. Their resistance might be because the company has already been successful with current processes and trying something new could waste time or resources if it doesn't work.

Qualities of a leader

A leader has got multidimensional traits in him which makes him appealing and effective in behavior. The following are the requisites to be present in a good leader:

1. **Physical appearance-** A leader must have a pleasing appearance. Physique and health are very important for a good leader.
2. **Vision and foresight-** A leader cannot maintain influence unless he exhibits that he is forward looking. He has to visualize situations and thereby has to frame logical programmes.
3. **Intelligence-** A leader should be intelligent enough to examine problems and difficult situations. He should be analytical who weighs pros and cons and then summarizes the situation. Therefore, a positive bent of mind and mature outlook is very important.
4. **Communicative skills-** A leader must be able to communicate the policies and procedures clearly, precisely and effectively. This can be helpful in persuasion and stimulation.
5. **Objective-** A leader has to be having a fair outlook which is free from bias and which does not reflects his willingness towards a particular individual. He should develop his own opinion and should base his judgement on facts and logic.
6. **Knowledge of work-** A leader should be very precisely knowing the nature of work of his subordinates because it is then he can win the trust and confidence of his subordinates.
7. **Sense of responsibility-** Responsibility and accountability towards an individual's work is very important to bring a sense of influence. A leader must have a sense of responsibility

towards organizational goals because only then he can get maximum of capabilities exploited in a real sense. For this, he has to motivate himself and arouse and urge to give best of his abilities. Only then he can motivate the subordinates to the best.

8. **Self-confidence and will-power-** Confidence in himself is important to earn the confidence of the subordinates. He should be trustworthy and should handle the situations with full will power. (You can read more about Self-Confidence at : Self Confidence – Tips to be Confident and Eliminate Your Apprehensions).
9. **Humanist-**This trait to be present in a leader is essential because he deals with human beings and is in personal contact with them. He has to handle the personal problems of his subordinates with great care and attention. Therefore, treating the human beings on humanitarian grounds is essential for building a congenial environment.
10. **Empathy-** It is an old adage "Stepping into the shoes of others". This is very important because fair judgement and objectivity comes only then. A leader should understand the problems and complaints of employees and should also have a complete view of the needs and aspirations of the employees. This helps in improving human relations and personal contacts with the employees.

Role/Function of leader

Following are the main roles of a leader in an organization :

1. **Required at all levels-** Leadership is a function which is important at all levels of management. In the top level, it is important for getting co-operation in formulation of plans and policies. In the middle and lower level, it is required for interpretation and execution of plans and programmes framed by the top management. Leadership can be exercised through guidance and counseling of the subordinates at the time of execution of plans.
2. **Representative of the organization-** A leader, i.e., a manager is said to be the representative of the enterprise. He has to represent the concern at seminars, conferences, general meetings, etc. His role is to communicate the rationale of the enterprise to outside public. He is also representative of the own department which he leads.
3. **Integrates and reconciles the personal goals with organizational goals-** A leader through leadership traits helps in reconciling/ integrating the personal goals of the employees with the organizational goals. He is trying to co-ordinate the efforts of people towards a common purpose and thereby achieves objectives. This can be done only if he can influence and get willing co-operation and urge to accomplish the objectives.
4. **He solicits support-** A leader is a manager and besides that he is a person who entertains and invites support and co-operation of subordinates. This he can do by his personality, intelligence, maturity and experience which can provide him positive result. In this regard, a leader has to invite suggestions and if possible implement them into plans and programmes of enterprise. This way, he can solicit full support of employees which results in willingness to work and thereby effectiveness in running of a concern.
5. **As a friend, philosopher and guide-** A leader must possess the three dimensional traits in him. He can be a friend by sharing the feelings, opinions and desires with the employees. He can be a philosopher by utilizing his intelligence and experience and thereby guiding the employees as and when time requires. He can be a guide by supervising and communicating the employees the plans and policies of top management and secure their co-operation to achieve the goals of a concern. At times he can also play the role of a counselor by counseling

and a problem-solving approach. He can listen to the problems of the employees and try to solve them.

CONTROLLING

Meaning of Controlling

Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates. In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization's resources are being used effectively & efficiently for the achievement of predetermined goals.

definition

It is **a process of comparing the actual performance with the set standards of the company** to ensure that activities are performed according to the plans and if not then taking corrective action.

George R. Terry defined **"controlling is determining what is being accomplished, that is evaluating the performance and, if necessary, applying corrected measures so that the performance takes place according to plans."**

impotance/need of controlling

1. Accomplishing Organizational Goals

The controlling function is an accomplishment of measures that further makes progress towards the organizational goals & brings to light the deviations, & indicates corrective action. Therefore it helps in guiding the organizational goals which can be achieved by performing a controlling function.

2. Judging Accuracy of Standards

A good control system enables management to verify whether the standards set are accurate & objective. The efficient control system also helps in keeping careful and progress check on the changes which help in taking the major place in the organization & in the environment and also helps to review & revise the standards in light of such changes.

3. Making Efficient use of Resources

Another important function of controlling is that in this, each activity is performed in such manner so an in accordance with predetermined standards & norms so as to ensure that the resources are used in the most effective & efficient manner for the further availability of resources.

4. Improving Employee Motivation

Another important function is that controlling help in accommodating a good control system which ensures that each employee knows well in advance what they expect & what are the standards of performance on the basis of which they will be appraised. Therefore it helps in motivating and increasing their potential so to make them & helps them to give better performance.

5. Ensuring Order & Discipline

Controlling creates an atmosphere of order & discipline in the organization which helps to minimize dishonest behavior on the part of the employees. It keeps a close check on the activities of employees and the company can be able to track and find out the dishonest employees by using computer monitoring as a part of their control system.

6. Facilitating Coordination in Action

The last important function of controlling is that each department & employee is governed by such pre-determined standards and goals which are well versed and coordinated with one another. This ensures that overall organizational objectives are accomplished in an overall manner.

nature of controlling

1. Control is a Function of Management:

Actually control is a follow-up action to the other functions of management performed by managers to control the activities assigned to them in the organisation.

2. Control is Based on Planning:

Control is designed to evaluate actual performance against predetermined standards set-up in the organisation. Plans serve as the standards of desired performance. Planning sets the course in the organisation and control ensures action according to the chosen course of action in the organisation.

3. Control is a Dynamic Process:

It involves continuous review of standards of performance and results in corrective action, which may lead to changes in other functions of management.

4. Information is the Guide to Control:

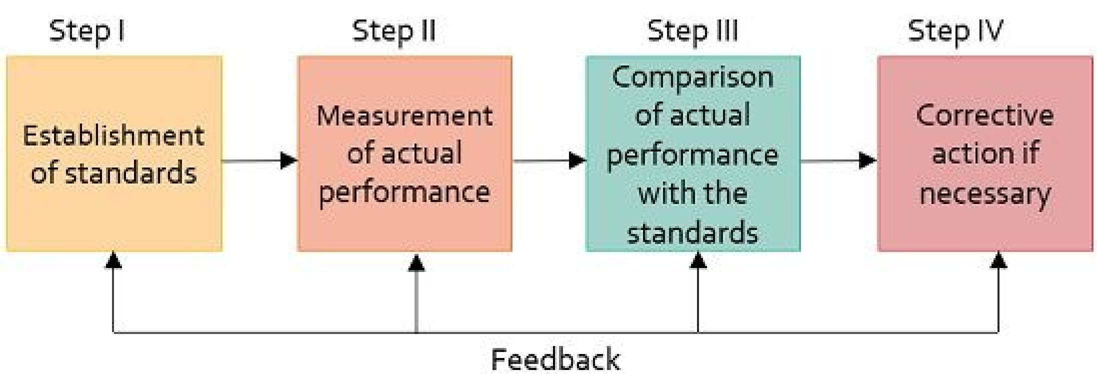
Control depends upon the information regarding actual performance. Accurate and timely availability of feedback is essential for effective control action. An efficient system of reporting is required for a sound control system. This requires continuing monitoring and review of operations.

5. The Essence of Control is Action:

The performance of control is achieved only when corrective action is taken on the basis of feedback information. It is only action, which adjust performance to predetermined standards whenever deviations occur. A good system of control facilities timely action so that there is minimum waste of time and energy.

Process of Controlling

Control process involves the following steps as shown in the figure:



- **Establishing standards**: This means setting up of the target which needs to be achieved to meet organisational goals eventually. Standards indicate the criteria of performance.Control standards are categorized as quantitative and qualitative standards. **Quantitative standards** are expressed in terms of money. **Qualitative standards**, on the other hand, includes intangible items.
- **Measurement of actual performance**: The actual performance of the employee is measured against the target. With the increasing levels of management, the measurement of performance becomes difficult.
- **Comparison of actual performance with the standard**: This compares the degree of difference between the actual performance and the standard.

- **Taking corrective actions**: It is initiated by the manager who corrects any defects in actual performance.

Controlling process thus regulates companies' activities so that actual performance conforms to the standard plan. An effective control system enables managers to avoid circumstances which cause the company's loss.

Techniques of controlling

The ten types of traditional techniques of controlling are discussed below :-

1. Direct Supervision and Observation

'Direct Supervision and Observation' is the oldest technique of controlling. The supervisor himself observes the employees and their work. This brings him in direct contact with the workers. So, many problems are solved during supervision. The supervisor gets first hand information, and he has better understanding with the workers. This technique is most suitable for a small-sized business.

2. **Financial Statements**

All business organisations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organisation at the end of the specified period. Financial statements are used to control the organisation. The figures of the current year can be compared with the previous year's figures. They can also be compared with the figures of other similar organisations.

Ratio analysis can be used to find out and analyse the financial statements. Ratio analysis helps to understand the profitability, liquidity and solvency position of the business.

3. Budgetary Control

A budget is a planning and controlling device. Budgetary control is a technique of managerial control through budgets. It is the essence of financial control. Budgetary control is done for all aspects of a business such as income, expenditure, production, capital and revenue. Budgetary control is done by the budget committee.

4. Break Even Analysis

Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. When an organisation sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

5. Return on Investment (ROI)

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

6. Management by Objectives (MBO)

MBO facilitates planning and control. It must fulfill following requirements :-

1. Objectives for individuals are jointly fixed by the superior and the subordinate.
2. Periodic evaluation and regular feedback to evaluate individual performance.
3. Achievement of objectives brings rewards to individuals.

7. Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

8. Management Information System (MIS)

In order to control the organisation properly the management needs accurate information. They need information about the internal working of the organisation and also about the external environment. Information is collected continuously to identify problems and find out solutions. **MIS** collects data, processes it and provides it to the managers. MIS may be manual or computerised. With MIS, managers can delegate authority to subordinates without losing control.

9. PERT and CPM Techniques

Programme Evaluation and Review Technique (**PERT**) and Critical Path Method (**CPM**) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

10. Self-Control

Self-Control means self-directed control. A person is given freedom to set his own targets, evaluate his own performance and take corrective measures as and when required. Self-control is especially required for top level managers because they do not like external control.

Total quality management

Total Quality management is defined as a continuous effort by the management as well as employees of a particular organization to ensure long term customer loyalty and customer satisfaction. Remember, one happy and satisfied customer brings ten new customers along with him whereas one disappointed individual will spread bad word of mouth and spoil several of your existing as well as potential customers.

You need to give something extra to your customers to expect loyalty in return. Quality can be measured in terms of durability, reliability, usage and so on. Total quality management is a structured effort by employees to continuously improve the quality of their products and services through proper feedbacks and research. Ensuring superior quality of a product or service is not the responsibility of a single member.

Total quality management ensures that every single employee is working towards the improvement of work culture, processes, services, systems and so on to ensure long term success.

Total Quality management can be divided into four categories:

- Plan
- Do
- Check
- Act

Also referred to as PDCA cycle.

Planning Phase

Planning is the most crucial phase of total quality management. In this phase employees have to come up with their problems and queries which need to be addressed. They need to come up with the various challenges they face in their day to day operations and also analyze the problem's root cause. Employees are required to do necessary research and collect relevant data which would help them find solutions to all the problems.

Doing Phase

In the doing phase, employees develop a solution for the problems defined in planning phase. Strategies are devised and implemented to overcome the challenges faced by employees. The effectiveness of solutions and strategies is also measured in this stage.

Checking Phase

Checking phase is the stage where people actually do a comparison analysis of before and after data to confirm the effectiveness of the processes and measure the results.

Acting Phase

In this phase employees document their results and prepare themselves to address other problems.

COORDINATION

Coordination Meaning

Coordination is the function of management which ensures that different departments and groups work in sync. Therefore, there is unity of action among the employees, groups, and departments.

It also brings harmony in carrying out the different tasks and activities to achieve the organization's objectives efficiently. Coordination is an important aspect of any group effort. When an individual is working, there is no need for coordination.

Therefore, we can say that the coordination function is an orderly arrangement of efforts providing unity of action in pursuance of a common goal. In an organization, all the departments must operate a part of a cohesive unit to optimize performance.

Common definitions of the coordination function

Mooney and Reiley – '*Coordination is an* orderly *arrangement of group efforts to provide unity of action in the pursuit of common goals.*'

Charles Worth – ‘*Coordination is the* ***integration (https://www.toppr.com/guides/maths/integrals/introduction-to-integration/)*** *of several parts into an orderly hole to achieve the purpose of understanding.*‘

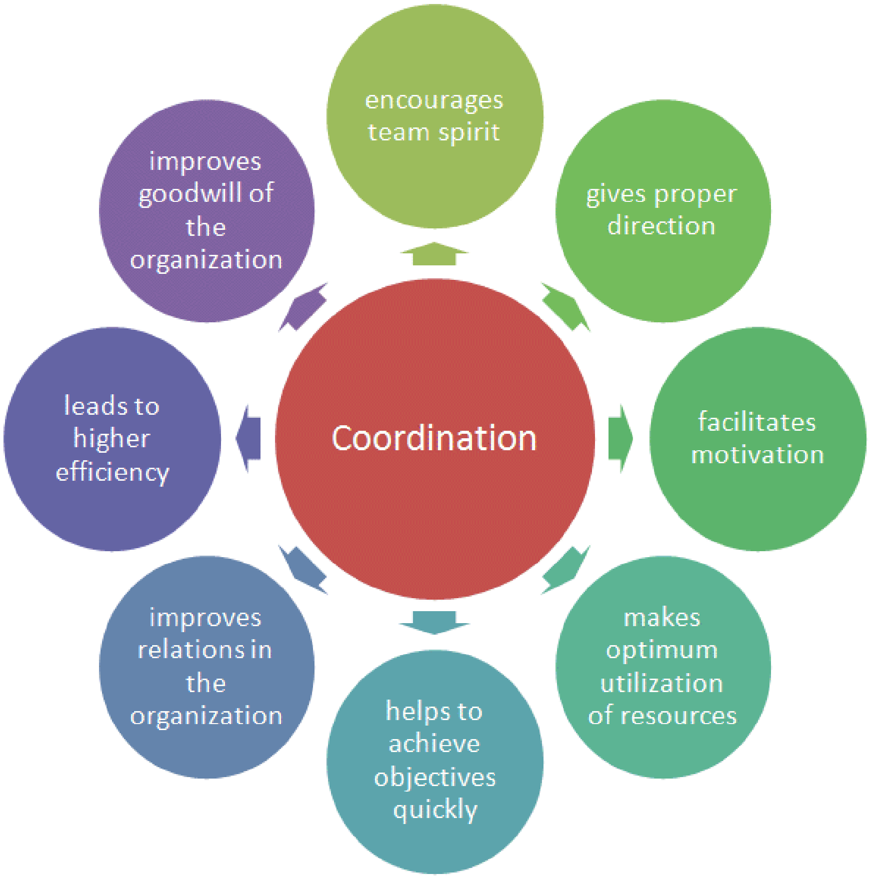
Brech – ‘*Coordination is balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with the harmony among the members themselves.*‘

needs of coordination

1. “Coordination is the Essence of Management.” I.e. Coordination affects all the functions of management, viz., Planning, Organizing, Staffing, etc.
2. Coordination is a function of management.
3. Coordination is a principle of management, and all other principles are included in this one principle, i.e. Co-ordination is the “**Mother Principle**“.
4. According to Mary Parker Follett, Coordination is the “Plus-value of the group”. That is, if there is good Co-ordination then the combined group achievement will be greater than the total of the individual achievement, i.e. 2+2=5. This is impossible in the physical world, but it is possible in human affairs through co-ordination.

Importance of Coordination

The need and importance of coordination can be judged from these points:



1. Coordination encourages team spirit

There exists many conflicts and rivalries between individuals, departments, between a line and staff, etc. Similarly, conflicts are also between individual objectives and organizational objectives. Coordination arranges the work and the objectives in such a way that there are minimum conflicts and rivalries. It encourages the employees to work as a team and achieve the common objectives of the organization. This increases the team spirit of the employees.

2. Coordination gives proper direction

There are many departments in the organization. Each department performs different activities. Coordination integrates (bring together) these activities for achieving the common goals or objectives of the organization. Thus, coordination gives proper direction to all the departments of the organization.

3. Coordination facilitates motivation

Coordination gives complete freedom to the employees. It encourages the employees to show initiative. It also gives them many financial and non-financial incentives. Therefore, the employees get job satisfaction, and they are motivated to perform better.

4. Coordination makes optimum utilization of resources

Coordination helps to bring together the human and material resources of the organization. It helps to make optimum utilization of resources. These resources are used to achieve the objectives of the organization. Coordination also minimizes the wastage of resources in the organization.

5. Coordination helps to achieve objectives quickly

Coordination helps to minimize the conflicts, rivalries, wastages, delays and other organizational problems. It ensures smooth working of the organization. Therefore, with the help of coordination an organization can achieve its objectives easily and quickly.

6. Coordination improves relations in the organization

The Top Level Managers coordinates the activities of the Middle Level Managers and develop good relations with them. Similarly, the Middle Level Managers coordinate the activities of the Lower Level Managers and develop good relations with them. Also, the Lower Level Managers coordinate the activities of the workers and develop good relations with them. Thus, coordination, overall improves the relations in the organization.

7. Coordination leads to higher efficiency

Efficiency is the relationship between Returns and Cost. There will be higher efficiency when the returns are more and the cost is less. Since coordination leads to optimum utilization of resources it results in more returns and low cost. Thus, coordination leads to higher efficiency.

8. Coordination improves goodwill of the organization

Coordination helps an organization to sell high quality goods and services at lower prices. This improves the goodwill of the organization and helps it earn a good name and image in the market and corporate world.

B.C.A study

Unit-5:management of change

Change management is the process of managing changes to systems, processes, products, and services to ensure that they are implemented in a controlled and efficient manner. The goal of change management is to minimize the risk and impact of change while maximizing the benefits and value delivered by the change.

Here is an example of the steps involved in change management:

1. Assessment: The first step in change management is to assess the need for change and determine the scope of the change. This includes identifying the problem or opportunity that the change is intended to address, as well as the impact that the change will have on stakeholders, systems, processes, products, and services.
2. Planning: Once the need for change has been assessed, a plan is developed to implement the change. This includes defining the scope and objectives of the change, identifying the resources and stakeholders involved, and establishing a timeline and budget for the change.
3. Approval: The change plan is reviewed and approved by the relevant stakeholders, including management, business units, and technical teams. This step is important to ensure that all parties agree on the scope, objectives, and approach for the change.
4. Implementation: The change is implemented according to the plan, using a phased approach to minimize risk and impact. This may involve piloting the change in a limited scope, testing the change in a controlled environment, or rolling out the change gradually to different parts of the organization.
5. Monitoring and review: The change is monitored and reviewed during and after implementation to ensure that it is delivering the expected benefits and value, and to identify any issues or opportunities for improvement. This includes measuring the results of the change, tracking progress against the plan, and collecting feedback from stakeholders.
6. Continual improvement: The change management process is continually improved over time to ensure that future changes are implemented more effectively and efficiently. This includes updating the change management plan, improving the assessment and planning processes, and incorporating lessons learned from previous changes.

It’s important to note that change management is an ongoing process that is critical for organizations to adapt and remain competitive in today’s rapidly changing business environment. Effective change management requires strong leadership, collaboration, communication, and process management skills

Models for change

There are several models for change that organizations can use to manage changes to their systems, processes, products, and services. Here are some of the most commonly used models:

1. Lewin's Change Model: Lewin's Change Model is a three-step model for change that was first developed by Kurt Lewin in the 1940s. The model consists of the following steps: unfreeze, change, and refreeze. The unfreeze step involves creating a sense of urgency and breaking down resistance to change. The change step involves implementing the change and ensuring that it is adopted and embedded in the organization. The refreeze step involves stabilizing the change and making it permanent.
2. ADKAR Model: The ADKAR Model is a model for change that was developed by Jeff Hiatt and is used by many organizations to manage change at an individual and organizational level. The model consists of five steps: awareness, desire, knowledge, ability, and reinforcement. The model helps organizations to understand the drivers of change and the steps that need to be taken to ensure that the change is adopted and sustained.
3. Kotter's 8-Step Model: Kotter's 8-Step Model is a model for change that was developed by John Kotter and is widely used in organizations to manage change. The model consists of the following steps: establish a sense of urgency, create a guiding coalition, develop a vision and strategy, communicate the vision, empower others to act on the vision, create short-term wins, consolidate gains and produce more change, and anchor new approaches in the organization's culture.
4. McKinsey 7-S Model: The McKinsey 7-S Model is a model for change that was developed by Tom Peters and Robert Waterman and is used to understand the interrelated elements of an organization. The model consists of seven elements: strategy, structure, systems, skills, style, staff, and shared values. The model helps organizations to understand the relationships between these elements and how changes to one element can affect the others.
5. Action Research Model: The Action Research Model is a model for change that is used in organizations to implement change in a collaborative and participatory manner. The model involves a cyclical process of planning, acting, observing, and reflecting on the change, with the goal of continuously improving the change and the organization.

These are just a few of the models for change that organizations can use to manage changes to their systems, processes, products, and services. The choice of model will depend on the specific change being managed and the context and culture of the organization. It's important to note that no one model is best for all change situations, and that organizations may need to use a combination of models or adapt a model to meet their specific needs

Force for Change

Force for change refers to the factors that drive organizations to make changes to their systems, processes, products, and services. There are many different forces for change that organizations may encounter, including internal and external factors.

Here are some of the most common internal forces for change:

1. Organizational structure: Changes to the organization's structure, such as the introduction of new roles and responsibilities, can create the need for change.
2. Technology: Advances in technology can create new opportunities and challenges for organizations, leading to the need for change.
3. Business strategy: Changes to the organization's business strategy, such as entering new markets or launching new products, can create the need for change.
4. Process improvement: Organizations may initiate change in order to improve the efficiency and effectiveness of their processes, such as streamlining their supply chain or reducing cycle time.

Here are some of the most common external forces for change:

1. Market dynamics: Changes to market conditions, such as increased competition or changes in customer demand, can create the need for change.
2. Regulation: Changes to regulations, such as new laws or standards, can create the need for change.
3. Economic conditions: Changes to the economy, such as inflation or recession, can create the need for change.
4. Political climate: Changes to the political climate, such as shifts in government policies, can create the need for change.

It's important for organizations to recognize and respond to the forces for change in a proactive and strategic manner. This requires a deep understanding of the organization and its environment, as well as the ability to anticipate and respond to changes. Effective change management is critical to ensuring that organizations are able to navigate the challenges and opportunities created by the forces for change, and to maintain their competitiveness in today's rapidly changing business environment

Need for Change

The need for change refers to the recognition that an organization must modify its systems, processes, products, or services in order to remain relevant and competitive. There are many different factors that can create the need for change, including internal and external factors.

Here are some of the most common reasons for the need for change:

1. Inefficiency: Organizations may recognize the need for change when they realize that their existing systems, processes, or products are inefficient, ineffective, or outdated.
2. Customer demands: Organizations may need to change in response to changing customer demands, such as new product or service preferences, or increased expectations for quality or

speed.
3. Market conditions: Changes to market conditions, such as increased competition or changes in customer demand, can create the need for change.
4. Technological advancements: Advances in technology can create new opportunities and challenges for organizations, leading to the need for change.
5. Organizational growth: As organizations grow and expand, they may need to change their systems, processes, or products to accommodate their growth and ensure that they remain efficient and effective.
6. Legal and regulatory changes: Changes to regulations, such as new laws or standards, can create the need for change.

It's important for organizations to regularly assess their systems, processes, products, and services to determine if they need to change, and to make changes in a proactive and strategic manner. This requires a deep understanding of the organization and its environment, as well as the ability to anticipate and respond to changes. Effective change management is critical to ensuring that organizations are able to navigate the challenges and opportunities created by the need for change, and to maintain their competitiveness in today's rapidly changing business environment

Alternative change techniques

Alternative change techniques refer to different approaches that organizations can use to manage change. These techniques can vary depending on the nature and scale of the change being implemented, as well as the goals and constraints of the organization. Here are some of the most commonly used alternative change techniques:

1. Incremental change: This technique involves making small, gradual changes to systems, processes, or products over time. This can help organizations to reduce the risk and impact of change, and to allow for more effective adaptation and learning.
2. Kaizen: This technique involves continuous improvement of systems, processes, or products through small, incremental changes. The goal of Kaizen is to achieve measurable improvement through ongoing effort and collaboration.
3. Lean: This technique involves streamlining systems, processes, or products to reduce waste and improve efficiency. Lean is often used in manufacturing and service industries to improve process flow and reduce cycle time.
4. Six Sigma: This technique involves improving systems, processes, or products through data-driven decision making and problem-solving. Six Sigma uses statistical analysis and process improvement methodologies to drive change and improve quality.
5. Reengineering: This technique involves fundamentally rethinking and redesigning systems, processes, or products to achieve dramatic improvements in performance and efficiency. Reengineering can involve significant changes to organizational structure, technology, and processes.
6. Agile: This technique involves using iterative, adaptive approaches to manage change in complex and rapidly changing environments. Agile is often used in software development and other industries that require rapid response to changing conditions

New Trends in Organization Change

Organization change is a complex and evolving field, and there are many new trends and developments shaping the way organizations approach and manage change. Here are some of the most significant new trends in organization change:

1. Digital Transformation: With the rapid growth of digital technologies, organizations are increasingly focused on digital transformation, which involves the integration of digital technologies into all aspects of an organization. This is driving new approaches to change management, including the use of data and analytics to drive decision making and the adoption of agile methodologies to support rapid and flexible change.
2. Employee Empowerment: Organizations are recognizing the importance of empowering employees to drive change from within. This involves creating a culture of continuous improvement, promoting collaboration and innovation, and providing employees with the tools and resources they need to drive change.
3. Customer-Centric Change: Organizations are increasingly focused on understanding and responding to the needs and preferences of their customers, leading to a greater emphasis on customer-centric change. This involves listening to and engaging with customers, using customer insights to drive change, and delivering products and services that meet the evolving needs of customers.
4. Culture Change: Organizations are increasingly recognizing the importance of culture in driving change, and are working to create cultures that are supportive of change and innovation. This involves creating a shared vision, values, and purpose, as well as promoting collaboration, creativity, and continuous learning.
5. Sustainability: Organizations are becoming more focused on sustainability, both in terms of environmental impact and social responsibility. This is driving new approaches to change management, including the adoption of sustainable business practices and the integration of sustainability into the core strategy of organizations.
6. Remote Work: The pandemic has accelerated the trend of remote work, and many organizations are rethinking the way they approach work and collaboration. This is driving new approaches to change management, including the development of virtual teams, the use of digital tools to support collaboration, and the creation of flexible work arrangements.

These new trends are shaping the way organizations approach and manage change, and are providing new opportunities for organizations to improve their performance and competitiveness. Organizations that are able to effectively navigate and adopt these new trends will be better positioned to thrive in the rapidly changing business environment

Stress management

Stress management refers to the techniques and strategies used to reduce or manage the effects of stress on an individual or organization. Stress can have significant negative impacts on physical and mental health, as well as on productivity and performance. Here are some common techniques and strategies for stress management:

1. Exercise: Regular physical activity can help to reduce stress and improve overall health. Exercise releases endorphins, which are natural chemicals that improve mood and reduce feelings of stress.
2. Mindfulness: Mindfulness involves paying attention to the present moment and accepting feelings and experiences without judgment. Mindfulness can be practiced through meditation, yoga, or other practices, and has been shown to be effective in reducing stress and improving overall well-being.
3. Time management: Effective time management can help to reduce stress by reducing the feeling of being overwhelmed and allowing for better planning and organization. This can include prioritizing tasks, delegating responsibilities, and using tools like calendars and to-do lists.
4. Communication: Good communication can help to reduce stress by improving relationships and allowing for better understanding and resolution of conflicts. This can include open and honest communication, active listening, and effective negotiation skills.
5. Relaxation techniques: Relaxation techniques, such as deep breathing, progressive muscle relaxation, and guided imagery, can help to reduce stress by calming the body and mind.
6. Seeking support: Talking to friends, family, or a mental health professional can help to reduce stress by providing a supportive outlet for feelings and experiences. Support groups, counseling, and therapy can also be effective in managing stress.
7. Healthy habits: Maintaining a healthy diet, getting enough sleep, and avoiding drugs and excessive alcohol can help to reduce stress and improve overall health and well-being

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B.C.A study

unit-6: strategic management

Definition: The term 'strategic management' is used to denote a branch of management that is concerned with the development of strategic vision, setting out objectives, formulating and implementing strategies and introducing corrective measures for the deviations (if any) to reach the organization's strategic intent. It has two-fold objectives:

- to gain competitive advantage, with an aim of outperforming the competitors, to achieve dominance over the market.
- To act as a guide to the organization to help in surviving the changes in the business environment.

Here, changes refer to changes in the internal environment, i.e. within the organization, introduced by the managers such as the change in business policies, procedures etc. and changes in the external environment as in changes in the government rules that can affect business, competitors move, change in customer's tastes and preferences and so forth.

process of strategy management

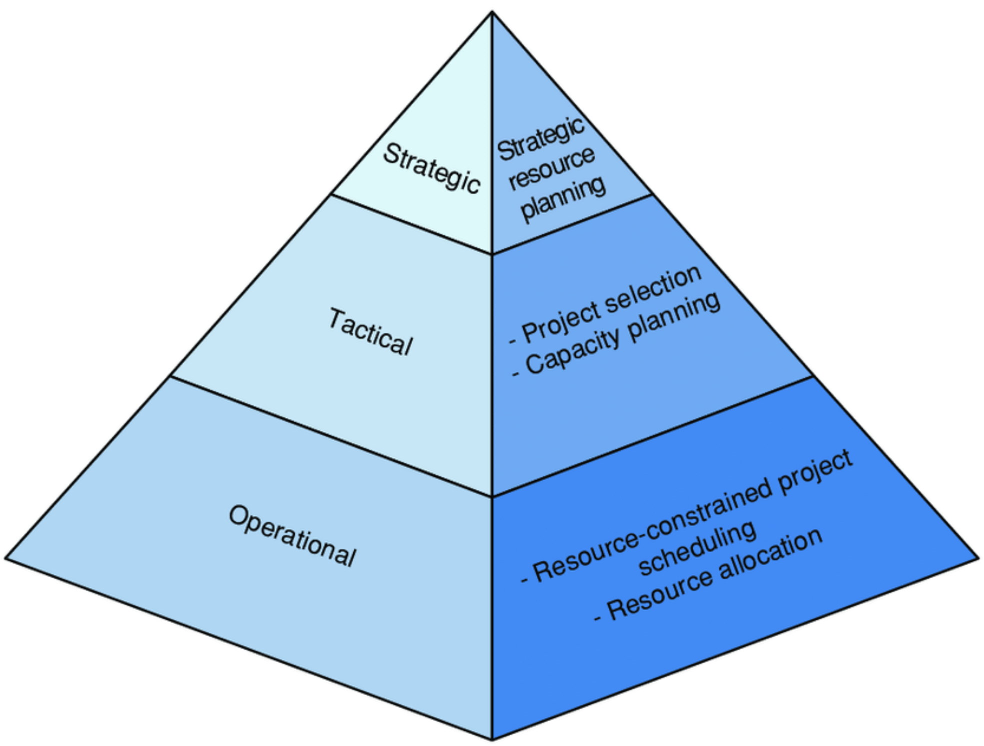
1. Defining the levels of strategic intent of the business:
   - Establishing vision
   - Designing mission
   - Setting objectives

2. Formulation of strategy
    - Performing environmental and organizational appraisal
    - Considering strategies
    - Carrying out strategic analysis
    - Making strategies
    - Preparing strategic plan
3. Implementation of strategy
    - Putting strategies into practice
    - Developing structures and systems
    - Managing behavioural and functional implementation
4. Strategic Evaluation and Control
    - Performing evaluation
    - Exercising control
    - Recreating strategies

levels of decisions

The management decisions are classified into three levels or categories:

1. starategic level
2. tactical level
3. operational decisions



Decisions are made at different levels in an organisation's hierarchy:

- **Strategic decisions** are long-term in their impact. They affect and shape the direction of the whole business. They are generally made by senior managers. The managers of the bakery need to take a strategic decision about whether to remain in the cafe business. Long-term forecasts of business turnover set against likely market conditions will help to determine if it should close the cafe business.
- **Tactical decisions** help to implement the strategy. They are usually made by middle management. For the cafe, a tactical decision would be whether to open earlier in the morning or on Saturday to attract new customers. Managers would want research data on likely customer numbers to help them decide if opening hours should be extended.
- **Operational decisions** relate to the day-to-day running of the business. They are mainly routine and may be taken by middle or junior managers. For example, a simple operational decision for the cafe would be whether to order more coffee for next week. Stock and sales data will show when it needs to order more supplies.

srategy

The word "strategy" is derived from the Greek word "stratçgos"; stratus (meaning army) and "ago" (meaning leading/moving).

Strategy is an action that managers take to attain one or more of the organization's goals. Strategy can also be defined as "A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process".

A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives. While planning a strategy it is essential to consider that decisions are not taken in a vaccum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers.

Strategy can also be defined as knowledge of the goals, the uncertainty of events and the need to take into consideration the likely or actual behavior of others. Strategy is the blueprint of decisions in an organization that shows its objectives and goals, reduces the key policies, and plans for achieving these goals, and defines the business the company is to carry on, the type of economic and human organization it wants to be, and the contribution it plans to make to its shareholders, customers and society at large.

Features of Strategy

1. Strategy is Significant because it is not possible to foresee the future. Without a perfect foresight, the firms must be ready to deal with the uncertain events which constitute the business environment.
2. Strategy deals with long term developments rather than routine operations, i.e. it deals with probability of innovations or new products, new methods of productions, or new markets to

be developed in future.
3. Strategy is created to take into account the probable behavior of customers and competitors. Strategies dealing with employees will predict the employee behavior.

Strategy is a well defined roadmap of an organization. It defines the overall mission, vision and direction of an organization. The objective of a strategy is to maximize an organization's strengths and to minimize the strengths of the competitors.

Strategy, in short, bridges the gap between "where we are" and "where we want to be".

Role of strategists

Strategists are individuals or groups who are primarily involved in the formulation, implementation, and evaluation of strategy. In a lim-ited sense, all managers are strategists. There are persons outside the organization who are also involved in various aspects of strategic man-agement. They too are referred to as strategists. We can identify nine strategists who, as individuals or in groups, are concerned with and play a role in strategic management.
1. Consultants

2. Entrepreneurs

3. Board of Directors

4. Chief Executive Officer

5. Senior management

6. Corporate planning staff
7. Strategic business unit (SBU) level executives
8. Middle level managers

9. Executive Assistant

(1) Role of board of directors –

1. To establish and update the company mission.
2. To elect the company's top officers, the formost of whom is the CEO.
3. To establish the compensation level of the top officers, including their salaries and bonuses.
4. To determine the amount and timing of the dividends paid to stockholders.
5. To set broad company policy on such matters as labour – management relations, product or service lines of business and employee benefit packages.
6. To set company objectives and to authorize managers to implement the long-term strategies that the top officers and the board have found agreeable.
7. To mandate company compliance with legal and ethical dictates.

(2) Role of Chief Executives

a CE performs the strategic tasks; actions which are necessary to provide a direction to the organisation so that it achieves its purpose. He plays a pivotal role in setting the mission of the organisation, deciding the objectives and goals, formulating and implementing the strategy and, in general, seeing to it that the organisation does not deviate from its predetermined path designed to move it from the position it is in to where it wants to be.

(3) Role of entrepreneurs

Entrepreneurs play a proactive role in strategic management. As initiators, they provide a sense of direction to the organisation, set objectives and formulate strategies .Strategic decision-making is quick and the entrepreneurs generate a sense of purpose among their subordinates.

(4) Role of Senior Manager
When assigned specific responsibilities, senior managers look after modernization, technology upgradation, diversification and expansion, plan implementation, and new product development. On the whole, senior managers perform a variety of roles by assisting the board and the chief executive in the formulation, implementation and evaluation of strategy.

(5) Role of SBU-level Executive.

With regard to strategic management, the SBU-level strategy formulation and implementation are the primary responsibilities of the SBU-level executives. Many public and private sector companies have adopted the SBU concept in some or the other form.

(6) Role of Corporate Planning Staff
The corporate planning staff play a supporting role in strategic management. They assist the management in all aspects of strategy formulation, implementation and evaluation. Besides these, they are responsible for the preparation and communication of strategic plans, and for conducting special studies and research pertaining to strategic management. The corporate planning department is not
responsible for strategic management and, usually, does not initiate the process on its own. By providing administrative support, it fulfills its functions of assisting the introduction, working and maintenance of the strategic management system

(7) Role of Consultants
Many organizations which do not have a corporate planning department owing to reasons of small size, infrequent requirements, financial constraints, etc. take the help of external consultants in strategic management. These consultants may be individuals, academicians or consultancy companies specializing in strategic management activities.

(9) Role of Executive Assistant
These ways could be to assist the chief executive in data collection and analysis, suggesting alternatives where decisions are required, preparing briefs of various proposals, projects and reports, help in public relations and liaison functions, coordinating activities with the internal staff and outsiders and acting as filters for information coming from different sources.

Relevance of strategic management

Setting Direction

An organization needs direction so that it has a plan for arranging its core activities. If you don't set goals through a strategic management process, your organization operates in a reactive mode. Use strategic management planning principles to set the course for the company and to spend business resources in ways that will help you achieve this course. Focusing on your direction also helps to avoid wasting resources along the way.

Situational Analysis

Strategic management is based on many concepts, and an important concept in this management style is called situational analysis. You want the organization you work for to evaluate its current position in the business market. And, you want the organization to define where it wants to be, in one year and in five years, such as acquiring a larger share of the market. This type of situational analysis and the strategic planning that follows it encourages managers to direct resources so that the desired business position is attained in a specific time frame.

Strategic Alliances

If you have a goal for the organization you work for to grow rapidly, then you look around for strategic market alliances, which is related to situational analysis. For example, private companies can use the acquisition of smaller companies to expand their market base and then introduce the products of those companies in their existing stores. Tie the growth of the organization to the strategic plan by stating precisely what growth will look like so everyone in the organization can visualize it.

Innovation

Strategic management also encourages organizations to look everywhere for new ideas, which is truly the essence of entrepreneurial-ism. For example, a U.S. chain store that expands into global markets can share ideas that work for managing a retail operation in another country with store managers in its home country. Managers are encouraged to test foreign ideas in their home market. This retailer realizes that goals can be achieved, even surpassed, by putting ideas into the hands of people who can use them. The entrepreneurial testing of new ideas is something that you want to be a part of in a strategically-managed company.

The Advantages of Strategic Management

Discharges Board Responsibility

The first reason that most organizations state for having a strategic management process is that it discharges the responsibility of the Board of Directors.

Forces An Objective Assessment

Strategic management provides a discipline that enables the board and senior management to actually take a step back from the day-to-day business to think about the future of the organization. Without this discipline, the organization can become solely consumed with working through the next issue or problem without consideration of the larger picture.

Provides a Framework For Decision-Making

Strategy provides a framework within which all staff can make day-to-day operational decisions and understand that those decisions are all moving the organization in a single direction. It is not possible (nor realistic or appropriate) for the board to know all the decisions the executive director will have to make, nor is it possible (nor realistic or practical) for the executive director to know all the decisions the staff will make. Strategy provides a vision of the future, confirms the purpose and values of an organization, sets objectives, clarifies threats and opportunities, determines methods to leverage strengths, and mitigate weaknesses (at a minimum). As such, it sets a framework and clear boundaries within which decisions can be made. The cumulative effect of these decisions (which can add up to thousands over the year) can have a significant impact on the success of the organization. Providing a framework within which the executive director and staff can make these decisions helps them better focus their efforts on those things that will best support the organization's success.

Supports Understanding & Buy-In

Allowing the board and staff participation in the strategic discussion enables them to better understand the direction, why that direction was chosen, and the associated benefits. For some people simply knowing is enough; for many people, to gain their full support requires them to understand.

Enables Measurement of Progress

A strategic management process forces an organization to set objectives and measures of success. The setting of measures of success requires that the organization first determine what is critical to its ongoing success and then forces the establishment of objectives and keeps these critical measures in front of the board and senior management.

Provides an Organizational Perspective

Addressing operational issues rarely looks at the whole organization and the interrelatedness of its varying components. Strategic management takes an organizational perspective and looks at all the components and the interrelationship between those components in order to develop a strategy that is optimal for the whole organization and not a single component.

Strategic management in india

Strategic management is the development and implementation of all the goals and objectives of an organization. It involves the details of the method that a company will employ to achieve its goals. It represents the initiatives that a company plans to take on behalf of its board of directors, its employees, its owners and other relevant stakeholders. A strategic manager is involved in the team that accomplishes the goals set out in the strategic plan. A strategic manager is professionally trained in strategy formulation by getting certified from a strategic management course commonly available in business schools or online educational portals.

Strategic management provides direction to the company and its employees. It helps layout the strategic objectives of the organization in an easy to understand way. The strategic goals of an organization are long term in nature and may take years. However, a company keeps itself on track by ensuring that all their plans are in accordance with its strategic plan.

Because of the obvious benefits that strategic management possesses, it is gaining relevance among Indian corporates. These benefits are as follows –

1. **Strategic management is helping Indian corporates in giving their businesses a direction**

India's booming economy is home to a variety of start-ups. These start-ups are new and need to stay focused. A good strategy allows them to keep their eyes on the goal. It helps them set clear goals on what business they want to be in and what kind of customers they want to serve. With the plethora of market segments available in a vibrant economy, it is easy to get confused. A clear-cut strategy helps organizations stay out of the confused state.

1. **Strategic management allows situational analysis through management tools**

One of the management styles in strategic management is called situational analysis. It helps a business evaluate itself in its current market. By doing this they can define where they want to be, their future course of action and the time frame that they want to define for reaching their goals. They can clearly fine-tune their working to achieve their goals by knowing how far they need to go from where they currently are. It helps them know how much resources they need to direct to achieve the desired result in the stipulated time frame.

1. **Strategic management helps look around for strategic alliances**

Once a company has a set of goals and a time frame to achieve those goals, they can find out means that can help them speed up their process of achievement of the decided goals. One of those means is a strategic alliance. A strategic alliance can happen between two organizations which have similar or complementing strategic objectives. They can have a partnership, or a bigger firm can acquire a smaller one. This provides both the sides access to each other's resources and customer base. They can place each other's products in their stores. In this manner, by tying the growth of the organization with the strategic alliances, one can fasten the goal completion.

1. **Strategic management encourages innovation**

Innovation is one of the key criteria for keeping a business relevant in the eyes of the customers. It keeps the company on its toes and encourages employees to create new products and processes which are better than the previous ones.

However, a recent study by the IBM Institute for Business Value and Oxford Economics claims that 90% of Indian start-ups fail due to lack of innovation. 77% of the venture capitalists who were interviewed for this study said that Indian start-ups lacked new technologies and fresh business models. In 2016, Asian Paints was the only Indian company in Forbes magazine's list of 25 most innovative companies. Most Indian start-ups in fact are known to emulate western business models. Lack of innovation is evident in the way they fail to sustain themselves. Since 2015, more than 1500 Indian start-ups have closed down in India.

This shows that a very critical aspect that Indian companies need to look at is innovation. Strategic management allows a company to innovate and sustain itself in the long run.