

FUNCTIONS OF MANAGEMENT

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[A] PLANNING

Forms of Planning

The scope of the planning activity spans both time and size dimensions. It varies acrosses sizes of enterprises as well as along time frames. Planning therefore takes three basic forms:

1. Strategic Planning - long term planning for the whole organisations, driven mostly by vision and mission statements and the objectives embedded within. 3-5 years and beyond is the span of time for which strategic planning can be sustained realistically.
2. Tactical Planning - These are more detailed and deal with objectives within a time span of a year.
3. Contingency Planning - it deals with uncertainties and eventualities that can be predicted with limited accuracies. The use of back-up plans or plans to fall back on in the event of adversity or unforeseen change, is part of contingency planning.

Meaning of Strategy

The concept of strategy comes from the military; so usually it is said that the word has been borrowed from the military and is used in business.

Like in the military, strategy bridges the gap present between policy and tactics in business. Both strategy and tactics work together and help in bridging the gap between the ends and the means. Strategy is therefore considered as an element present in a four - part structure,

1. first are the ends that are to be obtained,
2. second are the strategies for obtaining them,
3. third are the tactics and
4. the last are the resources.

According to George Steiner (a professor of management and one of the founder members of The California Management Review), a strategy is "that which the top management does and which is of great importance to the organization. Strategy refers to the basic directional decisions that are to the purposes and the mission. Strategy consists of the important actions necessary for the realization of these directions."

Strategy can be defined as the term referring to a complex web of thoughts, ideas, insights, experiences, goals, expertise,

memories, perceptions and the expectations that are responsible for providing the general guidance for carrying out the specific actions in pursuit of particular ends.

What is Strategic Planning?

In management terms, planning is generally of two types:

1. Strategic planning
2. Simple planning

Strategic planning is much more used than simple planning as the requirements that need to be fulfilled cannot be satisfied by just simple planning. In strategic planning, great emphasis is given to competitors. Strategic planning does not change much after it is conceived or in its implementation, but stresses more on the study of the environment in terms of SWOT - opportunities and threats, and organizational weaknesses and strengths.

Many experts are of the view that for the successful running of the organization and to obtain the profit oriented results, strategic planning should be a permanent part of the planning process as it not only helps in the allocation of the resources for the various activities but also helps to determine resource allocation as compared to the competitors in order to gain a good hold in the market.

Types of strategies

1. Focused strategy

One product or product group or market is focused. Efforts are made to use the resources in a very narrow manner as with this, more success can be achieved with the efforts.

2. Growth strategy

This type of strategy is done with the help of the increase in the product or the market range through expansion, mergers and acquisitions.

3. Diversification strategy

Here one plans for future products or services which are diverse from the existing lines of business.

4. Liquidation strategy

The decision about the liquidation of the business or transferring a part or whole of it to outsiders is decided.

Key steps towards a Strategic Plan

1. **The vision** - Can be presented as a pen picture of the business in three or more year's time in terms of its likely physical appearance, size, activities etc.
2. **The mission** - Depicts the nature of a business. Indicates the purposes of the business. It may embed values.
3. **The values** - Governs the operations of the business. Addresses the relationships with the society at large, customers, suppliers, employees, local community and also the other stakeholders.
4. **The objectives** - Decided in terms of the results that are required to be achieved. Can relate to the expectations and the requirements of the entire set of stake - holders.
5. **The strategies** - Acts as the guidelines by which the mission, objectives etc may be achieved. Can cover the business as the whole. Can relate to the primary matters in the key functional areas.
6. **The goals** - Act as the specific interim or the ultimate time based measurements to be achieved by implementing strategies in pursuit of the company' s objectives. Should be quantifiable, consistent, realistic, and achievable. Can relate to the factors like market, products, finances, utilization etc.
7. **The programs** - Set out the implementation plans for the various essential strategies. Should cover resources, objectives, time - scales etc.

Manufacturing Strategy

In general terms, manufacturing strategy can be defined as the set of the co - coordinated objectives and action programmes that are applied to a firms manufacturing function and aimed at securing the medium and long term, sustainable advantage over that firm's competitors.

Manufacturing strategy generally involves issues like the following -

1. Manufacturing capacity
2. Production facilities
3. Use of the technology
4. Vertical integration
5. Quality
6. Production planning/materials control
7. Organization
8. Personnel

The present scenario in manufacturing reduces capacity slack and the inventory excesses present in the supply chains. By this, the operational efficiency has also increased greatly, along with the emergence of a lean and responsive manufacturing strategy. Both these steps act as critical steps in the arena of competition.

But a very common observation in industry is that for the achievement of full competitive status, the companies integrate business strategy with manufacturing strategy. Return on Assets (ROA) can be referred to as the most important and essential performance indicator and also helps in the measurement of the manufacturing effectiveness.

The companies must possess the following in order to create a manufacturing strategy linked to the comprehensive business strategy -

1. Applications of technology for implementing the 'plan-execute-sense-respond-learn' methodology of operations.
2. Link the factory processes, production equipment and the factory systems to supply chain operations.

Although a lot has been said and done in the field of manufacturing, it has not been that easy to produce goods and services that are close to the real time demand and the driving market forces that are responsible for the increase in the variability of demand. The factors that help in the achievement of adaptive capabilities can be summarized as follows -

1. Fragmented manufacturing facilities.
2. Mass customization.
3. Shrinking the life-cycles.
4. Response velocity.
5. Zero defect quality.

Procedure for the formulation of manufacturing strategies - Hill Methodology -

1. The first step involves the understanding of the long term collective objectives of the organization.
2. The next step involves the development of the marketing strategy in order to achieve corporate objectives.
3. The third step is the translation of the marketing strategy into the 'competitive factors' which are further split into the 'order winners' and the 'order qualifiers'.
4. The fourth step is the selection of the manufacturing process.
5. This selection depends on the volume/variety analysis 'structural feature'.
6. The last step is selecting the 'infrastructural features' of the manufacturing process.

What is Lean Manufacturing?

Lean Manufacturing can be defined as the manufacturing philosophy, which plays a very vital role in the shortening of the time line between the customer order and the product shipment by eliminating waste of resources including time.

Composition of the Lean Manufacturing can be summarized as -

1. Cells or flexible assembly lines.
2. Broader jobs, skilled workers, product interchangeable parts.
3. Excellent quality mandatory.
4. Costs being decreased through the process improvements.
5. Global markets and competition.

Elements of the Lean Manufacturing are -

1. Waste reduction.
2. Continuous flow.
3. Customer pull.
4. 50, 25, 25 (80, 10, 10) percent gains.

Lean Manufacturing analysis -

1. Value stream
2. Head count
3. WIP
4. Inventory
5. Capacity

6. New business
7. Supply chain

Tools of the Lean Manufacturing are -

1. Waste reduction.
 2. Full involvement.
 3. Training
 4. Learning
 5. Cellular mfg
 6. Flexible mfg
 7. Kaikaku
 8. Kaizen
 9. 5S
 10. Jidoka
 11. Poka - yoke
 12. Shojinka
 13. Teien systems
 14. SMED
-

What is planning?

Of the five management functions – planning, organizing, staffing, leading and controlling – planning is the most fundamental. All other functions stem from planning.

Before a manager can tackle any of the other functions, he or she must first devise a plan. A plan is a blueprint for goal achievement that specifies the necessary resource allocations, schedules, tasks, and other actions. Planning is 'thinking in advance' and means setting up a blue print for the future and deciding what do you want to do and who will do a particular task.

A goal is a desired future state that the organization attempts to realize. Goals are important because an organization exists for a purpose, and goals define and state that purpose. Goals specify future ends; plans specify the means.

The word planning incorporates both ideas: It means determining the organization's goals and defining the means for achieving them. Planning allows managers the opportunity to adjust to the environment instead of merely reacting to it. Planning increases the possibility of survival in business by actively anticipating and managing the risks that may occur in the future.

Planning is a basic management function that achieves optimum balance of needs or demands with the available resources. The planning process –

- (1) identifies the goals or objectives to be achieved,
- (2) formulates strategies to achieve them,
- (3) arranges or creates the means required, and
- (4) implements, directs, monitors all steps in proper sequence.

Not only does planning provide direction and a unity of purpose for organizations, it also answers six basic questions in regard to any activity:

1. What needs to be accomplished?
2. When is the deadline?
3. Where will this be done?
4. Who will be responsible for it?
5. How will it get done?
6. How much time, energy, and resources are required to accomplish this goal?

Different authors have given different definitions of planning from time to time. The main definitions of planning are as follows:

1. According to Alford and Beatt, "Planning is the thinking process, the organized foresight, the vision based on fact and experience that is required for intelligent action."
2. According to Theo Haimann, "Planning is deciding in advance what is to be done. When a manager plans, he projects a course of action for further attempting to achieve a consistent co-ordinate structure of operations aimed at the desired results."
3. According to Billy E. Goetz, "Planning is fundamentally choosing and a planning problem arises when an alternative course of action is discovered."
4. According to Koontz and O' Donnell, "Planning is an intellectual process, conscious determination of course of action, the basing of decision on purpose, facts and considered estimates."
5. According to Allen, "A plan is a trap laid to capture the future."

Characteristics Or Nature Of Planning

[1] Planning is an Intellectual Process

Planning is an intellectual process of thinking in advance. It is a process of deciding the future series of events to follow. Planning is a process where a number of steps are to be taken to decide the future course of action. Managers or executives have to consider various courses of action, achieve the desired goals, go into details of the pros and cons of every course of action and then finally decide what course of action may suit them best.

[2] Planning Contributes to the Objectives

Planning contributes positively in attaining the objectives of the business enterprise. Since plans are there from the very first stage of operation, it helps the management to handle every problem that is anticipated. A purposeful, sound and effective planning process knows how and when to tackle a problem. This leads to success. Objectives thus are easily achieved.

[3] Planning is a Primary Function of Management

Planning precedes other functions in the management process. Certainly, setting of goals to be achieved and lines of action to be followed precedes the organization, direction, supervision and

control. But all functions are inter-connected. It is mixed in all managerial functions but there too it gets precedence.

[4] A continuous Process

Planning is a continuous process and a never ending activity of a manager in an enterprise based upon some assumptions which may or may not come true in the future. Therefore, the manager has to go on modifying revising and adjusting plans in the light of changing circumstances. According to George R. Terry, "Planning is a continuous process and there is no end to it. It involves continuous collection, evaluation and selection of data, and scientific investigation and analysis of the possible alternative courses of action and the selection of the best alternative.

[5] Planning Pervades Managerial Activities

From primacy of planning follows pervasiveness of planning. It is the function of every managerial personnel. Without plans, action becomes merely an activity producing nothing but chaos.

Role, Significance, Importance & Advantages of Planning

An organisation without planning is like a sailboat minus its rudder. Without planning, organisation, are subject to the winds of organizational change. Planning is one of the most important and crucial functions of management. According to Koontz and O'Donnell, "Without planning business becomes random in nature and decisions become meaningless and adhoc choices." According to Geroqe R. Terry, "Planning is the foundation of most successful actions of any enterprise." Planning becomes necessary due to the following reasons:

[1] Reduction of Uncertainty

Future is always full of uncertainties. A business organisation has to function in these uncertainties. It can operate successfully if it is able to predict the uncertainties. Some of the uncertainties can be predicted by undertaking systematic forecasting. Thus, planning helps in foreseeing uncertainties which may be caused by changes in technology, fashion and taste of people, government rules and regulations, etc.

[2] Better Utilization of Resources

An important advantage of planning is that it makes effective and proper utilization of enterprise resources. It identifies all such available resources and makes optimum use of these resources.

[3] Increases Organizational Effectiveness

Planning ensures organizational effectiveness. Effectiveness ensures that the organisation is in a position to achieve its objective due to increased efficiency within the organisation.

[4] Reduces the Cost of Performance

Planning assists in reducing the cost of performance. It includes the selection of only one course of action amongst the different courses of action that would yield the best results at minimum cost. It removes hesitancy, avoids crises and chaos, eliminates false steps and protects against improper deviations.

[5] Concentration on Objectives

It is a basic characteristic of planning that it is related to the organizational objectives. All the operations are planned to achieve the organizational objectives. Planning facilitates the achievement of objectives by focusing attention on them. It requires the clear definition of objectives so that most appropriate alternative courses of action are chosen.

[6] Helps in Co-ordination

Good plans unify the interdepartmental activity and clearly lay down the area of freedom in the development of various sub-plans. Various departments work in accordance with the overall plans of the organisation. Thus, there is harmony in the organisation, and duplication of efforts and conflict of jurisdiction are avoided.

[7] Makes Control Effective

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 performance.

[8] Encouragement to Innovation

Planning 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.

[9] Increase in 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 of tastes and fashions of people and technological changes etc.

[10] Delegation is Facilitated

A good plan always facilitates delegation of authority in a better way to subordinates.

Process Steps involved in Planning

Planning is a process which embraces a number of steps to be taken. Planning is an intellectual exercise and a conscious determination of courses of action. The planning process will vary from one organisation to another as various factors that go into the planning process may differ. For example, planning process for a large organisation may not be the same for a small organisation. However, the major steps involved in the planning process of a major organisation or or a smaller enterprise are as follows:

[1] Establishing goals and objectives

The first and primary step in planning process is the establishment of planning objectives or goals. Definite objectives, articulate categorically what is to be done, where to place the initial emphasis and the things to be accomplished by the network of vision, mission, policies, procedures, budgets and programmes, the lack of which would invariably result in either faulty or ineffective planning. The objectives must be understandable and rational to make planning effective.

Establish vision:

- a. Vision is what we do not see but what we feel should be in store for the future.
- b. Vision is dreaming as well as having faith in the activities that are being implemented.
- c. Acts as a compass that guides an organisation in the correct direction.

Define mission: It is a statement that serves the beneficiaries ie. the receiver of the goods and services, but is very subjective in nature.

Decide policy:

- a. Policy is the set of basic principles and associated guidelines, formulated and enforced within an organization, to direct and limit its actions in pursuit of long-term goals.
- b. The policy can be written or unwritten. It forms a framework within which the organisation should function.

Set the goals:

- a. Goals are defined as the achievements that are mainly aim at in the broad terms to establish some of the guidelines.
- b. Setting up of goals is done at the higher levels of organization.
- c. Goals are usually defined in terms of performance.

Set the objectives:

- a. The objectives must be able to help the subordinates in achieving the goals in concrete terms.
- b. Objectives derived from goals are short term and are operational within a financial year as these are more tied up with the budgets.
- c. Objectives provide the much needed, practical orientation to plans.

[2] Establishment of Planning Premises

While objectives are clear, circumstances under which they need to be achieved have an element of uncertainty and can only be predicted or estimated. Planning premises are these assumptions about the future understanding of the expected situations. These are the conditions under which planning activities are to be undertaken. These premises may be internal or external. Internal premises are internal variables that affect the planning. These include organizational policies, various resources and the ability of the organisation to withstand environmental pressure. External premises include all factors in task environment like political, social technological, competitors' plans and actions, government policies, market conditions. Both internal factors should be considered in formulating plans. At the top level mainly external premises are considered. As one moves downward, internal premises gain importance.

1. Acts as a great tool for carrying out the planning of the business. The premises can be the possible growth in the

- market, the availability of the resources, the nature of the future competition, the strategic considerations etc.
2. Act as the judgments about the future plans, depending on the type of the situation in which they will work.
 3. Decides whether to proceed with the plan or not.
 4. Helps in basing the judgment about certain things that may work or not.
 5. Must be correct as in case they are wrong, then the whole plan will go wrong.
 6. Help in tackling the environment around a certain plan.
 7. The premises must be consistent to all the plans and the sub plans.
 8. A number of premises can be used to arrive at a certain plan.

[3] Information / intelligence collection and forecasting

- a. In this step, all the relevant data that is needed for the plan is collected.
- b. Both the primary data and the secondary data can be used.
- c. Primary data can be collected by brainstorming sessions, presentations by expert advisors like consultants, interviewing people - and the secondary data could be in printed form like published data that is available.
- d. Data/information is then analysed minutely and the information related with similar subjects is classified so that similar type of data can be kept together. This data is interpreted in terms of its future utility.
- e. In this step, the forecasting of the possible changes, which take place during the implementation process of the data, is done.
- f. Ultimately this forecast acts as the premises for the future planning of the activity.

[4] Determining Alternative Courses

The next logical step in planning is to determine and evaluate alternative courses of action. It may be mentioned that there can hardly be any occasion when there are no alternatives. It is imperative that alternative courses of action must be developed before deciding upon the final plan.

[5] Evaluation and Selection of Alternatives

Having sought out the available alternatives along with their strengths and weaknesses, planners are required to evaluate the alternatives giving due weightage to various factors involved. One alternative may appear to be most profitable involving heavy cash outlay whereas the other less profitable but involving least risk. Likewise, another course of action may be found contributing

significantly to the company's long-range objectives although immediate expectations are likely to go unfulfilled.

Evidently, evaluation of alternative is a must to arrive at a decision. Otherwise, it would be difficult to choose the best course of action.

The next step is selecting a course of action from among alternatives. It is the point of decision-making, deciding upon the final plan to be adopted for accomplishing the enterprise objectives.

The other alternative courses of action may still find a place in the organisation's contingency plan.

[6] Hierarchy of Plans - Formulating Master and Derivative Plans

To make any planning process complete, the final step is to formulate derivative plans to give effect to and support the basic or primary plan. For example, if Indian Airlines decide to run Jumbo Jets between Delhi and Patna, obviously, a number of derivative plans have to be framed to support the decision, e.g., a staffing plan, operating plans for fuelling, maintenance, stores purchase, etc. In other words, plans do not accomplish themselves. They require to be broken down into supporting plans. Each manager and department of the organisation is to contribute to the accomplishment of the master plan on the basis of the derivative plans.

The concept of different levels in planning is called the planning hierarchy. Here the different plans are treated as the hierarchy, going towards the lowest derivative plan from the broader Master or Primary plan. The planning hierarchy mainly consists of the following type of the plans -

1. Master Corporate Plans - These plans act as the plans of the entire organization involving all its activities. It is the total plan for the whole organization or corporate body.
2. SBU plans - These plans act as the derivative plans from each strategic business unit.
3. Departmental plans - These plans are also referred to as the functional unit plans and cover the branches, the projects, the departments, the units that are separated for functional efficiency.

[7] Incorporate the program into the budget

- a. Budget can be defined as the activities and targets expressed in money terms with the revenue and expenditure determined for all the activities.
- b. All relevant elements of the plan are incorporated into the budget.
- c. After this incorporation, the budget is used as one of the tools for management control.

[8] Establishing Sequence of Activities

Timing and sequence (scheduling) of activities are determined after formulating basic and derivative plans, so that plans may be put into action, complementing each other. Timing is an essential consideration in planning. It gives practical shape and concrete form to the programmes. The starting and finishing times are fixed for each piece of work so as to indicate when and within what time frame that work is expected to commence and be completed. When sequencing, it should be decided as to who will do the activity.

[9] Feedback or Follow-up Action

Formulating plans and chalking out of programmes are not sufficient, unless follow-up action is provided to see that plans so prepared and programmes chalked out are being carried out in accordance with the plan and to see whether these are not kept in cold storage. It is also required to see whether the plan is working well in the present situation. If conditions have changed, the plan current plan has become outdated or inoperative it should be replaced by another plan. A regular follow-up is necessary and desirable from effective implementation and accomplishment of tasks assigned. Monitoring the plan is carried out most effectively during the Controlling phase of management of an organisation.

The plan should be communicated to all persons concerned in the organisation. Its objectives and course of action must be clearly defined leaving no ambiguity in the minds of those who are responsible for its execution. Planning is effective only when the persons involved work in a team spirit and all are committed to the strategies, policies, goals, objectives and programmes, envisaged in the plan.

Elements of Planning

There are 7 elements of planning:

1. Strategies.
2. Policies - One time decision i.e. usually effective for a length of the time.
3. Objectives & Goals - Focus direction of an achievement and the well defined quantitative or numerical outcomes.
4. Procedures - process rules for carrying out the action.
5. Rules - fixed direction unless expressly revised.
6. Budget - Plans converted to the quantities and in the terms of the money.
7. Programs

A successful plan should be flexible in nature and subject to improvement. It should also be subject to enforcement to be effective. A successful plan is evaluated by the extent that a plan is in conformity with the objectives of the organization and to the extent a plan satisfied the requirements of cost, effort, schedule, quality and return on investment.

What is the purpose of planning?

Every plan should be linked with some objectives. The planning done by managers is aimed at achieving the organizational goals. The planning helps people in concentrating their efforts on the most important jobs rather than wasting time on the lesser important work. The purpose of planning is also to minimize the cost of performance and eliminate unproductive efforts. It also helps the management in adopting and adjusting according to the changes that take place in the environment. Planning also provides a basis for teamwork as when the goals are properly defined assignments can be fixed and all the members can start contributing in the achievement of these objectives. Planning gives a sense of direction and ensured that efforts are being put to useful purpose instead of being wasted. Planning also facilitate control because without planning there will be nothing to control.

How Planning is Linked to Performance

Planning is generally done to ensure performance. Planning starts firstly from the stage of dreaming, which mainly involves the time when one is working conceptually on an idea. For the implementation of such dreams, planning is a dire necessity.

The performance is a very action oriented concept involving the planning of the actions for the implementation. Certain objectives in the plans are kept in the mind and then it is made sure that the performance is made according to the various objectives.

The planning is a very purposeful activity and just dreaming is not enough for fulfilling the planning, the planning is very much needed for fulfilling these dreams. And after this, the implementation is also needed and then following this step with the process of the evaluation.

The evaluation of performance is necessary as it helps to have an idea of the time, the cost and also the efforts that are being made. It is very important that the performance is efficient and at the same time very effective in nature. And for the achievement of such a performance, the performance should be according to a certain plan and should be at the least possible cost and should be able to fully satisfy the customers.

The Plan Document

The plan document (Program Plan, Strategic Plan, Project Plan) is the outcome of the planning exercise. The plan document must start with the broader objectives and must be linked step by step to the actionable activities and implementation. The plan document must consist of the following -

- a. Premising - This step is needed at the each stage of the planning. Before undertaking the plan, the strength, the weakness, the opportunity and the threats (SWOT) can be calculated depending on the premises.
- b. Vision - The way in which we visualize our future.
- c. Mission - What we aim to deliver to the beneficiaries.
- d. Policy - The framework in which operations are permitted.
- e. Goals and Objectives - What we will keep as the broad directions for the achievement of quantitative and the financial targets.
- g. Procedures - To prioritize and then draw the sequence of action.
- h. Budget - Convert into money terms in order to establish the standards for continuous evaluation.

When a manager plans, he projects a course of action for the future, attempting to achieve a consistent, coordinated structure of operations aimed at the desired results.

Staffing is superimposed on planned activities in the plan document.

The program - In order to get results within the planned time frame, a program is drawn. Whenever any activity is carried out, it is carried out to achieve one thing or the other.

Projects of diverse nature are included in the program. The program is actually a clubbing together of all projects in one planning document.

Limitations of Planning

(1) Planning Creates Rigidity:

Although the quality of flexibility is inherent in planning, meaning thereby that in case of need changes can be brought in, but it must be admitted that only small changes are possible. Big changes are neither possible nor in the interest of the organisation.

Since it is not possible to introduce desired changes according to the changed situations, the organisation loses many opportunities of earning profits. For this limited flexibility in planning, both the internal as well as external factors are responsible. These facts are called internal and external inflexibility.

They are the following:

(i) **Internal Inflexibility:** At the time of planning the objectives of the organisation, its policies, procedures, rules, programmes, etc. are determined. It is very difficult to bring in changes time and again. It is known as internal inflexibility,

(ii) **External Inflexibility:** External inflexibility means various external factors that cause limited flexibility in planning.

These factors are beyond the control of the planners. The chief among them are: political climate, economic changes, technical changes, natural calamities, policies of the competitors, etc.

For example, in political context, as a result of change, a new government brings up a new trade policy, policy of taxation, import policy, etc. All these changes make every sort of planning a meaningless waste. Similarly, a change in the policies of the competitors suddenly makes all types of planning ineffective.

(2) Planning Does Not Work in a Dynamic Environment:

Planning is based on the anticipation of future happenings. Since future is uncertain and dynamic, the future anticipations are not always true. Therefore, to consider planning as the basis of success is like a leap in the dark.

Generally, a longer period of planning makes it less effective. Therefore, it can be said that planning does not work in a dynamic environment.

For example, a company anticipated that the government was thinking about allowing the export of some particular product. With this hope the same company started manufacturing that product. But the government did not allow the export of this product. In this way, the wrong anticipation proved all planning wrong or incorrect. It brought loss instead of profit.

(3) Planning Reduces Creativity:

Under planning all the activities connected with the attainment of

objectives of the organisation are pre-determined. Consequently, everybody works as they have been directed to do and as it has been made clear in the plans.

Therefore, it checks their incisiveness. It means that they do not think about appropriate ways of discovering new alternatives. According to Terry, "Planning strangulates the initiative of the employees and compels them to work in an inflexible manner."

(4) Planning Involves Huge Costs:

Planning is a long time consuming process. During the entire planning period the managers remain busy in collecting a lot of information and analysing it. In this way, when so many people remain busy in the same activity, the organisation is bound to face huge costs.

(5) Planning Does Not Guarantee Success:

Sometimes the managers think that planning solves all their problems. Such thinking makes them neglect their duties of controlling and the adverse effect of such an attitude has to be faced by the organisation. In this way, planning offers the managers a false sense of security and makes them careless. Hence, we can say that mere planning does not ensure success; rather efforts have to be made for it.

Planning Aids

A large number of the techniques are used in the process of the planning and these techniques are much needed and important, as these help a lot in performing the planning process in a very efficient manner. As explained above, the planning acts as a great control tool and this ability of the planning is mainly due to the use of some of the techniques, which can be summarized as the follows

1. Computer assistance

- a. Computers as we all know have a very important role to play in almost everyone's life in today's world and the assistance of the computers has also eased the process of the planning in a great way.
- b. The computers can easily churn high amount of the data at a really great speed.

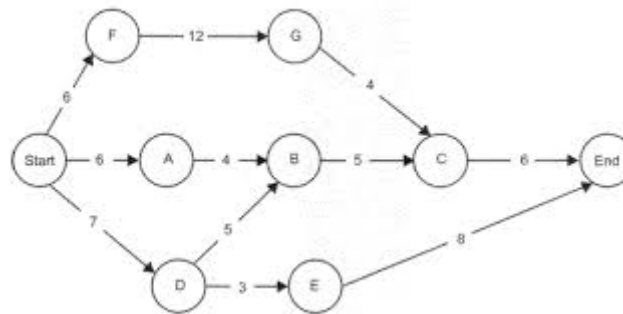
2. Gantt charts

- a. First introduced by Henry L. Gantt.
- b. Called as the Gantt bar charts.

- c. In the beginning, this method was mainly used for showing the various time relations with the events.
- d. The whole plan is divided into a series of the activities and these are shown with the help of the bars against the time planned.
- e. With the help of this technique, one is able to develop a relationship between the different activities and see when they are starting and ending and find out what is the sequence to be followed to complete the plan in the shortest possible time.

3. PERT (Program Evaluation and Review Technique)

A PERT chart is a project management tool used to schedule, organize, and coordinate tasks within a project. It was developed by the US navy for the development of the Polaris weapon system that had several sub-contractors. It is a flow diagram, showing sequences of activities with dependencies (parallel, serial).



The critical path is determined by linking the events which take the longest time and which involve the least slack time. With the help of the critical path, the critical events on which the total planned time is dependent can be shown. When there occurs any type of delay in an event, the Program Evaluation and Review Technique chart is modified every time to draw a new critical path.

4. CPM (Critical Path Method)

It is a planning tool. The critical path method (CPM) is a step-by-step project management technique for process planning that defines critical and non-critical tasks with the goal of preventing time-frame problems and process bottlenecks. The critical path is the longest path of the network diagram. The activities in the critical path have an effect on the deadline of the project. If an activity of this path is delayed, the project will be delayed. In case if the project management needs to accelerate the project, the times for critical path activities should be reduced.

5. Statistical methods

- a. These methods help in the calculation of the mean, the mode etc.
- b. Helps in working with the probabilities, scatter diagrams, regression analysis, simulations etc.

6. Graphs and the charts

- a. Help a great deal in the pictorial representation of the statistical data.
- b. Explains the salient features of the statistical data.
- c. Some ways for the representation of the statistics may include the following methods
 - I. Columnar charts
 - II. Pie charts
 - III. Line charts
 - IV. Decision trees

7. Scenario building

- a. This method is very useful when the concept is there but thinking in the terms of the various alternative outcomes is to be done.

8. Management by objectives (MBO)

- a. By deciding the objectives and the goals for each person involved, a great amount of the clarity in the role and performance is obtained.
- b. The business objectives can be built and then can be divided further among the different persons involved, depending on the ability and the role assigned.
- c. The Management by objectives acts as a very critical and also very useful tool for controlling and motivational purposes.
- d. Also acts as a very good evaluation tool.
- e. The performance of the people acts as the basis for the evaluation.
- f. Management by objectives method possesses some drawbacks also, which can be summarized as follows:
 - The long term planning receives neglect at the hands of the people.
 - Does not has the ability to provide proper guidance to the superiors.
 - Such circumstances are often faced by the organization, which forces the people to make the changes in the goals and the objectives time and again.

9. Research methodology

- a. Plays a very vital role in the gathering of information.
- b. Involves the determination of the census, preparation of the questionnaire, collection of the primary and secondary data.

10. Budgeting

Plans must be converted into budgets. Traditionally, this method of the planning uses past performance as a basis. Zero based budgeting is also used, where all projections are made independent of historical performance.

11. Forecasting methods

Forecasting refers to the process of anticipation of certain behavior of the business surroundings, the technology, the demography, the value trends etc. The Delphi method is very often used in the forecasting - it is a structured communication technique, originally developed as a systematic, interactive forecasting method which relies on a panel of experts. The experts answer questionnaires in two or more rounds.

12. Balanced scorecard:

- a. Acts as a measurement system for management.
- b. A balance of all the critical factors involved in strategic planning can be obtained.
- c. Acts as a very comprehensive system and covers all the aspects of the business unit.

[B] ORGANISING

In a general context, organising is arranging several elements into a purposeful, sequential or spatial (or both) order or structure. It is the assembling of required resources (human, material, capital) to attain organizational objectives.

In a business context, organizing is the function of management which follows planning.

Organising is a management function in which:

1. The organization is able to define an organisational structure with:
 - role positions,
 - jobs and activities assigned to the roles
2. Activities are defined and grouped/compartmentalised.
3. Human, material and financial resources are co-ordinated.
4. Authority and responsibility relationships are defined and co-ordinated.

Organising ensures effective management through getting people to relate meaningfully with one another, working to a common objective.

Forms of Juridical Organizations - Legal Entities

[1] Sole trading concern or proprietorship - There are a lot of individuals who carry on their business in their name.

[2] Partnerships -

- a. The Partnerships are governed by the mutual contract between the partners.
- b. The partners in their individual capacity have an unlimited liability for meeting the obligations of the business.
- c. Partnerships can also be registered with limited liability. A limited liability partnership (LLP) is a partnership in which some or all partners have limited liabilities. It therefore exhibits elements of partnerships and corporations. In an LLP, one partner is not responsible or liable for another partner's misconduct or negligence. It provides the benefits of limited liability while allowing its members the flexibility for organizing their internal structure as a partnership.

[3] Joint stock companies with the limited liability -

- a. Shareholders have limited liability to pay the debts of the company. Any liability is limited to the unpaid extent of the

shares they hold.

b. In private limited companies, the number of shareholders is generally restricted.

[4] Co - operatives -

a. In the beginning, the cooperatives acted as a self help group where the people came together in a mutually beneficial activity.

b. In this type of society, the system of one vote per one person acts as the base.

[5] Societies and the Trusts -

a. Under this type of organization, one can register an organization as a charitable organization or a social organization with no distribution of profit.

b. Most societies are registered as religious, educational or charitable trusts.

c. No member can take the share of excess of income over expenditure (profit) of the organization so registered.

Principles of Organising

[1]. Principle of Work Specialization

According to this principle, after the whole work of a concern should have been divided between departments/units, the work should be further assigned amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization that effective organization can be achieved.

[2]. Principle of Span of Management

According to this principle, span of control in management is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager.

There are two types of span of control:-

Wide span of control- It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:-

- Less overhead cost of supervision
- Suitable for repetitive jobs

Narrow span of control- According to this span, the work and authority is divided amongst many more subordinates and a manager

ends up supervising and controlling a smaller group of people under him. The manager according to a narrow span supervises a selected number of employees at one time.

The features are:-

- Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, narrow span is more helpful.
- Specialization work can be achieved.
- Co-ordination between groups is difficult to be achieved.
- Communication gaps are common, messages can be distorted.

Factors influencing Span of Control

1. Managerial abilities- In the concerns where managers are capable, qualified and experienced, wide span of control is preferred.
2. Competence of subordinates- Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.
3. Nature of work- If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill, specialisation and craftsmanship, tight control and supervision is required in which narrow span is more helpful.
4. Delegation of authority- When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of subordinates at one time.
5. Degree of decentralization- Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in a very effective way which results in direct and personal communication between superiors and subordinates and there the superiors can manage large number of subordinates very easily. In such cases, wide span again helps.

[3]. Principle of Functional Definition

According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties,

responsibilities, authority and relationships of people towards each other. Clarifications in authority-responsibility relationships helps in achieving co-ordination and thereby organization can take place effectively.

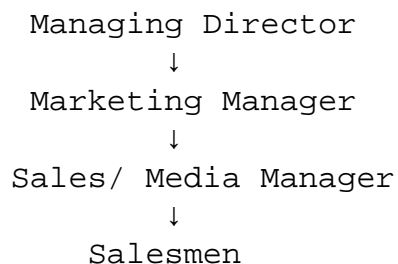
[4]. Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and effective organization takes place. A scalar chain of command facilitates work flow in an organization which helps in achieving effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all levels and that facilitates effective organization.

[5]. Principle of Unity of Command

It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one superior at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective use of resources like physical and financial resources.

Authority Flows from Top to Bottom



According to the above diagram, the Managing Director has got the highest level of authority. From this chain of hierarchy, the official chain of communication becomes clear which is helpful in achievement of results and which provides stability to a concern.

- a. It is very necessary that the person must be under the command of another person.
- b. As by this, he will not get any type of the contradictory orders.
- c. It is very important to maintain the unity of command within the organization and for this; the organization is designed in a particular manner.
- d. An individual cannot be assigned control of more than one person.

[6]. Principle of Synergy

There was a time, when this concept did not get the proper regard that it deserved. But now the basic understanding has changed among people. According to this principle, the building of an organization is not just a mechanical process. The principle of team spirit states that there is surely something which is emotional for the people who work in the organization. There is a human element to the smooth functioning of an organisation that goes beyond just structures (motivation, pride, sense of belonging, participation etc.)

[7]. Principle of unity of purpose

It is not necessary that everything goes according to plan i.e. an organization may not always be able to find a straight and clear way, so it is very important that it possesses the ability to change direction temporarily in order to navigate around the various difficulties and then get back on the directional course that it had planned. Management should establish unity of purpose and direction, and create and maintain an environment in which everyone can participate in achieving the organization's objectives.

Process Steps in Organizing

1. Identification of activities - All the activities which have to be performed in a business have to be identified first. For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.
2. Departmentally organizing the activities - In this step, the manager tries to logically combine and group similar and related activities into units or departments. This organization of dividing the whole concern into independent units and departments is called departmentation.
 - In order to carry on with the work process in an effective manner, the different activities that are related to each other are put under the different groups and these are referred to as the departments.
 - All the organizations are divided into the various departments and this division is generally based on the size and the nature of the business.
3. Divisional Organising - As a general alternative, divisions based on product lines are identified.
4. Assigning Duties - Responsibility for a set of activities

within a department/unit is assigned to specific designations.

5. Clarification and Delegating Authority - At this stage, the powers assigned to each position/designation will determine the hierarchy within the organisation. The exercise of assigning powers and creating a reporting structure results in hierarchy. The top management is responsible for formulation of policies, the middle level management for departmental supervision and lower level management for supervision of foremen/workers. The clarification of authority helps in bringing efficiency in the running of a concern by avoiding wastage of time, money, effort, and in avoidance of duplication or overlapping of efforts.
6. Co-ordination between authority and responsibility - Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal. Each individual is made aware of his authority and he/she knows whom they have to take orders from and to whom they are accountable and to whom they have to report. A clear organizational structure is drawn and all the employees are made aware of it.

Importance of Organising

1. Specialization - Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work helps in bringing specialization to various activities.
2. Well defined jobs - Organizational structure helps in putting right men in the right job according to their qualifications, skill and experience. This helps in defining each job description.
3. Clarifies authority - Organizational structure helps in clarifying the role and position within management. This can be done by clarifying their respective power and the way it is to be exercised. Well defined jobs and responsibilities attached help in bringing efficiency into a managers working. This helps in increasing productivity.
4. Co-ordination - Organization is a means of facilitating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensures mutual co-operation among individuals. Harmony of work is brought about by higher level managers exercising their authority over interconnected activities of lower level managers.
5. Authority-responsibility relationships can be fruitful only when there is a formal relationship between the two. For

smooth running of an organization, the co-ordination between authority- responsibility is very important. There should be co-ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, "Authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective." Therefore, co-ordination of authority- responsibility is very important.

6. Growth and diversification - A company's growth is totally dependant on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grow. This is possible only when the organization structure is well- defined. This is possible through a set of formal structure.
7. Sense of security - Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co-ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.
8. Scope for new changes - Organising process makes the organisation capable of adapting to any change connected with the post of the employees. This becomes possible only because of the fact that there is a clear scalar chain of authority for the manager's right from the top to the lower level. Whenever a managerial post falls vacant, it is immediately filled up by promotion. Since every subordinate is well aware of the working of his superior, there is no difficulty for his taking up the new post.
9. Growth of Employees - Where the roles and activities to be performed are clear and every person gets independence in his working, it provides enough space to a manager to develop his talents and improve at his work. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only within the framework of an organizational structure.

Organisational Structure

Organizational structure is typically the hierarchical arrangement of lines of authority, communications, rights and duties of an organization. Organizational structure determines how the roles, power and responsibilities are assigned, controlled, and coordinated, and how information flows between the different levels of management.

Criteria for Structuring

[1] Objectives and Strategy - A structure depends on the organization's objectives and strategy. The organisation needs to determine whether it will be structured based on functions or along product lines. A company such as Proctor & Gamble that sells multiple products may organize their structure so that groups are divided according to each product and depending on geographical area as well.

[2] Distribution of Authority - The distribution of authority (decision making and execution) among jobs within functions is to be considered. In a centralized structure, the top layer of management has most of the decision making power and has tight control over departments and divisions. In a decentralized structure, the decision making power is distributed and the departments and divisions may have different degrees of independence.

[3] Group Size - Grouping of individual jobs and appropriate size of each group.

Two basic physical structures are:

- [1] Functional Organisation
- [2] Divisional Organisation

Within each of the above structures, two possibilities of sub-structures are:

- [1] Line Organisation
- [2] Line and Staff Organisation

Within the general organisation structure are two qualitative characteristics based on nature of relationships:

- [1] Formal Organisation
- [2] Informal Organisation

An organizational chart illustrates the organizational structure.

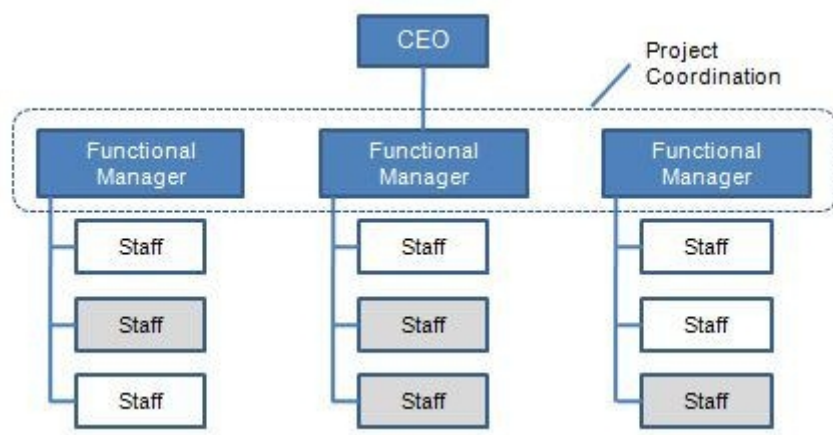
Formal Structures of Organisation

[1] Functional organization

Functional Management is the structuring of an organization into departments or units on the basis of type of work performed.

The organization is grouped by areas of speciality within different functional areas (e.g., finance, marketing, and engineering). Some refer to a functional area as a "silo". Besides the heads of a firm's product and/or geographic units the company's top management team typically consists of several functional heads such as the chief financial officer (CFO), the chief operating officer (COO), Chief Marketing officer (CMO) and the chief strategy officer (CSO). Communication generally occurs within a single department. If information or project work is needed from another department, a request is transmitted up to the department head, who communicates the request to the other department head. Otherwise, communication stays within the department. Team members complete project work in addition to normal department work.

Functional organization has been divided to put the specialists in the top position throughout the enterprise. This is an organization in which functional department are created to deal with the problems of business at various levels. Functional authority remains confined to functional guidance to different departments. This helps in maintaining quality and uniformity of performance of different functions throughout the enterprise.



The concept of Functional organization was suggested by F.W. Taylor who recommended the appointment of specialists at important positions. For example, the functional head and Marketing Director directs the subordinates throughout the organization in his particular area. This means that subordinates receives orders from several specialists, managers working above them.

Features of Functional Organization

The entire organizational activities are divided into specific functions such as operations, finance, marketing and personal relations.

1. Complex form of administrative organization compared to the other two. Functional structures are typically highly hierarchical; hence they inherit the properties of hierarchical structure.
2. Three authorities exist- Line, staff and function.
3. Each functional area is put under the charge of functional specialists and he has got the authority to give all decisions regarding the function whenever the function is performed throughout the enterprise.
4. Principle of unity of command does not apply to such organization unlike in line organization.
5. Functional management is more technical oriented and less product or business oriented, and are skilled in taking decisions in their functional areas.
6. Functional management is weak in the areas of product business plans, market study and product release management.
7. Suited to organisations with small/medium size or few products.
8. Stable External Environment: Functional units are effective when the organization has routine technologies and there is less probability of emergence of competitive technology that is radically different.

Merits of Functional Organization

1. Specialization- Better division of labour takes place which results in specialization of function and it's consequent benefit. This type of structure promotes career development of individuals aspiring to be technical specialists of their field in large organizations.
2. Effective Control- Management control is simplified as the mental functions are separated from manual functions. All required knowledge, skills & infrastructure required for a particular functional activity are consolidated in a single

sub-organization; this facilitates sharing of valuable expertise by superiors with their subordinates. The functional units are managed by leaders who have in-depth knowledge and experience; they are able to control the unit very effectively.

3. Efficiency- Greater efficiency is achieved because of every function performing a limited number of functions.
4. Economy- Specialization compiled with standardization facilitates maximum production and economical costs. Functional structures appear to be successful in large organization that produces high volumes of products at low costs. The low cost can be achieved by such companies due to the efficiencies within functional groups.
5. Expansion- Expert knowledge of functional manager facilitates better control and supervision, and therefore possibilities to expand based on these strengths.

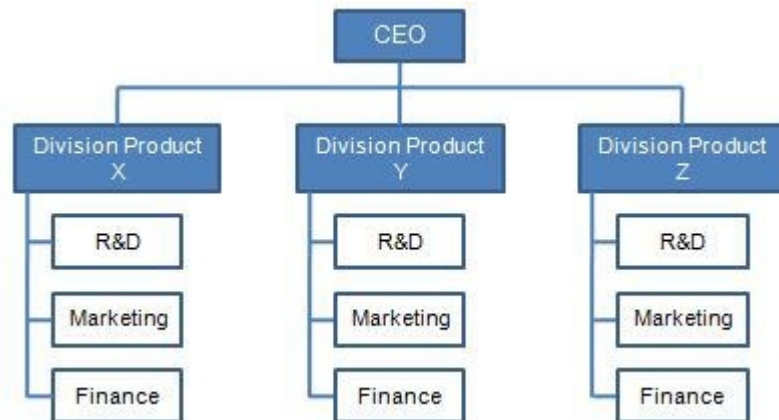
Demerits of Functional Organization

1. Confusion- The functional system is quite complicated to put into operation, especially when it is carried out at low levels. Therefore, co-ordination becomes difficult.
2. Lack of Co-ordination- Disciplinary control becomes weak as a worker is commanded not by one person but a large number of people. Thus, there is no unity of command.
3. Difficulty in fixing responsibility- Because of multiple authority, it is difficult to fix responsibility.
4. Conflicts- There may be conflicts among the supervisory staff of equal ranks. They may not agree on certain issues.
5. Costly- Maintenance of specialist's staff of the highest order is expensive for a concern.
6. It is a disadvantage from an organizational perspective if the communication between the functional groups is not effective. In this case, organization may find it difficult to achieve some organizational objectives at the end.
7. Restrictive Organizational View: Each functional unit has expertise in its own field, but lacks broader awareness about the organizations objectives or even the products. The responsibility of successfully integrating the organization lies with few top level executives.
8. Slow Response: Functional units cannot respond to fast changes in customer demands or the product since only the top level management has broad knowledge and the decision making authority. The management also performs the role of coordinating tasks across functional units, thus unless a complete plan of action is not formulated by the managements, little progress can be made in individual functional units.

[2] Divisional Structure

In a divisional structure, the teams are organized in set of divisions, where each division corresponds to the end product or services provided by the organization. Each division has its own set of functional units like research, manufacturing, marketing etc and is completely self-contained. A divisional structure is less hierarchical than functional; it is formed by decomposing the functional structure along the product lines. Unlike functional management, the divisional management is more skilled along product business and lesser in core technical competencies.

As an example, take a company such as General Electrics. It can have microwave division, turbine division, etc., and these divisions have their own marketing teams, finance teams, etc. In that sense, each division can be considered as a micro-company within the main organization.



Strengths of divisional structure

1. Clear Accountability: Structuring along the product lines provides clear correlation between the expense and profit of the individual divisions. The business objectives of the division can be formulated more objectively and the expectations can be better agreed.
2. Departmental Coordination: An objective accountability leads to better cohesion within the boundaries of the department; it creates a win-win situation where teams have mutual benefit in collaborating with each other.
3. Broader skills development: Active collaborations between different specializations provide employees with opportunities for learning new skills beyond their own area of expertise. It is easier to comprehend the dynamics of a product and therefore is

best suited for nurturing general managers in an organization.

4. Suited to Unstable Environments: Since each division is product based and self-reliant, it can respond much quickly to changes in the external environment.

Weakness of divisional structure

1. Resource Duplication: In order to make each division independent, some of the resources which could have been shared are rather duplicated. Specialists with particular domain knowledge cannot be shared across divisional boundaries.

2. Inhibits career growth of Specialists: While divisional structures are good for nurturing top level managers, they are bad for technical specialists. Technical people feel alienated from their peers in other divisions and have poor exposure to the developments across the organizations.

3. Divisional Affiliations: The employees feel more affiliated towards their own department and would still lack the sense of being part of a larger organization, they might know their own purpose but might not understand how they might related to organization's objectives.

4. Difficult Product Integration: When an organization produces multiple products which might be used together or are part of a larger product, the integration task becomes challenging since there is little coordination between the divisions. The product management task across different division requires regular sync-ups but the structure inherently provides little motivation for the product managers to seek this larger goal. Each divisional manager is more concerned about delivering his product and would view the integration as not part of his job or the problem.

Most Effective Conditions

1. Very Large Corporations: The divisional structure is most effective for large corporations that have indeed multiple products that are poorly interrelated.

2. Competitive Environment: The ability to respond rapidly to the external changes makes divisional structure best suited for highly competitive external environment.

[3] Line Organisation

Line organization is the most oldest and simplest method of administrative organization. According to this type of organization, the authority flows from top to bottom in a concern. The line of command is carried out from top to bottom. This is the reason for calling this organization as scalar organization which

means scalar chain of command is a part and parcel of this type of administrative organization. In this type of organization, the line of command flows on an even basis without any gaps in communication and co-ordination taking place.



Features of Line Organization

1. Simplicity - It is the most simplest form of organization. Line of authority flows from top to bottom.
2. Specialized and supportive services do not take place in these organization.
3. Unified supervision and control by the line officers can be maintained since they can independently take decisions in their own areas.
4. Efficiency - This kind of organization always facilitates efficiency in communication and establishing stability.



Line Authority

It is the officially sanctioned right and ability to issue orders to subordinate employees within an organization. For example, production and sales managers that have been empowered with line authority typically also have the responsibility of achieving their company's business goals with the greatest possible efficiency.

Merits of Line Organization

1. Simplest- It is the most simple and oldest method of administration.
2. Unity of Command- In these organizations, superior-subordinate relationship is maintained and scalar chain of command flows from top to bottom.
3. Better discipline- The control is unified and concentrates on one person and therefore, he can independently make decisions of his own. Unified control ensures better discipline.
4. Fixed responsibility- In this type of organization, every line executive has got fixed authority, power and fixed responsibility attached to every authority.
5. Coordination- There is a co-ordination between the top most authority and bottom line authority. Since the authority relationships are clear, line officials are independent and can flexibly take decisions. This flexibility gives satisfaction to line executives.
6. Prompt decision- Due to the factors of fixed responsibility and unity of command, the officials can take prompt decisions.
7. Flexibility - Based on fixed responsibility and quick decision making, an element of flexibility is created since the line manager can take decisions within his sphere of responsibility.

Demerits of Line Organization

1. Over reliance- The line executive's decisions are implemented to the bottom. This results in over-relying on the line officials.
2. Lack of specialization- A line organization flows in a scalar chain from top to bottom and there is no scope for specialized functions. For example, expert advices whatever decisions are taken by line managers are implemented in the same way.
3. Inadequate communication- The policies and strategies which are framed by the top authority are carried out in the same way. This leaves no scope for communication from the other end. The complaints and suggestions of lower authority are not communicated back to the top authority. So there is only one way communication.
4. Authority leadership- The line officials have tendency to misuse their positions of authority. This leads to autocratic leadership and monopoly in the concern.
5. Suitability - Line organisations are suitable for smaller organisations with routine operations. This is thus

prevalent only in trading, manufacturing and service industries of modest size.

[4] Line and staff organization

Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and support activities are attached to the line of command by appointing staff supervisors and staff specialists. The power of command always remains with the line executives while staff supervisors guide, advice and counsel the line executives. Ex: Personal Secretary to the Managing Director is a staff official.



Features of Line and Staff Organization

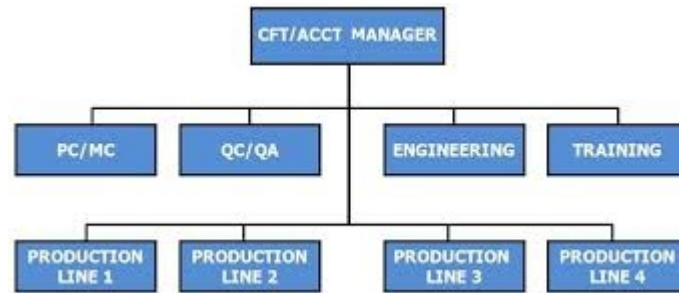
There are two types of staff :

[1] Staff Assistants- P.A. to Managing Director, Secretary to Marketing Manager.

[2] Staff Supervisor- Operation Control Manager, Quality Controller, PRO

1. Line and Staff Organization is a compromise of line organization. It is more complex than line concern.
2. Division of work and specialization takes place in line and staff organization.
3. The whole organization is divided into different functional areas to which staff specialists are attached.
4. Efficiency can be achieved through the features of specialization.
5. There are two lines of authority which flow at one time in a concern :
 - Line Authority
 - Staff Authority
6. Power of command remains with the line executive and staff

serves mostly as counselors and advisors.



Staff Authority

Staff authority consists of the right to advise or assist those who possess line authority as well as other staff personnel. Staff authority enables those responsible for improving the effectiveness of line personnel to perform their required tasks.

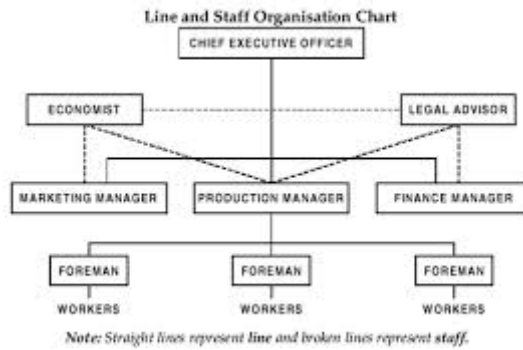
Line and Staff personnel must work together closely to maintain the efficiency and effectiveness of the organization. To ensure that line and staff personnel do work together productively, management must make sure both groups understand the organizational mission, have specific objectives, and realize that they are partners in helping the organization reach its objectives.

Size is perhaps the most significant factor in determining whether or not an organization will have staff personnel. The larger the organization, the greater the need and ability to employ staff personnel.

As an organization expands, it usually needs employees with expertise in diversified areas (Training, Economist, Strategic Management, Legal). Although small organizations may also require this kind of diverse expertise, they often find it more practical to hire part time consultants to provide it as needed rather than to hire full time staff personnel, who may not always be kept busy.

Merits of Line and Staff Organization

1. Relief to line of executives- In a line and staff organization, the advice and counseling which is provided to the line executives divides the work between the two. The line executive can concentrate on the execution of plans and they get relieved of dividing their attention to many areas.
2. Expert advice- The line and staff organization facilitates expert advice to the line executive at the time of need. The planning and investigation which is related to different matters can be done by the staff specialist and line officers can concentrate on execution of plans.
3. Benefit of Specialization- Line and staff through division of the whole concern into two types of authority, divides the enterprise into parts and functional areas. This way every officer or official can concentrate in his own area.
4. Better co-ordination- Line and staff organization through specialization is able to provide better decision making and concentration remains in few hands. This feature helps in bringing co-ordination in work as every official is concentrating in their own area.
5. Benefits of Research and Development- Through the advice of specialized staff, the line executives, the line executives get time to execute plans by taking productive decisions which are helpful for a concern. This gives a wide scope to the line executive to bring innovations and go for research work in those areas. This is possible due to the presence of staff specialists.
6. Training- Due to the presence of staff specialists and their expert advice serves as ground for training to line officials. Line executives can give due concentration to their decision making. This in itself is a training ground for them.
7. Balanced decisions- The factor of specialization which is achieved by line staff helps in bringing co-ordination. This relationship automatically ends up the line official to take better and balanced decision.
8. Unity of action- Unity of action is a result of unified control. Control and its effectivity take place when co-ordination is present in the concern. In the line and staff authority all the officials have got independence to make decisions. This serves as effective control in the whole enterprise.



Demerits of Line and Staff Organization

1. Lack of understanding- In a line and staff organization, there are two authority flowing at one time. This results in the confusion between the two. As a result, the workers are not able to understand as to who is their commanding authority. Hence the problem of understanding can be a hurdle in effective running.
2. Lack of sound advice- The line official get used to the expertise advice of the staff. At times the staff specialist also provide wrong decisions which the line executive have to consider. This can affect the efficient running of the enterprise.
3. Line and staff conflicts- Line and staff are two authorities which are flowing at the same time. The factors of designations, status influence sentiments which are related to their relation, can pose a distress on the minds of the employees. This leads to minimizing of co-ordination which hampers a concern's working.
4. Costly- In line and staff concern, the concerns have to maintain the high remuneration of staff specialist. This proves to be costly for a concern with limited finance.
5. Assumption of authority- The power of concern is with the line official but the staff dislikes it as they are the one more in mental work.
6. Staff steals the show- In a line and staff concern, the higher returns are considered to be a product of staff advice and counseling. The line officials feel dissatisfied and a feeling of distress enters a concern. The satisfaction of line officials is very important for effective results.

[5] Based on the qualitative nature of interactions between personnel, organizations can be clasified on the basis of relationships. There are two types of organizations formed on the

basis of relationships in an organization:

[a] Formal Organization - This is one which refers to a structure of well defined jobs each bearing a measure of authority and responsibility. It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure. This kind of organization is an arbitrary set up in which each person is responsible for his performance. Formal organization has a formal set up to achieve pre- determined goals.

[b] Informal Organization - It refers to a network of personal and social relationships which spontaneously originates within the formal set up. Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions. Therefore, the network of social groups based on friendships can be called as informal organizations. There is no conscious effort made to have informal organization. It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization.

Relationship between Formal and Informal Organizations

For a business' functioning, both formal and informal organization are important. Formal organization originates from the set organizational structure while informal organization originates from the formal organization in a spontaneous way. For an efficient organization, both formal and informal organizations are required. Formal organization can work independently. But informal organization depends totally upon the formal organization. Formal and informal organization helps in bringing efficient working organization and smoothness in a concern. Within the formal organization, the members undertake the assigned duties in co-operation with each other. They interact and communicate amongst themselves. Therefore, both formal and informal organizations are important. When several people work together for achievement of organizational goals, social tie ups tends to built and therefore informal organization helps to secure co-operation by which goals can be achieved smooth. Therefore, we can say that informal organization emerges from formal organization.

Different levels in Organisation

Organization levels

The various levels of organization are generally created as a direct result of the effect of the delegation of authority.



The basic three levels of the organization that arise can be summarized as the follows:

I. The Lower or Operation Level management - the various operational managers are involved in the actual implementation. It acts as the front line work with the day to day decision making. Operational managers include the workers and their supervisors. Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees. In other words, they are concerned with direction and controlling function of management. Their activities include -

1. Assigning of jobs and tasks to various workers.
2. They guide and instruct workers for day to day activities.
3. They are responsible for the quality as well as quantity of production.
4. They are also entrusted with the responsibility of maintaining good relation in the organization.
5. They communicate workers problems, suggestions, and

- recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
6. They help to solve the grievances of the workers.
 7. They supervise & guide the sub-ordinates.
 8. They are responsible for providing training to the workers.
 9. They arrange necessary materials, machines, tools etc for getting the things done.
 10. They prepare periodical reports about the performance of the workers.
 11. They ensure discipline in the enterprise.
 12. They motivate workers.
 13. They are the image builders of the enterprise because they are in direct contact with the workers.

II. The Middle Level Management

People like the General Managers, Vice Presidents, Divisional, Branch and Departmental Managers etc. are involved at this level. They are responsible to the top management for the functioning of their functional areas or departments. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role is as follows:

1. They execute the plans of the organization in accordance with the policies and directives of the top management.
2. They make plans for the sub-units of the organization.
3. They participate in employment & training of lower level management.
4. They interpret and explain policies from top level management to lower level.
5. They are responsible for coordinating the activities within the division or department.
6. It also sends important reports and other important data to top level management.
7. They evaluate performance of junior managers.
8. They are also responsible for inspiring lower level managers towards better performance.

III. The Top Level Management

It consists of Board of Directors, Chief Executive Officer or Managing Director. The top management is the ultimate source

of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

1. Top management lays down the objectives and broad policies of the enterprise.
2. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
3. It prepares strategic plans & policies for the enterprise.
4. It appoints the executive for middle level i.e. departmental managers.
5. It controls & coordinates the activities of all the departments.
6. It is also responsible for maintaining a contact with the outside world.
7. It provides guidance and direction.
8. The top management is also responsible towards the shareholders for the performance of the enterprise.

DELEGATION

Delegation is the assignment of responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities. However, the person who delegated the work remains accountable for the outcome of the delegated work.

Delegation of Authority

A manager alone does not have the capacity to perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate in order to achieve effective results. Delegation is about entrusting someone else to do parts of your job.

Elements of Delegation

Authority - in the context of a business organization, so as to achieve the organizational objectives, authority can be defined as the power and right of a person:

- (i) to use and allocate the resources efficiently,
- (ii) to take decisions and
- (iii) to give orders.

1. Authority must be well-defined. All people who have the authority should know what 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.
2. 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.

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. 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 its performance and satisfactory completion.

Accountability - implies the obligation to provide explanations for any variance in the actual performance from the expectations set. Accountability cannot 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. Accountability can't be escaped. It arises from responsibility.

Process Steps in Delegation

Delegation of authority is the basis for superior-subordinate relationship, and 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 other 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.

Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegatee's role which means his responsibility and accountability is attached with the authority over to here.

Relationship between Authority and Responsibility

Authority is the legal right of person or superior to command his subordinates while accountability is the obligation of individual to carry out his duties as per standards of performance.

Authority flows from the superiors to subordinates, in which orders and instructions are given to subordinates to complete the task. It is only through authority, a manager exercises control. In a way through exercising the control the superior is demanding accountability from subordinates. If the marketing manager directs the sales supervisor for 50 units of sale to be undertaken in a month. If the above standards are not accomplished, it is the marketing manager who will be accountable to the chief executive officer. Therefore, we can say that authority flows from top to bottom and responsibility flows from bottom to top.

Accountability is a result of responsibility and responsibility is result of authority. Therefore, for every authority an equal accountability is attached.

Differences between Authority and Responsibility

Authority	Responsibility
It is the legal right of a person or a superior to command his subordinates.	It is the obligation of subordinate to perform the work assigned to him.
Authority is attached to the position of a superior in an organisation.	Responsibility arises out of superior-subordinate relationship in which subordinate agrees to carry out duty given to him.
Authority can be delegated by a superior to a subordinate.	Responsibility cannot be shifted and is absolute
It flows from top to bottom.	It flows from bottom to top.

Principles of Delegation

There are a few principles which can be of help to the manager in the process of delegation:

1. Principle of result expected- suggests that every manager before delegating the powers to the subordinate should be able to clearly define the goals as well as results expected from them. The goals and targets should be completely and clearly defined and the standards of performance should also be notified clearly. For example, a marketing manager explains the salesmen regarding the units of sale to take place in a particular day, say ten units a day have to be the target sales. While a marketing manger provides these guidelines of sales, mentioning the target sales is very important so that the salesman can perform his duty efficiently with a clear set of mind.
2. Principle of Parity of Authority and Responsibility- According to this principle, the manager should keep a balance between authority and responsibility. Both of them should go hand in hand. According to this principle, if a subordinate is given a responsibility to perform a task, then at the same time he should be given enough independence and power to carry out that task effectively. This principle also does not provide excessive authority to the subordinate which at times can be misused by him. The authority should be given in such a way which matches the task given to him. Therefore, there should be no degree of disparity between the two.
3. Principle of absolute responsibility- This says that authority can be delegated but responsibility cannot be

delegated by managers to his subordinates which means responsibility is fixed. The manager at every level, no matter what is his authority, is always responsible to his superior for carrying out his task by delegating the powers. It does not mean that he can escape from his responsibility. He will always remain responsible till the completion of task. Every superior is responsible for the acts of their subordinates and are accountable to their superior therefore the superiors cannot pass the blame to the subordinates even if he has delegated certain powers to subordinates example if the production manager has been given a work and the machine breaks down. If repairmen is not able to get repair work done, production manager will be responsible to CEO if their production is not completed.

4. Principle of Authority level- This principle suggests that a manager should exercise his authority only within the jurisdiction or framework provided. Before a manager takes any important decision, he should make sure that he has the authority to do so. This principle emphasizes the degree of authority exercised.

Importance (Objectives) of Delegation

Delegation of authority is a process in which the authority and powers are divided and shared amongst the subordinates. When the work of a manager gets beyond his capacity, there should be some system of sharing the work. This is how delegation of authority becomes an important tool in organization function. Through delegation, a manager, in fact, is multiplying himself by dividing/multiplying his work with the subordinates. The importance of delegation can be justified as follows -

1. Sharing of Workload: Through delegation, a manager is able to divide the work and allocate it to the subordinates. This helps in reducing his work load so that he can work on important areas such as - planning, business analysis etc.

With the reduction of load on superior, he can concentrate his energy on important and critical issues of concern. This way he is able to bring effectiveness in his work as well in the work unit. This effectivity helps a manager to prove his ability and skills in the best manner.

2. Scalar Chain - Delegation of authority is the ground on which the superior-subordinate relationship stands. An organization functions as the authority flows from top level to bottom. This in fact shows that through delegation, the superior-subordinate relationship become meaningful. The flow

of authority is from top to bottom which is a way of achieving results.

3. Specialisation - Delegation allows specialisation with specialists performing functions using their expertise.
4. Quick Decisions: Delegation creates centres of decision making all along the line of command due to authority and responsibility working within the hierarchy.
5. Motivation for Subordinates - Delegation of authority in a way gives enough room and space to the subordinates to hone their abilities and skill. Through delegating powers, the subordinates get a feeling of importance. They get motivated to work and this motivation provides appropriate results to a concern. Job satisfaction is an important criterion to bring stability and soundness in the relationship between superior and subordinates. Delegation also helps in breaking the monotony of the subordinates so that they can be more creative and efficient.
6. Executive Development - Delegation of authority is not only helpful to the subordinates but it also helps the managers to develop their talents and skills. Since the manager get enough time through delegation to concentrate on important issues, their decision-making gets strong. Through granting powers and getting the work done, helps the manager improve communication skills, supervision and guidance, effective motivation and leadership traits.
7. Growth and Diversification: Delegation of authority is help to both superior and subordinates. This, in a way, gives stability to a concern's working. With effective results, an organisation can think of expanding capacity by creating more departments and divisions. This will require creation of more managers which can be fulfilled by shifting the experienced, skilled managers to these positions. This helps in both virtual as well as horizontal growth which is very important for a concern's stability.

Therefore, from the above points, we can justify that delegation is not just a process but it is a way by which manager multiplies himself and is able to bring stability, capability and soundness to a concern.

Centralization and Decentralisation

Centralization is said to be a process where the concentration of decision making and authority are in a few hands. All the important decisions and actions at the lower level are subject to the approval of top management.

"Centralization" - it is the systematic and consistent reservation of authority at central points in the organization. The implication of centralization are :-

1. Reservation of decision making power at top level.
2. Reservation of operating authority with the middle level managers.
3. Reservation of operation at lower level at the directions of the top level.
4. Under centralization, the important and key decisions are taken by the top management and the other levels are into implementations as per the directions of top level. For example, in a business concern, the father & son being the owners decide about the important matters and all the rest of functions like product, finance, marketing, personnel, are carried out by the department heads and they have to act as per instruction and orders of the two people. Therefore in this case, decision making power remain in the hands of father & son.

"Decentralization" - is a systematic delegation of authority at all levels of management and in all of the organization. In a decentralized organisation, authority is retained by the top management for taking major decisions and framing policies that impact the organisation as a whole. Rest of the authority pertaining to 'local' divisions, functions etc. may be delegated to the middle level and lower level of management.

The degree of centralization and decentralization will depend upon the amount of authority delegated to the lowest level. Decentralization refers to the systematic effort to delegate to the lowest level of authority except that which can be controlled and exercised at central points.

Implications of Decentralization

1. There is less burden on the Chief Executive as in the case of centralization.
2. In decentralization, the subordinates get a chance to decide and act independently which develops their skills and

capabilities.

3. In decentralization, diversification and horizontal growth can be easily be achieved. In decentralization, diversification of activities can take place effectively since there is more scope for creating new departments.
4. In a decentralized structure, operations can be coordinated at divisional level which is not possible in the centralization set up.
5. In a decentralized structure, co-ordination to some extent is difficult to maintain as there are lot many department divisions and authority is delegated to a maximum possible extent, i.e., delegation reaches to the bottom most level.
6. The degree of centralization and de-centralization can be affected by many factors like nature of operation, volume of profits, number of departments, size of a concern, etc. The larger the size of a concern, a decentralized set up is suited to it.

Decentralization and Delegation

Decentralization is not the same as delegation. In fact, decentralization is an extension of delegation. Decentralization is wider in scope and the authorities are diffused to the lowest most level of management. Delegation of authority is a complete process and takes place from one person to another. While decentralization is complete only when fullest possible delegation has taken place.

Basis	Delegation	Decentralization
Meaning	Managers delegate some of their function and authority to their subordinates.	Right to take decisions is shared by top management and other level of management.
Scope	Scope of delegation is limited as superior delegates the powers to the subordinates on individual bases.	Scope is wide as the decision making is shared by the subordinates also.
Responsibility	Responsibility remains of the managers and cannot be delegated	Responsibility is also delegated to subordinates.
Freedom of Work	Freedom is not given to the subordinates as they have to work as per the instructions of their superiors.	Freedom to work can be maintained by subordinates as they are free to take decision and to implement it.
Nature	It is a routine function	It is an important decision of an enterprise.
Need on purpose	Delegation is important in all concerns whether big or small. No enterprises can work without delegation.	Decentralization becomes more important in large concerns and it depends upon the decision made by the enterprise, it is not compulsory.
Grant of Authority	The authority is granted by one individual to another.	It is a systematic act which takes place at all levels and at all functions in a concern.
Grant of Responsibility	Responsibility cannot be delegated	Authority with responsibility is delegated to subordinates.
Degree	Degree of delegation varies from concern to concern and department to department.	Decentralization is total by nature. It spreads throughout the organization i.e. at all levels and all functions
Process	Delegation is a process which explains superior subordinates relationship	It is an outcome which explains relationship between top management and all other departments.
Essentiality	Delegation is essential of all kinds of concerns	Decentralization is a decisions function by nature.
Significance	Delegation is essential for creating the organization	Decentralization is an optional policy at the discretion of top management.
Withdrawal	Delegated authority can be taken back.	It is considered as a general policy of top management and is applicable to all departments.
Freedom of Action	Very little freedom to the subordinates	Considerable freedom

For example, the General Manager of a company is responsible for receiving the leave applications for the whole of the organisation. The General Manager then delegates this work to the Personnel Manager who is now responsible for receiving the leave applications. In this situation delegation of authority to sanction leave has taken place. On the other hand, based on the recommendation of the Personnel Manager, if the General Manager delegates this power to all the departmental heads at all levels, in this situation decentralization has taken place. Decentralization is wider in scope and the subordinate's responsibility increase in this case. On the other hand, in delegation the managers remain accountable even for the acts of subordinates to their superiors.

What is Empowerment?

- a. The empowerment of a person can be affected with the delegation of authority.
- b. During the delegation of authority with responsibility, the empowerment of the person to whom the delegation has been made for carrying out the job effectively, takes place.
- c. In general, the word empowerment involves an individual, who must possess enough discretionary authority for deciding the way by which it should be handled.
- d. In the process of empowerment, one possesses the authority to do something they way hee deems fit.
- e. In this process, the main aim is to make an individual influential, so that he is able to perform various tasks through delegation.

What is the nature of the teams?

Teams have emerged as the most important group phenomenon in the organization. Earlier the importance of the team work was confined to sports activities but now in business also team work as become very important. In the past business organizations were focused around individuals but now teams have become the primary means for achieving the organizational goals. Some times the terms team and group are used interchangeably but they are not the same. While a work group consist of a number of a person that report to common superior and have face to face interaction and there is a certain level of inter-dependence in carrying out the tasks but they performance of a team can provide individuals results and collective products also. We can say that though a team is also a group but it has some characteristics in greater degree as compared to ordinary groups. These characteristics include a

- (i) higher commitment towards the goals of the group and a
- (ii) higher degree of inter-dependence and interaction. These characteristics make a team different from an ordinary group.

There are some difference between work groups and teams. While the basic purpose of a work group is to interact for the purpose of sharing information, the basic purpose of work team is to perform collectively. While the work group must have a strong and clear focused leader, teams generally do not have clear leaders and the leadership roles are also shared. The work group meets through the formal and efficient meetings the teams are encouraged to have open ended active problems solving meetings. The functioning of

the work group that it discusses decides and delegates the work, the functioning of the team is to discuss beside and then do the real work also.

What are the characteristics of effective teams?

The importance of team functioning has been highlighted by a number of writers and some of the characteristics of effective teams have been highlighted by them are: The atmosphere in teams is generally relaxed, informal and comfortable. All the members of the team understand and accept the task assigned to the team. All the members of the team listen to each other and a lot of discussion related with the task is done in the team. The team members can freely express their feeling their ideas and though there are conflicts disagreements among the members of the teams but these are only about the ideas and methods related with the completion of the task and not focused around the personalities and members of the team. Generally the decisions the team are based on consensus and once the action have been decided upon, clear assignment are given to the members of the team. When all these characteristics are present in a team, it means the teams are capable of successfully achieving its objectives and at the same time, satisfy the personal and inter-personal needs of its members. Thus the following characteristics are found in effective teams. These are a clear purpose, informality, participation, listening, civilized disagreement, consensus in decision making, clear roles and assignment, share leadership, open communication and self assessment.

What are the different types of teams?

The teams are classified on the basis of the objectives they have to achieve. Generally we find these three types of teams in organizations (i) self managed teams, (ii) problem solving teams and (iii) cross functional teams.

(i) Self managed teams

Usually there are ten to fifteen members in a self managed team who have taken the responsibilities of their former supervisors. They are responsible for the collective control over the speed of the work and the determination of work assignments. They are also responsible for the organization of breaks and the collective choice of inspection procedures. These teams even select their own members and these members evaluate each others performance. Supervisory position take on decreased importance and in some cases, can even be eliminated.

Business journal are all over the world are full of articles describing successful operation of self managed teams. These teams help to increase the employee satisfaction and the volume of business of the companies. These teams lead to reduction in costs and increase in productivity.

In spite of the increasing importance of self managed teams, some organizations have been disappointed with the results of these teams. The overall research on the performance of these teams has also not been very positive. The employees working in self managed teams seem to have higher absenteeism and turn over rates than do employees working in traditional work structures. The specific reasons for all this are not very clear and require some additional research.

(ii) Problem solving teams

These are the traditional types of teams and in the beginning almost all teams of this form. Generally there are five to ten employees in every department who meet for a few hours every week to discuss the methods to improve efficiency and the quality of work. The purpose of these teams is to share the ideas and listen to the suggestion about the methods of improving the work processes. These teams usually give the suggestions only and do not have the authority to implement these suggestions. The quality circles are the most common form of problem solving teams. These teams are not very popular among the present day organizations as these could only suggestions but could not implement these suggestions and take the responsibility for the outcomes of these suggestions.

(iii) Cross functional teams

The cross functions teams are most popular forms of teams in the recent days. These days teams are made up of employees from about the same hierarchical level but from different work areas, who come together to accomplish a task. The examples of cross functional teams can be task forces and committees. A task force is a temporary cross functional team and committees are group made up of members from across departmental lines.

Cross functional teams are an effective means for allowing people from diverse areas within an organization (or even between organizations) to exchange information, develop new ideas and solve problems and co-ordinate complex projects.

Despite the usefulness of cross functional teams, these teams are quite difficult to manage. Particularly, the initial stages of development are very time consuming as in these stages members learn to work with diversity and complexity. When people from

different back grounds, experiences and with different perspectives come together, it takes time to build trust and team work. It will depend upon the capabilities of managers to facilitate and build trust among team members.

What is the importance of teams in a business organizations?

The experts are almost unanimous on benefits of teams in the business organizations. Teams have become immensely popular in the organizations as these offer the following benefits:

1. Improved output due to Positive Synergy: Teams have the potential to create high levels of productivity due to positive synergy created by them. The output in the form of performance productivity is generally more than the summation of inputs put in the form of employee efforts. There is draw back of positive synergy also. Sometimes, managements resort to cuts in staff to use the positive synergy to get the same or greater output from fewer people.

2. Improved Organizational Communication: As the teams encourage interactions, it will lead to improved communication. In case of self managed teams, interpersonal dependencies are created which require the members to interact considerably more than when they work on jobs alone. Cross functional teams create inter-functional dependencies and increase organization wide communication.

3. Enhanced Employee Motivation: Work teams help in enhancing the employee motivation. Because work teams encourage employee involvement, these make the jobs more interesting and fulfill the social needs of the employees. Individuals are likely to perform better when they are working in the presence of other people. Individuals will work harder and put in a lot of extra efforts to remain in the teamt ignore the reality that team movement currently has tremendous momentum and reflects management

STAFFING

Introduction

Organisational structure of any type require different types of people. The "staffing" function of management refers to the systematic approach to the problem of selecting, training, motivating and retaining managerial personnel in any organisation. It is concerned with recruitment and development of managers and their maintenance in a high spirit.

Staffing entails management-man power planning for recruiting and training executives. It also calls for the satisfaction of managerial wants through the provision of individual motivation and the introduction of self-control on the part of such executives. Thus, the Staffing Function includes the process by which the right person is placed in a right organisational position.

True staffing means "manning and keeping manned a right man at right place." The administration of human 'resources involves matching the jobs and people through preparation of specifications necessary for positions, appraising the performance of personnel, training and retraining of people to fit the needs of the organisational positions, and developing methods by which people will respond with maximum effort and increased satisfaction.

Staff process, therefore, provides the organisation with adequate, competent and qualified personnel at all levels in the enterprise. Since successful performance by individuals largely determines success of the structure, staffing function of manager deserves sufficient care and attention of the management.

Concept of Staffing

The three major responsibilities of management according to Peter F. Drucker are (i) Managing work ; (ii) Managing workers and (iii) Managing Managers, the staffing function of management involves the discharge of the last responsibility- Managing Managers. Haimann observes the staffing function pertains "to the recruitment, selection, development, training and compensation of subordinate managers." Koontz and O'Donnell too define Staffing as "the executive function which involves the recruitment, selection, compensating, training, promotion and retirement of subordinate managers."

The above definitions show that the appointment of employees (Staffing) is the chief function of management and under it

appointments are made for various posts in the organizations. Apart from appointments, it is still more important to keep these posts filled for a long period by persistent efforts.

The selection, training and compensation of the rank-and-file workers (those working at the lowest rung of the organizational ladder) in any enterprise is considered to be part of the personnel administration, while selection, training etc., of subordinate managers is regarded as a part of the management process.

But this is an artificial classification made by management scholars for the convenience of study. As a matter of fact, the basic problems/issues in both these areas are basically the same. As such, it is better to classify both as the personnel function of management called "Personnel Management".

Meaning of Staffing - Definition

Staffing is the managerial function of manning the organisational structure through systematic and effective selection, appraisal, development, compensation and retaining of competent individuals to fill the roles assigned to the employers/workforce, and charging them with the associated responsibilities.

More capable persons are appointed on more important posts and comparative less competent persons can be appointed on less important posts. In other words all the functions undertaken to establish coordination between the post and the individual come under staffing.

The scope of the meaning of staffing includes all of those members of the organization whose function it is to get things done through one effort of other individuals. This definition includes all levels of management because those who will occupy positions in the top two or three levels of management fifteen or twenty years from now are likely to be found in the lower levels today.

In most of the large, scale organisations there is a separate human resource department which performs staffing function but in small organisations the line managers only perform all the functions.

Nature of Staffing

1. People Centred: Staffing is people centred and is relevant in all types of organisations. It is concerned with all categories of personnel from top to bottom of the organisation.

The broad classification of personnel may be as follows:

(i) Blue collar workers (i.e., those working on the 'shop floor', machines and engaged in loading, unloading etc.) and white collar workers (i.e., clerical employees).

(ii) Managerial and non-managerial personnel.

(iii) Professionals (such as Chartered Accountant, Company Secretary, Lawyer, etc.).

2. Responsibility of Every Manager: Staffing is a basic function of management. Every manager is continuously engaged in performing the staffing function. He is actively associated with recruitment, selection, training and appraisal of his subordinates. These activities are performed by the chief executive, departmental managers and foremen in relation to their subordinates. Thus, staffing is a pervasive function of management and is performed by the managers at all levels.

It is the duty of every manager to perform the staffing activities such as selection, training, performance appraisal and counseling of employees. In many enterprises. Personnel Department is created to perform these activities.

But it does not mean that the managers at different levels are relieved of the responsibility concerned with staffing. The Personnel Department is established to provide assistance to the managers in performing their staffing function. Thus, every manager has to share the responsibility of staffing.

3. Human Skills: Staffing function is concerned with training and development of human resources. Every manager should use human relations skill in providing guidance and training to the subordinates. Human relations skills are also required in performance appraisal, transfer and promotion of subordinates. If the staffing function is performed properly, the human relations in the organisation will be cordial.

4. Continuous Function: Staffing function is to be performed continuously. It is equally important in the established

organisations and the new organisations. In a new organisation, there has to be recruitment, selection and training of personnel. In a running organisation, every manager is engaged in various staffing activities. He is to guide and train the workers and also evaluate their performance on a continuous basis.

Importance of Staffing

It is of utmost importance for the organisation that right kinds of people are employed. They should be given adequate training so that wastage is minimum. They must also be induced to show higher productivity and quality by offering them incentives.

In fact, effective performance of the staff function is necessary to realize the following benefits:

1. Maintaining Productivity - Men, material and money are regarded as three important factors of production. Men constitute the organization at all levels and are regarded as the only dynamic factor of production. It is not very difficult to handle material resources, but, without the efficient use of human resources, management can never accomplish the end objectives of the undertaking. Even in those industries where automatic machines have been introduced, labour is still regarded as a dominant factor for increasing productivity.

2. Survival and Growth - Efficient Performance of All Functions: Staffing is the key to the efficient performance of other functions of management. If an organisation does not have competent personnel, it can't perform planning, organisation and control functions properly. By appointing efficient staff, staffing ensures continuous survival and growth of the enterprise.

3. Effective Use of Technology and Other Resources: It is the human factor that is instrumental in the effective utilisation of latest technology, capital, material, etc. the management can ensure right kinds of personnel by performing the staffing function.

4. Optimum Utilisation of Human Resources: The wage bill of big concerns is quite high. They also spend money on recruitment, selection, training and development of employees. In order to get the optimum output from the personnel, the staffing function should be performed in an efficient manner.

5. Development of Human Capital: The management is required to determine the manpower requirements well in advance. It has also to train and develop the existing personnel for career

advancement. This will meet the requirements of the company in future.

6. Competitive edge : Two competing organisations can have the same physical and financial resources but what helps organisation to have an edge over the other is efficient staff.

7. Motivation of Human Resources: The behaviour of individuals is shaped by many factors such as education level, needs, socio-cultural factors, etc. that is why, the human aspect of organisation has become very important. The workers can be motivated through financial and non-financial incentives.

8. Building Higher Morale: Right type of climate should be created for the workers to contribute to the achievement of the organisational objectives. By performing the staffing function effectively, management can show the significance it attaches to the personnel working in the enterprise. This will increase the morale of the employees and their job satisfaction.

Scope of Staffing

The staffing function is wider in scope than mere acquisition of managerial personnel. In fact, it covers the process of not only developing executives but also providing for fair compensation for them. Moreover, staffing is a continuing function and is performed by the management of newly set up as well as going enterprises.

Even in an established enterprise staffing function includes— (i) the planning of executive (or marginal resources); (ii) the planning and administration of executive performance and administration of management development programmes; (iii) the appraisal of executive compensation.

As Lawrence Appley rightly observed "... Managers would be more skilled and more competent if they were carefully selected, specifically trained, continually kept up-to-date in their field of activity, guided in their development for the assumption of greater responsibility, adequately rewarded.

When once the needs of the organisation have been determined through the establishment of a rational job structure by means of detailed job descriptions and analysis of facts pertaining to jobs, the staffing function consists of locating/identifying suitable people to fit into the jobs.

(i) Recruitment of personnel involves the use of several general techniques including (1) personal data sheets or resumes; (2)

batteries of tests measuring achievement, aptitude, proficiency, personality, and interests; and (3) interviews with the screened prospective candidates.

(ii) After recruiting the personnel, the staffing function shifts to selection, where shortlisted candidates are processed until appointment is made.

(iii) The continuing administration of human assets of the organisation involves the planning and implementing a system of performance appraisal, followed by the development of an appropriate compensation system so as to reward the personnel in an equitable and feasible manner.

(iv) Since the ever-increasing demands of the organisation call for continual improvement of the qualifications of its personnel, the staffing function is also expected to devote a major portion of its efforts to special programmes of employee training and development.

Such efforts include—(i) the use of orientation sessions; (ii) apprentice training ; (iii) programmed instructions ; (iv) formal short courses administered by the organisation ; and (v) support of continuing education offered by educational institutions.

(v) In addition to the aforesaid functions, the human resource administration deals with handling grievances and the resolution of conflicts of personnel in their performances of duties.

Of the various techniques available, for this part of the staffing function, suggestions systems, grievance procedures in conjunction with union representatives in organised plants and improved participation of employees are important.

It is thus clear that most of the businesses have been adopting programmes for management development because the conventional method of selecting, training and grooming management personnel have been found to be inadequate for the present day needs. The demand for professional managers has been continuously increasing because of several factors like – (i) the growth of decentralisation; (ii) the expanding size of business; (iii) the steady progress of technology; (iv) the complexities of business etc.

A sound programme for management development can alone ensure a steady supply of qualified managers as per the specific needs of the enterprise. Such programme not only develops personal qualities of managers, but it also attracts resourceful and

talented persons to the enterprise, because of the reputation of the enterprise as the developer of skilled and able managers.

Such a programme can be effective only when it is supported by all other managers of the enterprise. A rule can, however, be framed to the effect that no manager would be promoted unless he leaves behind an equally good successor through coaching and counselling. Such a rule can certainly make the programme quite successful.

Such a rule may motivate every manager to take responsibility for ensuring the continuity of his group. Constant supply of qualified and dedicated employees is essential to fill various positions in an organisation.

The foregoing analysis emphasises that it is suicidal to underemphasise the role of staffing function just because the management is pre-occupied with its day-to-day affairs. Most enterprises have died premature death because of the lack of the continuity of management.

It is interesting to note that Staffing has been recognised as a distinct and important function of management only in recent years. Earlier it was thought as a part of the organising function.

Steps in the Process of Staffing

1. Baseline Information

Information regarding employees, the job description, the age and the designation, the years of work etc. needs to be maintained within the organization. An up to date inventory is very much crucial for carrying out the planning of the man power.

2. Estimating manpower requirement

Maintaining (i) baseline information on positions, skills and personnel, and (ii) estimating manpower requirements is part of Human Resource Planning. Staffing process begins with the estimation of manpower requirement which means finding out number and type of employees needed by the organisation in near future. Manpower requirement is not only to find out number of people needed but also the type of people - qualification, educational background etc. While assessing the type of manpower required, the company should also make have policies related to positive affirmation regarding number of people to be appointed from backward classes, women, minorities, etc.

For estimating manpower requirement, the company should take following three steps:

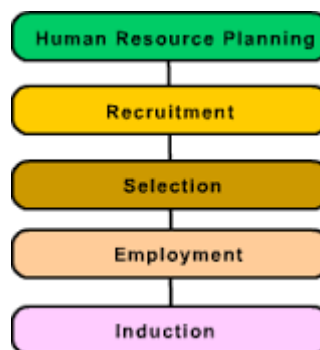
- (i) Work load Analysis.
- (ii) Workforce Analysis.
- (iii) Comparing both to find out requirement.

Workload Analysis: This requires finding number and type of employees required to perform various jobs designed in organisational structure.

Workforce Analysis: It means analysing existing workforce or employees already occupying positions and how many of them are overburdened or underworked.

Comparison: After performing work load analysis and workforce analysis, the manager determines if there is an excess of work load over workforce, indicated under staffing. Excess of workforce over work load indicates over staffing h should result in redeployment or transfer, or in the extreme case, retrenchment.

Both overstaffing as well as understaffing are undesirable.



3. Recruitment

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organisation. When more persons apply for jobs then there will be better scope for recruiting better persons. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs. In simple words, the term recruitment refers to discovering the source from where potential employees may be selected. The scientific recruitment process leads to higher productivity, better wages, high morale, reduction in labour turnover and enhanced reputation.

Recruitment is concerned with reaching out, attracting, and ensuring a supply of qualified personnel. This is the initial stage of the process of selection followed by the next which is selection and placement.

[a] Position Announcement

1. Involves advertising, informing Recruiting Agencies, approaching the Employment Exchange, Education Institutions for Campus Interviews, Personnel or Manpower Consultants, Labour Contractors, considering recommendations etc.
2. Also at times, involves announcing it within the company itself.
3. The management of the organization has a choice to consider (i) transfer or promotion of internal staff for filling certain vacancies or (ii) calling outsiders for the filling of the various vacancies.

The advantages of internal recruitment are that:

- Economic: Considerable savings can be made. Individuals with inside knowledge of how a business operates will need shorter periods of training and time for 'fitting in'.
- Familiarity: The organisation is unlikely to be greatly 'disrupted' by someone who is used to working with others in the organisation.
- Motivational Value: Internal promotion acts as motivation and an incentive to all staff to work harder within the organisation.
- Reducing Risk: From the firm's point of view, the strengths and weaknesses of an insider will have been assessed. There is always a risk attached to employing an outsider who may only be a success 'on paper'.

The disadvantages of internal recruitment are:

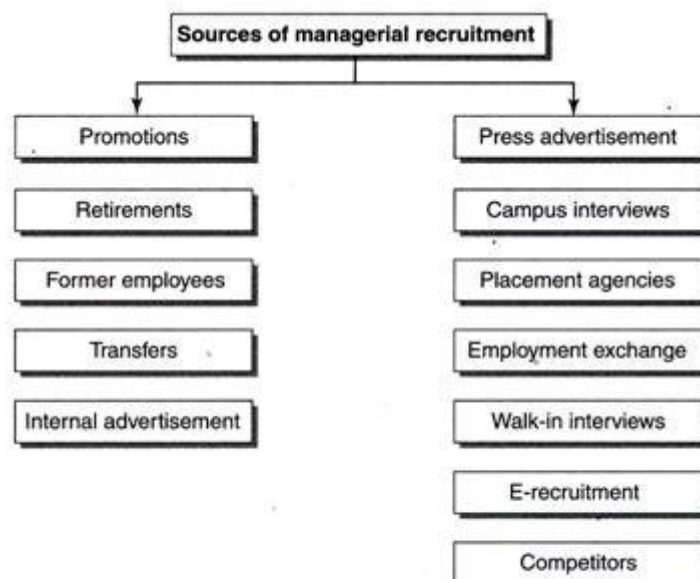
- You will have to replace the person who has been promoted
- Promotion of one person in a company may upset someone else. May cause resentment amongst internal candidates not appointed .
- Reduced choices as it limits the number of potential applicants .
- No new ideas can be introduced from outside . Also, an insider may be less likely to make the essential criticisms required to get the company working more effectively .
- Creates another vacancy which needs to be filled

The advantages of external recruitment are:

- Outside people bring in new ideas
- Larger pool of workers from which to find the best candidate
- People have a wider range of experience
- The competition from external sources can motivate internal efficiencies at work.

The disadvantages of external recruitment are:

- Longer, more expensive process due to advertising and interviews required . The costs generally incurred in a recruitment process include - (i) Salary of recruiters (ii) Cost of time spent for preparing job analysis, advertisement (iii) Administrative expenses (iv) Cost of outsourcing or overtime while vacancies remain unfilled (v) Cost incurred in recruiting unsuitable candidates.
- Selection process may not be effective enough to reveal the best candidate.
- Frustration amongst internal resources who have reduced chances of promotions.



4. Major steps that are or can be performed during the position announcement can be summarized as follows:

- Advertising with the media - details of job description is advertised and details of candidates qualification, knowledge, skills, abilities, interest and experience are invited in the form of an application.

- Deciding the selection criteria.
- Deciding the ways for carrying out the interviews

[b] Screening and Short Listing

Suitability for a job is typically assessed by looking for skills, e.g. professional skills, communication skills, typing skills, computer skills. Evidence for these skills required for a job may be ascertained in the following ways:

1. Primary level interviews
2. Resume or Curriculum Vitae - qualifications (educational or professional), experience in a job requiring the relevant skills.
3. Testimony of references.
4. Computerized tests
5. Preliminary written tests

As the limit of the period within which the company is supposed to receive applications ends, the applications are sorted out. Applications are screened against the qualification, knowledge, skills, abilities, interest and experience mentioned in the job specification. Accordingly candidates are 'short-listed', to be selected through interviews and other selection methods.

Those with incomplete applications and applicants with un-matching job specifications get rejected.

4. Selection

Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job.

Finding the interested candidates who have submitted their profiles for a particular job is the process of recruitment. The recruitment process has a wide coverage as it collects the applications of interested candidates. Choosing the best and most suitable candidates among them is the process of selection. The selection process narrows down the scope and becomes specific when it selects the suitable candidates.

A scientific and logical selection procedure leads to scientific selection of candidates. The criterion finalized for selecting a candidate for a particular job varies from company to company. The following component steps are possible activities undertaken during this stage as found applicable:

[1] Written tests: As the final list of candidates becomes ready

after the scrutiny of applications, the written test is conducted. This test is conducted for understanding the technical knowledge, attitude and interest of the candidates. This process is useful when the number of applicants is large.

Many times, a second chance is given to candidates to prove themselves by conducting another written test.

[2] Psychological tests: These tests are conducted individually and they help for finding out the individual quality and skill of a person. The types of psychological tests are aptitude test, intelligence test, synthetic test and personality test

[3] Personal interview: Candidates proving themselves successful through tests are interviewed personally. The interviewers may be individual or a panel. It generally involves officers from the top management.

The candidates are asked several questions about their experience on another job, their family background, their interests, etc. They are supposed to describe their expectations from the said job. Their strengths and weaknesses are identified and noted by the interviewers which help them to take the final decision of selection.

[4] Reference check: Generally, at least two references are asked for by the company from the candidate. Reference check is a type of crosscheck for the information provided by the candidate through their application form and during the interviews.

[5] Medical examination: Physical strength and fitness of a candidate is must before they takes up the job. In spite of good performance in tests and interviews, candidates can be rejected on the basis of their ill health.

[6] Final selection: At this step, the candidate is given the appointment letter to join the organization on a particular date. The appointment letter specifies the post, title, salary and terms of employment. Generally, initial appointment is on probation and after specific time period it becomes permanent.

- It is very necessary to communicate the results of an interview immediately as far as possible as a part of the business etiquette.
- Those who are selected should be given the appointment letter.
- Those who are not selected should be informed immediately as with the help of this, the anxiety in

these persons can be decreased.

- A point that is very necessary is that the confirmation about the candidates who are joining must be obtained.

Difference - Recruitment and Selection

Basis	Recruitment	Selection
Meaning	It is an activity of establishing contact between employers and applicants.	It is a process of picking up more competent and suitable employees.
Objective	It encourages large number of Candidates for a job.	It attempts at rejecting unsuitable candidates.
Process	It is a simple and positive process.	It is a complicated, negative process.
Hurdles	The candidates donot have to cross over many hurdles.	Many hurdles have to be crossed.
Sequence	It preceeds selection.	It follows recruitment.
Economy	It is an economical process.	It is an expensive process.
Time Consuming	Less time is required.	More time is required.

5. Placement

This is a final step. A suitable job is allocated to the appointed candidate so that they can get the whole idea about the nature of the job. They can get adjusted to the job and perform well in future with all capacities and strengths.

Placement refers to occupying of post by the candidate for which he is selected. After selection, the employee is given an appointment letter and is asked to occupy the vacant job position.

6. Induction

Induction is an orientation process and refers to introduction of new employees to the existing employees large organisations organise orientation programmes to familiarize the new employees with the existing whereas in small organisations superior takes the new employees on round and introduces him to the existing employees.

- a. Induction can be defined as the process of welcoming a new person to his new job.
- b. For properly utilizing the potential of the new employee, it is very necessary that the new person assimilates the work ethos and the culture.
- c. The new person should be made comfortable and familiar to the day to day activities.
- d. The work manual that includes the rules and regulations of an organization is also given to the new person.
- e. An identity card is also given to the new person.

7. Training and Development

Training and development is the official and ongoing educational activities within an organization designed to enhance the fulfillment and performance of employees. Training and development programs offered by a business might include a variety of educational techniques and programs that can be attended on a compulsory or voluntary basis by staff.

To improve the competence of employees and to motivate them it is necessary to provide training and development opportunities for employees so that they can reach to top and keep improving their skill. Organisations may have in house training centres or arrange with some institutions to provide training for their employees. Training and development not only motivate employees but these improve efficiency of work also.

Training and development is vital part of the human resource development. It is assuming ever important role in wake of the advancement of technology which has resulted in ever increasing competition, rise in customer's expectation of quality and service and a subsequent need to lower costs. It is also become more important globally in order to prepare workers for new jobs.

Noted management author Peter Drucker said that the fastest growing industry would be training and development as a result of replacement of industrial workers with knowledge workers. In United States, for example, according to one estimate technology is de-skilling 75 % of the population. This is true for the developing nations and for those who are on the threshold of development. In Japan for example, with increasing number of women joining traditionally male jobs, training is required not only to impart necessary job skills but also for preparing them for the physically demanding jobs. They are trained in everything from sexual harassment policies to the necessary job skills.

The need for Training and Development

Training is necessary for the individual development and progress of the employee, which motivates him to work for a certain organisation apart from just monetary reasons. We also require training to update employees with the market trends, the change in the employment policies etc.

The following are the two biggest factors that contribute to the increased need to training and development in organisations:

Change: The word change encapsulates almost everything. It is one of the biggest factors that contribute to the need of training and development. There is in fact a direct relationship between the two. Change leads to the need for training and development and training and development leads to individual and organisational change, and the cycle goes on and on. More specifically it is the technology that is driving the need; changing the way how businesses function, compete and deliver.

Development: It is again one the strong reasons for training and development becoming all the more important. Money is not the sole motivator at work and this is especially very true for the 21st century. People who work with organisations seek more than just employment out of their work; they look at holistic development of self. Spirituality and self awareness for example are gaining momentum world over. People seek happiness at jobs which may not be possible unless an individual is aware of the self. At ford, for example, an individual can enrol himself / herself in a course on 'self awareness', which apparently seems inconsequential to ones performance at work but contributes to the spiritual well being of an individual which is all the more important.

Difference - Training and Development

Basis	Training	Development
Timing	Participants gain knowledge to carry out their current responsibilities.	Prepares employees for additional job roles for the long term.
Objective	Process by which employees are taught critical skills to produce performance changes in participants.	Development deals with personalized programs like the individual's personal growth, professional growth, career path, succession planning.
Needs	Determining training needs involves assessing employee performance to develop skills-gap analysis.	Changes in the company's mission or value statements often dictate the need for management development to match the new direction.
Method	Imparted through formal sheduled group events like workshops, classes or seminars.	Development tends to refer to more individualized experiences such as a certification courses, job rotation, coaching or mentoring that have informal schedules.
Benefits	Benefits employers by developing team skills required to achieve organizational goals. Training programs motivate employees to reach higher standards, improve operational efficiency and increase customer satisfaction.	Longer term, management - development programs prepare employees for promotional opportunities and tend to decrease employee turnover, increase morale and spark innovation and creativity.

What is human resource development and what are the functions of HRD?

A human resource development is a set of planned and systematic activities designed by an organization to provide opportunities to its members to learn skills necessary for the present and future job requirements. The process of HRD involves the development of expertise in the employee through organizational development and training and development. The aim of HRD is to improve the performance of the employees. The three main areas of human resource development are human resource management, quality improvement and career development.

The main functions of HRD are:-

1. Training and development

Training and development is aimed at improving or changing the knowledge skills and attitudes of the employees. While training involves providing the knowledge and skills required for doing a particular job to the employees, developmental activities focus on preparing the employees for future job responsibilities by increasing the capabilities of an employee which also helps him perform his present job in a better way. These activities start when an employee joins an organization in the form of orientation and skills training. After the employee becomes proficient, the HR activities focus on the development of the employee through methods like coaching and counseling.

2. Organization Development

OD is the process of increasing the effectiveness of an organization along with the well being of its members with the help of planned interventions that use the concepts of behavioral science. Both micro and macro changes are implemented to achieve organization development. While the macro changes are intended to improve the overall effectiveness of the organization the micro changes are aimed at individuals or small groups. Employee involvement programmes requiring fundamental changes in work expectation, reporting, procedures and reward systems are aimed at improving the effectiveness of the organization. The human resource development professional involved in the organization development intervention acts as an agent of change. He often consults and advises the line manager in strategies that can be adopted to implement the required changes and sometimes becomes

directly involve in implementing these strategies.

3. Career development

It is a continuous process in which an individual progresses through different stages of career each having a relatively unique set of issues and tasks. Career development comprises of two distinct processes. Career Planning and career management. Whereas career planning involves activities to be performed by the employee, often with the help of counselor and others, to assess his capabilities and skills in order to frame realistic career plan. Career management involves the necessary steps that need to be taken to achieve that plan. Career management generally focus more on the steps that an organization that can take to foster the career development of the employees.

DIRECTING

DIRECTING is said to be a process in which the managers instruct, guide and oversee the performance of subordinates to achieve predetermined goals. It is a process or technique by which instructions can be issued and operations be carried out as per plan. Directing is said to be the heart of management process. Planning, organizing, staffing depend on the directing function for implementation success. It is a basic management function that includes building an effective work climate and creating opportunity for motivation, supervising, scheduling, and disciplining.

Importance of Directing Function

Directing or Direction function is said to be the central point around which accomplishment of goals take place. A few philosophers call Direction as "Life spark of an enterprise". It is also called as an actuating function of management because it is through direction that the operation of an enterprise actually starts. Being the central character of enterprise, it provides many benefits to a concern which are as follows:-

[1] It Initiates Actions - Direction is the function which is the starting point of the work performance of subordinates. It is from this function that action takes place, subordinates understand their jobs communicated to them and work according to the communicated instructions laid out before them in the form of processes, procedures and standards.

[2] It Integrates Efforts - Through direction, the superiors are able to guide, inspire and instruct the subordinates to work. It is through direction that the efforts of every department can be related and integrated with every other department. This can be done through persuasive leadership and effective communication. Integration of efforts bring effectiveness which are required for achieving goals in a concern.

[3] Means of Motivation - In the pursuit of growth in business and other such goals, a manager makes use of the element of motivation to improve the performances of subordinates. This can be done by providing incentives or compensation, whether monetary or non - monetary, which serves as a "morale booster" to the subordinates.

[4] Coping with changes - It is the average human behaviour to show resistance to change. Adaptability with changing environment helps in sustaining planned growth and becoming a market leader. It is the directing function that deals with changes in environment, both internal and external. Effective

communication helps in coping up with these changes. It is the role of manager here to communicate the nature and contents of changes very clearly to the subordinates. This helps in clarifications, easy adaptations and smooth running of a changing enterprise.

Technological changes - For example, if a concern shifts from handlooms to powerlooms, an important change in technique of production takes place. The resulting factors are less of manpower and more of machinery. This can be resisted by the subordinates. If jobs are not at stake, the manager can communicate that the change was to the benefit of the employees. Through more mechanization, production increases and thereby the profits. Indirectly, the subordinates are benefited out of that in form of higher remuneration.

Cultural changes - Incompatibility of organizational cultures is the number one cause of failure and chronic dysfunction in mergers and acquisitions (M& A) situations. A majority of them fall far below expectations or fail. These failures are largely avoidable if you attend to the human factors and cultural issues throughout the process. Problems that arise due to critical differences in values, management style, structure, internal processes, behavior patterns and the philosophy or practices between the two entities can be addressed in a timely manner by the Directing function of Management, once the merger is approved.

[5] Efficient Utilization of Resources - Resources can be utilized properly there are procedures and guidelines to reduce (i)wastage, (ii)duplication of efforts, (iii)overlapping of performances, etc. Through direction, the role of subordinates become clear as the manager makes use of his supervisory, guidance, instructional and motivation skills to inspire the subordinates. This helps in maximum possible utilization of resources of men, machine, materials and money which helps in reducing costs and contributes to increasing profits.

[6]It Provides Stability - Stability and balance in a business organisation becomes very important for long term survival in the market. This can be brought upon by the managers with the help of four tools or elements of the direction function -

- (i) judicious blend of persuasive leadership,
- (ii)effective communication,
- (iii)strict supervision and
- (iv) efficient motivation.

Stability is very important since that is an index of growth of an

enterprise. Therefore a manager can use of all the four traits in him so that performance standards can be maintained.

The manager makes use of the four elements of direction here so that work can be accomplished in a proper and right manner. According to Earnest Dale, "Directing is what has to be done and in what manner through dictating the procedures and policies for accomplishing performance standards". Therefore, it is rightly said that direction is essence of management process.

Principles of directing

(1) Principle of Maximum Individual Contribution

According to this principle, management should adopt that directing policy through which the employees get motivated and give their maximum individual contribution for the achievement of organisational objective.

(2) Principle of Harmony of Objectives

According to this principle, there must be full coordination between organisational and individual objectives. Employees work in an organisation with an objective to get better remuneration, promotion, etc. On the other hand, organisational goal can be to earn more profits and to increase market share.

Sometimes it is seen that there is a conflict between the objectives of both the parties, e.g., organisation wants that it should get a major share of profit whereas employees perceives that as they work directly on the job, more profit must be shared among them in the form of bonus.

Management here must establish coordination between the objectives of both the parties/factors by adopting suitable methods of direction.

(3) Principle of Unity of Command

According to this principle, a subordinate should get directions from one manager at a time. If the subordinate gets directions from more than one officer, the subordinate will be unable to prioritise his work. As a result, a situation of confusion and conflict is created. By following 'Unity of Command', effective direction takes place.

(4) Principle of Appropriateness of Direction Technique

According to this principle, appropriate techniques of direction should be used, e.g., to supervise effectively, to provide able leadership, to adopt free communication and to motivate through right medium.

(5) Principle of Managerial Communication

According to this principle, management should monitored whether proper communication has occurred in that the subordinates get the same meaning as what has been said. This simplifies the job of the subordinates and they need not go to the managers repeatedly for clarification.

(6) Principle of Use of Informal Organisation

According to this principle, there must be a free flow of information between the seniors and their subordinates. The success of direction depends upon effective exchange of information to a great extent.

Information should flow both through formal and informal mediums. Special attention should be given to the informal organisation. This strengthens the formal organisation.

(7) Principle of Leadership

According to this principle, while giving directions to the subordinates, good leadership must be provided by the managers. By this, subordinates get influenced by the managers. In this situation, subordinates act according to the requirements of the managers.

(8) Principle of Follow Through

According to this principle, it must be monitored by management as to what extent the policies framed and issued directions have been enforced. Thus, it must be seen whether the employees are following the management or not. As per this principle, the job of managers is not to sit idle after framing policies or issuing directions but to continuously take feedback. The advantage of this will be that if there is any problem in implementing a policy or a direction it can be addressed immediately.

Elements of Directing

The following functions are considered as elements of Directing

(1) Supervision, (2) Communication, (3) Leadership, and

(4) Motivation.

(1) Supervision

It refers to a more hands-on monitoring of progress made in the routine work of one's subordinates while guiding them properly. Supervision is an important element of the directing function of management. Supervision has an important feature that face-to-face contact between the supervisor and his subordinate is a must.

It also refers to an art of transferring facts, ideas, feeling, etc. from one person to another and making him understand them. A manager has to continuously tell his subordinates about what to do, how to do, and when to do various things. Communication by developing mutual understanding inculcates a sense of cooperation which builds an environment of coordination in the organisation.

(3) Leadership:

Leadership is the ability of a manager to persuade and motivate others to work in a desired manner in order to achieve a predetermined goal. A manager without leadership qualities can at best be obeyed. Leadership plays an important role in directing. Only through this quality, a manager can inculcate trust and zeal among his subordinates.

(4) Motivation:

It refers to that process which induces, inspires or excites people to work for attainment of the desired objective. Among the various factors of production, it is only the human factor which is dynamic and provides mobility to other physical resources ie. if the human resource goes static or lethargic then other resources automatically turn immobile. Thus, it becomes essential to motivate the human resource to keep them dynamic, aware and eager to perform their duty. Both monetary and non-monetary incentives are given to the employees as motivation.

Techniques of direction

Consultative Direction : Here a superior will have consultation with the subordinates before issuing orders. Consultation is carried out in order to know the feasibility, enforceability and nature of problem. Ultimately, the superior has the right to take any decision and give appropriate directions.

Free rein direction :Here subordinates are encouraged to solve the problem independently. Only highly educated, intelligent, experienced and sincere subordinates are given the opportunity to work in an environment relatively free of supervision.

Autocratic direction: This is the opposite of free rein direction. The superior commands his subordinates and exercises close supervision. There is no scope for the subordinates to show initiative.

Features/Characteristics of Directing Function

1. Directing Initiates Action:

Other functions prepare a base or setting for action. Directing initiates action and it is from here actual work starts. By giving directions or instructions the managers get the work started in the organisation. Direction function helps in converting plans into performance. Without this function, people become inactive and physical resources are meaningless.

2. Continuing Function:

Directing is a continuous process. A manager cannot just rest after issuing orders and instructions. He has to continuously guide, supervise and motivate his subordinates. He must continuously take steps to make sure that orders and instructions are carried out in accordance of plan. Direction is a continuous activity as it is continuous throughout the life of an organization.

3. Directing takes place at every level:

Directing is a pervasive function as it is performed by managers at all levels and in all locations. Every manager has to supervise, guide, motivate and communicate with his subordinate to get things done. However, the time spent in directing is comparatively more at operational level of management. Directing takes place wherever superior subordinate relation exists.

4. Directing flows From Top to Bottom:

Directions are given by managers to their subordinates. Every manager can direct his immediate subordinate and take directions from his immediate boss. Directing starts from top level and flows to lower levels of management.

5. Performance Oriented:

Directing is a performance oriented function. The main motive of directing is bringing efficiency in performance. Directing converts plans into performance. Performance is the essence of directing. Directing functions direct the performance of individuals towards achievement of organisational goal.

6. Human Element:

The Directing function is related to subordinates and therefore there is a human element to it. Since human factor is complex and behaviour is unpredictable, the direction function is a delicate one. Directing function involves study and moulding of human behaviour. It improves interpersonal and intergroup relationship. It motivates employees to work with their best ability.

SUPERVISION

The term supervisor is generally used to refer to the managers at the lower level in the organization, who directly supervise non-managerial employees of the company.

As managers, the supervisors perform the same type of work as any other manager in the company. This includes the four basic functions of planning, organizing, directing and and control. However their work requires less of planning and organizing responsibilities as compared to directing/leading and control activities.

Supervision is the overseeing, monitoring and regulating of:

1. processes,
2. delegated activities,
3. responsibilities,
4. or tasks

of a person or group.

Roles of a Supervosor

A supervisor plays multiple roles all at one time:

1. As a Planner - A supervisor has to plan the daily work schedules in the factory. At the same time he has to divide the work between various workers according to their abilities.
2. As a Manager - A supervisor is a part of the management team of an enterprise. He is, in fact, an operative

manager.

3. As a Guide and Leader - A factory or workplace supervisor leads and inspires the workers by guiding them in the performance of their daily tasks.
4. As a Mediator - A Supervisor is called a linking pin between management and workers. He is the spokesperson of management as well as the employee.
5. As an Inspector - An important role of supervisor is to enforce discipline in the factory. For this, the work includes checking progress of work against the time schedule, recording the work performances at regular intervals and reporting the deviations if any from those. He can also frame rules and regulations which have to be followed by workers during their work.
6. As a Counselor - A supervisor plays the role of a counselor to the worker's problem. He has to perform this role in order to build good relations and co-operation from workers. This can be done not only by listening to the grievances but also handling the grievances and satisfying the workers.

Responsibilities and Function of Supervisors

The roles listed above, translate into responsibilities and functions of the supervisor. The supervisor has got an important role to play in management, both in the production of goods or provision of services. Supervision means overseeing the subordinates at work at the 'shop floor' level. The supervisor is a part of the management team and he holds the designation of first line managers. He is a person who has to perform many functions which helps in achieving productivity. Therefore, a supervisor can be called as the only manager who has an important role at execution level. There are certain authors who consider supervisors as workers. There are yet some others who consider them as managers. In reality, he should be called an operations manager. His primary job is to manage the workers at the operative level of management.

Supervisors, being the managers in direct contact with the operatives, have got multifarious function to perform.

1. Planning, Organizing and Scheduling - Supervisor's basic role is to plan the daily work schedule of the workers by guiding them with the nature of their work and also dividing the work amongst the workers according to their aptitudes, skills and interests. He must also ensure timely supply of material, equipment, and other inputs required by them for doing their work.

2. Provision of working conditions - A supervisor plays an important role in the physical setting of the production or service environment and in arranging the physical resources at the right place. This involves providing proper working space, ventilation, lighting, water facilities etc. to workers. His main responsibility here to provide healthy, hygienic and ergonomic conditions to the employees.
3. Issuing Orders and Instructions - Physically supervise the operational work carried out by employees reporting to them, by directly instructing employees under them on the work to be carried out and the methods to be adopted.
4. Monitoring Performance - Controlling is an important function performed by supervisor. This will involve :
 - Recording the actual performance against the time schedule.
 - Checking of progress of work.
 - Finding out deviations if any and finding solutions
 - If not independently solved, reporting it to top management.
5. Introducing new work methods - The supervisor has to be conscious about the environment in the market and competition around. Therefore he should be in a position to recognise opportunities to innovate the techniques of production or provision of a service.
6. Leadership and Guidance to Subordinates - A supervisor is the leader of the employees under him. He leads the employees and influences them to work to the best of their abilities. He also guides the workers by fixing production targets and by providing them instruction and guidelines to achieve those targets. He also provides guidance and on the job training required by employees during the course of their work.

Being a leader, a supervisor also plays an important role to motivate employees by providing different incentives to perform better. There are different monetary and non-monetary incentives which can inspire the workers to work better.

7. Grievance Handling - The supervisor can handle the grievances of the workers effectively since:
 - He is in direct contact with employees.
 - He has their confidence by solving their problems.
 - By taking worker problems on humanitarian grounds.
 - He is also in touch with senior management, and if he cannot tackle a grievance independently, he can escalate it.

8. Communication Channel, Linking Pin - He acts as a channel of communication between higher management and the workmen. This involves explaining management policies and other directive to the workmen, and conveying their feelings and requirement to higher management.
9. Maintain order an discipline in the workplace - A supervisor can undertake many steps to maintain discipline in the organisation by regulating checks and measures, strictness in orders and instructions, and keeping an account of general discipline. He is in a position to resolve any disputes or other problems in the workplace. In case these require intervention of managers at a higher level, the supervisor needs to inform and brief them appropriately. He must recommend disciplinary action for employees breaking discipline and not responding to warnings and advise of supervisors.
10. Reporting - A supervisor has got an important role to report about the cost, output, performance, quality, etc. continually to the management.

A supervisor who performs his functions satisfactorily contributes directly to:

- Higher productivity,
- High Morale of Workers,
- Achieving satisfying working conditions,
- Improving human relations,
- Higher Profits, and
- High Organisational Stability

Span of Control

The number of subordinates that a manager or supervisor can directly control is termed Span of Control. The concept of "Span of Control," also known as management ratio, refers to the number of subordinates controlled directly by a superior. This number varies with the type of work: for example, complex, variable work reduces it to six, whereas routine, fixed work increases it to twenty or more.

Origins - The concept of span of control was developed in the United Kingdom in 1922 by Sir Ian Hamilton. It arose from the assumption that managers have finite amounts of time, energy, and attention to devote to their jobs. In studies of British military leaders, Hamilton found that they could not effectively control more than three to six people directly. These figures have been generally accepted as the "rule of thumb" for span of control ever

since. More than a decade later, A.V. Graicumas illustrated the concept of span of control mathematically. His research showed that the number of interactions between managers and their subordinates—and thus the amount of time managers spent on supervision—increased geometrically as the managers' span of control became larger.

Decrease in Effectiveness - All managers experience a decrease in effectiveness as their span of control exceeds the optimal level. In other words, the limitations implied by span of control are not shortcomings of certain individual managers but rather of managers in general. In addition, it is important to understand that span of control refers only to direct reports, rather than to an entire corporate hierarchy. (Even though a CEO may technically control hundreds of employees, his or her span of control would only include the department heads or functional managers who reported to the CEO directly.)

Optimizing The Manager's/Supervisor's Span Of Control

Establishing the optimal span of control for managers is one of the most important tasks in structuring organizations. Finding the optimal span involves balancing (i) the relative advantages and disadvantages of retaining responsibility for decisions and (ii) delegating those responsibilities regarding decisions.

In general, studies have shown that the larger the organization, the fewer people should report to the top person. Managers should also have fewer direct reports if those subordinates interact with each other frequently. In this situation, the supervisor ends up managing both his or her relationship with the subordinates and the subordinates' relationships with one another.

Factors in Determining Proper Span of Control

1. Nature of work:

The span of control greatly depends upon the nature of activities and problems faced by the supervisor, which in turn will depend on nature and size of production. In case the supervisor carries routine type of job under set guidelines, he need not devote much time on the workers under him. As the job is repetitive in nature, span of supervision or control can be larger. In other words, a supervisor can control more workers under him.

On the other hand, in case of complex and complicated jobs it would be difficult for the supervisor to control large number of workers effectively. The span of control will be narrow in such

cases.

2. Ability of the supervisor:

The ability and skill of the supervisor greatly affects determination of span. A highly qualified and experienced supervisor with specialised knowledge and technical skill will be able to undertake effectively a larger span than a supervisor who is not well qualified and experienced.

3. Competence of the subordinates:

The span of control supervision is also greatly affected by the quality of the subordinates to be supervised. If subordinates are by and large experienced, hard working and skilled in their jobs, the supervisor can manage large number of workers and span can be more. The supervisor can rely on the performance of the workers and he need not guide them time and again once instructions are issued to them.

If the staff under the control of supervisor is inexperienced and inefficient (say comprising of new employees), the subordinates would refer to the supervisor every now and then for clarifications and guidance. The span of control in such a case will be narrow.

4. Ability of staff services:

The term 'staff' means the appointment of experts/consultants in the line organisation for guiding, advising, and expert opinion to the line officers. The supervisor or line superior is greatly benefited and relieved by the staff advice. He can manage large number of subordinates and the span will be large. If staff services are not available, lesser number of subordinates should be put under the control of one supervisor which will lead to narrow span.

5. Availability of time and energy with the supervisor:

The availability of time with the supervisor will depend upon the type of the problems, simple or complex, tackled by him and he has to do many other things like preparation of reports and planning. If he is busy in these complexities, he will not be able to manage large number of subordinates. Here the span of control will be narrow.

6. Delegation of authority:

Where subordinates are delegated authority sufficient to carry out

the assigned duties, and their authorities are clearly defined, properly trained subordinates will considerably reduce the time and attention of the senior and thus help to increase his span.

7. Degree of decentralization:

In a centralised structure, the upper levels of an organisation's hierarchy retain the authority to make decisions. In a decentralised structure the authority to take decisions is passed down to units and people at lower levels.

If a supervisor is to make many decisions himself (probably a scenario in a decentralised environment), he will have less time to spare from supervising the work of his subordinate and thus must operate with a narrow span. On the other hand, a supervisor operating under a more centralized set-up is relieved of much of the burden of decision making.

A more senior manager operating under a more decentralized set-up is relieved of much of the burden of decision making for the subordinate managers and hence can afford to supervise relatively a larger number of subordinates.

8. Planning required by the supervisor:

As the importance, complexity and time required of the manager in performing his planning function increases, it will be more prudent to reduce the number of subordinates reporting to him.

9. Use of objective standards:

Supervising the subordinates requires that management must know how far plans are being followed and to what extent their performance tends to deviate from plans. He can know the deviations either by personal observation or through use of objective standards. If objective standards are in place, manager is saved of many time-consuming interventions and can concentrate on points of strategic importance thus widening his span of control.

10. Territorial contiguity of functions supervised:

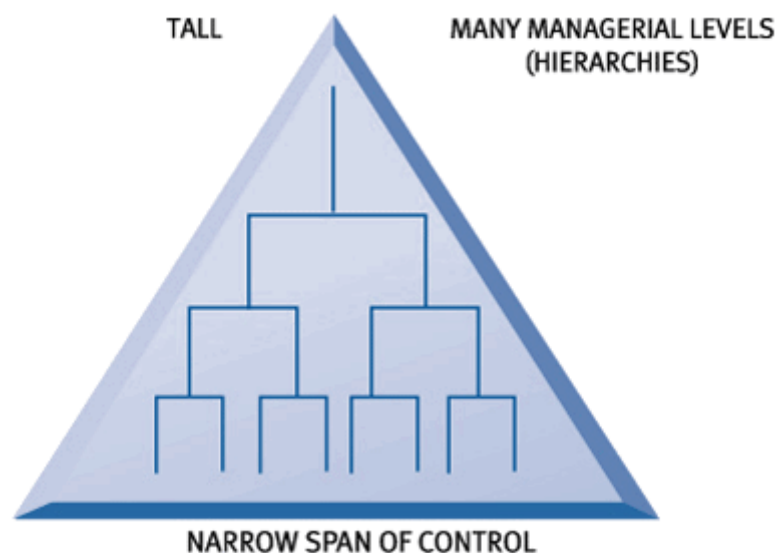
Where functions are geographically separated, supervision of components and personnel becomes more difficult and time consuming. The manager must spend considerable time in visiting the separate units and frequently make use of more time consuming formal means of communication. Geographic contiguity of functions supervised by the manager, therefore, operates to reduce his span

of control.

Apart from the factors mentioned above, rapidity of change, control and information techniques developed and number of other factors also influences the supervisor's span. While determining the actual span of control for each of the managerial positions in the organisation, the organisation analyst should evaluate these factors for each managerial position separately and on the basis of his experience the effective span should be recommended.

There are advantages and disadvantages to different spans of control.

1. A narrow span of control tends to give managers close control over operations and to facilitate fast communication between managers and employees. On the other hand, a narrow span of control can also create a situation where managers are too involved in their subordinates' work, which can reduce innovation and morale among employees.



2. A wide span of control forces managers to develop clear goals and policies, delegate tasks effectively, and select and train employees carefully. Since employees get less supervision, they tend to take on more responsibility and have higher morale with a wide span of control. On the other hand, managers with a wide span of control might become overloaded with work, have trouble making decisions, and lose control over their subordinates.

Growing Business - It is a particularly important concept for small business owners to understand because small businesses often get into trouble when the founder ends up with too wide a span of

control. Entrepreneurs and small business owners are particularly susceptible to overextending their span of control. Many of these people have started a business from the ground up and are wary of losing control over its operations. They thus choose to manage lots of people directly, rather than delegating tasks to middle managers, in an effort to continue being involved in key decisions as the business grows. Extending span of control beyond the recommended limits results in poor morale, hinders effective decision making, and may cause loss of the agility and flexibility that give many entrepreneurial firms their edge. With all of these factors to consider, small business owners might become overwhelmed with the task of finding the optimal span of control.

For small business owners who feel that they have too many direct reports and need to reduce their span of control, the solution may involve either hiring middle managers to take on a portion of the owner's responsibilities, or reorganizing the reporting structure of the company. In either case, small business owners must balance their own capabilities and workload against the need to control costs. After all, reducing the entrepreneur's span of control may involve the costs of paying additional salaries for new hires or training existing employees to take on supervisory responsibilities. Despite the potential costs involved, adjusting span of control toward the optimal level can lead to vast improvements for small businesses towards rapid, sustained and profitable growth.

DISTINCTION BETWEEN DIRECTING AND SUPERVISION

On the surface, there is little perceptible difference between direction and supervision, since both are concerned with initiating action. The similarities are:

1. Both are concerned with initiating action.
2. Both involve issuance of orders, instructions, etc. to subordinates.
3. Both seek to motivate the subordinate staff and provide leadership so that the pre-determined goals are effectively accomplished.
4. Also, both consist of maintaining discipline among subordinates.

However, despite similarity of functions between direction and supervision, the subtle and explicit differences are structural.

DIRECTING	SUPERVISION
Managers perform the directing function, which implies the directing or supervisory interaction between different levels of managers takes place.	Supervisors are the lowest level managers who deal directly with workers and employees engaged in basic operations.
While directing, all levels of management have subordinates who are managers themselves.	While supervising, the lowest level managers have subordinates who are operational staff.
A Manager's supervision of a subordinate manager is called directing.	Generally, supervision is one of the functions of the manager in the limited area of operations.

MOTIVATION

Motivation is literally the desire to do things. Motivation is a state of mind. High motivation leads to high morale and greater production. A motivated employee gives his best to the organization. He stays loyal and committed to the organization.

It is the internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal.

In order to better understand motivation, we need to understand the meaning of the three inter-related terms:

Motive - It is an emotion, desire, physiological need, or similar impulse that acts as an incitement to action.

Motivation - It is a process that stimulates people to act in order to achieve the predetermined goals.

Motivators - Tools and mechanisms used to motivate people in an organisation.

Characteristics of Motivation

From a manager's point of view motivation is the process to energise, direct and sustain your subordinates' efforts to attain the goals. The main characteristics of motivation are:

(1) Motivation is an Internal Feeling:

Motivation is a psychological concept and has to come from within each individual. Needs appear in the mind of an individual which affect his behaviour. He wants to do some work in order to satisfy those needs. There are two desire based factors in motivation -(a) Fundamental needs, such as food, clothes and shelter and (b) Ego-satisfaction including self-esteem, recognition from others, opportunities for achievements, self-development and self actualization which act as powerful though unconscious, motivator of behaviour. Inner motivation can be more decisive for behaviour than any external influence.

(2) Motivation Produces Goal-directed Behaviour:

Motivation is a power which leads the employees to the achievement of their goal. The behaviour of the motivated employees clearly shows that they are inclined towards the achievement of their goal. For example, promotion is a technique of motivation. The employees who desire to be promoted definitely improve their work performance.

(3) Motivation can be either Positive or Negative:

There are two types of employees from the point of view of motivation - those who are conscientious as well as shirkers. Those employees who are conscientious in the true sense of the word are encouraged with some awards. This is called positive motivation.

On the other hand, those workers who are by nature shirkers are encouraged to work with the threat of demotion, suspension or termination. Such people start working because of the fear factor. This is an example of negative motivation.

(4) Motivation is a Complex Process:

All the people working in an organisation are different in nature. All have different needs. Therefore, everybody cannot be motivated with only one motivator. Keeping in mind the needs of the person concerned, monetary and non-monetary techniques are used. Therefore, it is a complex process.

(5) Motivation is an Unending Process:

Man is a social animal. As a social animal he has innumerable wants which induce him to work. If one basic need is adequately

satisfied for a given individual it loses power as a motivator and does not determine his current behaviour but at the same time others needs continue to emerge.

Wants are innumerable and cannot be satisfied at one time. It is an unending process so the process of motivation is also unending to induce the person to satisfy his innumerable wants. The importance of motivation is to keep it alive and not to let it dwindle.

Maslow's Hierarchy of Needs Theory

Abraham Maslow is well renowned for proposing the Hierarchy of Needs Theory in 1943. This theory is a classical depiction of human motivation. This theory is based on the assumption that there is a hierarchy of five needs within each individual. The urgency of these needs varies.



The theory defines need as a state of feeling a lack of something, and an effort to fulfill what is lacking.

These five needs are as follows-

1. Physiological needs- These are the basic needs of air, water, food, clothing and shelter. In other words, physiological needs are the needs for basic amenities of life. Managers should give employees appropriate salaries to purchase the basic necessities of life. Breaks and eating opportunities should be given to employees.
2. Safety needs- Once basic needs are satisfied, higher order needs become the focus. Safety needs include physical, environmental and emotional safety and protection. For instance- Job security, financial security, protection from animals, family security, health security, etc. Managers should provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain

them.

3. Social needs- Social needs include the need for love, affection, care, belongingness, and friendship. The management should encourage teamwork and organize social events.
4. Esteem needs- Esteem needs are of two types: internal esteem needs (self-respect, confidence, competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration). The managers can appreciate and reward employees on accomplishing and exceeding their targets. The management can give the deserved employee higher job rank / position in the organization.
5. Self-actualization need- This include the urge to become what you are capable of becoming / what you have the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social-service, creativity and being aesthetic. The self-actualization needs are never fully satiable. As an individual grows psychologically, opportunities keep cropping up to continue growing. Managers can give the employees challenging jobs in which the employees' skills and competencies are fully utilized. Moreover, growth opportunities can be given to them so that they can reach the peak. The managers must identify the need level at which the employee is and then those needs can be utilized as a push for motivation.

According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. Maslow grouped the five needs into two categories - Higher-order needs and Lower-order needs. The physiological and the safety needs constituted the lower-order needs. These lower-order needs are mainly satisfied externally. The social, esteem, and self-actualization needs constituted the higher-order needs. These higher-order needs are generally satisfied internally, i.e., within an individual. Thus, we can conclude that during boom period, the employees lower-order needs are significantly met.

Monetary and Non-Monetary Factors of Motivation

The motivational factors that motivate a person to work and which can be used to enhance their performance can be classified into two categories-monetary factors and non-monetary factors.

[A] Monetary Factors:

Monetary factors are extrinsic to work, such as the following:

1. Salary or wages: This is one of the most important motivational factors in an organization. Salaries and wages should be fixed reasonably and paid on time.
2. Bonus: Bonus is an extra payment over and above salary, and it acts as an incentive to perform better. It is linked to the profitability and productivity of the organization.
3. Financial incentives: The organization provides additional incentives to their employees such as medical allowance, travelling allowance, house rent allowance, hard duty allowance and children educational allowance.
4. Promotion (monetary part): Promotion is attached with increase in pay, and this motivates the employee to perform better.
5. Profit sharing: This is an arrangement by which organizations distribute compensation based on some established formula designed around the company's profitability.
6. Stock option: This is a system by which the employee receives shares on a preferential basis which results in financial benefits to the employees.

[B] Non-monetary Factors:

Non-monetary factors are rewards intrinsic to work, such as the following:

1. Status: An employee is motivated by better status and designation. Organizations should offer job titles that convey the importance of the position.
2. Appreciation and recognition: Employees must be appreciated and reasonably compensated for all their achievements and contributions.
3. Work-life balance: Employees should be in a position to balance the two important segments of their life-work and life. This balance makes them ensure the quality of work and life. A balanced employee is a motivated employee.
4. Delegation: Delegation of authority promotes dedication and

commitment among employees. Employees are satisfied that their employer has faith in them and this motivates them to perform better.

5. Working conditions: Healthy working conditions such as proper ventilation, proper lighting and proper sanitation improve the work performance of employees.

6. Job enrichment: This provides employees more challenging tasks and responsibilities. The job of the employee becomes more meaningful and satisfying.

7. Job security: This promotes employee involvement and better performance. An employee should not be kept on a temporary basis for a long period.

Process of Motivation

Largely speaking, there can be no rigid structured set of rules for motivating employees in an organisation. People working at various levels in the organisation are motivated in different ways.

A basic framework process is as follows:

1. Unsatisfied needs and motives: The first process step is identifying or being aware of unsatisfied needs and motives. It is the task of managers and supervisors to identify such needs.
2. Tension: this stage involves tension. Unsatisfied needs create tension in the individual which drives or at least influences the way he behaves. Such tension can be physical, psychological, and sociological.
3. Action to satisfy needs and motives: this stage involves action of employees in order to satisfy their needs and motives. Such tension creates strong internal stimulus that calls for action within them to reduce the tension. For this purpose, alternatives are weighed by the employee and a choice is made. These choices could be for example:
 - work harder for better recognition and pay within the organisation.
 - work with less sincerity and pursue private matters.
 - look for an alternate job
4. Goal accomplishment - fulfilment of need: The action taken by employees to satisfy their needs and motives results in accomplishing their immediate goals. Such actions can be met with reward or punishment. Accordingly, the tension is dissipated or it continues. Ultimately goals are accomplished.
5. Feedback and discovery of new need: this is the last stage in

the motivation process. Feedback provides the employee with information for revision, improvement or modification of his needs. Depending on how well the goal is accomplished their needs and motives are modified. When one need is satisfied, another arises to take its place.

A **sound motivation system** in an organization should have the following features:

1. Superior performance should be reasonably rewarded and should be duly acknowledged.
2. If the performance is not consistently up to the mark, then the system must make provisions for penalties.
3. The employees must be dealt in a fair and just manner. The grievances and obstacles faced by them must be dealt with instantly and fairly.
4. Carrot and stick approach should be implemented to motivate both efficient and inefficient employees. The employees should treat negative consequences (such as fear of consequences) as stick, and move away from it. They should take positive consequences (such as reward) as carrot, and move towards it. In both cases, a response is called for.
5. Performance appraisal system should be very effective.
6. Ensure flexibility in working arrangements.
7. A sound motivation system must be correlated to organizational goals. Thus, the individual/employee goals must be harmonized with the organizational goals.
8. The motivational system must be modified to the situation and to the organization.
9. A sound motivation system requires modifying the nature of individual's jobs. The jobs should be redesigned or restructured according to the requirement of situation. Any of the alternatives to job specialization - job rotation, job enlargement, job enrichment, etc. could be used.
10. The management approach should be participative. All the subordinates and employees should be involved in decision-making process.
11. The motivation system should involve monetary as well as non-monetary rewards. The monetary rewards should be correlated to performance. Performance should be based on the employees' action towards the goals, and not on the fame of employees. "Motivate yourself to motivate your employees" should be the managerial approach.
12. The managers must understand and identify the motivators for each employee. Sound motivation system should encourage supportive supervision whereby the supervisors share their views and experiences with their subordinates, listen to the subordinates views, and assist the subordinates in performing

the designated job.

Importance of Motivation

Motivation is a very important for an organization because of the following benefits it provides:

1. Puts human resources into action - Every concern requires physical, financial and human resources to accomplish its goals. It is through motivation that the human resources can be utilized optimally. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources.
2. Improves level of efficiency of employees - The level of a subordinate or a employee does not only depend upon his qualifications and abilities. For getting the best employee work performance, the gap between ability and willingness has to be filled which helps in improving the level of performance of subordinates. This will result into-
 - Reducing absenteeism
 - Reducing employee turnover
 - Increase in productivity
 - Reducing cost of operations, and
 - Improving overall efficiency.
3. Leads to achievement of organizational goals - The goals of an enterprise can be achieved only when the following factors take place :-
 - There is best possible utilization of resources,
 - There is a co-operative work environment,
 - The employees are goal-directed and they act in a purposive manner,
 - Goals can be achieved if co-ordination and co-operation takes place simultaneously through effective motivation.
4. Builds friendly relationship - Motivation is an important factor which brings employees satisfaction. This can be done by framing an incentive plan for the benefit of the employees. This could initiate the following things:
 - Monetary and non-monetary incentives,
 - Promotion opportunities for employees,
 - Disincentives for inefficient employees.

In order to build a cordial, friendly atmosphere in a concern, the above steps should be taken by a manager. This would help in the following ways:

- Effective co-operation which brings stability,
- Industrial dispute and unrest in employees will reduce,
- The employees will be adaptable and there will be less

- resistance to any change,
 - This will help in providing a smooth and sound concern in which individual interests will coincide with the organizational interests,
 - This will result in profit maximization through increased productivity.
5. Leads to stability of work force - Stability of workforce and reduction in turnover of employees is very important from the point of view of productivity, reputation and goodwill of a concern. The employees can remain loyal to the enterprise only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employees as well as employees. This will lead to a good public image in the market which will attract competent and qualified people into a concern.

From the above discussion, we can say that motivation is an internal feeling which can be understood only by manager since he is in close contact with the employees. Needs, wants and desires are inter-related and they are the driving force to act. These needs can be understood by the manager and he can frame motivation plans accordingly. We can say that motivation therefore is a continuous process since motivation process is based on needs which are unlimited. The process has to be continued throughout.

We can summarize by saying that motivation is important both to an individual and a business. Motivation is important to an individual as:

1. Motivation will help him achieve his personal goals.
2. If an individual is motivated, he will have job satisfaction.
3. Motivation will help in self-development of individual.
4. An individual would always gain by working with a dynamic team.

Similarly, motivation is important to a business as:

1. The more motivated the employees are, the more empowered the team is.
2. The more is the team work and individual employee contribution, more profitable and successful is the business.
3. During period of amendments, there will be more adaptability and creativity.
4. Motivation will lead to an optimistic and challenging attitude at work place.

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 willingly work with enthusiasm and confidence.

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.

Qualities of a Leader

A leader has got multidimensional traits or qualities 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. Communication 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. Objectivity- A leader has to be having a fair outlook which is free from bias and which does not reflect 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 and integrity- 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 invoke the best of his abilities. He needs to lead by example and display integrity. 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. Decisiveness- Based on his knowledge and experience, a leader should be able to make timely, firm and informed decisions.
10. Social Skills - Effective leaders need to be able to socialize with others. In this way, social skills are very much like effective networking skills in a work setting. It's important to take an interest and listen when employees talk about their families or loved ones because they play an important role in their lives. It's important to be able to develop and guide others, and using the rapport developed through social skills.
11. 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.
12. Empathy- It is an old adage "Stepping into the shoes of others". Empathy is the leader's ability to understand the other person's point of view. 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. It's the ability to understand the impact that change can have on someone else, and taking their feelings into consideration before making a change.

From the above qualities present in a leader, one can understand the scope of leadership and it's importance for scope of business. A leader cannot have all traits at one time. But a few of them helps in achieving effective results.

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 done 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.

Characteristics and Features of Leadership

(1) Interpersonal Relations between Leader and Followers:

The chief requirement of leadership is the presence of followers. One cannot think of leadership without followers. Without followers a leader has no existence.

In order to make leadership meaningful, it is imperative to have followers (or employees) to work with him. Therefore, leadership indicates interpersonal relations between the leader and the followers.

(2) Influencing Process: Leadership takes the form of an influencing process. Here influencing means bringing others under one's own influence. A leader behaves with his followers in such a way that they automatically come under his influence. They start working as they are told by their leader. It is said that the exercise of influence is the essence of leadership.

(3) Behaviour-changing Process: Leadership has the power to change the behaviour of their followers. A manager who has this ability gets a better work performance from his subordinates.

(4) Achieves Common Goals: A prominent feature of leadership is the achievement of common goals. It means it achieves not only the objectives of the organisation but also individual goals.

(5) Continuous Process: A manager has to use his leadership ability continuously. It means that it is needed not only at any particular occasion but is needed all the time.

Leadership and Management - Distinction

Managers lay down the structure and delegates authority and responsibility.	Leaders provides direction by developing the organizational vision and communicating it to the employees and inspiring them to achieve it.
Management includes focus on planning, organizing, staffing, directing and controlling.	Leadership is mainly a part of directing function of management. Leaders focus on listening, building relationships, teamwork, inspiring, motivating and persuading the followers.
A manager gets his authority by virtue of his position in the organization.	A leader gets his authority from his followers
Managers follow the organization's policies and procedure.	Leaders follow their own instinct.
Management is more of science as the managers are exact, planned, standard, logical and more of mind.	Leadership is an art. In an organization, if the managers are required, then leaders are a must/essential.
Management deals with the technical dimension in an organization or the job content.	Leadership deals with the people aspect in an organization.
Management measures/evaluates people by their name, past records, present performance;	Leadership sees and evaluates individuals as having potential for things that can't be measured, i.e., it deals with future and the performance of people if their potential is fully extracted.
Management can be reactive.	Leadership is proactive.
Management is based more on written communication.	Leadership is based more on verbal communication.

Leader and Manager - Comparison

Leaders and Managers can be compared on the following basis:

Basis	Manager	Leader
Origin	A person becomes a manager by virtue of his position. Manager has got formal rights in an organization because of his status.	A person becomes a leader on basis of his personal qualities. Rights are not available to a leader.
Formal Rights		The group of employees whom the leaders leads are his followers.
Followers	The subordinates are the followers of managers. A manager performs all five functions of management.	Leader influences people to work willingly for group objectives.
Functions		A leader is required to create cordial relation between person working in and for organization.
Necessity	A manager is very essential to a concern.	
Stability	It is more stable.	Leadership is temporary.
Mutual Relationship	All managers are leaders. Manager is accountable for self and subordinates behaviour and performance.	All leaders are not managers.
Accountability		Leaders have no well defined accountability.
Concern	A manager's concern is organizational goals. People follow manager by virtue of job description.	A leader's concern is group goals and member's satisfaction.
Followers	A manager can continue in office till he performs his duties satisfactorily in congruence with organizational goals.	People follow them on voluntary basis.
Role		A leader can maintain his position only through day to day wishes of followers.
Continuation		A leader has command over different sanctions and related task records.
Sanctions	Manager has command over allocation and distribution of sanctions.	These sanctions are essentially of informal nature.

COMMUNICATION

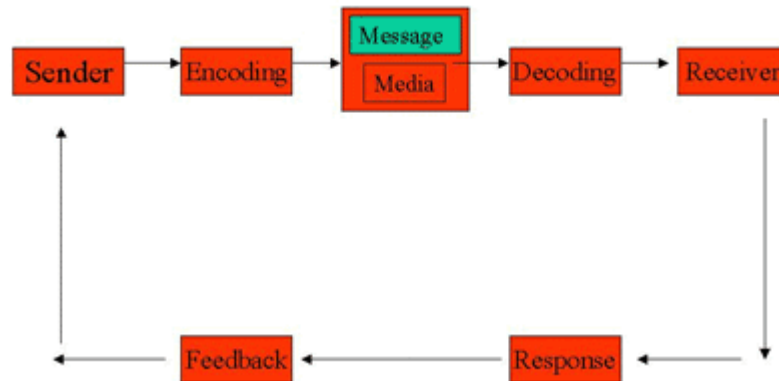
Communication is the two-way process of reaching mutual understanding, in which participants not only exchange (encode-decode) information, news, ideas and feelings but also create and share meaning. In general, communication is a means of connecting people or places. In business, it is a key function of management; an organization cannot operate without communication between levels, departments and employees.

Components of Communication Process

1. Context - Communication is affected by the context in which it takes place. This context may be physical, social, chronological or cultural. Every communication proceeds with context. The sender chooses the message to communicate within a context.
2. Sender / Encoder - Sender / Encoder is a person who sends the message. A sender makes use of symbols (words or graphic or visual aids) to convey the message and produce the required response. The verbal and non verbal symbols chosen are essential in ascertaining interpretation of the message by the recipient in the same terms as intended by the sender.
3. Message - Message is a key idea or subject matter that the sender wants to communicate. It is a sign that elicits the response of recipient. Communication process begins with deciding about the message to be conveyed. It must be ensured that the main objective of the message is clear.
4. Medium - Medium is a channel or means used to exchange / transmit the message. The sender must choose an appropriate medium for transmitting the message else the message might not be conveyed to the desired recipients. The choice of appropriate medium of communication is essential for making the message effective and correctly interpreted by the recipient. This choice of communication medium varies depending upon the features of communication. For instance - Written medium is chosen when a message has to be conveyed to a small group of people, while an oral medium is chosen when spontaneous feedback is required from the recipient as misunderstandings are cleared then and there.
5. Recipient / Decoder - Recipient / Decoder is a person for whom the message is intended / aimed / targeted. The degree to which the decoder understands the message is dependent upon various factors such as knowledge of recipient, their responsiveness to the message, and the reliance of encoder on decoder.
6. Feedback - Feedback is the main component of communication process as it permits the sender to analyze the efficacy of

the message. It helps the sender in confirming the correct interpretation of message by the decoder. Feedback may be verbal (through words) or non-verbal (in form of smiles, sighs, etc.). It may take written form also in form of memos, reports, etc.

Communication Process



Objectives of Communication

Communications fall into two main contexts:

- [1] Internal communications - within the organisation
- [2] Outgoing & Incoming communications - information flow with stakeholders

[1] Internal communications

1. To Promote Managerial Efficiency and Leadership - Both forms of functioning require communications to be effective in their work.

2. Education & Training - To develop information and understanding among all workers, in order that orders and instructions to employees are understood that they may perform their jobs efficiently. A proper understanding

3. To Motivate Employees - communication is used to foster an attitude which is necessary for motivation, cooperation and job satisfaction. Maintaining good communication throughout the business builds allegiance to the company among employees, enabling managers to transmit corporate goals to staff. Staff in turn can provide feedback and innovations that facilitate effective management and contribute new products for customers.

4. To Create Teamwork - Communication is required as a binding force to foster teamwork amongst the employees and management.

5. To Carry out Change - To prepare workers for a change in methods or environment by giving them the necessary information in advance.

6. To Secure Feedback - To encourage subordinates to provide ideas and suggestions for improving the product, service or work environment, and taking these suggestions seriously. Feedback in the form of complaints also need to be taken.

7. To Improve Relations - To improve labour-management relations by keeping all communication channels open. To encourage social relations among workers by encouraging communication between them.

[2] Outgoing & Incoming communications

1. Generate Awareness - An organisation cannot exist for long if no one knows about it. Business communication broadcasts what and where you are, in a way that embeds itself in a customer's memory through innovative advertising.

2. Compare Products - Once you've captured the market's attention, consumers may need to compare your products and services with other companies they're familiar with. Business communications help customers understand the value you bring, improving your market position against competitors and minimizing the chances that those customers view your offerings as just another commodity.

3. Encourage Sales - As consumers become familiar with your products and services, use business communications to drive traffic to your company by demonstrating how you understand their needs, establishing a desire to purchase, offering incentives to try your products or introducing new products that meet customer needs or wants.

4. Build Relationships - As customers become more comfortable shopping for and purchasing products from your company, business communications should involve fostering relationships with your company and brand. Use business announcements to develop or change opinions, particularly with opinion leaders, who in turn can influence other consumers to try your company brand.

5. Manage Brand Equity - Connecting and interacting with customers establishes and cultivates trust and loyalty by developing consistent, positive connections between your most loyal customers and your brand. You can even control negative incidents with a

strong message that addresses not only the problem but the solution and how you intend to implement it.

Barriers To Communication

Barriers to communication are obstacles in a workplace that prevent effective exchange of ideas or thoughts. Such obstacles are many and result in miscommunication with unintended results. The important barriers to communication are listed below:

(1) Physical Barriers

Environment - Some barriers are due to the existing environment. For example, if you are standing in adverse weather conditions, your conversation would be hampered because you would not be able to pay full attention to what the other person is saying.

Distance - Distance also plays an important part in determining the course of a conversation. For example, if the staff in an organization are made to sit in different buildings or different floors, they might have to substitute face to face communication with phone calls or emails.

Ignorance of Medium - Communication also includes using signs and symbols to convey a feeling or a thought. However, if there is a lack of ignorance about the medium in which sender is sending the message, the conversation can be hampered.

Overcoming physical barriers within the workplace:

If you send a lot of email or digital messages, make sure you are surgical in your word choice. Choosing the correct words and stamping out ambiguity is the only step to making communication more effective. Face-to-face communication is far superior for most people, especially once the connection has already been made.

Open-concept offices are designed to improve workflow and communication. This concept have grown rapidly over the last decade. A report outlining 6 design meta trends for 2014 by Gensler, states, "As organizations recognize the benefits of face-to-face interaction, 'getting everyone under one roof' will grow.

Video conferencing adoption is increasing as enterprises turn to higher-quality, lower-cost video technology to improve workforce collaboration and reduce reliance on travel.

(2) Semantic Barriers

There is always a possibility of misunderstanding the feelings and intent of the sender of the message. The words, signs, and figures used in the communication are interpreted by the receiver in the light of his abilities and experience. w This happens because the information is not sent in simple language.

The chief language-related barriers are as under:

(i) *Dialects* - While two people may technically speak the same language, dialectal differences can make communication between them difficult. Examples of dialectical language barriers exist worldwide. Chinese, for example, has a variety of dialects that are commonly spoken, including Cantonese and Mandarin.

(ii) *Language Disabilities* - Language disabilities are physical impediments to language. Physical language disabilities that cause language barriers include stuttering, dysphonia or an articulation disorder and hearing loss.

(iii) *Badly Expressed Message*: Because of the obscurity of language there is always a possibility of wrong interpretation of the messages. This barrier is created because of the wrong choice of words, in civil words, the wrong sequence of sentences and frequent repetitions. This may be called linguistic chaos.

(iv) *Symbols or Words with Different Meanings*: A symbol or a word can have different meanings. If the receiver misunderstands the communication, it becomes meaningless. For example, the word 'value' can have different meanings in the following sentences:

- (a) What is the value of computer education these days?
- (b) What is the value of this mobile set?
- (c) Value our friendship.

(v) *Faulty Translation*: A manager receives much information from his superiors and subordinates and he translates it for all the employees according to their level of understanding. Hence, the information has to be moulded according to the understanding or environment of the receiver. If there is a little carelessness in this process, the faulty translation can be a barrier in the communication.

(vi) *Unclarified Assumptions*: It has been observed that sometimes a sender takes it for granted that the receiver knows some basic

things and, therefore, it is enough to tell him about the major subject matter. This point of view of the sender is correct to some extent with reference to the daily communication, but it is absolutely wrong in case of some special message,

(vii) *Technical Jargon*: Generally, it has been seen that the people working in an enterprise are connected with some special technical group who have their separate technical language.

Their communication is not so simple as to be understood by everybody. Hence, technical language can be a barrier in communication. This technical group includes industrial engineers, production development manager, quality controller, etc.

(viii) *Body Language and Gesture Decoding*: When the communication is passed on with the help of body language and gestures, its misunderstanding hinders the proper understanding of the message. For example, moving one's neck to reply to a question does not indicate properly whether the meaning is 'Yes' or 'No'.

To overcome language barriers within the workplace:

1. Translate all relevant documents into the primary language of your employees. There are several free websites that translate text from one language to another. However, you have to be careful since the translation is not always in the exact same dialect as that of your employees. Also, sometimes the meaning of a word used in written translation does not always correspond to the meaning you wish to convey in your work documents.
2. Use an interpreter whenever you give instructions or provide feedback to your employees. There may be someone in your organization who speaks both languages fluently enough to convey your message to your employees. Find someone who you trust to translate your instructions and feedback properly.
3. Provide language classes for your employees on the basic language requirements for your business. Teach them work words, phrases, warnings, and other critical communication elements that are necessary for them to perform to your performance standards. Teach the basics first. Give all of your employees a "survival" crash course in the predominant language of your workplace. Later, if you have the desire and the resources, you can provide additional opportunities for your employees to learn the language skills they need in order to "thrive" in the workplace.
4. Use both telling and showing methods of training. Simplify your training methods, particularly those that rely heavily on telling versus showing. Demonstrate what you want and then

- have the employees perform the function as you observe their performance. Re-demonstrate as often as needed until the employees can perform the task successfully.
5. Use visual methods of communication more than audio. Show more than tell. Explain it with pictures as much as possible. Take a lesson from the airlines in how they convey their safety instructions. Use pictures in your instruction manuals rather than words. Almost every step in every process can be described in picture format. Give your employees signs, cue cards or other methods to help them learn.
 6. Use repetition. As with any new concept, most people don't learn something the first time they hear it. Employees need to hear the same message over and over before they fully grasp it. Don't expect people to learn anything after being told once. This is true of all of your employees whether they have a language barrier or not.
 7. Never raise your voice or over-enunciate your words. Talk slower, not louder. Speak clearly, not forcefully. People of a different language and culture can hear fine. They probably also are intelligent enough to grasp what you are saying if you intelligently deliver your message without talking down to them. Don't speak "Pidgin English." Speak correct English the correct way, just more clearly. People cannot learn the language right if you don't speak it right.
 8. Use simpler words with fewer syllables. Be aware of the complexities of your words. Use more common words that convey your message in simpler terms. Again, don't talk down; just use a less complex vocabulary.
 9. Learn the basics of your employee's language. If you want to communicate effectively and build rapport with your employees you should consider learning a few words and phrases in their language. Nothing sends the message that you value the diversity of your employees more than your willingness to learn from them. Have them teach you how to say hello, goodbye, please, thank you, and other important pleasantries you can use in your interactions with them.
 10. Have the employee demonstrate their understanding. Don't assume the employee understands; check for understanding. Ask the employee to demonstrate that they know how to do what you have asked them to do.

(2) Psychological or Emotional Barriers

The importance of communication depends on the mental condition of both the parties. A mentally disturbed party can be a hindrance in communication. Following are the emotional barriers in the way of communication:

(i) *Premature Evaluation (Perceptual Filters)*: Sometimes the receiver of information tries to dig out meaning without much thinking at the time of receiving or even before receiving information, which can be wrong. This type of evaluation involves a bias or prejudice which is a hindrance in the exchange of information. We all have our own preferences, values, attitudes, origins and life experiences that act as "filters" on our experiences of people, events and information. Seeing things through the lens of our own unique experiences or "conditioning" may lead to assumptions, stereotyping and misunderstandings of others whose experiences differ from our own.

Becoming aware of the following generalizations amounting to a gender bias will help you more effectively communicate at work:

- Women talk about other people. Men talk about tangible things like business, sports, food and drinks.
- Women ask questions to gain an understanding. Men talk to give information rather than asking questions.
- Women are more likely to talk to other women when a problem or conflict arises. Men are often known for dealing with problems or issues internally
- Women focus on feelings, senses and meaning. They rely on their intuition to find answers. Men focus on facts, reason and logic. They find answers by analyzing and figuring things out.
- A disagreement between women affects many aspects of their relationship and may take a long time to resolve. Men can argue or disagree and then move on quickly from the conflict.

(ii) *Lack of Attention*: When the receiver is preoccupied with some important work he/she does not listen to the message attentively. For example, an employee is talking to his superior when the latter is busy in some important conversation. In such a situation the superior may not pay any attention to what subordinate is saying. Thus, there arises psychological hurdle in the communication.

(iii) *Loss by Transmission and Poor Retention*: When a message is received by a person after it has passed through many people, generally it loses some of its truth. This is called loss by transmission. This happens normally in case of oral communication. Poor retention of information means that with every next transfer of information the actual form or truth of the information changes.

According to one estimate, with each transfer of oral

communication the loss of the information amounts to nearly 30%. This happens because of the carelessness of people. Therefore, lack of transmission of information in its true or exact form becomes a hindrance in communication.

(iv) *Distrust*: For successful communication the transmitter and the receiver must trust each other. If there is a lack of trust between them, the receiver will always derive an opposite meaning from the message. Because of this, communication will become meaningless.

(v) *Triggers and Cues* - What we say is affected by how we say it (tone, volume) and by our nonverbal cues, such as body language and facial gestures. For example, you may perceive a situation differently if the person you are speaking with is smiling or frowning, has body odour and is standing too close or is not giving you direct eye contact.

(vi) *Anger* - Anger can affect the way your brain processes information given to you. For example, angry people have difficulty processing logical statements, limiting their ability to accept explanations and solutions offered by others .

(vii) *Pride* - The need to be right all the time will not only annoy others, it can shut down effective communication. For example, you might focus only on your perspective, or you might come up with ways to shoot down other people before you even listen to their points.

(viii) *Anxiousness* - Anxiety has a negative impact on the part of your brain that manages creativity and communication skills. For example, your constant worries can hinder your ability to concentrate on the information you are giving or receiving.

To overcome perceptual barriers, distrust, anger, pride etc. within the workplace:

The receiver of communicated matter may make assumptions about you or the situation; perhaps you are new to the organization, or the situation is a challenging one. To get your message past these barriers, provide objective evidence to support the content of your message and enhance your credibility.

Educate employees about Gender Bias. Bias is embedded in stereotypes and organizational practices that can be hard to detect, but when people are made aware of it, they see possibilities for change. Create Safe "Identity Workspaces" - organisations should encourage women to build communities in which

similarly positioned women can discuss their feedback, compare notes, and emotionally support one another's learning. Identifying common experiences increases women's willingness to talk openly, take risks, and be vulnerable without fearing that others will misunderstand or judge them.

Effective communication relies on being aware of nonverbal aspects of interactions with others. It is equally important to be aware of one's own nonverbal behaviours and be sensitive to how they may be perceived. For instance, maintaining eye contact when communicating indicates interest. Staring out the window or around the room is often perceived as boredom or disrespect.

Removing Yourself - Angry people have difficulty processing logical statements, limiting their ability to accept explanations and solutions offered by others. With this in mind, remove yourself from communication until you feel you can collect your thoughts, think clearly and hold back potentially hurtful and undue comments.

Accepting Imperfections - The drive to win every argument or get the last word often spawns from overcompensation, or trying to cover emotional insecurities with a sense of superiority. Other people might find you easier to communicate with when you accept your imperfections from time to time.

Relaxation Exercises - While a mental health professional should address anxiety disorders such as post-traumatic stress disorder or phobias -- typical anxiety, like the anxiety you feel before giving a speech can be managed with relaxation exercises.

(3) Organisational Barriers -

Organisational structure greatly affects the capability of the employees as far as the communication is concerned. Some major organisational hindrances in the way of communication are the following:

(i) *Organisational Policies*: Organisational policies determine the relationship among all the persons working in the enterprise. For example, it can be the policy of the organisation that communication will be in the written form. In such a situation anything that could be conveyed in a few words shall have to be communicated in the written form. Consequently, work gets delayed.

(ii) *Rules and Regulations*: Organisational rules become barriers in communication by determining the subject-matter, medium, etc. of communication. Troubled by the definite rules, the senders do

not send some of the messages.

(iii) *Status*: While organising, all the employees are divided into many categories on the basis of their level. This formal division acts as a barrier in communication especially when the communication moves from the bottom to the top.

For example, when a lower-level employee has to send his message to a superior at the top level there is a lurking fear in his mind that the communication may be faulty, and because of this fear, he cannot convey himself clearly and in time. It delays the decision making. Also, workers who are accustomed to workplaces where seniority and status are emphasized may find it difficult to adapt to more fluid environments.

(iv) *Complexity in Organisational Structure*: The greater number of managerial levels in an organisation makes it more complex. It results in delay in communication and information gets changed before it reaches the receiver. In other words, negative things or criticism are concealed. Thus, the more the number of managerial levels in the organisation, the more ineffective the communication becomes.

(v) *Organisational Facilities*: Organisational facilities mean making available sufficient stationery, telephone, translator, etc. When these facilities are sufficient in an organisation, the communication will be timely, clear and in accordance with necessity. In the absence of these facilities communication becomes meaningless.

To overcome cultural barriers within the workplace:

1. Determine whether a specific behaviour or attribute is a requirement of the job. There are some cultural differences with your employees that you just have to accept and not try to change if you want your employees to perform well. However, there also are some cultural issues that are relevant to your business and to which employees of a different culture will have to adapt to if they are going to succeed in the work culture.
2. Identify whether or not you can reasonably accommodate the cultural difference. Some cultural differences - such as an employee's willingness to confront her boss - can be accommodated by slightly altering the expectation or changing the circumstances of the situation. For example, some cultures are not responsive to stern feedback, but they are receptive to less direct insinuations regarding their performance. If you ask your employees they will tell you how

- best to communicate with them without violating their cultural norms.
3. Determine how best to accommodate the cultural difference. Some cultures are group-centric rather than individually focused. In such cases praising an individual for their effort, rather than recognizing the entire group, can create contention among the group and embarrassment for the individual, thereby decreasing the employee's performance instead of enhancing it. Likewise, giving someone negative feedback in public, even if it is not severe, can have a detrimental effect on employees of certain cultures. Being sensitive to and aware of the unique cultural differences of your employees will help you determine where you need to alter your management style or practices.
 4. Learn about other cultures. There are numerous excellent books and articles on cultural diversity in your local bookstore or library. The internet is a valuable tool of unlimited resources explaining the differences in cultures. There is no excuse for your not understanding the cultural issues of your employees when you have so much information literally at your fingertips.
 5. Ask your employees for insight into how best to manage them. If you show an open and honest willingness to learn and to adjust your management practices, most of your employees will tell you how to accommodate their cultural needs if you ask them.

(4) Personal Barriers

The above-mentioned organisational barriers are important in themselves but there are some barriers which are directly connected with the sender and the receiver. They are called personal barriers. From the point of view of convenience, they have been divided into two parts:

(a) *Barriers Related to Superiors*: These barriers are as follows:

(i) *Fear of Challenge of Authority*: Everybody desires to occupy a high office in the organisation. In this hope the officers try to conceal their weaknesses by not communicating their ideas. There is a fear in their mind that in case the reality comes to light they may have to move to the lower level,

(ii) *Lack of Confidence in Subordinates*: Top-level superiors think that the lower-level employees are less capable and, therefore, they ignore the information or suggestions sent by them. They deliberately ignore the communication from their subordinates in order to increase their own importance. Consequently, the

self-confidence of the employees is lowered.

(b) *Barriers Related to Subordinates:* Subordinates-related barriers are the following:

(i) Unwillingness to Communicate:

Sometimes the subordinates do not want to send any information to their superiors. When the subordinates feel that the information is of negative nature and will adversely affect them, an effort is made to conceal that information.

If it becomes imperative to send this information, it is sent in a modified or amended form. Thus, the subordinates, by not clarifying the facts, become a hindrance in communication,

(ii) Lack of Proper Incentive:

Lack of incentive to the subordinates creates a hindrance in communication. The lack of incentive to the subordinates is because of the fact that their suggestions or ideas are not given any importance. If the superiors ignore the subordinates, they become indifferent towards any exchange of ideas in future.

To overcome personal and interpersonal barriers within the workplace:

1. Use simple words to convey the message. To have an effective process of interpersonal communication, you have to simplify language. Everyone hates to decipher spoken words, reserve the deciphering to the writing and when speaking, keep it simple and easy to understand.
2. Learn the art of listening. A person will always try to get his opinions across first before listening to the other person's point of view. To improve interpersonal communication, listen both attentively and proactively.
3. Keep composure while communicating. The process of interpersonal communication is more effective if emotions are kept at bay. Keeping your composure while talking or negotiating with a business partner will keep you on the right track towards your goal.
4. Provide constructive criticism. Constructive criticism is perhaps the best sign that you are communicating with the other person on a more personal level. Both the sender and receiver of communications may use feedback for effective interpersonal communication.

ORGANISATIONAL CONTROL

There are three primary types of organizational control: strategic control, management control, and operational control.

*Strategic control, the process of evaluating strategy, is practiced both after the strategy is formulated and after it is implemented.

* Management control focuses on the accomplishment of the objectives of the various substrategies comprising the master strategy and the accomplishment of the objectives of the intermediate plans.

* Operational control is concerned with individual and group performance as compared with the individual and group role prescriptions required by organizational plans (for example, "are individual sales quotes being met?").

Strategic Control

Strategic control is concerned with tracking the strategy as it is being implemented, detecting any problems areas or potential problem areas, and making any necessary adjustments.

Ordinarily, a significant time span occurs between initial implementation of a strategy and achievement of its intended results. During that time, numerous projects are undertaken, investments are made, and actions are undertaken to implement the new strategy.

Also the environmental situation and the firm's internal situation are developing and evolving. Strategic controls are necessary to steer the firm through these events. They must provide some means of correcting the directions on the basis of intermediate performance and new information.

Nature of Strategic Control Models

1. Strategic control models are less precise. This is in contrast to operational control models, which are generally very precise in the narrow domain they apply.
2. Strategic control models are less formal. The models that govern the considerations in a strategic control problem are much more intuitive.
3. The principal variables in a strategic control model are structural, the framework itself. In strategic control, the whole structure of the problem as represented by the model is likely to vary, not just the values of the parameters.
4. Strategic control is more concerned with measuring the accuracy of the decision premise.
5. The key need in analysis for strategic control is **model flexibility**. This is in contrast to operating control, for which efficient quantitative computation is usually most desirable.
6. Strategic control requires data from more sources. It requires more data from external sources and the external environment.
7. Strategic control are oriented to the future.

The Importance Of Strategic Control

No matter how well the organization plans its strategy, a different strategy may emerge. Intended and realized strategies may differ and are related in the following manner:

1. Intended strategies that get realized; these may be called deliberate strategies.
2. Intended strategies that do not get realized; these may be called unrealized strategies.
3. Realized strategies that were never intended; these may be called emergent strategies.

Recognizing the number of different ways that intended and realized strategies may differ underscores the importance of evaluation and control systems so that the firm can monitor its performance and take corrective action if the actual performance differs from the intended strategies and planned results.

MANAGEMENT CONTROL

Where management control is exercised, it functions within the framework established by the strategy. Normally these objectives (standards) are established for major subsystems within the

organization, such as SBUs, projects, products, functions, and responsibility centers.

The key activity in management control analysis is alternative generation. This is different from the operational control problem, in which in many cases all control alternatives have been specified in advance.

The key skill required for management control analysis is creativity.

Operating Control

Operational control systems are designed to ensure that day-to-day actions are consistent with established plans and objectives. It focuses on events in a recent period. Operational control systems are derived from the requirements of the management control system.

Corrective action is taken where performance does not meet standards. This action may involve training, motivation, leadership, discipline, or termination.

What is Controlling?

Controlling consists of assuring, ensuring, and verifying that everything occurs in conformity with -

1. the plans adopted,
2. instructions issued
3. principles and standards established, and
4. expected results.

Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions

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

According to Brech, "Controlling is a systematic exercise which is called as a process of checking actual performance against the

standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs."

Controlling has the following basic **purposes or objectives**:

1. Controlling helps in the continuous process of planning, as it constantly validates elements of the Plan.
2. It enables managers to detect errors and deviations from standards and plans, resulting in corrective action.
3. It facilitates co-ordination between various functions by establishing checks and balances between plans, standards and execution.

Features (Nature)of Controlling Function

Following are the characteristics of controlling function of management-

1. Controlling is a **continuous process** and is exercised at all times at a **managerial** level. While being a continuous process, it can also be an end function after discrete intervals of time or after pieces of work are completed. It is a function which comes into play once the execution of plans commences, and performances are checked if they are in conformity with plans.
2. Controlling is a **pervasive** function- which means it is performed by managers at all levels and in all type of concerns.
3. Controlling is **forward looking** based on effectiveness of past controls. Controlling always look to the future so that follow-up can be made whenever required.
4. Controlling is a **dynamic** process- since controlling requires adopting reviewal methods, changes have to be made wherever possible in the plans or in its execution.
5. Controlling is **related with planning**- Planning and Controlling are two inseparable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. Planning presupposes controlling and controlling succeeds planning. Planning provides the **goals**, and controlling provides the **measurements** of actual performance vis-a-vis the goals.

Development of the Controls

- a. The controls should be tailored in such a way that the whole organization should be able to read the feedback reports.
- b. The results of the control should be communicable and also actionable in nature.
- c. Any type of the difference in the output should be highlighted and brought out by the various controls. The deviations can be easily pointed out rectified in a timely manner with minimum re-work. It is very necessary to direct the controls towards suitable correction.

Principles of Controlling

- 1. Principle of Reflection - control systems need to be communicated and explained clearly to all involved if it needs to succeed.
- 2. Principle of Prevention - Corrective action before an adverse event should be the aim of control systems as it is cost effective. In this principle, the look forward approach is always applicable.
- 3. Exception Principle - Management attention must be focused on exceptional or major deviations, while looking at minor deviations should be delegated to subordinates.
- 4. Principle of Criticality - issues need to be prioritised so commensurate or proportional attention can be paid to them accordingly.
- 5. Principle of feedback - A strong system of feedback is the backbone of a good control system.

What are the various types of the Controls?

1. Direct or preventive controls

- a. Called as the direct controls as the people here are experts at their job and there are very less chances for the deviations to take place.
- b. Aims at the saving on the cost of production, aiming at zero defects from the start.
- c. For the proper functioning of the direct controls, assistance of indirect controls is needed.
- d. With time these controls get outdated, and new more relevant controls need to be put in place. Emphasis is also simultaneously given to reducing direct controls through better systems, procedures, culture, discipline, automation etc.

2. Feedforward controls

- a. Whenever a process is performed, two factors are very critical namely the inputs and the outputs.
- b. In feed forward controls, we take into account the various deficiencies of a process well in advance, so that these can be cured or controlled at the initial stages.
- c. Feedforward control focuses on the regulation of inputs (human, material, and financial resources that flow into a process or the organization) to ensure that they meet the standards necessary for the transformation process.
- d. Feedforward controls are desirable because they allow management to prevent problems rather than having to cure them later based on feedback controls. Feedforward control also is sometimes called preliminary control, precontrol, and preventive control.
- d. It is advised by the various experts to have the both feed forward and the feed backward controls on the process.
- e. Helps in the establishment of a right direction and control right from the beginning.

3. Feedback controls

- a. Here the controls are placed at the output end as the deviations that occur are not known to us till the moment of the output.
- b. Relatively heavier costs are involved as rectification if necessary is after the fact (completed output).
- c. Could result in customer dissatisfaction.

4. Concurrent controls - takes place while an activity is in progress, but at predefined discrete intervals. It involves the regulation of ongoing activities that are part of transformation process to ensure that they conform to organizational standards. Concurrent control is designed to ensure that employee work activities produce the correct results.

Concurrent control sometimes is called screening or yes-no control, because it often involves checkpoints at which determinations are made about whether to continue progress, take corrective action, or stop work altogether on products or services.

5. Real time controls

- a. Involve the instantaneous feedback almost in real time, (real time can defined as the time when both the creation of

data/information and its transmission is done almost simultaneously, for e.g. the fax or the telephone.

6. Automation in the controls

a. Here, mainly for the efficient development and accurate working of the control systems involving less human power, building of automated/electronic instrumentation is introduced.

b. Computers are used for the feedback systems and for the automatic corrections.

The Control Process

Controlling involves following steps:

[1]**Establishment of standards**- Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criteria for judging the performance.

Critical Point Control - according to this principle, those activities should be determined at the very outset which have a very important role to play in ensuring that the actual work is in accordance with the plan. Managers should define standards and measurements that need to be recorded, and spend more time monitoring these activities. These activities should belong to Key Result Areas (KRA) which refer to the areas identified as important or crucial where a result will assist in the achievement of the set objectives or goal.

The measurement of the aspects of performance need to be established to ensure accuracy and consistency. Only **strategic control points** must be selected for measurement. Ex: Income, Expenses, Inventory levels, Product Quality.

Example:

Role - Product Manager

Goal - Ensuring delivery of quality product within schedule.

Key Result Areas where measurement should be established -

1. Customer Satisfaction.
2. Product Management.
3. Operational Cost Control.
4. Quality Check.
5. Record keeping.

Specific measurements within KRAs could be the following, for which a standard value will be assigned:

- lengths of steel rods after a cutting operation
- the lengths of time to service some machine
- the net weight of a packaged product
- the percentage of defective (or non-conforming) items in batches from a supplier
- times between sending out invoices and receiving the payment,

Standards generally are classified into two-

- Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, income, profit, productivity, defect density, market share etc.
- Non-measurable or intangible- There are standards which cannot be measured in numerical or in monetary terms. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

Origins of the Standard

Standards can be adopted from the industry (external), or created from in-house data using statistical techniques like Control Charts to determine tolerance limits for product or service quality.

[2] Measurement of performance- The second major step in controlling is to measure the performance. Measurement should be a seamless part of the production process through gathering of process and product related data (manual or automated).

Finding out deviations in the next step becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc.

Certain aspects of a Manager's performance cannot be measured in quantities. It can be measured only by using a **subjective** scale.
Ex:

- Attitude of the workers,
- Their morale and motivation to work,
- The development in the attitudes regarding the physical environment, and
- Their communication with the superiors.

It is also sometimes done through various reports (MIS) like

weekly, monthly, quarterly, yearly reports.

[3] Comparison of actual and standard performance- Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. Most often, Measurement of performance and comparison to a standard happens simultaneously in an automated environment, both forming part of the MIS reports. Comparisons are presented in many ways, the more common ones being:

1. Budget - financial variance - (capital and expenditure, sales).
2. Control Charts - production parameters and quality attributes.
3. Standard Costing and Variance Analysis - for material, labour, overhead costs

[4] Analysis of Deviations - Variance Analysis

The manager has to find out two things here- (i) extent and significance of deviation and (ii) cause of deviation. In the analysis of deviations, the following are studied:

1. Is standard being attained
2. Is deviation acceptable - deviations are examine in the light of pre-determined 'tolerance limits'. Deviations within the limits will need to be avoided or minimised. Beyond limits, will require reporting and corrective action.
3. Is standard acceptable - if the standard is acceptable, the cause for the deviation will be determined.
4. Revising the standard - if the standard is found to be wrong or outdated, it needs to be re-defined and the process is continued.

[1] Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance.

Control by Exception - a practice whereby only the information that indicates a **material and significant** deviation of actual results from the budgeted or planned results is brought to the management's notice for its intervention. Its objective is to facilitate management's focus on really important tactical and strategic tasks. The managers have to exercise control by exception. He has to find out those deviations which are **critical and important** for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, " If a manager

controls everything, he ends up controlling nothing." For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it could be considered as major deviation.

[2] Once the deviation is identified, a manager has to think about various cause which has led to deviation. Examples of causes can be-

- Erroneous planning,
- Insufficient co-ordination,
- Defective plan implementation
- Ineffective supervision and communication, etc.
- Defective machinery, equipment
- Defective material
- Defective process
- Insufficient training
- Poor employee morale
- Insufficient funds

[5] Taking remedial actions- Once the causes and extent of deviations are known, the manager has to take remedial measures for it. There are two alternatives here-

1. Taking corrective measures for deviations which have occurred; and
2. After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process pauses, until the next cycle. Follow up is an important step because it is only through taking corrective measures, a manager can exercise control.

The Importance of Controlling

1. Helps in achieving organisational goals:

When the plans are made in the organisation these are directed towards achievement of organisational goal and the controlling function ensures that all the activities in the organisation take place according to plan and if there is any deviation, timely action is taken to bring back the activities on the path of planning. When all the activities are going according to plan then automatically these will direct towards achievement of organisational goal.

2. Judging accuracy of standards:

Through strategic controlling we can easily judge whether the standard or target set are accurate or not. An accurate control system revises standards from time to time to match them with environmental changes.

3. Making efficient use of Resources:

Like traffic signal control guides the organisation and keeps it on the right track. Each activity is performed according to predetermined standards. As a result there is most and effective use of resources.

4. Improving employee motivation:

An effective control system communicates the goals and standards of appraisal for employees to subordinates well in advance.

A good control system also guides employees to come out from their problems. This free communication and care motivate the employees to give better performance.

5. Ensures order and discipline:

Control creates an atmosphere of order and discipline in the organisation. Effective controlling system keeps the subordinates under check and makes sure they perform their functions efficiently.

Sharp control can have a check over dishonesty and fraud of employees. Strict control monitor, employees work on computer monitor which brings more order and discipline in work environment.

6. Facilitates coordination in action:

Control helps to maintain equilibrium between means and ends. Controlling makes sure that proper direction is taken and that various factors are maintained properly. All the departments are controlled according to predetermined standards which are well coordinated with one another. Control provides unity of direction.

7. Improving the performance of the employees:

Controlling insists on continuous check on the employees and control helps in creating an atmosphere of order and discipline. Under controlling function it is made sure that employees are aware of their duties and responsibilities very clearly.

They must know clearly the standards against which their performance will be judged. These standards help the employees to work efficiently.

Control can be exercised on employees' performance through following measures:

(a) Self-appraisal report:

The employees are asked to prepare a report of their performance and to explain whether their performance is in accordance with plan or not. In this report employees specify their achievements.

(b) Performance appraisal report by supervisors:

The superiors continuously monitor and observe the employees when they are performing the job and comparison between the standard and actual performance is done. On the basis of this observation the managers prepare performance appraisal report.

These reports become the base for giving promotions, increments, bonus etc. to the employees. To have good report the employees perform efficiently and effectively.

8. Controlling helps in minimising errors:

Small errors or small mistakes may not seriously affect the organisation. But if these errors are repeated again and again it will become a serious matter and can bring disaster for the organisation.

An effective controlling system helps in minimising the errors by continuous monitoring and check. The managers try to detect the

error on time and take remedial steps to minimise the effect of error.

The Limitations of Controlling

1. Difficulty in setting quantitative standards:

Control system loses its effectiveness when standard of performance cannot be defined in quantitative terms and it is very difficult to set quantitative standard for human behaviour, efficiency level, job satisfaction, employee's morale, etc. In such cases judgment depends upon the discretion of manager.

2. No control on external factors:

An enterprise cannot control the external factors such as government policy, technological changes, change in fashion, change in competitor's policy, etc.

3. Resistance from employees:

Employees often resist control and as a result effectiveness of control reduces. Employees feel control reduces or curtails their freedom. Employees may resist and go against the use of cameras, to observe them minutely.

4. Costly affair:

Control is an expensive process it involves lot of time and effort as sufficient attention has to be paid to observe the performance of the employees. To install an expensive control system organisations have to spend large amount. Management must compare the benefits of controlling system with the cost involved in installing them. The benefits must be more than the cost involved then only controlling will be effective otherwise it will lead to inefficiency.

Advantages of Management (Control) by Exception

(1) It saves the time and energy of senior executives and enables them to concentrate on more important problems and issues.

(2) It even provides the key to automation, for ordinary, routine matters can be handled by an automatic machine while cases of exceptional nature can be left for human judgment.

(3) It facilitates the engagement of specialised staff for

high-routine jobs.

(4) It reduces the frequency of decision making.

(5) It leads to the identification of critical problem areas.

(6) It stimulates communication.

What are the Control Techniques used in Controlling?

1. Budgeting techniques

a. Involves a very practical approach where budgets are future oriented, but largely depend on the forecasting trends based on the past.

c. Budgeting depicts the forecasting trends mainly depending on the finance and the connected numerical information.

d. This technique acts as a very critical and an important tool for comparing what one has planned and what is the actual performance against it.

e. But the main drawback of this technique is that it takes into account the past performance as the only guide, which at times can prove to be short.

f. Top-down budgeting involves budgets prepared by senior managers and then handed over to subordinated to fill in details at their level.

g. Bottom-up budgeting is prepared from data flowing from lower levels in management and being adjusted and coordinated as it moves up the hierarchy.

h. As an alternative, the whole exercise can be worked out on the basis of 'Zero Based Budgeting'.

i. For controlling the deviations and to know about them, the audits like the statutory audits, the performance audits, the cost audits etc., can be carried out.

2. Break-even Analysis

By this method, the organisation sets its fixed costs (salaries and staff welfare, rent, depreciation, insurance, interest expense, property taxes, utilities) as a basic target to be covered by sales. Once the Break Even Point sales volume is achieved, the company would have recovered all costs (fixed and variable) associated with producing the product.

Break-Even Point $Q = \text{FCost} / (\text{UP} - \text{Variable Unit Cost})$

Q = Break-even Point, i.e., Units of production (Q),

FC = Fixed Costs,
VC = Variable Costs per Unit
UP = Unit Price
UP - Variable Unit Cost = Contribution)

BEP Analysis can play an important role in placing benchmarks for product pricing.

3. Return on Investment - ROI

It provides a basic standard for measuring whether or not invested capital has been used effectively for generating target returns. ROI has become popular in the last few decades as a general purpose metric for evaluating capital acquisitions, projects, programs, initiatives, as well as traditional financial investments in stock shares or the use of venture capital.

$$\text{ROI} = \frac{\text{Gain from Investment} - \text{Cost of Investment}}{\text{Cost of Investment}}$$

4. Standard Costing

A standard cost for one unit is the budgeted cost for that unit. Standard costs are calculated using engineering estimates of standard quantities of inputs, and budgeted prices of those inputs. Variances from the standard are observed for any corrective action through variance analysis.

5. The Activities Network control

- a. Forms a very critical and a necessary part of the management tool. It is used to control the progress of a project through sequencing activities and arriving at realistic schedules.
- b. Here the performance of the various activities is compared and then depending on this, one comes to know about the various deviations and then accordingly the activities can be controlled.
- c. Various techniques like the Gantt Charts, the Program Evaluation and Review Techniques (PERT) and Critical Path Method (CPM) etc. are used for performing the various activities.

6. Statistical control

- a. In this method, the generation and measurement of data is analysed using Statistical Process Control techniques, the most common of which are Control Charts.
- b. Special statistical reports can be prepared using graphs (bar,line), histograms, pie charts, statistical control charts,

tables etc.

7. Personal observations

- a. This technique acts as a great tool for controlling and bringing the system back to desired standards.
- b. In many cases, the eyes act as the best tool for noticing the overbalancing in the people, their working, and the environment.
- c. A lot of time is saved by this technique.
- d. The personal observation avoids much of the paper work.
- e. In this method, wandering around is taken as a regular exercise and the work monotony is reduced.
- f. People are not allowed to get stuck in their cabins for long periods of the time, creating a better relationships with the work environmental.

8. Social Controls

- a. Organisational Culture may be thought of as a potential social control system. When the organisation through its management cares about those with whom they work and have a common set of expectations, a form of social control emerges. With social controls, the workers often feel as though they have great autonomy, even though paradoxically they are conforming much more. Thus, from a management perspective, culture in the form of shared expectations may be thought of as a social control system.
- b. The customer clubs and associations, the suppliers club, the employees clubs etc. can be organized to achieve social control.

9. Systems and Procedures

- a. Manuals form very necessary documents for bringing some rigidity in the operation.
- b. It helps in creating a judicial system for an organization.
- c. Management audits can be conducted sometimes in this technique to reduce the lacunae that may be present in an organization.

10. Management by Objectives

- a. Acts as a great tool for the control purpose.
- b. Management by objectives (MBO), also known as management by results (MBR), is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them.
- c. By having a clear picture of the various objectives in mind, one can easily plan the various controls.

Relationship between Planning and Controlling

Planning and controlling are two separate functions of management, yet they are closely related. The scope of activities of both are overlapping to each other. Without the basis of planning, controlling activities become baseless and without controlling, planning becomes a meaningless exercise. In the absence of controlling, no purpose can be served by planning. Therefore, planning and controlling reinforce each other. The relationship between the two can be summarized in the following points

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

Planning → Results → Corrective Action

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

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

What is Coordination?

It is the synchronization and integration of activities, responsibilities, and command and control structures to ensure that the resources of an organization are used most efficiently in pursuit of the specified objectives.

Co-ordination is the unification, integration, synchronization of the efforts of group members so as to provide unity of action in the pursuit of common goals. It is a hidden, inherent force which binds all the other functions of management.

Co-ordination is therefore not considered a separate function of management. Management seeks to achieve co-ordination through its basic functions of planning, organizing, staffing, directing and controlling.

Co-ordination is an integral element or ingredient of all the managerial functions as discussed below: -

1. Co-ordination through Planning - Planning facilitates co-ordination by integrating the various plans through mutual discussion, exchange of ideas. The individual departmental / divisional plans need to be co-ordinated with the master plan of the business. e.g. - (i) co-ordination between finance budget and purchases budget, (ii) co-ordination between marketing plan and production plan.
2. Co-ordination through Organizing - co-ordination is the very essence of organizing. In fact when a manager groups and assigns various activities to subordinates, he does so with inter-departmental co-ordination uppermost in his mind (i) to avoid working at cross purposes, (ii) to assign duties such that no work is duplicated, (iii) to ensure proper resource and time utilisation (iv) to ensure smooth functioning between those in authority and those responsible for various tasks.
3. Co-ordination through Staffing - A manager should bear in mind that the right number of personnel in various positions with right type of education and skills are taken which will ensure right men on the right job.
4. Co-ordination through Directing - The purpose of giving orders, instructions & guidance to the subordinates is served only when there is a harmony between superiors & subordinates.
5. Co-ordination through Controlling - Manager ensures that there should be coordination between actual performance & standard (planned) performance to achieve organizational goals.

Co-ordination is required in each and every function and at each

and every stage, and therefore it cannot be separated.

What are the Elements of Coordination?

1. Coordination Integrates Group efforts:

The concept of coordination always applies to group efforts. There is no need for coordination when only single individual is working.

The need for orderliness, integration arises only when more individuals are working as different individuals come from different backgrounds, have different styles of working so there is need to unify their efforts in common direction.

2. Ensures Unity of action and efforts:

Coordination always emphasises on unifying the efforts of different individuals because conflicting efforts may cause damage to organisation. The main aim of every manager is to coordinate the activities and functions of all individuals to common goal.

3. Continuous process:

Coordination is a non-ending function. It is a continuous function although its degree may vary. The managers work continuously to achieve coordination and maintain coordination because without coordination companies cannot function efficiently.

4. Coordination is a pervasive function:

Coordination is a universal function; it is required at all the levels, in all the departments and to perform all the functions due to interdependence of various activities on each other. For example if low quality inputs are purchased by purchase department, it will result in production of low quality product which further result in low sale, low revenue and so on.

5. Coordination is the responsibility of all managers:

Coordination is not the task of only top level managers but managers working at different levels try to coordinate the activities of organisation. The top level try to coordinate the overall plans and policies of organisation, middle level try to coordinate departmental activities and lower level coordinate the activities of workers at the 'shop floor'.

6. Coordination is a deliberate function:

Every manager tries to coordinate the activities of organisation to avoid confusion and chaos. Without coordination efforts of individuals cannot be united and integrated; that is why while performing various activities in the organisation managers consciously and deliberately perform the coordination function.

Principles of Co-ordination

The principles of co-ordination are derived from its elements:

1. Start at an early stage
2. Based on reciprocal relations
3. Must be a continuous and dynamic process
4. Best achieved through effective communication/direct contact

Nature of Coordination - Coordination .vs.Cooperation

Co-ordination is an orderly arrangement of efforts to provide unity of action in the fulfillment of common objective whereas co-operation denotes collective efforts of persons working in an enterprise voluntarily for the achievement of a particular purpose. It is the willingness of individuals to help each other.

Though these two sound synonymous, they are fundamentally different.

Differences between Co-ordination and Co-operation

Basis	Co-ordination	Co-operation
Meaning	It is an orderly arrangement of group efforts in pursuit of common goals.	It means mutual help willingly.
Scope	It is broader than co-operation	It is termed as a part of co-ordination.
Process	The function of co-ordination is performed by top management.	The functions of co-operation are prepared by persons at any level.
Requirements	Co-ordination is required by employees and departments at work irrespective of their work.	Co-operation is emotional in nature because it depends on the willingness of people working together.
Relationship	It establishes formal and informal relationships.	It establishes informal relationship.
Freedom	It is planned and entrusted by the central authority & it is essential.	It depends upon the will of the individuals and therefore it is not necessary.
Support	It seeks wholehearted support from various people working at various levels.	Co-operation without co-ordination is fruitless & therefore it may lead to imbalanced developments.

Decision Making Environment

A suitable environment is very much important and necessary for taking a proper decision and that too at a suitable time. An environment is ambiguous when some particular problem is not very clear or the goal that is to be achieved is not clear in the mind and hence it can be said that due to all this, the outcome will also not be clear. The certainty environment is the environment which involves the relationship between the inputs and the outputs i.e. the environment in which the result is known. The uncertainty factor creeps in when there is no awareness about the resources, input / output relations and the outcome also is not known.

Another type of the environment is the one where the result is not known and it may result in some profits but at other times losses can also be obtained and such an environment is referred to as the Risk environment.

What are The Decision Making Models?

Following are the Decision Making Models which can be used depending on the specific requirements:-

1. The Classical Model

On confrontation of a manager with a certain decision making situation, the manager would collect all the critical information and the data that is required for performing a particular activity and also would take the decision that will certainly be for the betterment of the organization.

2. The Administrative Model

- a. In such a model, the manager has more concern for himself.
- b. On confrontation of a manager with a certain decision making situation, the manager would collect what ever information or the data that will be available and then will take a decision, which may not be in the best interests of the organization but will certainly be good for fulfilling his personal interests.
- c. Expediency and the opportunism, both act as the hallmarks of the Administrative Model.

3. The Herbert Simon Model

- a. This model is linked with the decision making process.
- b. Explains the core of the decision making.
- c. Used as the base for explaining the decision making process.
- d. According the Herbert Simon Model, the process of the decision making consists of the following phases In this phase, the various activities for finding out the problems related to the searching

of the operating environment are involved. By this, the identification of the various conditions can be done which ultimately helps in taking the decisions at the different levels. Extensive and the comprehensive database is must for the intelligence phase, making this phase very suitable for searching or scanning of the environment.

In this phase, the type of the environment forms a very major factor and hence the types of the environment can be categorized as the follows Mainly includes the economic, the legal and the social environment and it is this type of the environment in which the organization operates.

II. The Competitive Environment: Includes the various capabilities, the strengths, the weaknesses, the constraints and the various other factors that affect the ability of the organization to discharge or operate its various types of the activities.

B. The Design Phase

1. Support in getting the in depth knowledge of the problem.
2. A correct model of the situation can be made and the assumptions of the model need to be tested.
3. Support for the generation of the solutions can be obtained by The selection of a specific alternative or the course of the action from the ones which have been generated and considered during the design phase, takes place during this phase. The choice procedure and the implementation of the chosen alternative form a very major part of the Choice phase.

The flow of the activities takes place from the intelligence phase to the design phase and then finally to the choice phase. But one very important point that must be remembered here is that at any phase there may be a return to a previous phase.

Limitations of the Simon Model

1. This model does not go further than the choice model.
2. Does not include the cognizance of the implementation and also of the feedback aspects.

SUMMARY OF CONTENTS

[A] PLANNING

Forms of Planning

Meaning of Strategy

What is Strategic Planning?

Types of strategies

1. Focused strategy
2. Growth strategy
3. Diversification strategy
4. Liquidation strategy

Key steps towards a Strategic Plan

Manufacturing Strategy

Procedure for the formulation of manufacturing strategies -

What is Lean Manufacturing?

What is planning?

Characteristics Or Nature Of Planning

Role, Significance, Importance & Advantages of Planning

Process Steps involved in Planning

- [1] Establishing goals and objectives
- [2] Establishment of Planning Premises
- [3] Information / intelligence collection and forecasting
- [4] Determining Alternative Courses
- [5] Evaluation and Selection of Alternatives
- [6] Hierarchy of Plans
- [7] Incorporate the program into the budget
- [8] Establishing Sequence of Activities
- [9] Feedback or Follow-up Action

Elements of Planning

What is the purpose of planning?

How Planning is Linked to Performance

The Plan Document

Limitations of Planning

Planning Aids

1. Computer assistance
2. Gantt charts
3. PERT (Program Evaluation and Review Technique)
4. CPM (Critical Path Method)
5. Statistical methods
6. Graphs and the charts
7. Scenario building
8. Management by objectives (MBO)
9. Research methodology
10. Budgeting
11. Forecasting methods
12. Balanced scorecard

[B] ORGANISING

Forms of Juridical Organizations - Legal Entities

- [1] Sole trading concern or the proprietorship
- [2] Partnerships -
- [3] Joint stock companies with the limited liability -
- [4] Co - operatives -
- [5] Societies and the Trusts -

Principles of Organising

- [1]. Principle of Work Specialization
- [2]. Principle of Span of Management
- [3]. Principle of Functional Definition
- [4]. Principle of Scalar Chain
- [5]. Principle of Unity of Command
- [6]. Principle of Synergy
- [7]. Principle of unity of purpose

Process Steps in Organizing

- 1. Identification of activities
- 2. Departmentally organizing the activities -
- 3. Divisional Organising
- 4. Assigning Duties is assigned to specific designations.
- 5. Clarification and Delegating Authority
- 6. Co-ordination between authority and responsibility

Importance of Organising

- 1. Specialization
- 2. Well defined jobs
- 3. Clarifies authority
- 4. Co-ordination
- 5. Authority-responsibility relationships
- 6. Growth and diversification
- 7. Sense of security
- 8. Scope for new changes
- 9. Growth of Employees

Organisational Structure

Criteria for Structuring

- [1] Objectives and Strategy
- [2] Distribution of Authority
- [3] Group Size

Formal Structures of Organisation

[1] Functional organization

Features of Functional Organization

Merits of Functional Organization

- 1. Specialization
- 2. Effective Control
- 3. Efficiency
- 4. Economy
- 5. Expansion

Demerits of Functional Organization

- 1. Confusion

2. Lack of Co-ordination
3. Difficulty in fixing responsibility
4. Conflicts
5. Costly
6. Communication gaps
7. Restrictive Organizational View
8. Slow Response

[2] Divisional Structure

Strengths of divisional structure

1. Clear Accountability
2. Departmental Coordination
3. Broader skills development
4. Suited to Unstable Environments

Weakness of divisional structure

1. Resource Duplication:
2. Inhibits career growth of Specialists:
3. Divisional Affiliations:
4. Difficult Product Integration:

[3] Line Organisation

Features of Line Organization

1. Simplicity
2. Unified supervision and control
3. Efficiency -

Line Authority

Merits of Line Organization

1. Simplest
2. Unity of Command-
3. Better discipline-
4. Fixed responsibility-
5. Coordination-
6. Prompt decision
7. Flexibility

Demerits of Line Organization

1. Over reliance
2. Lack of specialization
3. Inadequate communication
4. Authority leadership
5. Suitability

[4] Line and staff organization

Features of Line and Staff Organization

Staff Authority

Merits of Line and Staff Organization

1. Relief to line of executives
2. Expert advice
3. Benefit of Specialization
4. Better co-ordination
5. Benefits of Research and Development
6. Training

7. Balanced decisions

8. Unity of action

Demerits of Line and Staff Organization

1. Lack of understanding

2. Lack of sound advice

3. Line and staff conflicts

4. Costly

5. Assumption of authority

6. Staff steals the show

Relationship between Formal and Informal Organizations

Formal Organization

Informal Organization

Different levels in Organisation

Organization levels

I. The Lower or Operation Level Management

II. The Middle Level Management

III. The Top Level Management

DELEGATION

Delegation of Authority

Elements of Delegation

Authority

Responsibility

Accountability

Process Steps in Delegation

[1] Assignment of Duties

[2] Granting of authority

[3] Creating Responsibility and Accountability

Relationship between Authority and Responsibility

Differences between Authority and Responsibility

Principles of Delegation

1. Principle of result expected

2. Principle of Parity of Authority and Responsibility

3. Principle of absolute responsibility

4. Principle of Authority level

Importance (Objectives) of Delegation

1. Sharing of Workload

2. Scalar Chain

3. Specialisation

4. Quick Decisions

5. Motivation for Subordinates

6. Executive Development

7. Growth and Diversification

Centralization and Decentralisation

Centralization

Decentralization

Implications of Decentralization

Decentralization and Delegation

What is Empowerment?

What is the nature of the teams?

What are the characteristics of effective teams?

What are the different types of teams?

- (i) Self managed teams
- (ii) Problem solving teams
- (iii) Cross functional teams

What is the importance of teams in a business organizations?

- 1. Improved output due to Positive Synergy:
- 2. Improved Organizational Communication:
- 3. Enhanced Employee Motivation:

[C] STAFFING

Introduction

Concept of Staffing

Meaning of Staffing - Definition

Nature of Staffing

- 1. People Centred:
- 2. Responsibility of Every Manager:
- 3. Human Skills:
- 4. Continuous Function:

Importance of Staffing

- 1. Maintaining Productivity
- 2. Survival and Growth
- 3. Effective Use of Technology and Other Resources:
- 4. Optimum Utilisation of Human Resources:
- 5. Development of Human Capital:
- 6. Competitive edge
- 7. Motivation of Human Resources:
- 8. Building Higher Morale:

Scope of Staffing

Steps in the Process of Staffing

- 1. **Baseline Information**
- 2. **Estimating manpower requirement**
- 3. **Recruitment**
 - [a] Position Announcement
 - [b] Screening and Short Listing
- 4. **Selection**
 - [1] Written tests:
 - [2] Psychological tests:
 - [3] Personal interview: C
 - [4] Reference check:
 - [5] Medical examination:
 - [6] Final selection:

Difference - Recruitment and Selection

- 5. **Placement**
- 6. **Induction**
- 7. **Training and Development**

The need for Training and Development

Difference - Training and Development

What is Human Resource Development and what are the functions of HRD?

The main functions of HRD are:-

1. Training and development
2. Organization Development
3. Career development

[D] DIRECTING

Importance of Directing Function

- [1] Initiates Actions
- [2] Integrates Efforts
- [3] Means of Motivation
- [4] Coping with changes
- [5] Efficient Utilization of Resources
- [6] Provides Stability

Principles of directing

- (1) Principle of Maximum Individual Contribution
- (2) Principle of Harmony of Objectives
- (3) Principle of Unity of Command
- (4) Principle of Appropriateness of Direction Technique
- (5) Principle of Managerial Communication
- (6) Principle of Use of Informal Organisation
- (7) Principle of Leadership
- (8) Principle of Follow Through

Elements of Directing

- (1) Supervision
- (2) Leadership:
- (3) Motivation:

Techniques of direction

Consultative Direction

Free rein direction

Autocratic direction

Features/Characteristics of Directing Function

1. Directing Initiates Action:
2. Continuing Function:
3. Directing takes place at every level:
4. Directing flows From Top to Bottom:
5. Performance Oriented:
6. Human Element:

SUPERVISION

Roles of a Supervisor

Responsibilities and Function of Supervisors

1. Planning, Organizing and Scheduling
2. Provision of working conditions
3. Issuing Orders and Instructions
4. Monitoring Performance
5. Introducing new work methods
6. Leadership and Guidance to Subordinates

7. Grievance Handling
8. Communication Channel, Linking Pin
9. Maintain order and discipline in the workplace
10. Reporting - A supervisor has got an important role to report about

Span of Control

Optimizing The Manager's/Supervisor's Span Of Control

Factors in Determining Proper Span of Control

1. Nature of work:
2. Ability of the supervisor:
3. Competence of the subordinates:
4. Ability of staff services:
5. Availability of time and energy with the supervisor:
6. Delegation of authority:
7. Degree of decentralization:
8. Planning required by the supervisor:
9. Use of objective standards:
10. Territorial contiguity of functions supervised:

DISTINCTION BETWEEN DIRECTING AND SUPERVISION

MOTIVATION

Characteristics of Motivation

- (1) Motivation is an Internal Feeling:
- (2) Motivation Produces Goal-directed Behaviour:
- (3) Motivation can be either Positive or Negative:
- (4) Motivation is a Complex Process:
- (5) Motivation is an Unending Process:

Maslow's Hierarchy of Needs Theory

1. Physiological needs
2. Safety needs
3. Social needs
4. Esteem needs
5. Self-actualization need

Monetary and Non-Monetary Factors of Motivation

[A] Monetary Factors:

[B] Non-monetary Factors:

Process of Motivation

Importance of Motivation

1. Puts human resources into action
2. Improves level of efficiency of employees
3. Leads to achievement of organizational goals
4. Builds friendly relationship
5. Leads to stability of work force

LEADERSHIP

Qualities of a Leader

1. Physical appearance-
2. Vision and foresight
3. Intelligence
4. Communication skills

5. Objectivity
6. Knowledge of work
7. Sense of responsibility and integrity
8. Self-confidence and will-power
9. Decisiveness
10. Social Skills
11. Humanist
12. Empathy

Importance of Leadership

1. Initiates action
2. Motivation
3. Providing guidance
4. Creating confidence
5. Building morale
6. Builds work environment
7. Co-ordination

Characteristics and Features of Leadership

- (1) Interpersonal Relations between Leader and Followers:
- (2) Influencing Process:
- (3) Behaviour-changing Process:
- (4) Achieves Common Goals:
- (5) Continuous Process:

Leadership and Management - Distinction

Leader and Manager - Comparison

COMMUNICATION

Components of Communication Process

1. Context
2. Sender / Encoder
3. Message
4. Medium
5. Recipient / Decoder
6. Feedback

Objectives of Communication

[1] Internal communications

1. To Promote Managerial Efficiency and Leadership
2. Education & Training
3. To Motivate Employees
4. To Create Teamwork
5. To Carry out Change
6. To Secure Feedback
7. To Improve Relations

[2] Outgoing & Incoming communications

1. Generate Awareness
2. Compare Products
3. Encourage Sales
4. Build Relationships
5. Manage Brand Equity

Barriers To Communication

(1) Physical Barriers

(2) Semantic Barriers

- (i) *Dialects*
- (ii) *Language Disabilities*
- (iii) *Badly Expressed Message*
- (iv) *Symbols or Words with Different Meanings*
- (v) *Faulty Translation*
- (vi) *Unclearified Assumptions*
- (vii) *Technical Jargon*
- (viii) *Body Language and Gesture Decoding*

(3) Psychological or Emotional Barriers

- (i) *Premature Evaluation (Perceptual Filters)*
- (ii) *Lack of Attention*
- (iii) *Loss by Transmission and Poor Retention*
- (iv) *Distrust*
- (v) *Triggers and Cues*
- (vi) *Anger*
- (vii) *Pride*
- (viii) *Anxiousness*

(4) Organisational Barriers -

- (i) *Organisational Policies*
- (ii) *Rules and Regulations*
- (iii) *Status*
- (iv) *Complexity in Organisational Structure*
- (v) *Organisational Facilities*

(5) Personal Barriers

- (a) *Barriers Related to Superiors:*
 - (i) *Fear of Challenge of Authority:*
 - (ii) *Lack of Confidence in Subordinates:*
- (b) *Barriers Related to Subordinates*
 - (i) *Unwillingness to Communicate:*
 - (ii) *Lack of Proper Incentive:*

[E] ORGANISATIONAL CONTROL

*Strategic control

*Management control

*Operational control

Strategic Control

Nature of Strategic Control Models

The Importance Of Strategic Control

MANAGEMENT CONTROL

Operating Control

What is Controlling?

Controlling - purposes or objectives:

Features (Nature)of Controlling Function

1. Continuous Process
2. Pervasive Function
3. Forward Looking
4. Dynamic Process
5. Related With Planning

Development of the Controls

Principles of Controlling

1. Principle of Reflection
2. Principle of Prevention
3. Exception Principle
4. Principle of Criticality
5. Principle of feedback

What are the various types of the Controls?

1. Direct or preventive controls
2. Feedforward controls
3. Feedback controls
4. Concurrent controls
5. Real time controls
6. Automation in the controls

The Control Process

- [1] Establishment of standards
 - Critical Point Control
 - Origins of the Standard
- [2] Measurement of performance
- [3] Comparison of actual and standard performance
- [4] Analysis of Deviations - Variance Analysis
- [5] Taking remedial actions

The Importance of Controlling

1. Helps in achieving organisational goals:
2. Judging accuracy of standards:
3. Making efficient use of Resources:
4. Improving employee motivation:
5. Ensures order and discipline:
6. Facilitates coordination in action:
7. Improving the performance of the employees:
8. Controlling helps in minimising errors:

The Limitations of Controlling

1. Difficulty in setting quantitative standards:
2. No control on external factors:
3. Resistance from employees:
4. Costly affair:

Advantages of Management (Control) by Exception

- (1) Saves the time and energy
- (2) Provides the key to automation
- (3) Facilitates engagement of specialised staff

- (4) Reduces frequency of decision making.
- (5) Leads to the identification of critical problem areas.
- (6) Stimulates communication.

What are the Control Techniques used in Controlling?

- 1. Budgeting techniques
- 2. Break-even Analysis
- 3. Return on Investment - ROI
- 4. Standard Costing
- 5. The Activities Network control
- 6. Statistical control
- 7. Personal observations
- 8. Social Controls
- 9. Systems and Procedures
- 10. Management by Objectives

Relationship between Planning and Controlling

[F]CO-ORDINATION

What is Coordination?

- 1. Co-ordination through Planning
- 2. Co-ordination through Organizing
- 3. Co-ordination through Staffing
- 4. Co-ordination through Directing
- 5. Co-ordination through Controlling

What are the Elements of Coordination?

- 1. Coordination Integrates Group efforts:
- 2. Ensures Unity of action and efforts:
- 3. Continuous process:
- 4. Coordination is a pervasive function:
- 5. Coordination is the responsibility of all managers:
- 6. Coordination is a deliberate function:

Principles of Co-ordination

Nature of Coordination - Coordination .vs.Cooperation

Differences between Co-ordination and Co-operation

Decision Making Environment

What are The Decision Making Models?

- 1. The Classical Model
- 2. The Administrative Model
- 3. The Herbert Simon Model

Limitations of the Simon Model