Principles of Management

Unit I -Introduction to Management

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Introduction

The managers achieve organizational objectives by getting work from others and not performing in the tasks themselves. Management is an art and science of getting work done through people.

Meaning

Management means directing and controlling a group of people or an organization to reach a goal.

Definitions

According to Mary Parker Follett, “Management is the art of getting things done through people.”

Harold Koontz defined as, “Management is the art of getting things done through and with people in formally organized groups. It is the art of creating an environment in which people can perform and individuals could cooperate towards attaining of group goals.”

In view of Joseph Massie, “Management is defined as the process by which a cooperative group directs actions towards common goals.”

George.R.Terry’s point of view, “Management is a distinct process, consisting of planning, organizing, actuating and controlling, performed to determine and accomplish stated goals by the use of human beings and other resources.”

Nature of Management

1. **Management is an activity.** It is a process of organized activity concerned with efficient utilization of resources of production like men, material, machine, money etc.
2. **Management is a purposeful activity.** It is concerned withthe achievement of an objective through its functions. Objectives may be explicit or implicit.
3. **Management concerned with the efforts of a group.** Management is concerned with management of people and not the direction of things. It motivates the workers to contribute their best.
4. **Management is getting things done.** A manager does not do any operating work himself but gets it done through others.
5. **Management applies economic principles.** Management is the art of applying the economic principles that underlie a control of men and materials in the enterprise under consideration.
6. **Management involves decision-making.** It is a decision-making process and the decisions are involved in all the functions of management.
7. **Management coordinates all activities and resources.** It is concerned with coordination of all activities and resources to attain the specific objectives.

↵ **Management is a universal activity.** The techniques and tools of management are universally applicable.

↳ **Management is an integrating process.** It integrates the men, materials and machines for achieving stated objectives.

10. **Management is concerned with direction and control.** It is concerned with direction and control of human efforts to attain the specific objectives.
11. **Management is intangible.** It is abstract and cannot be seen. It is evidenced by the quality of organization and through its results.
12. **Management is both science and an art.** Management has certain universally applicable principles, laws etc. Hence, it is a science. It is also an art, because it is concerned with application of knowledge for the solution of organizational problems.
13. **Management is a profession.** It is becoming a profession because there is established principles of management which being applied in practice.
14. **Management is an inter-disciplinary approach.** Management as a body of discipline takes the help or other social science like psychology, sociology, engineering, economics, mathematics etc.

15. **Management is dynamic and not static.** Management adopts itself to the social changes and also introduces innovation in methodology

Scope of Management

The scope of management is very wide. The functional areas of management may be classified into the following categories.

Production Management

Production function so as to produce the right goods in right quantity at the right time and at the right cost. It consists of the following activities.

1. Designing the product
2. Location and layout of plant and building
3. Operations of purchase and storage of materials
4. Planning and control of factory operations
5. Repairs and maintenance
6. Inventory control and quality control
7. Research and development etc.

Marketing Management

It refers to the identification of consumer's needs and supplying them the goods and services, which can satisfy those, wants. The activities are as follows:

1. Marketing Research to determine the needs and expectations of consumers Planning and developing suitable products
2. Setting appropriate prices
3. Selecting the right channels of distribution
4. Promotional activities like advertising and salesmanship to communicate with the customers.

Financial Management

Financial management seeks to ensure the right amount and type of funds to business at the right time and at reasonable cost. The activities are as follows:

1. Estimate the volume of funds requires for long term and short term needs of business
2. Selecting the appropriate sources of funds
3. Raising the required funds at the right time
4. Ensuring proper utilization and allocation of raised funds
5. Administration of earnings.

Personnel Management

It involves planning, organizing, directing and controlling the procurement, development, compensation, maintenance etc. of the human resources in an enterprise. It consists of the following activities:

1. Manpower planning
2. Recruitment
3. Selection
4. Training and Development
5. Performance Appraisal
6. Compensation and promotion
7. Employee services and benefits

↵ Maintaining personnel records etc.

Levels of Management

1. **Administrative, Managerial, or Top Level of Management**

This level of management consists of an organization’s board of directors and the chief executive or managing director. It is the ultimate source of power and authority, since it oversees the goals, policies, and procedures of a company.

2. **Executive or Middle Level of Management**

The branch and departmental managers form this middle management level. These people are directly accountable to top management for the functioning of their respective departments, devoting more time to organizational and directional functions.

3. Supervisory, Operative, or Lower Level of Management

This level of management consists of supervisors, foremen, section officers, superintendents, and all other executives whose work must do largely with HR oversight and the direction of operative employees

Importance of Management

1. **Achieving goals:** Management helps the organisation in achieving its goals. The role of a manager is to provide common guidance and direction to the individual efforts for the fulfilment of organisational goals.
2. **Increasing the efficiency:** Management helps in increasing the efficiency of the business by increasing productivity through efficient planning, organising, controlling and directing.
3. **Helps in creating a dynamic organisation:** Management helps in providing the required impetus for an organisation to transition from one phase of

development to another and also in adjusting to the changing dynamics of the business environment.

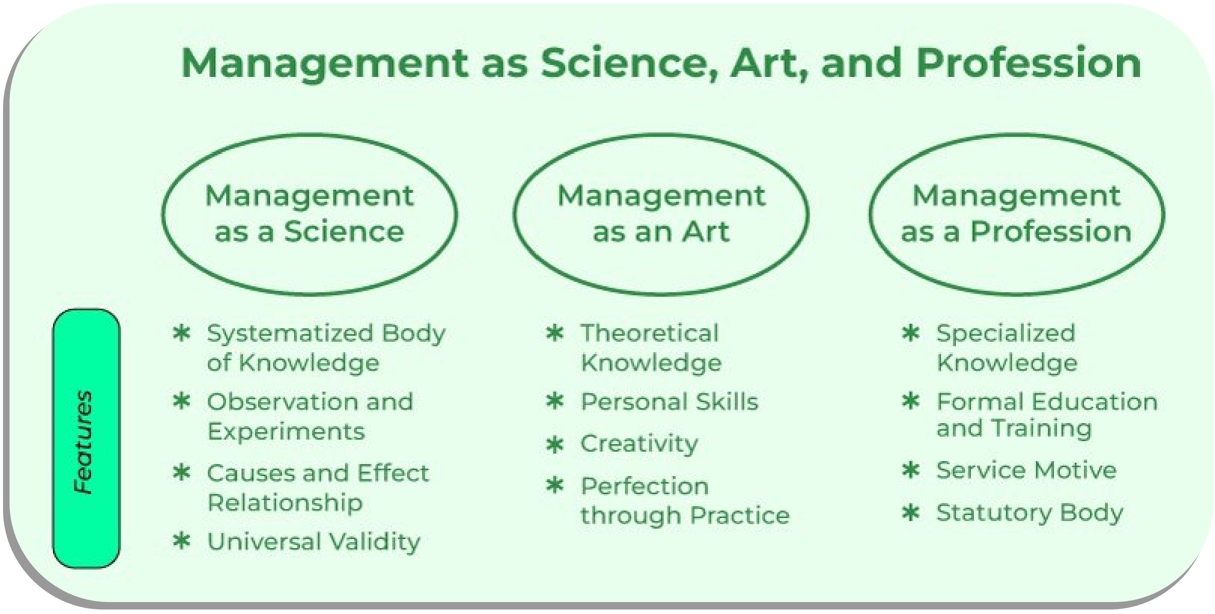
4. **Helps in achieving individual objectives:** Management helps in guiding the individuals towards attaining personal objectives, which has a direct impact on attaining the organisational objectives.
5. **Development of society:** By developing the organisation, management helps in its growth. A developed organisation has some moral responsibilities towards society and it does so by creating employment opportunities, providing good quality products and services.

Management vs. Administration

Parameters	Management	Administration
Definition	Process of supervising people so that they can achieve a goal. This involves streamlining processes, workflow and	Administration is a systematic process to administer management. This includes making plans and policies and enforcing them to achieve goals.

	objectives.	
Focus	Future-oriented, strategic planning and decision-making.	Present-oriented, operational management and execution.
Scope	Broader and encompasses the entire organization, including setting goals and formulating strategies.	Narrower and primarily focuses on specific functions, departments, or processes within the organization.
Function	Planning and organizing	Directing and controlling operations.
Leadership	Managers provide leadership, direction, and motivation to employees.	Administrators provide oversight, guidance, and support to managers and employees.
Decision-making	Managers make strategic and tactical decisions, setting goals and formulating plans to achieve them.	Administrators implement policies, procedures, and rules established by management.

Management as a Science, Art and Profession



Management as a Science

1. **Systematized body of knowledge:** Science is a systematic body of knowledge. Its principles are based on a cause-and-effect relationship.
2. **Observation and Experiments:** All scientific principles are first developed through observations and then tested through repeated experimentation under controlled conditions.
3. **Causes and Effect Relationship:** Science is based on causes and their effects. For example, if a person eats lots of fast food without any physical activity, he will put on extra weight.

4. **Universal Validity:** Scientific principles have universal validity and can be applied in all situations and times. basic truths.

Management as an Art

1. **Theoretical knowledge:** Art comprises the application of theoretical knowledge. A particular art has its basic principles and theory. Some fundamental principles have been derived by the experts who apply to their particular form of art. For example, painting has its principles and theory to start with.
2. **Personal skills:** Every artist has his way of working. The use of basic knowledge varies from individual to individual. Even how they tackle their problems for reaching the result or the goal which they are willing to achieve differs. Applying this basic knowledge with practice, creativity, imagination, initiative, and innovation is a personal skill.
3. **Creativity:** Art consists of lots of creativity. The theoretical knowledge should be practiced and applied differently to become more creative and achieve the ultimate goal.
4. **Perfection through Practice:** As arts require nonstop practice to gain mastery. By performing the task again and again, the artists gain perfection

through practice. For example, a dancer who practices for hours daily will get smooth and perfect with his steps through practice.

Management as a Profession

1. **Specialized Knowledge:** All professions are based on a well-defined body of knowledge that can be acquired through instruction.
2. **Formal Education and Training:** Almost all professions provide specialized education and training in their respective field. The professionals have to complete their education and training to get a job. There are various universities and formal institutions for attaining a complete education. For example, a doctor needs to complete his formal education and training to practice his knowledge before providing his services to the people.
3. **Service Motive:** The basic motive of a profession is to serve their client's interests by rendering dedicated and committed service. All professionals are also anticipated to serve society rather than simply earn profit.
4. **Statutory Body:** A legally recognized body regulates all professions. All professions are affiliated with a professional association that regulates entry, grants certificates of practice, and formulates and enforces a code of conduct.

Evolution of Management Thoughts

The evolution of management can be traced back to the days when human beings started living in groups. One can argue that management took the form of leadership which was essential to coordinate the efforts of the group members in order to arrange the necessaries of life.

The Evolution of Management Thought is divided into four sections not planning, organizing, leading, and controlling but “Early Management Thought,” “The Scientific Management Era,” “The Social Person Era,” and “The Modern Era.”

Contribution of Henry Fayol

A body of principles of management has been developed by Henri Fayol, the father of modern management. Fayol wrote clearly on the basis of his practical experience as a manager.

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

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

Henry Fayol's Fourteen Principles of Management

1. **Authority and Responsibility are Related**: Fayol held that authority flows from responsibility. Managers who exercise authority over others should assume responsibility for decisions as well as for results. This aspect of relationship between responsibility and authority is particularly relevant in India where authority tends to be concentrated in higher echelons of management.
2. **Unity of Command:** This principle holds that one employee should have only one boss and receive instructions from him only. Therefore, in every organization, each subordinate should have one superior whose command he has to obey.
3. **Unity of Direction:** This means that all managerial and operational activities which relate a distinct group with the same objective should be directed by "one head and one plan. This is essential for the "unity of action, coordination of strength and focusing of effort".

4. **Scalar Chain of Command:** Scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks. The line of authority is the route followed via every link in the chain by all communication which start from or go to the ultimate authority.
5. **Division of Work:** This is the principle of specialization which, according to Fayol, applies to all kinds of work, managerial as well as technical. It helps a person to acquire an ability and accuracy with which he can do more and better work with the same effort.
6. **Discipline:** Discipline is a sine qua non for the proper functioning of an organization. Members of an organization are required to perform their functions and conduct themselves in relation to others according to rules, norms and customs.
7. **Subordination of Individual Interest to General Interest:** The interest of the organization is above the interests of the individual and the group. It can be achieved only when managers in high positions in the organization set an example of honesty, integrity, fairness and justice. It will involve an attitude and a spirit of sacrificing their own personal interests whenever it becomes apparent that such personal interests are in conflict with organizational interests.

↵ **Remuneration:** Employees should be paid fairly and equitably. Differentials in remuneration should be based on job differentials, in terms of qualities of the employee, application, responsibility, working conditions and difficulty of the job.

↳ **Centralization:** Fayol believed in centralisation. He, however, did not contemplate concentration of all decision making authority in the top management. He, however, held that centralisation and decentralisation is a question of proportion. In a small firm with a limited number of employees, the owner-manager can give orders directly to everyone. The degree of centralisation and decentralisation also depends on the quality of managers.

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

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

12. **Stability of Tenure of Personnel:** The managerial policies should provide a sense of reasonable job security. The hiring and firing of personnel should depend not on the whims of the superiors but on the well-conceived personnel policies. At the same time those found unsuitable should be removed and those who are found to be competent should be promoted.

13. **Initiative:** It focuses on the ability, attitude and resourcefulness to act without prompting from others. Managers must create an environment which encourages their subordinates to take initiative and responsibility. It should, however, be limited, according to Fayol, by respect for authority and discipline.

14. **Esprit de Corps:** Cohesiveness and team spirit should be encouraged among employees. It is one of the chief characteristics of organized activity that a number of people work together in close coopearation for the achievement of common goals.

Contribution of F.W Taylor

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

Taylor concluded that scientific management involves a completer mental revolution on the part of both workers and management, without this mental revolution scientific management does not exist. 5 principles of scientific management; propounded by Taylor

Principles of scientific management propounded by Taylor are:

Science, Not Rule of Thumb

In order to increase organisational efficiency, the 'Rule of Thumb' method should be substituted by the methods developed through scientific analysis of work. Rule of Thumb means decisions taken by manager as per their personal judgments.

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

Harmony, Not Discord

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

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

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

Management should always be ready to share the gains of the company with the workers and the latter should provide their full cooperation and hard work for achieving organizational goals.

Mental Revolution

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

Cooperation, Not Individualism

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

Both 'Management' and 'Workers' should realize the importance of each other. At the same time, workers should also resist from going on strike or making unnecessary demands from management. Taylor also suggested that there should be proper division of work and responsibility between the two. Management should always guide, encourage and help the workers.

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

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

Contribution of George Elton Mayo

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

Mayo discussed in detail the factors that cause a change in human behaviour. Mayo's first study involved the manipulation of illumination for one group of workers and comparing their output with that of another group whose illumination was held constant. He concluded that the cause of increase in the productivity of workers is not a single factor like changing working hours or rest pauses but a combination of these several other factors. Considerate supervision, giving autonomy to the workers, allowing the formation of small cohesive groups of workers, creating conditions which encourage and support the growth of these groups and the cooperation between workers and management lead to increase in productivity.

Mayo's contribution to management thoughts lies in the recognition of the fact that worker's performance is related to psychological, sociological and physical factors. Mayo and his associates concluded that a new social setting created by their tests had accounted for the increase in productivity. Their finding is now known as the Hawthorne

Effect or the tendency for people, who are singled out for special attention, to improve their performance. Hawthorne study was an important landmark in studying the behaviour of workers and his relationship to the job, his fellow workers and organization. He highlighted that workers were found to restrict their output in order to avoid displeasure of the group, even at the sacrifice of incentive pay. Thus, Hawthorne studies were a milestone in establishing the framework for further studies into the field of organizational behaviour.

Contribution of Peter Drucker

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

Drucker taught that management is a liberal art and is about much more than productivity. To be an effective manager you must understand things like psychology, science, religion, and the other things that go into that subject. Drucker observed that often managers would try to take charge of everything. This was usually out of a desire for control or the belief that they were the only person who could accomplish a task correctly. Because of this, he advocated strongly for the decentralization of management. He taught that managers needed to delegate tasks to empower their employees.

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

Functions of Management

- **Planning** is the purpose of ascertaining in advance what is supposed to be done and who has to do it. This signifies establishing goals in advance and promoting a way of delivering them effectively and efficiently. In an establishment, the aim is the obtainment and sale of conventional Indian handloom and workmanship articles. They trade furnishings, readymades, household items and fabrics made out of classical Indian textiles.

- **Organising** is the administrative operation of specifying grouping tasks, duties, authorising power and designating resources needed to carry out a particular system. Once a definite plan has been set for the completion of an organisational intent, the organising party reviews the actions and resources expected to execute the program. It ascertains what actions and resources are needed. It determines who will do a distinct job, where and when it will be done.

- **Staffing** is obtaining the best resources for the right job. A significant perspective of management is to make certain that the appropriate people with the apt skills are obtainable in the proper places and times to achieve the goals of the company. This is also called the human resource operations and it includes activities such as selection, placement, recruitment and coaching of employees.
- **Directing** involves directing, leading and encouraging the employees to complete the tasks allocated to them. This entails building an environment that inspires employees to do their best. Motivation and leadership are 2 chief elements of direction. Directing also includes communicating efficiently as well as managing employees at the workplace. Motivating workers means simply building an atmosphere that urges them to want to work. Leadership is inspiring others to do what the manager wants them to do.
- **Controlling** is the management operation of controlling organisational achievement towards the accomplishment of organisational intentions. The

job of controlling comprises ascertaining criteria of performance, computing the current performance, comparing this with organised rules and taking remedial action where any divergence is observed. Here management should ascertain what activities and outputs are important to progress, how and where they can be regulated and who should have the power to take remedial response.

Trends and Challenges of Management in India

Trends of Management in India

1. Operations Management

Operations management basically refers to the administration of a complete production timeline and ongoing supervision for a particular service and or product. The main aim involved in operations management is for people to ensure that production processes are smoother and overall operations are as efficient as possible. A few of the current trends in operations management can be listed as follows:

- Automation of manual processes
- Working on seamless and integrated communications systems
- Auditing the internal issues with self-accountability being considered
- More focus is being put on customers

- Organizing, centralizing, and making enterprise data accessible.

2. Supply Chain management

Supply chains have been becoming increasingly complex, especially in the recent years. This has become true due to the emergence of new technologies and innovations. As a result, there's a requirement for innovative strategies to manage them more efficiently and effectively in order to build resiliency in supply chain operations. The latest trends in supply chain management can be provided as follows:

- Supply chain as a service
- Circular supply chains
- Risk management and stability
- Increased focus on sustainability

3. Crisis Management

Crisis management which is a part of the management, has sure been a critical area of business strategy however it has never been as evolving and as dynamic as it is today. In this era of instant communication and the rapid unfolding of events, it is important to stay ahead of the curve of crisis management. Here are a few of the trends seen in crisis management along with current trends in business management that we are most likely to see in the year 2024.

- Transparency in crisis management
- Data-driven decision-making tools to be incorporated for effective response to crisis
- Investing in social media listening to identify certain issues in real-time while also engaging with the stakeholders immediately

4. Total Quality Management

Since there is an all-time high in customer expectations and demand, it has become essential to provide better quality management in an organization for its success. At the same time, the global supply chains also add on to the complexity which makes it harder to monitor and control the total quality in an organization. It has hence become important for various technologies to be employed to ensure there is a smoother flow of work and higher quality.

Here are recent trends in business management with regard to total quality management that we are likely to come across in 2024:

- Immersive technologies such as AR provide a better vision of the problems

- Quality control with Internet of Things devices being embedded in manufacturing equipment such that there is real-time data being collected.
- Robotic Process Automation helps enhance compliance by ensuring there is proper adherence to quality standards and protocols.

5. Risk Management

A risk is an uncertain event occurring in an organization that may either lead to a negative or a positive result. It is also a future event that most probably has not occurred. A risk that has already taken place is referred to as an issue. Risk management in such cases refers to the process of identifying, assessing, and prioritizing the risks followed by which the application of resources will lead to the minimization or controlling or monitoring of the impact of negative future events or to take a lot of advantages from the positive risks. A few of the risk management trends which are also some recent trends in hospital stores management as we can see can be provided as follows:

- Environment, Social, and Governance risks being tackled
- Big Data Analytics
- Continuous monitoring and adaptive risk management
- Cybersecurity

6. International Business / Global Practices

Due to the change in global perspectives, there are new global business practices that have emerged. Global management mainly refers to the practices that are followed to manage international business. When the business is run in various countries the managers tend to face a lot of challenges based on the locations. There is hence a need for proper planning and decision making that will help overcome the challenges. Some of the latest trends emerging in global business practices can be provided as follows:

- Sustainable business
- Increase in the advertising industry
- Personalizing customer experience
- No more hiring based on educational qualifications such as MBA and credentials instead focus on skills and abilities.

7. Change Management

Whenever your organization takes up any new projects or initiatives to improve performance, seize opportunities, or address critical issues they often require changes such as changes in job roles, processes, structure of the organization, or use of various types of technology.

Change refers to anything that causes a variation to the traditional way of life to which most people in an organization are already accustomed to. Change can either take place in an internal or external environment of an organization. Some of the expected change management trends can be provided as follows:

- Regular changes and compliances
- Talent retention and turnover
- Technology and digital transformation
- Cultural and organizational change

The Challenges of Management in the 21st Century

1. **Globalization and International Competition:** Organizations now operate in a global marketplace, facing increased competition from both domestic and international players. Managers need to navigate diverse cultural, economic, and regulatory environments while ensuring their organizations remain competitive.
2. **Technological Advancements:** Rapid technological advancements continue to disrupt industries and reshape business models. Managers must adapt to emerging technologies, such as artificial intelligence, automation, and data

analytics, and leverage them effectively to drive innovation, enhance operational efficiency, and stay ahead of the competition.

3. **Digital Transformation:** The digital era has transformed customer expectations and interactions. Managers must lead their organizations through digital transformation initiatives to optimize processes, enhance customer experiences, and remain relevant in an increasingly digital world.

4. **Changing Workforce Dynamics:** The modern workforce is increasingly diverse, comprising multiple generations, remote workers, and gig economy participants. Managers must navigate and leverage this diversity effectively, fostering collaboration, engagement, and inclusion while addressing generational differences and managing remote teams.

5. **Talent Management and Skills Gap:** Finding and retaining top talent with the required skills is a significant challenge. Managers need to develop effective talent management strategies, attract and retain skilled employees, address the skills gap through training and development, and create a culture that promotes continuous learning and growth.

6. **Ethical and Social Responsibility:** Organizations are under scrutiny to demonstrate ethical behavior, social responsibility, and sustainable practices.

Managers must lead by example, ensure ethical decision-making, drive corporate social responsibility initiatives, and align the organization's values with societal expectations.

7. **Agility and Adaptability:** The business environment is characterized by rapid change, unpredictability, and uncertainty. Managers need to foster organizational agility, embrace innovation, and facilitate quick decision-making and adaptability to respond effectively to market shifts and disruptions.

↵ **Data Privacy and Security:** With the increasing reliance on data-driven decision-making and digital systems, managers must prioritize data privacy and security. They must implement robust cybersecurity measures, comply with data protection regulations, and establish a culture of data privacy and responsible data handling.

↳ **Work-Life Balance and Employee Well-being:** Balancing work and personal life has become more challenging in the modern workplace. Managers must prioritize employee well-being, promote work-life balance, and create a supportive work environment that fosters productivity, engagement, and overall employee satisfaction.

10. **Change Management:** Change has become a constant in organizations, whether it's implementing new strategies, technologies, or organizational structures. Managers need to effectively lead change initiatives, communicate the benefits and rationale for change, address resistance, and provide the necessary support to employees during transitions.

Manager Qualifications

1. Educational requirements
2. Prior experience
3. The ability to communicate effectively
4. The ability to lead teams
5. Problem-solving capabilities
6. The ability to build interpersonal relationships
7. Team-focused mindset
8. The ability to apply organisational skills for improved productivity
9. The capacity to make swift decisions
10. Experience in managing the performance of teams
11. The ability to negotiate with various parties

Duties of Manager

1. **Leadership of the team:** One of the manager's main duties is to lead. Managers will lead their team to complete tasks and meet goals. They may also be in charge of maintaining the mission and values of the company, and leading team members to complete tasks that bring them closer to the achievement of those goals.

2. **Set goals:** Some managers may also be in charge of setting these goals, and tracking progress toward them. They will do this by evaluating the long-term goals of the business and then breaking them down into short-term tasks and projects. Managers may need to share these goals or plans with their team members to ensure everyone is aware of the expectations.
3. **Maintain a safe work environment:** Managers are tasked with ensuring employees have a safe work environment at all times. This means ensuring that all employees are following regulations and workplace laws. It also means handling any safety concerns in a timely manner.
4. **Maintain quality standards:** Managers are responsible for enforcing quality standards, usually set by the company. This might include ensuring specific customer satisfaction ratings or evaluating the quality of products. Managers are in a good position to provide valuable feedback to other team members and upper management on potential improvements in duties.
5. **Administrative tasks:** Managers may also often be in charge of certain administrative duties. This could include making schedules, tracking pay, managing profits and losses day-to-day, and even managing budgets.
6. **Delegate tasks:** It is the manager's role to understand the strengths and weaknesses of each employee and to delegate tasks as needed. They may need to motivate employees and keep them engaged in working toward company goals.
7. **Manage employees:** Managers may also need to manage certain aspects of their employees. This could include recognizing obstacles toward progress or dealing with conflict among team members.
8. **Hire and staff teams:** Managers may need to recruit new employees. This includes evaluating the current tasks of the business and identifying what skills

and experience are needed. Then, they may be involved in reviewing resumes and interviewing potential employees.

↳ **Train and develop:** Managers may or may not be involved in the selection of their team members, but they will almost always be a part of training and developing their team. This includes implementing training programs that teach team members the skills they need to complete their assigned tasks.

10. **Develop current employees:** The manager is also responsible for developing current team members to reach their full potential. This requires an evaluation of each team member's strengths and abilities.
11. **Complete employee performance reviews:** Managers may need to assess the progress and development of their team members each year. This often requires an evaluation of progress toward key performance indicators, as well as completing performance reviews.
12. **Monitor the business's finances:** Managers are also often involved in the budgeting and finances of the business, including estimating and creating budgets and tracking spending.

Responsibility of Manager

1. Defining the vision
2. Making important decisions
3. Determining the resources needed
4. Hiring the best talent
5. Resolving conflict in the workplace
6. Building trust among colleagues
7. Skillful delegation of tasks and responsibilities

↵ Representing the team's interests and objectives

↳ Monitoring and managing the performance of team members

10. Fostering a culture of innovation and continuous improvement

Planning

- ✓ Meaning
- ✓ Definitions
- ✓ Nature

- ✓ Scope and Functions
- ✓ Importance and Elements of Planning
- ✓ Types
- ✓ Planning Process
- ✓ Tools and Techniques of Planning
- ✓ Management by Objective (MBO)
- ✓ Decision Making:
- ✓ Meaning
- ✓ Characteristics
- ✓ Types
- ✓ Steps in Decision Making
- ✓ Forecasting

Meaning

Planning is deciding in advance what to do, how to do it, when to do it, and who should do it. Planning is ascertaining prior to what to do and how to do. It is one of the primary managerial duties. Before doing something, the manager must form an opinion on how to work on a specific job. Hence, planning is firmly correlated with discovery and creativity. But the manager would first have to set goals. Planning is an essential step what managers at all levels take. It needs holding on to the decisions since it includes selecting a choice from alternative ways of performance.

Definition

According to Taylor said that, “Planning is the fundamental management function, which involves deciding beforehand, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an intellectual process which lays down an organisation’s objectives and develops various courses of action, by which the organisation can achieve those objectives. It chalks out exactly, how to attain a specific goal”.

Nature of Planning

1. **Managerial function**: Planning is a first and foremost managerial function provides the base for other functions of the management, i.e. organising, staffing, directing and controlling, as they are performed within the periphery of the plans made.
2. **Goal oriented**: It focuses on defining the goals of the organisation, identifying alternative courses of action and deciding the appropriate action plan, which is to be undertaken for reaching the goals.

3. **Pervasive**: It is pervasive in the sense that it is present in all the segments and is required at all the levels of the organisation. Although the scope of planning varies at different levels and departments.
4. **Continuous Process**: Plans are made for a specific term, say for a month, quarter, year and so on. Once that period is over, new plans are drawn, considering the organisation's present and future requirements and conditions. Therefore, it is an ongoing process, as the plans are framed, executed and followed by another plan.
5. **Intellectual Process**: It is a mental exercise at it involves the application of mind, to think, forecast, imagine intelligently and innovate etc.
6. **Futuristic**: In the process of planning we take a sneak peek of the future. It encompasses looking into the future, to analyse and predict it so that the organisation can face future challenges effectively.
7. **Decision making**: Decisions are made regarding the choice of alternative courses of action that can be undertaken to reach the goal. The alternative chosen should be best among all, with the least number of the negative and highest number of positive outcomes.

Scope of Planning

- **Planning focuses on achieving objectives:** Companies are set up with a common goal in view. Explicit purposes are placed out in the projects along with the ventures to be initiated to accomplish the goals. Therefore, planning is helpful.
- **Planning is a primary function of management:** Planning puts down the foundation for other operations of management. All other managerial duties are conducted within the structure of the ideas outlined. Consequently, planning leads to other operations. This is also mentioned as the supremacy of planning.
- **Planning is continuous:** Plans are outlined for a particular period of time, perhaps for a period, a quarter or a year. At the completion of that period, there is a requirement for a new policy to be formed on the support of new conditions and future circumstances.
- **Planning is futuristic:** Planning typically includes looking forward and outlining for the future. The idea of planning is to coincide future results efficiently to the valid advantage of an association. It means glancing into the future, investigating it and foretelling it. Planning is, therefore, perceived as a forward-looking capacity based on predicting.

Functions of Planning

1. **Planning focuses on achieving objectives:** General and goals, as well as strategies and activities to attain these goals, are established by organizations.
2. **Planning is a primary function of management**: Planning lays the groundwork for all other management tasks.
3. **Planning is pervasive:** All levels of management, as well as all departments within the organization, must plan. Though at different levels and for different departments, the extent of planning varies.
4. **Planning is continuous:** The planning cycle is linked to planning continuity. It indicates that a strategy is devised, implemented, and then followed by another strategy, and so on.
5. **Planning is futuristic:** The goal of planning is to efficiently meet future occurrences to an organization's benefit. Planning entails predicting future events and situations and making plans based on those predictions.
6. **Planning involves decision making:** Choosing among a variety of options and activities is the essence of planning. There is no need to plan if there is just one conceivable aim or course of action because there is no other option.

7. **Planning is a mental exercise:** Planning necessitates the use of the mind and foresight. Rather than guesswork, planning is an intellectual activity that necessitates logical and organized thought.

Importance of Planning

1. **Planning Provides Direction:** Planning is involved in deciding the future course of action. Fixing goals and objectives is the priority of any organization. By stating the objective in advance, planning provides unity of direction. Proper planning makes goals clear and specific. It helps the manager to focus on the purpose for which various activities are to be undertaken. It means planning reduces aimless activity and makes actions more meaningful.

2. **Planning Reduces the Risk of Uncertainty:** Every business enterprise has to operate in an uncertain environment. Planning helps a firm to survive in this uncertain environment by eliminating unnecessary action. It also helps to anticipate the future, and prepare for the risk by making necessary provisions.
3. **Planning Reduces Overlapping and Wasteful Activity:** Plans are formulated after keeping in mind the objective of the organization. An

effective plan integrates the activity of all the departments. In this way, planning reduces overlapping and wasteful activities.

4. **Planning Promotes Creativity and Innovative Ideas:** Planning encourages creativity, and helps the organization in various ways. Managers develop new ideas and apply the same to create new products and services leading to overall growth and expansion of the business. Therefore, it is rightly said that a good planning process will promote more individual participation by throwing up various new ideas and encouraging managers to think differently.
5. **Planning Facilitates Decision-Making:** Decision-making means searching for various alternatives and selecting the best one. Planning helps the manager to look into the future, and choose among various alternative forces of action. Planning provides guidelines for sound and effective decision-making.
6. **Planning Establishes a Standard for Controlling:** Planning lays down the standards against which actual performance can be evaluated and measured. Comparison between the actual performance and pre-determined standards help to point out the deviation, and take corrective

actions to ensure that events confront plans. In case of any deviation, the management can take remedial measures to improve the results.

Elements of Planning

1. **Objectives**

   The important task of planning is to determine the objectives of the enterprise. All planning work must spell out in clear terms the objectives to be realised from the proposed business activities.

2. **Forecasting**

   Forecasting refers to analysing the statistical data and other economic, political and market information for the purpose of reducing the risks involved in making business decisions and long range plans.

3. **Policies**

   Policies are statements or principles that guide and direct different managers at various levels in making decisions. Policies provide the necessary basis for executive operation. Policies act as guidelines for taking administrative decisions.

4. **Procedures**

   Procedures outline a series of tasks for a specified course of action. For example, the policy may be the recruitment of personnel from all parts of the country; but procedures may be to advertise and invite applications, to take interviews and offer appointment to the selected personnel.

5. **Rules**

A rule specifies necessary course of action in a particular situation. Any deviation of rule entails penalty. Rule is related to parts of a procedure. Thus, a rule may be incorporated in respect of purchase procedure that all purchases must be made after inviting tenders. Similarly, in respect of sales procedure, rule may be enforced that all orders should be confirmed the very next day.

6. **Programmes**

Programmes are precise plans of action followed in proper sequence in accordance with the objectives, policies and procedures. Thus, a company may have a programme for the establishment of schools, colleges and hospitals near about its premises along with its expanding business activities. Programmes must be closely integrated with the objectives.

7. **Budgets**

Budget means an estimate of men, money, materials and equipment in numerical terms required for implementation of plans and programmes. Thus, planning and budgeting are inter-linked. Budget indicates the size of the programme and involves income and outgo, input and output

- **Projects**

A project is a single-use plan which is a part of a general programme. A project involves basically the investment of funds, the benefits from which can be accrued in future. Examples of such investment may be outlays on land, building, machinery, research and development, etc. depending upon the situation.

- **Strategies**

Strategies are the devices formulated and adopted from the competitive standpoint as well as from the point of view of the employees, customers, suppliers and government. Strategies thus may be internal and external. Whether internal or external, the success of the plans demands that it should be strategy-oriented.

Types of Plan

A plan is a commitment to a particular course of action for achieving specific results. Plans can be classified into several types depending on the use and the length of the planning period. These plans can be classified into single-use plans and standing plans.

Single Use Plan

1. A single use plans are specific plans which are meant to solve a nonrecurring particular problem. It was developed for a one-time project or event that has one specific objective.
2. Such plan is developed to meet the needs of a unique situation in hand.
3. The duration of a single use plan differs depending upon the type of project, as a single event plan may last for one day while a single project may last for one week or months.
4. For example, an outline for an advertising campaign. After the campaign runs its course, the short term plan will lose its relevance except as a guide for creating future plans.

Standing Plans

1. Standing plans are used for those activities, which occur regularly over a period of time.
2. It is designed once and retains their value over a period of time while undergoing revisions and updates.
3. It is developed once but modified from time to time to meet business needs.

4. Standing plans include policies, procedures methods and rules

Process of Planning

1. **Perception of the Opportunities**

   The manager must first identify the opportunity that calls for planning and action. This is very important for the planning process because it leads to formulation of plans by providing clue as to whether opportunities exist for taking up particular plans. Perception of opportunities includes a preliminary look at possible opportunities and the ability to see them clearly and completely, an understanding of why the organisation wants to solve the uncertainties and a vision what it expects to gain. This provides an opportunity to set the objectives in real sense.

2. **Establishment of the Objectives**

   The next step in the planning process lies in the setting up of objectives to be achieved by the enterprise in the clearest possible terms keeping in view its strength and limitation. Objectives specify the results expected in measurable terms and indicate the end points of what is to be done; where the primary emphasis is to be placed, and what is to be accomplished by various types of plans. Enterprises start with a general objective.

From this are developed subordinate goals that contribute to the attainment of the general objective. These, in turn, are supported by the specific objectives for the departments. In this process a hierarchy of objectives is created. The plans at each level of the organisation are made for the attainment of the appropriate objectives in the hierarchy. This hierarchy can be built up by coordinating the plans of different departments.

3. Building the Planning Premises

After determination of the organisational goals, it is necessary to establish planning premises, that is, the conditions under which planning activities will be undertaken. This involves collection of facts and figures necessary for planning the future course of the enterprise. 'Planning Premises' are planning assumptions relating to the expected environmental and internal conditions.

So, planning premises are of two types—external and internal. External premises include total factors in the environment like social, political, technological, competitors' plans and actions, government policies, etc.

Internal factors include the organisation’s policies, resources of various types, and the ability of the organisation to withstand the environmental pressure. The plans are formulated in the light of both external and internal factors.

4. **Identifying the Alternatives**

The next step in planning process is to search for various alternative courses of action based on the organisational objectives and planning premises. A particular objective can be achieved through various actions. For example, if an organisation has set its objective to grow further, it can be achieved in several ways like expanding the field of business or product line, joining with other organisations, or taking over another organisation, and so on. Within each category, there may be several alternatives.

Since all alternatives cannot be considered for further analysis, it is necessary for the planner to reduce in preliminary examination the number of alternatives that do not meet the minimum preliminary criteria. Preliminary criteria can be defined in several ways— minimum investment required, matching with the present business of the organisation, control by the government, etc.

5. **Evaluation of the Alternatives**

Various alternative courses that are considered feasible in terms of preliminary criteria have to be taken for detailed evaluation. Alternative courses of action can be evaluated against the criteria of cost, risks, benefit and organisational facilities. The strong and weak points of every alternative should be analysed carefully.

Since there are so many complex variables connected with each goal and each possible plan, the process of comparative evaluation is extremely difficult. For example, one alternative may be the most profitable but requires heavy investment; another may be less profitable but also involves less risk.

Moreover, there is no certainty about the outcome of any alternative course because it is related with future which is not certain. Ultimately, the choice will depend upon what is determined as the most critical factor from the point of view of the objectives of the enterprise.

6. **Choice of the Course of Action**

After the evaluation of various alternatives, the most appropriate one is selected as the plan. Sometimes evaluation shows that more than one alternative are equally good. In such a case, the manager may choose more than one alternative at the same time. There is another reason for choosing more than one alternative. Alternative course of action may be required to be undertaken in future in changed situations. So, the planner must also be ready with alternative normally known as contingency plan that can help coping up with the changed situation.

7. Formulation of Supporting or Derivative Plans

After the best alternative is decided upon, the next step is to derive various plans for different departments or sections of the organisation to support the main plan. In an organisation, there can be various derivative plans like planning for buying raw materials and equipment, developing new product, recruiting and training the personnel, etc.

These derivative plans are formulated out of the main plan and so they support it. The break-down of the master plan into departmental and sectional plans provides a realistic picture of the actions to be taken in future.

↵ Establishing the Sequence of Activities

After formulating the basic and derivative plans, the sequence of activities is determined so that the plans are put into action. Based on the plans at various levels, it can be decided who will do what and at what time.

Budgets for various periods can be prepared to make plans more concrete for implementation.

↳ **Securing Participation**

Plans must be communicated in greater details to the subordinates to increase their understanding of the proposed action and for enlisting their co-operations in the execution of plans. It will, thus, add to the quality of planning through the knowledge of additional facts, new visions and revealing situations.

10. **Providing for Future Evaluation**

For ensuring that the selected plans are proceeding with the right lines, it is of paramount importance to devise a system of continuous evaluation and appraisal of the plan. It will help in detecting the shortcomings and pitfalls of the plans and taking remedial actions well in time. All the steps in the process of planning must be linked and co-ordinated with each other. For successful implementation of a plan, it must be communicated to all levels of the organisation.

Planning Tools and Techniques

1. **Forecasting**

Forecasting is the process of predicting what will happen in the future. Almost every plan involves forecasts of some sort. The economist regularly report forecasts of economic conditions interest rates, unemployment, and trade deficits.

2. **Contingency Planning**

Changes will occur in the environment. When crisis and emergencies occur, managers and the organizations have contingency plans that are ready to be implemented. Contingency plans contain →trigger points→ that indicate when pre-selected alternative plans should be activated.

3. **Scenario Planning**

It involves identifying several alternative future scenarios that may occur. Plans are then made to deal with each scenario as it occurs.

For example, the Heart and Stroke Foundation of Ontario set out to design a new model for the health care funding, they wanted to challenge the organization to think in different ways about the future. The scenario planning process benefited them by helping the board and other invited experts to rehearse strategic development plans and tactics in five different realistic scenarios.

4. **Benchmarking**

   It is a technique that uses external comparisons to better evaluate one's current performances and identify possible actions for the future. The purpose of it is to find out what other people and organizations are doing well at and plan how to incorporate these ideas into one's own operations. One of the benchmarking techniques are used to search for best practices. Best practices are things that lead to superior performance. It is considered that the best run organizations also emphasize internal benchmarking that encourages all members and work units to learn and improve by sharing one another's best practices.

5. **Participation and Involvement**

   Includes, in all planning steps, the people who will be affected by the plans and/or who will be asked to help implement them. This process brings many benefits to the organization. Participation can increase creativity and information available for planning. Also, it increases the understanding and acceptance of plans, along with commitment to their success. Although its takes a long time, it can improve results by improving implementation. All employees participate in the planning process and are regularly updated about the company's program towards its goal.

6. **Use of Staff Planners**

   Staff planners are employed to help coordinate planning for the organization as a whole or for one of its major components. They help bring focus and energy to accomplish important planning tasks. A risk involved is a tendency for a communication gap to develop between the staff planners and line managers.

Management by Objectives (MBO)

Management by Objectives (MBO) is a strategic approach to enhance the performance of an organization. It is a process where the goals of the organization are defined and conveyed by the management to the members of the organization with the intention to achieve each objective. An important step in the MBO approach is the monitoring and evaluation of the performance and progress of each employee against the established objectives. Ideally, if the employees themselves are involved in setting goals and deciding their course of action, they are more likely to fulfill their obligations.

Decision Making

Decision is a choice whereby a person comes to a conclusion about given circumstances situation. It represents a course of behaviour or action about what one is expected to do or not to do. Decision making may, therefore, be defined as a selection of one course of action from two or more alternative courses of action.

Thus, it involves a choice-making activity and the choice determines our action or inaction. Every action of a manager is generally an outcome of a decision.

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

A decision is an act of choice, wherein an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from a number of possible alternatives. D.E. Mc. Farland

Characteristics of Decision-Making

1. Decision-making is goal-oriented. The purpose of decision is to achieve a goal; sectional, departmental and organisational.
2. It is required for every managerial function though it is closely related to planning. How good the decisions are determines how effective the organisational plans are.
3. It is a process of choosing a course of action out of various courses to solve a specific problem.
4. Problem-solving is the basis for decision-making as decisions are made to solve problems. Unless there are problems, there will be no decision-making. Decisions are made to solve organisational problems and exploit

environmental opportunities. Both problems and opportunities, thus, need decision-making.

5. It is a pervasive process. Decisions are made in business and non-business organisaitons. In business organisations, they are made at all levels.
6. Decisions are made at all levels in the organisation; though nature and importance of decisions vary at different levels. However, overall organisational effectiveness is determined by the quality of decisions made at all the levels.
7. It is required for every situation certainty, risk or uncertainty.

↵ It is situational in nature. Different situations (both internal and external to the organization) require different decisions. Not to make a decision is also a decision in some situations.

↳ It is a continuous process. Managers continuously evaluate organisational activities and find problems that require decision-making.

10. It is an intellectual process. Managers use judgment, knowledge and creativity to develop solutions to the problem.
11. A manager is oriented towards making decisions rather than performing the actions personally; actions are carried out by others.

Types of Decision Making

Programmed Decisions:

1. Decision related to structured situations, where the problem is more or less routine and repetitive in nature is known as programmed decisions.
2. The routine problems may not always be simple.
3. There may be complex routine problems. For example, managers order for inventory when it reaches the re-order point.
4. This is a routine which the production department follows. If there is sudden increase in demand for the product, managers cannot wait for inventory to reach the re-order point to make fresh orders.
5. Orders are placed before this level is reached.
6. Ordering inventory is, thus, a problem of routine nature but ordering inventory before the re-order point is a routine but complex problem.
7. In either situation, managers depend on pre-established criteria for taking decisions.

↵ Various policies, schedules and procedures guide these decisions and, therefore, policies and procedures should be as clear as possible.

↳ Since decisions are based on pre-set standards, they do not require much of brain storming and are taken normally by middle-level and lower-level managers.

10. Managers do not think of novel ways to solve the routine problems. Therefore, they can concentrate on important and crucial activities.
11. These decisions also involve some amount of certainty, i.e., outcomes of these decisions are, by and large, known.

Various types of programmed decisions are

- Organisational decisions
- Operational decisions
- Research decisions
- Opportunity decisions

Non-Programmed Decisions:

1. These decisions are taken in unstructured situations which reflect novel, ill-defined and complex problems.
2. The problems are non-recurring or exceptional in nature.

3. Since they have not occurred before, they require extensive brainstorming. Managers use skills and subjective judgment to solve the problems through scientific analysis and logical reasoning.
4. Subjective judgment is based on assessment of the situation. In objective judgment (in case of programmed decisions), past experience forms the basis for decision-making.
5. These decisions involve fair degree of uncertainty since outcomes of decisions are not always known.
6. For example, increase in advertising expenditure, effective salesmanship, upgraded technology, quality controls, brand image and reasonable prices normally increase sales and profits. If, despite all this, profits are declining, it requires immediate decision-making and such decisions are non-programmed decisions.
7. These decisions are taken by top level managers. As we move up the organisational hierarchy, the need for taking non-programmed decisions increases.

Different types of non-programmed decisions are

- Personal decisions

- Strategic decisions
- Crisis intuitive decisions
- Problem-solving decisions

Steps in Decision Making

Step 1: Identification of the purpose of the decision

In this step, the problem is thoroughly analysed. There are a couple of questions one should ask when it comes to identifying the purpose of the decision.

- What exactly is the problem?
- Why the problem should be solved?
- Who are the affected parties of the problem?
- Does the problem have a deadline or a specific time-line?

Step 2: Information gathering

A problem of an organization will have many stakeholders. In addition, there can be dozens of factors involved and affected by the problem. In the process of solving the problem, you will have to gather as much as information related to the factors and stakeholders involved in the problem. For the process of information gathering, tools such as 'Check Sheets' can be effectively used.

Step 3: Principles for judging the alternatives

In this step, the baseline criteria for judging the alternatives should be set up. When it comes to defining the criteria, organizational goals as well as the corporate culture should be taken into consideration. As an example, profit is one of the main concerns in every decision making process. Companies usually do not make decisions that reduce profits, unless it is an exceptional case. Likewise, baseline principles should be identified related to the problem in hand.

Step 4: Brainstorm and analyse the different choices

For this step, brainstorming to list down all the ideas is the best option. Before the idea generation step, it is vital to understand the causes of the problem and prioritization of causes. For this, you can make use of Cause-and-Effect diagrams and Pareto Chart tool. Cause and-Effect diagram helps you to identify all possible causes of the problem and Pareto chart helps you to prioritize and identify the causes with highest effect. Then, you can move on generating all possible solutions (alternatives) for the problem in hand.

Step 5: Evaluation of alternatives

Use your judgment principles and decision-making criteria to evaluate each alternative. In this step, experience and effectiveness of the judgment principles come into play. You need to compare each alternative for their positives and negatives.

Step 6: Select the best alternative

Once you go through from Step 1 to Step 5, this step is easy. In addition, the selection of the best alternative is an informed decision since you have already followed a methodology to derive and select the best alternative.

Step 7: Execute the decision

Convert your decision into a plan or a sequence of activities. Execute your plan by yourself or with the help of subordinates.

Step 8: Evaluate the results

Evaluate the outcome of your decision. See whether there is anything you should learn and then correct in future decision making. This is one of the best practices that will improve your decision-making skills.

Forecasting

Forecasting involves making educated guesses about future events that could affect a company. Businesses can predict sales, finances, customer demand, and market changes by examining past data, trends, and patterns. Forecasting helps companies make decisions, plan, and manage risks. Methods include analyzing historical data and using statistical models. However, the future is uncertain, and predictions may not always be accurate. Unforeseen events can impact forecasts, so it's important to review and update them as new information becomes available regularly.

Nature of Forecasting

- **Uncertainty:** Forecasts are not guaranteed, as the future is inherently uncertain. Unanticipated factors or events can affect the accuracy of predictions.
- **Assumptions:** Forecasting often relies on certain assumptions, which, if incorrect, can lead to inaccurate forecasts.
- **Time horizon:** Forecasts can be made for different time frames, such as short-term, medium-term, or long-term. The accuracy of predictions usually decreases as the time horizon increases.
- **Methods and techniques:** Forecasting employs various methods and techniques, ranging from qualitative approaches (like expert opinions) to quantitative methods (such as statistical models and algorithms).

- **Continuous process:** Forecasting is an ongoing process that requires regular review and updates based on new information, changes in assumptions, or market conditions.
- **Goal-oriented:** The purpose of forecasting is to support decision-making, risk management, and planning to achieve specific objectives or goals.

Importance of Forecasting in Business

- **Decision-making:** Forecasting plays a vital role in helping organizations and individuals make informed decisions. Predicting future events or trends provides valuable insights that guide the decision-making process. This helps businesses and individuals choose the best course of action based on the available information and likely outcomes.
- **Resource allocation:** It helps organizations efficiently allocate their resources, including time, money, and personnel. By predicting future demand or market conditions, businesses can adjust their production levels, staffing requirements, and budgets, ensuring they are well-prepared to meet customer needs and remain competitive.
- **Risk management:** Identifying potential risks and uncertainties is essential for any organization. Forecasting allows businesses to anticipate possible

challenges, such as economic downturns, fluctuations in customer demand, or supply chain disruptions. By understanding these risks, organizations can develop contingency plans and strategies to mitigate potential negative impacts.

- **Setting goals and targets:** It helps organizations and individuals set realistic goals and targets for their operations. By predicting future outcomes, they can establish achievable objectives and monitor their progress over time, ensuring they stay on track to meet their goals.
- **Budgeting and financial planning:** Accurate financial forecasts are crucial for budgeting and financial planning. They help businesses estimate revenues, costs, and cash flow, enabling them to create budgets, plan investments, and manage their finances effectively.
- **Supply chain management:** In the context of supply chain management, forecasting is essential for maintaining the right balance between supply and demand. Accurate demand forecasts enable businesses to optimize inventory levels, reduce stockouts, and minimize holding costs, ultimately improving customer satisfaction and the efficiency of the supply chain.

Limitations of Forecasting

- **Uncertainty:** The future is inherently uncertain, and forecasting cannot guarantee accurate predictions. Unexpected events or changes in circumstances can significantly impact the accuracy of forecasts, making it challenging to rely on them entirely for decision-making and planning.
- **Inaccurate data:** It depends on the quality of the data used. If the historical data or input information is inaccurate or incomplete, the forecasts generated may be unreliable. Ensuring accurate data collection and analysis is crucial for improving the precision of predictions.
- **Assumptions:** Forecasting often relies on certain assumptions about the future. If these assumptions are incorrect or change over time, the forecasts may become inaccurate. Regularly reviewing and updating assumptions is essential to maintain the accuracy of forecasts.
- **Complexity:** It can be a complex process, particularly when dealing with large volumes of data or rapidly changing environments. The use of advanced statistical models and algorithms may improve accuracy but can also increase the complexity of the process, making it more challenging to understand and interpret the results.

- **Time-consuming:** Developing accurate forecasts can be a time-consuming process, requiring regular data collection, analysis, and updates. This may divert resources from other essential tasks within an organization, potentially impacting overall efficiency.
- **Limited scope:** Forecasts are generally limited in their scope and may not account for all possible factors or changes in the environment. For example, they may not accurately predict the impact of new competitors, or technological innovations.

- ✓ Meaning

- ✓ Definitions

Organizing

- ✓ Meaning

- ✓ Definitions

- ✓ Nature and Scope
- ✓ Characteristics
- ✓ Importance
- ✓ Types
- ✓ Formal and Informal Organization
- ✓ Organization Chart
- ✓ Organization Structure:
- ✓ Meaning
- ✓ Types
- ✓ Departmentalization
- ✓ Authority and Responsibility
- ✓ Centralization and Decentralization
- ✓ Span of Management

Meaning

Organizing is the second key management function, after planning, which coordinates human efforts, arranges resources and incorporates the two in such a way which helps in the achievement of objectives. It involves deciding the ways and means with which the plans can be implemented.

Organizing is a process of structuring the essential relationships among the people, tasks, and other activities. This is done in a way that the organization's resources are integrated and are coordinated to accomplish the objectives efficiently and effectively.

Definitions

"Organising is a process of defining and grouping the activities of the enterprise and establishing the authority relationships among them. In performing the organising function, the manager defines, departmentalizes, and assigns activities so that they can be most effectively executed." –**Theo Haimann**

"Organizing is a function by which the concern is able to define the role positions, the jobs related and the coordination between authority and responsibility." – **Chester I. Barnard**

"Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them." –**Luther Gulick**

"Organising is the establishing of effective authority relationships among selected work, persons and work places in order for a group to work together efficiently". **– G. R. Terry**

“To organise a business is to provide it with everything useful to its functioning: raw materials, machines and tools, capital and personnel”. **– Henry Fayol**

Nature and Scope

1. Division of Labour

According to Fayol, work of all kinds must be sub-divided and assigned to a number of persons. This helps to make the work being carried out in a simpler and efficient manner. It, thus, leads to specialization and increasing employees’ efficiency. By repeating a small part of work the individual acquires speed and accuracy in its performance. This principle holds true for technical as well as managerial tasks.

2. Coordination

Different persons are assigned for different functions and yet all these functions have only one aim i.e. accomplishment of the enterprise’s objectives.

To this end, an organisation has to adopt adequate methods to ensure that there is proper coordination of the different activities performed at various work points. This means establishment of correct and adequate relationships between an employee and his work; one employee with another; and one department or sub-department with another.

3. Social System

All parts of the organisational system are inter-dependent. Each part affects and is influenced by any other part and also in turn by the system as a whole. An organisation is a social system. Its activities are governed by social and psychological laws. People working in an organisation are influenced in their actions and behaviour by their social and psychological needs.

Two aspects of an organisational social system are the formal or official and the informal or unofficial. The organisation social system is dynamic, in the sense that inter-personal and group relationships within it, keep on changing and are not dormant.

4. Objectives

Any organisation structure is bound together by the pursuit of specific and well-defined objectives. In fact, as objectives cannot be accomplished without an organisation, an organisation cannot exist for long without objectives and goals.

5. Cooperative Relationship

An organisation ensures co-operative relationship among the members of the group. It cannot be constituted by one person. It requires at least two or more persons. Organisation is a system which helps in creating meaningful relationship among persons both vertical and horizontal.

6. Well-Defined Hierarchy

Hierarchy acts as a line of communication, as well as command, and shows the pattern of relationships among people. Hierarchy of organisation refers to the positioning of people from the highest level to the lowest rank in the organisation. It also helps to define authority and responsibility attached to each position/person.

7. Communication

Although every organisation has its own channels and methods of communication. For success in management, effective communication is vital. This is because management is concerned with working with others and unless there is proper understanding between people, it cannot be effective. The channels of communication may be formal, informal, downward, upward or horizontal.

Scope of Organizing

1. **Organizational Culture:** This involves assessing the existing culture within an organization and working to create a more positive and productive culture. This can involve changes in values, norms, and behaviors within the organization.
2. **Change Management:** Organizational development often involves managing change within an organization. This can include implementing new processes, technologies, or organizational structures.
3. **Leadership Development:** Developing effective leaders is crucial for the success of any organization. Organizational development initiatives may focus on identifying and developing leadership talent within the organization.
4. **Team Building:** Building strong and effective teams is essential for organizational success. Organizational development efforts may focus on improving team dynamics, communication, and collaboration.
5. **Employee Engagement:** Engaged employees are more productive and committed to the organization. Organizational development initiatives may focus on improving employee engagement through various strategies.
6. **Performance Management:** Organizational development may involve designing and implementing performance management systems that help align individual and organizational goals.

7. **Conflict Resolution:** Addressing conflicts within the organization is an important aspect of organizational development. This may involve mediation, training, or other conflict resolution strategies.

↵ **Learning and Development:** Continuous learning and development are essential for both individual and organizational growth. Organizational development may involve designing training programs, mentoring initiatives, and other learning opportunities.

↳ **Organizational Structure:** Assessing and redesigning the organizational structure to improve efficiency, communication, and decision-making is often part of organizational development efforts.

10. **Strategic Planning:** Organizational development is closely linked to strategic planning. It involves aligning organizational goals, values, and resources to ensure long-term success.

Characteristics of Organizing

1. **Division of work –** The total work should be divided into many parts for effective performance of the work. Each part of work is to be performed by one person or a group of persons. In this way, the division of work results in the creation of specialized persons.

2. **Achieving organizational objective –** There is a need of coordination among the employees in the organization. The division of work is done keeping in view the overall objectives of the organization. The organizing process is framed in such a way so as to achieve organizational objectives smoothly.
3. **Authority-responsibility structure –** The position of each of the executives is defined with regard to the extent of authority and responsibility vested in him to discharge his duties. Organizing arranges for the delegation of authority and responsibility. It tries to bring harmony, authority, and responsibility.
4. **Grouping of activities –** Activities are needed to be grouped on certain well-defined basis such as function, product, customer, process, territory, etc. This grouping process is called departmentation. It helps in achieving the benefits of specialization and administrative control.
5. **Scalar (step-by-step) principle –** Authority is delegated from the upper level to the lower level and the responsibility flows from the lower level to the upper level of organizational hierarchy. Provision is to be made for the

accountability of the assigned duties. Each employee of an organization must know where his accountability lies.

6. **Installing sound communication system –** The success of management depends upon effective system of communication. It helps the management by providing information about the duties, responsibilities, authority, positions, and jobs. Coordination can be maintained among various related departments by making exchange of information on a regular basis.
7. **Flexibility –** The organizing process should be flexible so that any change can be incorporated as and when required. It ensures the ability to adapt and adjust the activities in response to the change taking place in the external environment. The programs, policies, and strategies can be changed as and when required if the provision for flexibility is made in the organizing process.

↵ **Coordination –** Coordination ensures the unity of action in the realization of a common objective. It is an arrangement of group effort to achieve organizational goals. Coordination of different personnel and departments are needed for ensuring higher efficiency and effectiveness.

Importance of Organizing

1. **Benefits of Specialization**

   In an organisation, work is divided into units and departments. This division of work leads to specialization in various activities of the concern. The entire philosophy of the organisation is based on the concept of division of work into compact jobs. This leads to systematic allocation of jobs amongst staff, which enhances productivity and reduces the workload. Division of work refers to assigning responsibility for each organisational component to a specific individual or group. This, in turn leads to specialization, efficiency and speed in job performance.

2. **Clarity in a Working Relationship**

   After identification of a job, organising also clarifies the authority and responsibility of individuals of different departments. It is a means of creating coordination among different departments of enterprises. It aims at creating clear-cut responsibility, and authority relationships amongst different levels and ensuring cooperation amongst individuals and groups. Harmony of work is brought by the high level of management. Every employee knows his superior from whom he has to take the order, and to whom he has to report. This working relationship helps in fixing responsibility and helps to avoid confusion.

3. **Optimum Utilization of Resources**

Organising ensures the optimum utilization of human and material resources. In organising, work is assigned as per skill and knowledge. The clarity in the job in advance of what the employees are supposed to do avoids confusion and motivates employees to put in their best.

4. **Adaption to Change**

The process of organising allows an organisation to accommodate changes in a business environment. So the organisation structure is suitably modified and the revision of the job position and relationships plan the way for smooth transactions. Thus, organising provide flexibility and stability to an organisation. It helps an organisation to survive and grow, despite people leaving and joining. It also helps to adapt to changes in technology, new methods of work, etc.

5. **Effective Administration**

Organising provides a clear description of the jobs and working relationships. It helps in effective administration by avoiding confusion and duplication of work. Organising also reduces the workload of the top management by delegating authority. As a result, top management is relieved from routine work and can concentrate on the administration of the company.

6. Development of Personnel

In the process of organising, a managerial person is trained to acquire a wide experience in diverse activities through delegation of authority. Delegation allows manager to reduce their work by assigning future jobs to subordinates. It also gives time to concentrate on important work. The delegation also develops a sense of responsibility in the subordinates and motivates them to do more challenging work.

7. Expansion and Growth

An organisation's growth is totally dependent on how efficiently and smoothly it works. The organising process creates a favorable condition for expansion and diversification of enterprise by enabling it to deviate from existing norms and take up a new challenge. Organising allows a business enterprise to access more job positions and departments, and even diversifies its product lines. It helps in the expansion and growth of the business.

Types of Organizing

Formal Organisation

Formal organisation is that type of organisation structure where the authority and responsibility are clearly defined. The organisation structure has a defined delegation of authority and roles and responsibilities for the members.

The formal organisation has predefined policies, rules, schedules, procedures and programs. The decision making activity in a formal organisation is mostly based on predefined policies.

Formal organisation structure is created by the management with the objective of attaining the organisational goals.

There are several types of formal organisation based on their structure, which are discussed as follows:

Line Organisation

Line organisation is the simplest organisation structure and it also happens to be the oldest organisation structure. It is also known as Scalar or military or departmental type of organisation. In this type of organisational structure, the authority is well defined and it flows vertically from the top to the hierarchy level to the managerial level and subordinates at the bottom and continues further to the workers till the end. There is a clear division of accountability, authority and responsibility in the line organisation structure.

Advantages of Line organisation

- ✓ Simple structure and easy to run
- ✓ Instructions and hierarchy clearly defined
- ✓ Rapid decision making
- ✓ Responsibility fixed at each level of the organisation.

Disadvantages of Line organisation

- ✓ It is rigid in nature
- ✓ It has a tendency to become dictatorial.
- ✓ Each department will be busy with their work instead of focusing on the overall development of the organisation.

Line and Staff Organisation

Line and staff organisation is an improved version of the line organisation. In line and staff organisation, the functional specialists are added in line. The staff is for assisting the line members in achieving the target effectively.

Advantages of Line and Staff organisation

- ✓ Easy decision making as work is divided.

- ✓ Greater coordination between line and staff workers.
- ✓ Provides workers the opportunity for growth.

Disadvantages of Line and Staff Organisation

- ✓ Conflict may arise between line and staff members due to the improper distribution of authority.
- ✓ Staff members provide suggestions to the line members and decision is taken by line members, it makes the staff members feel ignored.

Functional Organisation

Functional organisation structure is the type of organisation where the task of managing and directing the employees is arranged as per the function they specialise. In a functional organisation, there are three types of members, line members, staff members and functional members.

Advantages of Functional organisation

- ✓ Manager has to perform a limited number of tasks which improves the accuracy of the work.
- ✓ Improvement in product quality due to involvement of specialists.

Disadvantages of Functional organisation

- ✓ It is difficult to achieve coordination among workers as there is no one to manage them directly.
- ✓ Conflicts may arise due to the members having equal positions.

Project Organisation

A project organisation is a temporary form of organisation structure that is formed to manage projects for a specific period of time. This form of organisation has specialists from different departments who are brought together for developing a new product.

Advantages of Project organisation

- ✓ The presence of many specialists from different departments increases the coordination among the members.
- ✓ Each individual has a different set of responsibilities which improves control of the process.

Disadvantages of Project Organization

- ✓ There can be a delay in completion of the project.
- ✓ Project managers may find it difficult to judge the performance of different specialists.

Matrix Organisation

Matrix organisation is the latest form of organisation that is a combination of functional and project organisation. In such organisations there are two lines of authority, the functional part of the organisation and project management part of the organisation and they have vertical and horizontal flow of authority, respectively.

Advantages of Matrix Organisation

- ✓ Since the matrix organisation is a combination of functional and project management teams, there is an improved coordination between the vertical and horizontal functions.
- ✓ Employees are motivated as everyone will be working towards one project.

Disadvantages of Matrix Organisation

- ✓ Due to the presence of vertical and horizontal communication, there will be increased cost and paperwork.
- ✓ Having multiple supervisors for the workers leads to confusion and difficulty in control.

Informal Organisation

Informal organisations are those types of organisations which do not have a defined hierarchy of authority and responsibility. In such organisations, the relationship between employees is formed based on common interests, preferences and prejudices.

- ✓ **Horizontal Group-** People who work at the same level in an organization belong to a horizontal group. Such groups promote mutual support and information sharing among the members. It is often found that people share the same problems, concerns, and interests. They solve problems without depending on their bosses or higher or lower hierarchical members. For example, people working for different departments like sales, operations, production, etc. but who are at the same level in the organizational hierarchy form a horizontal group.
- ✓ **Vertical Group-** People working at different levels in an organization belong to the vertical group. Such groups are formed through skip-level relationships. For example, a top-level employee may be associated with a first-level employee, or a group of first-level employees may establish a group with their bosses. Such groups promote better communication and quick access to the issues arising in the organization.
- ✓ **Mixed Group-** People from different levels and different departments create a Mixed Group. The groups are created based on common interests like club

memberships, common interests or their backgrounds. For example, the president of the sales department may bond with the director of technology.

Example of Informal Organization Members of the sales team join every day for lunch with the human resource team. Another example of such informal groups is that sales team personnel help tech development employees to figure out the requirements of the product.

Organizational Chart

An organizational chart, often referred to as an org chart, is a valuable management tool that visually represents the hierarchical structure and relationships within an organization. It offers a clear and organized depiction of roles, positions, and reporting lines. The primary purpose of an organizational chart is to enhance understanding of the organization’s structure, including levels of authority, communication channels, and functional divisions. Providing a visual overview enables employees, managers, and stakeholders to grasp the interconnections between different parts of the organization and identify who holds responsibility for specific tasks and decisions.

Organization Structure

The organisation structure consists of the various jobs, departments and responsibilities in the enterprise coupled with the definition of the extent of control, management and authority. It also consists of the relationships between various members of the enterprise.

Types of Organization Structure

1. **Functional Structure**

   As the name suggests, in a functional structure grouping is based on functions. This means that similar jobs are integrated into functions and major functions are further categorised as departments which are handled by respective coordinating heads. These departments can further consist of sections. Note that functional structure is a basic and simple organisational structure.

2. **Divisional Structure**

   Divisional structure, as the name suggests perceives an enterprise as the integration of independent divisions. We must note that such a structure is adopted in large and complex enterprises which handle diverse products. This is because although an organisation produces a homogeneous set of products, it can deal in a wide variety of differentiated products. Again, the organisation does this to deal with complexity. The organisation is divided into separate business units or divisions which are a bit independent and multifunctional in their operations. Each unit has a divisional manager at the apex that looks after all the operations within a division. Further, each division performs most of the functions like production; finance etc. to achieve a common goal. In a nutshell, each enterprise is divided into various divisions which further adapt the functional structure. For example, the Reliance group has various product lines like clothing, communications, electronics etc.

Departmentalization

Departmentalization, also referred to as departmentation, is the process of grouping teams or activities into departments or functions with specific objectives, goals, and outcomes to be achieved. It is a way of dividing an organization into separate parts (departments), each with its functions and responsibilities, but all geared towards achieving the organization's overall goals. It's a key part of the organizational design process.

Every employee in a department either performs similar tasks and shares a common goal or works within a multidisciplinary department with varied skills. Coordination among these employees is important, as is the ability to hold employees accountable for their actions.

Need Departmentalization

1. **Grouping specialized activities**

   Departmentalization groups together employees who have specialized skills, knowledge, or tasks. Every employee in the department is tasked with defined duties and responsibilities. It also allows managers to delegate authority more effectively.

2. **Improving communication and coordination**

   Efficient communication and coordination are essential for any organization, regardless of its size. They allow managers to delegate tasks, give instructions, and provide feedback. They also enable employees to share information, resolve conflicts, and collaborate on projects.

3. **Establishing decision-making authority within the organization**

   Every organization has a certain degree of complexity. As the organization grows, so does its complexity. This growth can make it difficult for managers to control all the employees and activities within the organization. Departmentalization helps managers maintain control by grouping employees into departments.

4. **Improving efficiency and productivity**

Placing employees with similar skills, tasks, and knowledge in the same department can improve efficiency and productivity. Employees can share resources, knowledge, and expertise to collaborate on projects. This collaboration can lead to the development of new and innovative products or processes.

5. **Establishing responsibilities and improving accountability**

During departmentalization in business, each department decides which tasks will be performed. This decision-making process helps establish responsibility and accountability within the organization. Every employee within a department has a set of tasks or activities they are responsible for. This makes it easier for managers to reward and recognize employee efforts and outcomes.

Authority and Responsibility

Definition	The power or right to give orders, make decisions, and enforce obedience.	The duty or obligation to perform a particular task or role.
Delegation	Authority can be delegated from one person to another.	Responsibility cannot be delegated; it remains with the accountable individual.
Source	Derived from a formal position or	Derived from assigned tasks

	organizational structure.	or roles within the organization.
Accountability	The person with authority is accountable for the outcome of decisions made.	The person with responsibility is accountable for successfully completing the assigned task.
Scope	Authority extends to decision-making and commanding others to perform tasks.	Responsibility focuses on executing tasks and delivering expected results.
Example	A CEO has the authority to make decisions and direct the actions to other levels of management.	A manager must ensure their team meets performance targets and deliver quality work.

Centralization

Centralization is a method of managing power in which a single authority makes and executes decisions. This may be a person, group, or institution. Power is exercised and managed vertically since the rest of the people, departments, or institutions are subordinate to the central authority.

Decentralization

It is a way of managing power by sharing it with others, groups of people, instances, or departments. In this way, those involved are responsible for the decisions they make.

Centralization	Decentralization
A single authority holds power.	Power is concentrated in local authorities and collectivities.
Unilateral decisions.	The procedures of each instance are independent.
Vertical hierarchy	Each department can make its own decisions.
Authorization from the central power is required to execute actions.	There may be different levels of decentralization, so authorization varies.
Lots of bureaucratic processes are involved.	Minimal bureaucratic processes.
If the central government fails, the entire administrative structure tends to fail.	The model can fail if there is no preparation from local authorities and collectivities.

Span of management

The Span of Management refers to the number of subordinates who can be managed efficiently by a superior. Simply, the manager having the group of subordinates who report him directly is called as the span of management.

Span of management is the number of people or subordinates that the manager can control and manage. The term ‘span of management’ is also known as ‘span of control’ and ‘span of supervision’.

An organisation needs to maintain a balance between the number of employees within a team and the number of employees that a manager is responsible for taking care of. It relies on the type and nature of the work in the organisation. The span of control of a manager thus depends upon their subordinates, which can range from a few to a hundred.

When an organisation understands its own span of management, they perform better, as it can create an efficient and healthy work environment for the employees and its team. It is also determined by the manager's ability to communicate with and motivate subordinates and control their work and projects. There are different departments in an organisation, such as finance, HR, marketing, etc., and each of those departments has its team members. Handling them together might be difficult for the head of that organisation. In such a case, a span of management is necessary. If the manager can represent their subordinates well, they can manage a lot more subordinates. Managing a huge number of employees simultaneously can lead to a lack of communication between the subordinates and the manager. The wider the span of management, the easier the flow of communication, and thus decision-making is decentralized. For example, if there are too many people in the organisation, the one responsible for managing them may feel overburdened and he may find it difficult to manage the team. Similarly, if the organisation or the team is too small, the organisation may not be able to use its physical and human resources effectively. The span of management also assists the organisation to save costs as when a supervisor is efficient, he will be able to perform more productively, and it will eliminate the need for the management to hire extra personnel.

Staffing

- ✓ Introduction
- ✓ Concept of Staffing
- ✓ Staffing Process

- ✓ Recruitment
- ✓ Sources of Recruitment
- ✓ Modern Recruitment Methods
- ✓ Selection Procedure
- ✓ Test
- ✓ Interview
- ✓ Training
- ✓ Need
- ✓ Types
- ✓ Promotion
- ✓ Management Games
- ✓ Performance Appraisal
- ✓ Meaning and Methods
- ✓ 360 Performance Appraisal
- ✓ Work From Home
- ✓ Managing Work From Home [WFH]

UNIT-IV-STAFFING

Chapter 12

Staffing

Chapter Outline

Meaning — Definition — Steps in Staffing Process — Job Analysis — Manpower Planning — Recruitment — Selection — Training — Performance Appraisal — Model Questions

I. Meaning

Staffing is an essential requisite for organisational success. Staffing involves the assessment of the manpower needed, selection, training and development and appraisal of personnel at periodic intervals. The objective of staffing is to obtain the best talented people for the organisation and to develop their skill and abilities.

II. Definition

Staffing is defined as "the process involved in identifying, assessing, placing, evaluating and developing individuals at work *(Schneider Benjamin).*

III. Steps in Staffing Process

The following are the five steps in the staffing process:

(i) **Job Analysis:** Job analysis is a process through which the activities of work are analysed and the demand made by it on employees.

(ii) **Manpower Planning:** It involves an estimate of the present and future requirements of executive positions in the enterprise.

(iii) **Recruitment and Selection:** Recruitment means attracting applicants for the present or future jobs in an enterprise. Selection refers to evaluating applicants and choosing the best candidates to fill jobs.

(iv) **Training and Development:** Training and development refers to those activities that will increase the knowledge and skill of employees to perform their job.

(v) **Performance Appraisal:** It is the process of judging the effectiveness of executives and managers.

The above steps are elaborated here.

IV. Job Analysis

Job analysis deals with the detailed examination of the activities and the demand made by it on workers. Job analysis helps in determining the nature of a job and the major characteristics that are desirable in the job holder. Moreover, job analysis aids in analysing work process to find better methods of doing work in connection with work simplification. A complete analysis of the job can be built up by going through the following steps suggested by Prof. Bryan Livy.

(i) Identify and isolate the various tasks in a job.

(ii) Examine how tasks are performed.

(iii) Examine when and why tasks are performed.

(iv) Identify the main duties involved in the job.

(v) Identify the main areas of responsibility for various assignment of work.

(vi) Note the prevailing working conditions in respect of physical, social and financial aspects of the job.

(vii) Identify the personal demands which a job makes on an individual incumbent.

Job Description: The results of job analysis are expressed in job description. It is defined on the written statement of the main duties and responsibililies which a job entails. It includes the information, such as, name of job, summary of job, description of duties performed, equipment, materials used on job and so on.

Job Specification: Job specification refers to the summary of the personal characteristics required for the jobs. It describes the type of person required in terms of educational qualifications, experience, aptitudes and so on. In preparing job specifications, the minimum requirements for a job may be grouped as:

(i) Mental or educational requirements,

(ii) Technical or skill based upon previous training, experience and speed in operating mechanical devices.

(iii) Physical requirements such as height, strength, eyesight and age.

(iv) Responsibility for equipment, office records, materials and personal responsibilities.

Hence, job specification provides information for selecting right type of personnel for the job and for the development of a training programme.

V. Manpower Planning

Manpower planning is the application of the planning concept to the needs in number and kind. It includes — (i) taking stock of existing manpower; (ii) determining the status of the available personnel; (iii) discovering the untapped talent within the organisation; and (iv) assessing the future manpower requirements. The demand for managers has steadily grown in all expanding enterprises. Besides, retirement, resignation, death, etc., cause demand for managers. So, manpower planning should be made on a continuous basis.

VI. Recruitment

The recruitment process starts after the manpower requirement is ascertained. Recruitment is the process of searching for prospective candidates and stimulating them to apply for the vacant jobs.

Sources: There are basically two sources of recruitment: (i) Internal sources, and (ii) External sources.

(i) Internal Sources: 'Internal sources' refers to people currently working in an organisation. From this source, positions are filled through promotion or transfer.

Internal source has the following advantages:

1. It creates a sense of security among members.
2. It promotes a high morale among employees.
3. It ensures organisational stability.
4. It encourages employees in the lower ranks to aim for higher positions.

(ii) External Sources: The following are the external sources:

1. Advertisement.

2. Employment exchanges.
3. Educational institutions.
4. Consultants.
5. Campus interviews.
6. Recommendation of present employees.
7. Recommendations of Unions.
8. Deputation from other organisations.

The following are the advantages of recruiting people from outside:

1. It makes possible to choose from among a large number of applicants.
2. The organisation would get people with a varied and broader experience.
3. Sometimes, it helps to overcome internal rivalry.

VII. Selection

Selection of candidates starts after the completion of the recruitment process. Selection is the process of logically choosing individuals who possess the necessary skills and abilities to fill the job. Recruitment is often termed as positive, as its objective is to increase the number of applicants. Selection is termed as negative as it attempts to eliminate applicants.

The Selection Procedure: The selection procedure involves the following steps.

1. Application: Receiving application is the first step in the selection process. Application usually contains information regarding the personal background, educational qualifications, experience and references. Candidates who do not possess the required qualifications are eliminated and others are called for preliminary interview.

2. Preliminary Interview: The object of preliminary interview is to see whether the applicant is physically and mentally suitable for the job.

3. Tests: Candidates who pass the preliminary interview are asked to appear for the selection tests. Tests are conducted to measure the skills and abilities of prospective candidates in terms of specifications. Usually, the following tests are conducted:

(i) **Proficiency Tests:** It includes: (a) the achievement test to measure the knowledge and proficiency already achieved, and (b) dexterity test to test the efficiency in using hands to perform the job.

(ii) **Aptitude Tests:** Aptitude tests consist of:

(a) **Intelligence test:** to test the IQ of the candidate.

(b) **Attitude test:** to know the temperamental and emotional make-up handle the job.

(c) **Interest test:** to measure candidate's interest in the job.

(d) **Movement test:** to measure the speed and precision of movements of the candidate.

(iii) **Personality Tests:** These are also conducted with the assumption that personality is a key determinant to job success.

(iv) **Final Interview:** Final interview holds a central position in the selection procedure. It attempts to evaluate the candidate's qualifications for a particular job. The interview time may range from thirty to fifty minutes. It provides an opportunity to view, probe and judge the candidate's strengths and weaknesses for the positions.

4. Checking References: This procedure aims at ascertaining the correctness of the application. Many organisations do not pay attention to this aspect as it has little practical value.

5. Medical Examination: Certain jobs prescribe physical fitness standards as to height, weight etc. For such jobs, medical examination is conducted prior to placement of the candidate.

6. Placement: The final step in the selection process is to give the appointment order to the candidate specifying the place of work, gross emoluments, hours of work and other terms and conditions.

The selection procedure is shown in Fig. 12.1.

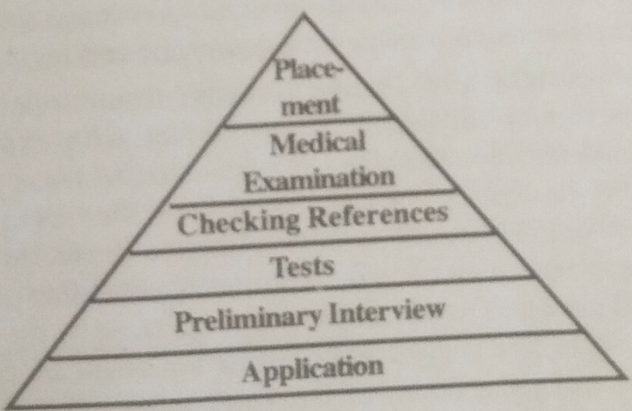


Fig. 12.1 Selection Procedure

VIII. Training

Training refers to the process of educating and developing selected employees so that they have the knowledge, skills, attitudes and understanding needed to manage the future position. Training begins on the very first day the employee starts work and it continues throughout his career.

Methods of Training: Training methods can be divided into two categories as follows: (1) On-the-job training; and (2) Off-the-job training.

1. On-the-job Training: On-the-job training is concerned with developing the employees in the present job. The following methods are employed in this direction:

(i) **Apprenticeship:** Under this method, a worker is appointed as an apprentice under a qualified senior worker. The apprentice learns the work by observing and asking the senior. This method is used in skilled trades such as carpentry, brick-laying, tailoring, etc.

(ii) **Coaching and Counselling:** Under this method, a senior executive is assigned the responsibility of imparting the skills needed for a management trainee to become an effective manager.

(iii) **Vestibule Training:** Under vestibule training, a new worker is trained in the specific skill in a special working area known as "vestibule school set up in the plant." The trainee is free to learn the job at his own rate.

(iv) **Job Rotation:** Under job rotation, a trainee is shifted from one job to another so as to enrich his knowledge and capacity. The job rotation is made on a systematic and regular basis.

(v) **Committees and Junior Boards:** Committees give an opportunity for members to interact with experienced managers. The members get acquainted with the problems facing the organisation and come to know the views of various members. This method is an effective device to develop managers. A junior board is constituted consisting of middle-level managers to discuss the problems faced by the Board of Directors. The suggestions of the junior board are taken into account by the Board of Directors before taking the final decisions.

2. Off-the-job Training: Off-the-job training is conducted away from the actual workplace. The following are some of the popular methods:

(i) **Lectures:** It is an effective means of imparting knowledge to a large number of members. Qualified persons conduct lectures suited to the needs of the employees. If lectures are delivered effectively and listeners are motivated properly, it is an effective method of training.

(ii) **Conferences and Seminars:** Conferences and seminars provide a platform for the exchange of ideas and experiences among employees of different organisations. They are excellent media for managerial development.

(iii) **Role Playing:** Under this method, employees are assigned certain roles to play. For example, a dispute between a superior and a worker is acted out. This method is based on the assumption that a person understands a situation if he is made to act the roles involved in it. The advantage of this method is that it helps to develop leadership skill and decision-making skill.

(iv) **Case Studies:** The trainees are given cases and asked to identify the problems, analyse the causes and suggest solutions. It serves as useful technique for developing the analytical ability of managers.

(v) **Training by Management Institutions:** Management associations and educational institutions conduct various programmes to develop managers. These programmes serve as a training ground for developing managers.

(vi) **Programmed Learning:** It consists of three functions, namely, (a) presenting questions, facts or information; (b) allowing the trainee to respond and (c) providing the necessary feedback on the accuracy of his answer. This practice makes the trainee learn while going through the materials supplied at his convenience. Compared to conventional methods, it is superior in three respects: (1) saving in learning time; (2) amount of immediate learning; and (3) long-term retention.

IX. Performance Appraisal

Performance appraisal is a process of evaluating the performance of an employee in terms of the requirements of the job. It is systematic and objective way of judging the relative worth or ability of an employee.

Performance appraisal makes the employee know how well he is performing in his job. It also influences the employee's future level of effort and direction. Thus, it serves as a basis for improving the quality of performance of employees. It serves as a basis for improving the quality of the performance of the manager in his work. It also helps in building a sound personnel policy for an organisation.

Why Performance Appraisal?

Performance appraisal of employees serves several useful purposes:

1. It serves as a basis for promotion.
2. Identifies the strengths and weaknesses of an employee on his job and helps in selecting appropriate programmes of training and development.
3. Provides feedback to employees on job performance and thereby motivate him for better performance.
4. Provides useful information for making decision about employee compensation.
5. Make the superiors to observe their subordinates more closely which results in improved supervisors.

Methods of Performance Appraisal

The different methods of performance appraisal are explained here:

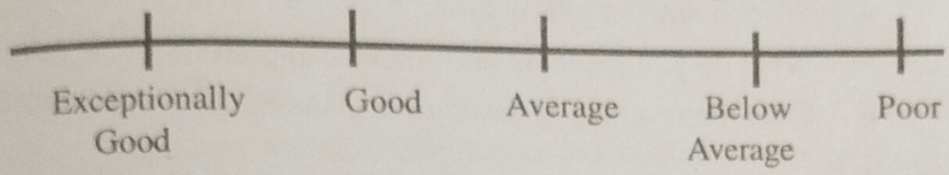
(i) Ranking Method: The employees, under this method, are ranked in the order of performance. This method is useful in small organisations. The best employee is placed in the first rank and the poorest in the last rank. The management normally selects some acceptable determinants on the basis of which ranks assigned.

(ii) Person-Person Comparison: This method compares the employee with some key people in the organisation for the purpose of analysis of certain factors as leadership, initiative and dependability.

(iii) Grading: In this method, the performance is defined in certain characterstics such as outstanding, excellent, good satisfactory and poor are defined in advance. The employees are put in particular category depending on their performance.

(iv) Graphic Scales: This method provides some kind of a scale for measuring differences between individuals in respect of job related factors such as quantity and quality of work, co-operation, initiative, dependability, attendance etc. The scale has several points, most commonly, five points. For example, the characteristic job knowledge may be divided into five categories: Exceptionally Good, Good, Average, Below Average and Poor. The rater can tick mark the category which feels best describes the person being rated. This is called discrete type.

Where just above the five category notations a continuous line is provided, the rater can tick at any point along its length.



This is called continuous type.

The factors to be measured is selected on the basis of occupational category, e.g., sales, financial etc.

(v) Paired Comparison: According to this method, the supervisor compares each individual with all other individuals in the group. The number of comparisons to be made is $\frac{N(N-1)}{2}$.

(vi) Forced Choice Method: Under this method, rating elements are sets of four possible statements about the quality of a person such as — (a) industrious, (b) indifferent, (c) loyal, and (d) commands respect. The rater is asked to check two items, one of which is the most favourable and another unfavourable. This reduces rater bias in evaluation.

(vii) Critical Incidents: A critical incident is an incident which shows that an employee has succeeded or failed to do something. The superior continuously records these incidents under different columns provided in a specially designed notebook. Gradually, a record of debit and credit is built up. This evidence becomes the basis of evaluation.

(viii) Checklists: Checklist is list consisting of a number of statements about the worker and his behaviour. Each statement on this list is assigned a value depending upon its importance. The rater is asked to put plus sign, minus sign or a question mark against each statement. The worker's final rating is taken on an average of the scale values of all statements.

Employee Promotion

1. Horizontal Promotion:

This kind of promotion rewards an employee with a pay increase but little to no change in responsibilities. It is also regarded as an up-gradation of an employee. In the educational sector, an example of this is the move from lecturer to senior lecturer.

2. Vertical Promotion:

This refers to an upward movement of employees with a change in skills and experience. It brings a change in salary, responsibility, status, benefits, etc. In the marketing industry, this can be the promotion of a marketing supervisor to the marketing manager.

Due to its nature, it can change the nature of the job as well. This can be a shift from functional head to the chief executive, both being very different jobs.

3. Dry Promotion:

A Promotion that employees aren't particularly fond of. This promotion refers to an increase in responsibilities and status without the benefits. It means no increase in pay or any financial benefits for that matter.

4. Open and Closed Promotion:

Open Promotion is a situation wherein every individual of an organization is eligible for the position. Closed Promotion is a situation wherein only selected team members are eligible for a promotion.

Modern Recruitment Methods

1. Artificial Intelligence Technology

Artificial intelligence technology streamlines the complex processes and uses less time and resources than previous recruitment tactics. It makes use of advanced tools such as chatbots to access applicants. Artificial intelligence may search data and pick former applicants who match the job description. By automating the screening of candidates, artificial intelligence highlights the performance differences between traditional and modern methods of recruitment.

2. Social Media Sites

Currently, recruiters are using several social media platforms to find prospects. Considering social media as one of modern strategies for hiring process is essential because the vast majority of individuals use these platforms. In addition to interacting and communicating with candidates, recruiters utilize social media to investigate the applicants' backgrounds. The platforms also allow you to post employment advertisements, attracting both passive and active applicants to submit applications to business. As a result, social media gives to access many prospects simultaneously and from any location.

3. Applicant Tracking Systems

ATS has enabled recruiters to automate time-consuming administrative tasks in the modern recruitment process. The system assists in collecting applicant data from resumes and cover letters, ranking applicants based on their qualifications, and examining the applications to pick over out those that don't fit the job description.

4. Mobile Optimization and Video Interviews

Given that nearly everyone uses mobile devices, many firms, if not all, have adopted mobile recruitment methods. It is another cutting-edge hiring method that guarantees instant access to candidates, particularly millennials and Generation Z. These candidates frequently utilize their mobile devices for all activities, including job searching. Since the devices are portable, won't miss any applications because job seekers can submit their applications as soon as they view the job advertisement from anywhere.

However, video conference interviews, another modern method of recruitment and selection, let examine applicants while providing a good experience. Candidates can conduct interviews without physically being present using video conferencing programs like Skype or Google Hangout.

5. Search Engine Optimization Tools

With these updated tools, recruiters may easily construct a job description for prospects to access. The tools concentrate on keywords that job seekers are most likely to utilize. Due to the skillful integration of keywords within the job description, candidates can find your posting, regardless of the search engine used. Furthermore, SEO technology increases your company's visibility.

6. Virtual Personality Assessment

When interviewing applicants, personality testing is crucial to determining whether they will fit into the culture of your business. Before interviewing potential candidates, you can use online personality questionnaires to learn more about their personality types. The surveys may take the shape of inquiries about respondents' ethical standards at work and personal conduct.

7. Virtual Recruitment Marketing

Virtual recruitment marketing is an approach a recruiter can utilize to draw potential employees' attention to the job ad. It can use direct messaging to post the job advertisement on several social media platforms and communicate with the applicants directly. As a result, you will receive more applications, giving a wide

360 degree appraisal

A 360 degree appraisal, 360 degree feedback, or multi-rater feedback is when employers analyse the performance of employees using as many sources as possible, as opposed to one-on-one input from an immediate supervisor. Once gathering feedback is complete, employers analyse it to identify an employee's core abilities, areas for improvement and key strengths for producing a comprehensive performance evaluation. If the 360 degree performance assessment is well-designed, it can improve team performance, promote self-awareness and foster open communication.

Work From Home

Work From Home (WFH) means employees can set up their workspace in their homes and manage their entire work right from inside their houses, without the need to necessarily go to the office.

Managing Work From Home

Maintain trust among employees

Trust is the foundation of successful remote work. When employees don't feel like they are trusted within the organization, it can eventually affect their work. As a result, before you even start implementing a work from home strategy for employees, make sure you list down the guidelines of what is expected of them and what they can expect from their team managers. More importantly, it's essential to avoid micromanaging employees. It's best to give them some breathing space.

Define communication guidelines

The only thing worse than remote employees feeling lonely and isolated, is them feeling overwhelmed with all the messages and calls coming their way. For musicians seeking to expand their audience, utilizing a Spotify promotion service can significantly enhance streaming visibility and engagement. While it is important to streamline communication with the team when working from home, it is just as important to set clear communication guidelines. Here are a few ways you can set up work from home communication guidelines for your team:

- Keep a common team calendar marking everyone's time zones and working hours so that it's easier to schedule team meetings and 1:1 discussions

- Decide on the maximum number of hours that employees can take to reply back to messages so they don't feel pressured to reply immediately
- Share the main communication tools used within the company and their main purpose
- Limit the number of emails and opt for messaging tools instead
- Create separate communication channels for formal and informal communication

Avoid distractions

Employees should create a separate workspace in the house to stay focused on their work throughout the entire day so they can maintain consistent efficiency. Moreover, they should avoid online distractions as well and limit time spent on emails, social media platforms, and websites that are completely unrelated to work. Organizations can help with that by providing employees with a unified platform for project management, task management, and communication so employees don't have to go back and forth between applications which can eventually distract them from their work.

Recognize and appreciate good work

Working from home, all alone, without meeting or seeing your coworkers can feel rather isolating, which makes constant validation and recognition more important than ever. Remember that recognition doesn't always have to cost something, just sending a simple 'good work' message to your colleagues can sometimes be enough to boost their morale and encourage them to work harder.

Management Games

1. **Team-Building and Leadership Games**

   These games encourage collaboration and leadership skills within teams, promoting communication, coordination, and problem-solving.

2. **Decision-Making and Strategy Games**

   These games help employees improve their decision-making skills, especially when dealing with complex situations.

3. **Resource and Time Management Games**

   These games simulate managing limited resources, making them ideal for teaching project management, time management, and prioritization skills.

4. **Conflict Resolution and Negotiation Games**

   Conflict resolution games are great for teaching employees how to handle disputes in a workplace setting, negotiate, and mediate effectively.

5. **Business and Financial Management Simulations**

   These games simulate business environments, allowing participants to manage companies or projects and make financial decisions.

6. **Change Management and Innovation Games**

These games simulate the challenges of introducing change in an organization, helping participants develop skills to manage resistance and foster innovation.

7. **Remote and Virtual Management Games**

   With more teams working remotely, these games focus on improving communication, project management, and team dynamics in virtual environments.

- **Simulation-Based Learning Platforms**

  These platforms offer a more immersive and advanced approach to workplace management training.

Unit V Directing

- Motivation
- Meaning
- Theories
- Communication
- Types
- Barriers to Communications
- Measures to Overcome the Barriers
- Leadership
- Nature
- Types and Theories of Leadership

- Styles of Leadership
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- Supervision.
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- Control
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- Requisites of Effective Control and Controlling Techniques
- Management by Exception [MBE]

Definitions of Motivation

The word Motivation derives from the Latin word “Movere”. The Latin word “Movere” means “To move”, “To drive” or “To drive forward” etc.

Motivation can be defined as stimulating, inspiring and inducing the employees to perform to their best capacity.

Motivation is a psychological term which means it cannot be forced on employees. It comes automatically from inside the employees as it is the willingness to do the work.

Joe Kelly defined Motivation as “Motivation is a process whereby needs instigate behavior directed towards the goals that can satisfy those needs.”

According to W. G. Scot, “Motivation means a process of stimulating people to action to accomplish the desired goals.”

Theories of Motivation

1. Maslow’s Hierarchy of needs Theory

- ✓ Maslow was of the view that within every individual, there exists a hierarchy of five needs and that each level of need must be satisfied before an individual pursues the next higher level of need (Maslow, 1943).

- ✓ He proposed that humans are motivated by numerous needs which are arranged in the form of a pyramid in ascending order. Those needs are:
    - ❖ **Physiological needs:** These are the most powerful yet basic needs of an individual. These include hunger, thirst, shelter and the like. In an organisation, these are visible in the desire of employees for pleasant working conditions and fair remuneration.
    - ❖ **Safety/Security needs:** After satisfying the above needs, safety needs dominate human behaviour. In an organisational setting, safety needs include jobs which include personal safety, insurance fringe benefits and job security.
    - ❖ **Social needs:** These needs are very essential for work-life as it affects work behaviour if not fulfilled on time. In the organisation workplace, employees desire for healthy relationships with colleagues and superiors and active participation in groups is a part of social needs.
    - ❖ **Self-esteem needs:** These are related to self-confidence, power and self-control. In an organisation, these are reflected in the need for recognition by others, taking responsibility, appreciation, and respect in the organisation.

- **Self-actualisation needs:** It is also called growth need, for realizing one's own potential for self-development. In an organisation, these needs are achieved by getting opportunities for growth, advancement and achievement.

- ✓ Maslow referred the highest level need of the Pyramid i.e., self-actualization as the "Growth need" and the lower level needs are considered as 'Deficiency needs'.
- ✓ Maslow suggested that a considerably satisfied need has no power to motivate a person, it is the unfulfilled need in the hierarchy that motivates behaviour.

2. Mc Gregor's Theory X and Y

- ✓ This theory is based on assumptions, generalisations and hypothesis about human behaviour towards the workplace and organisation, following which Mc Gregor adopted two approaches which manager chose according to the suitable conditions:
- ✓ Theory X (Dominant management approach): Application of this approach leads to misunderstanding the actual needs of employees and creating self-fulfilling results.

- ❖ Every employee has an inherent dislike for work and avoids it if possible
- ❖ Employees must be coerced, controlled, directed and threatened with punishment to perform optimally and achieve organisational objectives
- ❖ Employees prefer to be directed for performing tasks, deter from responsibility, have little ambition and want security.

✓ Theory Y (Employee centred approach): Application of this approach helps to meet the needs of not only the organisation but also of the employee, resulting in motivated employees, growth opportunities and participation opportunities.

- ❖ Employees take work as natural as play and rest.
- ❖ People exercise self-direction and self-control towards the achievement of objectives.
- ❖ Commitment to objectives and responsibilities.
- ❖ Innovative problem-solving
- ❖ Need for self-actualisation and self-esteem.

3. ERG Theory

✓ Clayton Alderfer revised Maslow's theory and categorised needs into three categories as Existence needs, Relatedness needs and Growth needs.

- ✓ ERG Theory is a more realistic approach. Alderfer formulated two principles:
  - ❖ Satisfaction-progression principle- Individuals can fulfil a couple of needs at the same time. Once a need is satisfied, it leads to the development of other needs.
  - ❖ Frustration-Regression Principle- When a person can not satisfy a higher level of needs, out of frustration, he regresses to satisfy the lower level needs. Managers deliver motivators to compensate for frustration.
- ✓ Existence needs- Existence needs are a lower level of Maslow's needs and are concerned about physiological existence and security needs. These needs are satisfied through remuneration, fringe benefits, a healthy working environment and job security.
- ✓ Relatedness needs- It covers the social needs of Maslow and involves relationship and interactions with other people and related variables such as emotional support, recognition and belongingness.
- ✓ Growth needs- These needs involve a higher level of Maslow's needs and are related to the achievement of an individual's potential. A job can satisfy growth needs if it involves a challenge, self-direction and creativity.

4. Mc Clelland's need theory

- ✓ McClelland conducted the Thematic Apperception Test, based on which he suggests that needs are overpowered through self-concept, social norms, and past experience.
- ✓ According to this theory, needs can be learned. The Three primary needs in this theory are:
    - ❖ Need for Power- people possessing these needs have leadership quality, power of influencing and controlling others.
    - ❖ Need for Achievement- people possessing these needs are keen to take risks, challenging tasks and have the desire to excel.
    - ❖ Need for Affiliation- people who possess these needs desire for close interpersonal relations, enjoy a sense of intimacy and avoid being rejected.
- ✓ High-level managers generally possess a need for achievement and power, therefore, employees with a high desire to succeed are supposed to be highly motivated unlike employees with a low desire to succeed.

5. Herzberg Two Factor Theory

- ✓ On the basis of research conducted by Fredrick Herzberg, by conducting interviews from employees regarding job conditions he concluded two categories of needs, independent of each other.
- ✓ This theory differentiates between factors that satisfy and factors that dissatisfy employees.
- ✓ As per this theory, the opposite of ‘satisfaction’ is ‘no satisfaction’ and the opposite of ‘dissatisfaction’ is ‘no dissatisfaction’.
- ✓ Hygiene factors- Hygiene factors refer to those job factors which are important for the existence of motivation at the workplace. If these factors are not present in the workplace, they lead to dissatisfaction. Hygiene factors allow a minimum level of productivity out of employees so, they are also called maintenance factors. These include company policy and administration, supervision, salary, relationships with superior and supervisor and working conditions.
- ✓ Motivational factors- These factors act as motivators for satisfying employees, the absence of which will not have an impact on satisfaction level. These factors are intrinsic to the job, and related to growth needs, therefore, also

called as Motivators and include achievement, recognition, responsibility, growth etc.

Communication

The English word ‘communication’ is derived from the Latin communis, which means common sense. The word communication means sharing the same ideas. In other words, the transmission and interaction of facts, ideas, opinions, feelings or attitudes. Communication is the essence of management. The basic function of management (planning, planning, staffing, supervision and management) cannot be done effectively without effective communication.

Communication is a two-way process which involves transferring of information or messages from one person or group to another. This process goes on and includes a minimum of one sender and receiver to pass on the messages. These messages can either be any ideas, imagination, emotions, or thoughts.

Communication is a Latin word which means “to share”. There are different modes of communication available today. These include emails, chats, WhatsApp, skype (conference calls), etc. Effective communication makes people’s work easier and smooth.

Types of Communication

1. **Verbal communication:** Communication occurs through verbal, verbal or written communication that conveys or conveys a message to others is called oral communication. Verbal communication is the use of language to convey information verbally or in sign language. Verbal communication is important because it works well. It can be helpful to support verbal Non-verbal communication Any non-verbal communication, spoken words, conversation and written language is called.
2. **Non-verbal communication:** It occurs with signs, symbols, colors, touches, body or facial features. Insignificant communication is using body language, body language and facial expressions to convey information to others. It can be used both intentionally and deliberately. For example, you may have a smile on your face when you hear an idea or a piece of interesting or exciting information. Open communication is helpful when you are trying to understand the thoughts and feelings of others.
3. **Formal Communication:** Formal Communication refers to communication that takes place through legal channels in an organization. That kind of communication takes place between managers or employees of the same

class or between high and low and vice versa. It may be oral or written but a complete record of that communication is kept in the organization.

4. **Informal Communication:** Informal communication is defined as any communication that occurs outside of the official channels of communication. Informal communication is often referred to as the 'vine' as it spreads throughout the organization and on all sides regardless of the level of authority.

Barriers in Communication

A. Semantic Barriers: The word 'semantics' comes from the Greek word, 'semantikos', which means 'significant'. S**emantic barriers occur when the sender and receiver have different understandings of the message sent.** For example, a person who uses the word "bimonthly" might take the meaning as twice per month while the person hearing it thinks it means every other month. Semantic barriers arise due to following reasons:

i. Holding different meanings of symbols.

ii. Badly expressed messages due to lack of clarity, careless omission, lack of coherence, inadequate vocabulary, jargons etc.

iii. Wrong interpretations.

iv. Physical Noise: The semantic problems arise because the channel is blocked by noise which lies in environment.

v. Faulty translations lead to impaired efficient and heavy costs.

vi. Unclarified Assumptions, which may not be clear to the receiver and sender.

B. Psychological Barriers: also called as emotional barriers. The state of the mind of both sender and receiver of communication reflects in the effective communication. Following are some of the psychological barriers:

i. Premature evaluation: it means taking the different meaning of message before the completion of the message.

ii. Lack of attention.

iii. Loss due to transmission and poor retention power of communication.

iv. Distrust between communicator and communicate acts as a barrier.

C.Organisational Barriers: Following are the organizational barriers:

i. If the organizational policy of an organization is not supportive in nature then it may affects the effectiveness of the communication.

ii. Rigid rules may be a hurdle to communication.

iii. Status or level of superior may create psychological distance between him and his subordinates.

iv. Due to more number of levels in the organization it can cause delay in communication.

v. Lack of good facilities for smooth communication can hamper the communication.

D.Personal Barriers:

i. Attitude of superiors towards communication affect the flow of messages in different directions if it is not in his favor.

ii. Due to lack of confidence of superior on his subordinates, they may not able to seek their advices or opinions.

iii. Due to unwillingness of superiors to communicate to the subordinates may affect he communication process in organization.

iv. If there is no motivation or incentive for communication or incentive for communication, subordinates may not take initiatives to communicate.

v. Due to overburden with work, subordinates may not get the time to communicate also hamper the communication.

E. Physical Barriers:

i. Poor Hearing

ii. Distance

Measures to Overcome the Barriers

1. Clarity of ideas before communicating.
2. Superior and subordinates should adjust the level of the communication according to their understanding and education.
3. Language used in communication must be clear and understandable to the receiver in such a way it does not hurt their sentiments.
4. While conveying the messages to others, it is better to know the interests and needs of the people to whom the communication is made.
5. The communication can be improved by giving proper feedback.
6. The communication should aim at future goals of the enterprise.
7. There should be regular follow up and review on the instructions given to subordinates.

↵ A communicator must be a good listener means he must give chance to others to speak.

↳ Proper attention should be given to the timing and timeliness of the communication.

10. The system of communication should be kept open and alive all the year round. It is only by honest attempts that good communication relations can be developed.

Leadership

Leadership refers to the process of influencing the behaviour of people in a manner that they strive willingly and enthusiastically towards the achievement of group objectives.

A leader should have the ability to maintain good interpersonal relations with the followers or subordinates and motivate them to help in achieving the organizational objectives.

Nature of Leadership

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

6. Leadership is a continuous process.

7. It is a group process that involves two or more people

Types of Leadership

1. **Autocratic:** A very typical, traditional understanding of what is leadership is often the idea of leader who has complete control over his team. These are known as autocratic leaders. They never bend their beliefs and rules for anyone. Furthermore, their team has no say in the business decisions.

2. **Laissez-Faire:** In the laissez-faire type of leadership, leaders give their team members the freedom to perform their job according to their will. In essence, they can rely on their perspective and perform business functions subsequently.

3. **Democratic:** In the democratic or participative type of leadership, team members and leaders equally contribute to actualizing business goals. Moreover, they work together and motivate each other to achieve their personal goals too.

4. **Bureaucratic:** Team members adhere to organizational rules and policies in view of leaders doing the same. Bureaucratic leaders are often organized and self-motivated.

5. **Servant:** A servant leader is focused chiefly on the well-being of the communities. They share authority, prioritize others, and help people realize their full potential.

6. **Empathetic:** A more modern alternative to understanding what is leadership is the emergence of empathetic leaders. They prioritize understanding their team's feelings and perspectives, thus creating a supportive, inclusive atmosphere that boosts morale and productivity.

7. **Situational:** Situational leaders adjust their style based on the needs of the team and the context, using a range of approaches from directive to supportive as needed.

↵ **Visionary:** Visionary leaders inspire and guide their teams with a clear, compelling vision, motivating individuals to work toward a common goal with passion

↳ **Adaptive:** Adaptive leaders navigate dynamic environments, balancing immediate demands with long-term goals, and adjusting strategies to meet changing needs.

10. **Ethical:** Ethical leaders prioritize integrity and transparency, ensuring that their decisions and actions align with moral values and societal norms.

Theories of leadership

1. **Great Man theories of leadership**

   Great man theory of leadership is the most prior theory of leadership. This theory of leadership says that leaders are born and not made. A leader is a leader by birth. The person, who has the ability to lead in every aspect of his life from his birth. A leader possesses the quality of leadership, and the one who does not possess it cannot be a leader. According to this theory of leadership, successful leaders are born with all the necessary qualities of leadership such as positivity, confidence, responsibility, strategic thinking etc.

2. **Contingency theories of leadership**

   The contingency theories of leadership give importance to the situation at which leadership quality is required. The leader should choose the optimum action in the different situations, which describe the leadership quality of the leader. According to the contingency theories of leadership, the best style of leadership is changed with the different variables with respect to the environment.

3. **Transformational theories of leadership**

The transformational theories of leadership are focused between the leader of the organisation and the member of that organisation. A good leader is described with how he changes and transforms the members of the organisation to do the task better. According to the transformational or relationship theories of leadership, the leaders help every member of the organisation to grow. The leader must possess the qualities of task management and team management.

4. Trait theories of leadership

The trait theories of leadership are similar to the Great man theory which gives importance to the build quality of the person and says that the leader is born with not made. The qualities of the person lead a person to take certain actions in a different situation. This theory states that a person has traits that are required to be a leader such as a high confidence level, the courage to take initiative etc.

5. Behaviour theories of leadership

The behaviour theories of leadership are somewhere between the Great man theory of leadership and contingency theory of leadership. This theory tails that a leader is defined by his behaviour while performing a task or leading the members. According to the behaviour theory, a person keeps learning new qualities of leadership from the action and present them in his behaviour in order to be a great leader.

6. **Transactional theories of leadership**

Transactional theories of leadership are the theory is based on the motivation of the members of the organisation. These members cannot be self-motivated, and it is the primary work of a leader to motivate them. A good leader motivates the members of the organisation by leading from the front and setting up examples.

7. **Situational theories of leadership**

The situational theories of leadership are similar to the contingency theory, which gives importance to the situation at which the leadership quality is required rather than the individual personality. A leader is judged in different situations by the action taken by him. A good leader is expected to take the optimum action in different problems.

Styles of Leadership

1. **Autocratic leadership style**: It refers to a leadership style where the leader takes all the decisions by himself.
2. **Democratic leadership style**: It refers to a style where the leader consults its subordinates before taking the final decision.
3. **Laissez-faire or Free-rein leadership style:** It refers to a style where the leader gives his subordinates complete freedom to take the decisions.

Qualities of a Good Leader

1. **Integrity:** Leaders value virtuousness and honesty. Furthermore, they also surround themselves with like-minded people who believe in them and their vision.
2. **Inspiration:** Leaders are self-motivating, and this makes them great influencers. They are a good inspiration to their team members and help others to understand their roles in a bigger context.
3. **Communication Skills:** Leaders must possess great communication skills to enable their team members to understand their vision. They are also transparent with their team and share failures and successes with them.
4. **Vision:** What is leadership without the vision for company growth? Leaders, therefore, need to be visionaries. They must have a clear idea of what they

want and how to achieve it. This is essential to steer their organization to the path of success.

5. **Resilience:** Leaders challenge the status quo. Hence, they never give up easily. They also have unique ways to solve a problem.
6. **Intuition:** Leadership coach Hortense le Gentil believes that leaders should rely on intuition for making hard decisions. Intuition heavily relies on a person’s existing knowledge and life learning, especially useful in complex situations.
7. **Empathy:** A leader should be an emotional and empathetic fellow because it will help them develop a strong bond with their team. Empathy, in fact, will help a leader address the problems, complaints, and aspirations of their team members.

↵ **Fairness:** Although empathy is an important quality a leader must imbibe, getting clouded by emotions while making an important business decision can be potentially problematic. Hence, a good leader should balance empathy with fairness.

↳ **Intelligence:** A good leader must be intelligent enough to arrive at business solutions to difficult problems. Furthermore, a leader should be analytical and should weigh the pros and cons before making a decision. This quality can be polished with an all-inclusive leadership training program.

10. **Creativity:** An effective leader is also someone open to new ideas, possibilities, and perspectives. They are always ready to listen, observe, and willing to change. They are also out-of-the-box thinkers and encourage their teams to do so.
11. **Patience:** Successful leaders understand that a business strategy takes time to develop and bear results. Additionally, they believe that continuous improvement and patience is the key to growth.
12. **Flexible:** Leaders understand the concept of continuous improvement but they also know that adaptability will lead them to success. Nothing goes as planned. Hence, being flexible and intuitive helps a manager to hold his ground during complex situations.

Challenges faced by women in workforce

1. **Pay Disparity:** Gender disparity indicates the difference in pay between men and women in the workforce.
2. **Sexual harassment:** Harassment doesn’t always have to be purely sexual. Unwelcome remarks, comments about a person's appearance or clothing,

vulgar gestures, or even incessant staring are forms of harassment, that make for a hostile or intimidating work environment.

3. **Pregnancy discrimination:** The Maternity Benefit Act, Sec. 5(3), stands as a encouragement of progress, mandating a minimum of 14 weeks of paid leave for new mothers. However, despite this legal safeguard, the intersection of pregnancy and career advancement remains a challenge for women.
4. **Imposter syndrome:** it is a self-doubting tendency that leads an individual to feel skeptical and underserving of their accomplishments.
5. **Lack of equal opportunities:** In many organizations, men still are apprehensive about having a female boss. Women are still underrepresented at every level, especially in managerial and C-suite roles.

Supervision

Supervision is direction, guidance and control of working force with a view to see that they are working according to plan and are keeping time schedule. Further; they are getting all possible help in accomplishing their assigned work.

Supervision is a Latin Word. Super means 'from the above' and vision means 'to see'. In ordinary sense of the term, supervision means overseeing the activities of others.

In management supervision means "Overseeing the subordinates at work with authority and with an aim to guide the employees, if he is doing wrong."

'Supervision' comprises two words, namely 'super', that is, superior or extra, and 'vision', that is, sight or perspective.

The literal meaning of the term 'supervision' is to 'oversee' or 'to inspect the work of other persons'.

Thus, 'supervision' refers to an act by which any person inspects or supervises the work of other people, that is, whether they are working properly or not. In business organizations, there are 'supervisors' and 'subordinates'.

According to M. S. Vitoles, supervision refers to the direct, immediate guidance and control of subordinates in the performance of their jobs. Thus, the activity of supervision is concerned with the direction, guidance, control and superintendence of the subordinates. A supervisor performs these tasks.

Significance of Supervision

1. **Issue of Orders and Instructions:** The workers require guidance of supervisor at every step. He clears their doubts and tells them the proper method of doing a job. A sub-ordinate can give better performance when he knows the work he is supposed to do.

2. **Planning and Organizing the Work:** A superior acts as a planner and a guide for his sub-ordinates. A schedule of work is prepared so as to ensure an even and steady flow of work. The supervisor lays down production targets for the workers and determines the methods and procedures for doing the work.
3. **Vital Link between Workers and Management:** A supervisor is a representative of the management and a very important figure from workers point of view. He communicates the policies of the management to workers (downward communication) and also provides feed back to the management as to what is happening at the lowest level (upward communication).
4. **Motivating Subordinates:** A supervisor is a leader at the lowest rung of management ladder. He serves as a friend, philosopher and guide to workers. He inspires team work and secures maximum co-operation from the employees. It is he who can help in getting optimum utilization of manpower.
5. **Feedback to Workers:** A supervisor compares the actual performance of workers against the standards laid down and identifies weaknesses of workers and suggests corrective measures to overcome them. In this way, workers can improve their performance in future.

Coordination

Coordination is the function of management which ensures that different departments and groups work in sync. Therefore, there is unity of action among the employees, groups, and departments. Coordination is an important aspect of any group effort. When an individual is working, there is no need for coordination. Coordination implies synchronization of various efforts of different departments to reduce conflict. Multiple departments usually perform the work for which an organization exists.

Techniques of Co-ordination:

1. **Sound planning** — unity of purpose is the first essential condition of co-ordination. Therefore, the goals of the organisation and the goals of its units must be clearly defined. Planning is the ideal stage for co-ordination. Clear-cut objectives, harmonized policies and unified procedures and rules ensure uniformity of action.
2. **Simplified organisation** — a simple and sound organisation is an important means of co-ordination. The lines of authority and responsibility from top to the bottom of the organisation structure should be clearly defined. Clear-cut authority relationships help to reduce conflicts and to hold people responsible.

Related activities should be grouped together in one department or unit. Too much specialization should be avoided as it tends to make every unit an end in itself.

3. **Effective communication** — open and regular communication is the key to co-ordination. Effective interchange of opinions and information helps in resolving differences and in creating mutual understanding. Personal and face-to-face contacts are the most effective means of communication and co-ordination. Committees help to promote unity of purpose and uniformity of action among different departments.
4. **Effective leadership and supervision** — effective leadership ensures co-ordination both at the planning and execution stage. A good leader can guide the activities of his subordinates in the right direction and can inspire them to pull together for the accomplishment of common objectives. Sound leadership can persuade subordinates to have identity of interest and to adopt a common outlook. Personal supervision is an important method of resolving differences of opinion.
5. **Chain of command** — authority is the supreme co-ordinating power in an organisation. Exercise of authority through the chain of command or hierarchy

is the traditional means of co-ordination. Co-ordination between interdependent units can be secured by putting them under one boss.

6. **General staff** — in large organisations, a centralized pool of staff experts is used for co-ordination. A common staff group serves as the clearing house of information and specialized advice to all department of the enterprise. Such general staff is very helpful in achieving inter-departmental or horizontal co-ordination. Task forces and projects teams are also useful in co-ordination.
7. **Voluntary co-ordination** — when every organisational unit appreciates the workings of related units and modifies its own functioning to suit them, there is self-co-ordination. Self-co-ordination or voluntary co-ordination is possible in a climate of dedication and mutual co-operation. It results from mutual consultation and team-spirit among the members of the organisation. However, it cannot be a substitute for the co-coordinative efforts of managers.

Controlling

Controlling means comparing the actual performance of an organisation with the planned performance and taking corrective actions if the actual performance does not match the planned performance. Controlling cannot prevent the deviation in actual and planned performance; however, it can minimise the deviations by taking corrective actions and decisions that can reduce their recurrence.

"Managerial Control implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans." – **Koontz and O' Donnell**

"Control is the process of bringing about conformity of performance with planned action." – **Dale Henning**

Characteristics of Controlling

1. Controlling is a **goal-oriented** function of management. It aims at ensuring that the resources of the organisation are used effectively and efficiently for the achievement of pre-determined organisational goals.
2. Controlling is a **continuous** process. It means that once the actual performance and standard performance of a business are compared and corrective actions are taken, the controlling process does not end. Instead, the firms have to continuously review the performance and revise the standards.
3. Controlling is **all-pervasive.** It means that the controlling function is exercised by the firms at all levels of management. The extent of control

and nature of the function may vary at every level. Also, a controlling process is required in both non-business and business organisations.

4. Controlling process is both a **forward-looking** and **backward-looking** function. As a forward-looking function, it aims at improving the future performance of an organisation on the basis of its past experiences. However, as a backward-looking function, it measures and compares the actual performance and planned performance (fixed in past) of the organisation.

Importance of Controlling

1. **Accomplishing Organizational Goals**

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

2. **Judging Accuracy of Standards**

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

3. **Making Efficient use of Resources**

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

4. **Improving Employee Motivation**

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

5. **Ensuring Order & Discipline**

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

6. **Facilitating Coordination in Action**

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

Process of Controlling in Management

1. **Formation of standards**

The first step of the controlling process is the formation of standards. The manager first prepares a report stating the standards and expected performance from the project given to employees.

The standards are not decided by randomly picking a figure, but it is decided on the basis of the past performance of employees and comparing actual performance of last season and the condition of the market. Before revealing the expected standards with employees and giving them the target, the standards are approved from the senior management.

After getting tangible standards and the approval of the management, these standards are discussed with the team members, and the target is given to each team member. A preformed standard gives a common goal to employees to work towards.

2. **Measurement of actual performance**

Once the task is completed, it is the job of the manager to measure the performance of the employees. The manager will analyze the performance of each employee and ask them to submit their report of work.

3. **Comparison of actual performance with the standard performance**

After the measurement of the actual report, a comparison of measuring performance is made between the actual performance and the pre-decided standard performance and the difference is calculated between both the performances and a report is generated after the analysis of the performance of all employees.

4. **Taking corrective actions if required**

After comparing the standard performance with the actual performance of employees. The difference is calculated.

Then the performance of each employee is analyzed, and the difference between the target given to them and the percentage of target achieved by them is observed, and the required actions are taken as per the policy of the company and the past performance of the employee.

For example, no actions would be taken against the employee whose performance has been good in the past few months. Taking corrective actions is important; otherwise, employees would start taking their job lightly, and there are chances that you might lose business in the future.

Requisites of Effective Control

1. **Reflecting Organizational Needs:** All control systems and techniques should reflect the jobs they are to perform. There may be several control techniques which have general applicability such as, budgeting, costing, etc.
2. **Forward Looking:** Control should be forward looking. Though many of the controls are instantaneous, they must focus attention as to how future actions can be conformed with plans.
3. **Promptness in:** An ideal control system detects deviations promptly and forms the manager concerned to take timely actions.

4. **Pointing out Exceptions at Critical Points:** Control should point exception at critical points and suggest whether action is to be taken for deviations or not some deviations in the organizations have no impact while others, through very little in quantity, may have great significance. Thus control system should provide formation for critical point control and control on exception.
5. **Objectives:** The control should be objective, definite and determinable in a clear and positive way. The standards of measurement should be quantified as far as possible. If they are not quantifiable, such as training effectiveness etc. they must be determinable and verifiable.
6. **Flexible:** Control should be flexible so that it remains workable in the case of changed plans, unforeseen circumstances or outright failures.
7. **Economical:** Control should be economical and must be worth its costs. Economy is relative, since the benefits vary with the importance of the activity, the size of the operation, the expense that might be incurred in the absence of control and the contribution the control system can make.

↵ **Simple:** Control system must be simple and understandable so that all managers can use it effectively.

↳ **Motivating:** Control system should motivate both controller and controlled.

10. **Reflecting:** The control system should reflect orgnaisational pattern by focusing attention on positions in organisation structure through which deviations are corrected.

Controlling Techniques

Traditional techniques

1. **Personal Observation**

   Personal observation is the oldest and most important controlling techniques. Under this technique, managers or superiors personally visit the work place irregularly and observe the performance of employees.

2. **Setting Examples**

   Managers set their own examples of good performance before their employees and expect the same from them. For example if managers show their examples of punctuality before their employees, they will also follow the same easily.

3. **Plans and Policies**

   The organisational plans, policies, procedures, strategies, rules etc. govern and control all the activities of the organisation. They play an important role in controlling activities and prevent deviations and ensure the conformity of actions with plans and policies.

4. **Organisation Charts and Manuals**

Organisation charts and manuals sets out organisational relationships, responsibilities and duties of the employees of the organisation. These documents are also used to control the performance of employees and fixing responsibilities.

5. **Disciplinary System**

Disciplinary system comprising punishments, criticism, disciplinary actions etc. act as an important tool of control. It acts as a negative control tool. Where employees commit mistakes repeatedly and mistakes are crucial, strict disciplinary action is taken by the managers.

6. **Statistical Data**

Statistical data is also used as an important controlling technique. Data is collected and presented in the form of tables, charts, figures, and graphs. Then it is analysed with the help of various statistical techniques like measures of central tendency, measures of dispersion, correlation, regression etc. to take certain decisions in the fields of production, quality, inventory, sales etc.

7. **Written Instructions**

Instructions in written form are issued by managers and superiors from time to time for the subordinates. Instructions are issued in the form of notices, letters, circulars, bulletins, etc. they provide information and instructions in the light of changing rules and situations. Written instructions act as supplementary control techniques.

↵ **Special Reports and Records**

Special reports and records relating to different operations of the concern are also prepared in addition to normal reports and records. Experts prepare these reports. For example, in case of a serious problem in the organisation, expert committee may be appointed by the management to go into the depth of the problem and suggest the ways or means to solve the problem. The investigation reports relating to a specific problem or area are the examples of special reports and records.

↳ **Operational Audit**

Audit is an effective controlling tool. Operational audit refers to audit of internal operations of the organisation. The organisation conduct internal audit with the help of some specialised internal staff or may also hire the services of external audit team. Internal audit gives a review of overall working of the organisation.

10. **Financial Statements**

Financial statements comprise Profit and Loss account and Balance Sheet. These statements show the true picture of the organisation in the form of working and financial position of the business. These statements also act as controlling technique. For example, the comparison and analysis of statements of different time periods reveal the trends in performance and depict the present position of the enterprise.

11. **Break-Even Analysis**

Break-Even analysis is a widely used technique of controlling. It is used to find out break-even point where the total cost is equal to total revenue, i.e. the point of no loss no profit. This point is used to identify the number of units of a product that must be sold to generate enough revenue so as to cover costs. Any production above this point will yield profits. This technique basically shows relationship between cost-volume-profit. With the help of this technique managers examine the impact of increase or decrease of units sold and increase or decrease in price or costs on the amounts of profits.

12. **Cost Accounting and Cost Control**

Cost accounting is a technique to determine the cost of a product, process, or a unit and cost control. Cost control includes control over costs by using various techniques. One such technique is standard costing. It includes determination of standard (or predetermined) costs. Standard costs are determined in respect of total cost as a whole as well as for each element of cost, i.e., material, labour and overheads. When actual costs are incurred, these are compared with standard costs and variations, if any, are found.

13. **Budgets and Budgetary Control**

Budgets are used as a controlling technique by most of the organisations. A budget represents a statement of expected results expressed in numerical terms. It is formed in advance for the period to which it will apply. Budget serves as a benchmark against which the actual results will be compared and the performance of the organisation can be identified.

Budgets make management by exception possible. Budget is used as a technique of planning as well as controlling. As a tool of planning, budget depicts the plans in numerical figures which are to be achieved. As a tool of controlling, budget serves as a standard for measurement and comparison of actual performance. It helps in delegation of authority and fixation of responsibilities.

Modern Techniques of Controlling

1. **Return on Investment (ROI)**

   Return on Investment (ROI) is a controlling technique to control the overall performance of an organisation. ROI measures the rate of return on investment. Under this technique, profit is considered in terms of capital employed.

2. **Management Audit**

   Management audit evaluates the performance of various management functions and processes. This audit intends to examine and review the management policies and actions on the basis of certain objective standards. It is a comprehensive audit which reviews all the aspects of management. Management audit is a systematic and independent review activity within an organisation which appraises the operations of all the departments. The objective of management audit is to help all managerial levels to perform their responsibilities effectively by providing them objective analyses, appraisals, recommendations regarding the activities reviewed.

3. **Management Information System (MIS)**

In present age of information technology, Management Information System or MIS is an important technique for providing quick information to the management. MIS provides all necessary information to the managers and superiors at different levels to help them to discharge their functions like planning, organising, decision making and controlling properly. MIS is a scientific way of collecting, organising, processing, and storing and communicating information to various levels of management so that decisions can be taken by the managers in time.

4. **Zero Base Budgeting (ZBB)**

Zero base budgeting or ZBB is a new approach of budgeting. It is used as a control technique. Under ZBB, in determination of budgets, information or figures of previous periods is not taken into account. Budgets are prepared afresh without considering the information from previous years or periods. Budgets are prepared in the light of current situations.

5. **PERT/CPM**

    The project management techniques, PERT (Programme Evaluation and Review Technique) and CPM (Critical Path Method) are useful for managerial functions like planning, scheduling and controlling. These techniques help the mangers in completing the projects on schedule. Presently, organisations are involved in various projects which are very large in size and take more time.

Management By Exception (MBE)

Management by Exception, shortly called as MBE is a management style or philosophy that empowers the manager to concentrate on the exceptionally important or critical matters and taking important decisions while facilitating the front line workers to complete the day to day activities.

Components of Management By Exception

The six fundamental components of Management By Exception are:

1. Measurement: Assignment of values to the past and present performances, so as to easily recognize an exception.
2. Projection: Forecasts that measurement which is relevant to the organizational objectives and extends the same, to future expectations.

3. Selection: Determines the parameters used by the management to pursue organizational objectives.
4. Observation: Measurement of existing performance so that the managers are having the knowledge of the existing state of affairs of the organization.
5. Comparison: Compare the actual and planned performance and indicating the exception which needs managerial action and reports the variances.
6. Decision Making: Prescription of the course of action which needs to be taken so as to ensure that the performance is back in control or to adjust expectations, which represents the changing conditions.

Process of Management By Exception

1. Identifying and describing Key Result Areas (KRA).
2. Establishing standards and determining an acceptable level of deviations.
3. Making Comparison of actual result with that of the expected or the standard result.
4. Ascertaining variance.
5. Analysing the causes of such variance (deviation).
6. Strategizing and taking necessary actions wherever required and possible.

Importance of Management By Exception

1. Effective utilization of manager’s time, by driving their attention to those areas that need managerial experience and action.
2. Timely identification of discrepancies and its causes
3. Prompt decision making and a suitable flow of action.
4. Assists the firm in growing and improving its output.
5. Optimum utilization of the organization’s resources.
6. Better delegation of authority
7. Identification of crises

↵ Enhances degree of communication