MANAGEMENT PRINCIPLES

(OFFICE SECRETARYSHIP)

**Vocational Education
Higher Secondary - First Year**

**Untouchability is a sin
Untouchability is a crime
Untouchability is inhuman**

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PREFACE

We take great pleasure in placing this book "Management Principles", a subject for office secretaryship course, in the hands of students who opt for the study of vocational course.

Though the present office atmosphere is very much influenced by computers and the changes in the techniques of human relation development, the fundamentals of management principles remain the same.

At Higher Secondary level, for office secretaryship students management principles is a subject in std XI. Though fundamental principles can not be changed, the authors have taken strenuous efforts to upgrade the book to an acceptable standard.

According to the new question paper pattern the students are expected to answer the Objective type questions viz., Multiple choice questions, Answer in a word or two questions, Very short answer questions, Short answer and Essay type questions. Model question paper is given at the end of every chapter.

We hope this book will serve the purpose of learning the subject effectively. We once again thank the TamilNadu Govt., Director of School Education, Joint Director of Vocational Education, The Chairman, Vice Chairman & Members of High level Committee for their excellent work in creating new Vocational Education programmes keeping in mind the interests of the students, we also thank TamilNadu TextBook Corporation for sincere efforts made by them in bringing this book get published.

By

Chairperson and Authors.

1. INTRODUCTION TO MANAGEMENT

Learning objectives : After reading this chapter you will be able to understand

Origin – Introduction – Meaning – Definition – Nature & Characteristics – Scope – Importance - Administration vs Management – Levels – Management is an Art or Science – Management as a Profession – Functions – Principles – Management by Objectives – Management by exceptions.
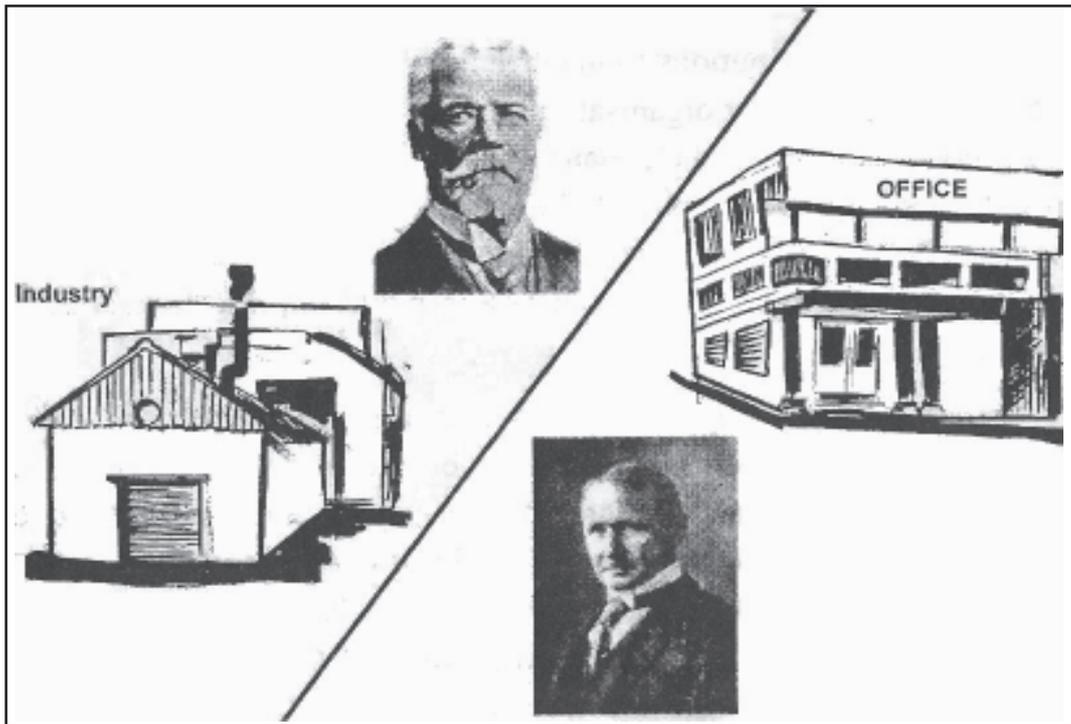
Fig 1.1 MANAGEMENT

ORIGIN

Management has been practiced in some form or the other since the dawn of civilisation. Ever since human beings began to live and work together in groups, techniques of organisation and management were evolved. The pyramids of Egypt, the Chinese civil service, the Roman Catholic Church, and military organisation offer good examples of the application of management in ancient times. Kawtilya's Artha shashtra, the Bhagwat Gita, the Holy bible and other epics contain references to the management of public affairs. The early contributions to management thought came from Roman Catholic Church, Military organizations and camera-lists. Thus art of management has ancient origins. However, the science of management developed largely after the industrial Revolution which established the factory system. Scientific Management movement laid the foundations of Management as a science.

Modern Management thought has developed during several stages. These stages or approaches or theories to the study of Management may by classified as follows.

1. Classical theory
2. Neo-classical theory
3. Modern Theory

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INTRODUCTION

We are born in an organisation (a family). Live in organisations (society) and work in organisations (Business, Government, Army, School, College etc.). Each one of these organisations is a group of persons working together to achieve some common objectives. The organisations can be successful only when the efforts of various individuals in the groups are integrated into team work. The central agency which performs this task is known as management. It plays the same role in an organisation which brain does in human body.

MEANING OF MANAGEMENT

Management is basically concerned with the performance of planning, organising, directing, co-ordinating and controlling, which, in fact, are its main functions. Management is also regarded as the art of getting things done through others. It is not possible for any individual to do all the work by himself. The work is always shared with others.

DEFINITIONS OF MANAGEMENT

1. Mary Parker Follet : "Management is the art of getting things done through people".

2. Henry Fayol : "To manage is to forecast and plan, to organise, to command, to co-ordinate, and to control."

3. F.W. Taylor : "The art of knowing exactly what you want men to do and seeing that they do it in the best and cheapest way".

Note on management experts

F.W. Taylor - **(1856 – 1915)** is known as the father of Scientific Management. The objective of Management should be to secure the maximum prosperity for both the employer and the employees. Taylor's theory came to be called 'Scientific Management'.

HENRY FAYOL – (1894 – 1952) He was one of the first writers to introduce concepts which are still forming a part of the current management thought. He is the father of modern management.

NATURE AND CHARACTERISTICS OF MANAGEMENT

The salient features which highlight the nature of management are as follows:

1. MANAGEMENT IS UNIVERSAL : Management is required in every form of group activity whether it is a family, a club, a government, an army or a business enterprise. The approach and style of management may differ from one organisation to another. But in each case it involves marshalling of human and physical resources towards the attainment of common objectives.

2.MANAGEMENT IS PURPOSEFUL : Management exists for the achievement of specific objectives. It is a means towards the accomplishment of pre-determined goals. All activities of management are goal-oriented. The success of management is measured by the extent to which the desired objectives are attained. Management is a creative process of achieving results.

3.MANAGEMENT IS AN INTEGRATIVE FORCE: The essence of management lies in the co-ordination of individual efforts into a team. Management reconciles the individual goals with organisational goals. It integrates human and other resources.

4. MANAGEMENT IS A SOCIAL PROCESS: Management is done by people, through people and for people. It is a social process because it is concerned with interpersonel relation. Human factor is the most important element in management. A good Manager is a leader not a boss.

5. MANAGEMENT IS MULTIDISCIPLINARY: Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines like engineering, sociology, Psychology, economics, anthropology, etc.

6. MANAGEMENT IS A CONTINUOUS PROCESS: Management is a dynamic and an on going process. The Cycle of management continues to operate so long as there is organised action for the achievement of group goals.

7. MANAGEMENT IS INTANGIBLE: Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.

8. MANAGEMENT IS AN ART AS WELL AS A SCIENCE: It contains a systematic body of theoretical knowledge and it also involves the practical application of such knowledge. Management is also a discipline involving specialised training and an ethical code arising out of its social obligations.

SCOPE OF MANAGEMENT

The field of management is very wide. The operational areas of business management may be classified into the following categories.
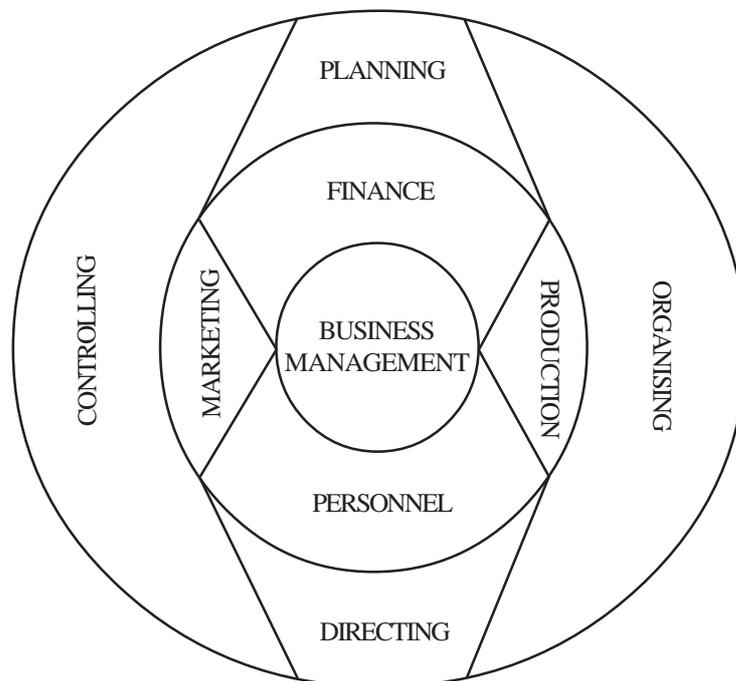
Fig 1.2 SCOPE OF MANAGEMENT

1) PRODUCTION MANAGEMENT : Production management implies planning, organising, directing and controlling the production function so as to produce the right goods, in right quantity, at the right time and at the right cost.

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2) MARKETING MANAGEMENT : Marketing management refers to the identification of consumer's needs and supplying them the goods and services which can satisfy these wants.

3) FINANCIAL MANAGEMENT : Financial management seeks to ensure the right amount and type of funds to business at the right time and at reasonable cost.

4) PERSONNEL MANAGEMENT : Personnel Management involves planning, organising and controlling the procurement, development, compensation, maintenance and integration of human resources of an organisation.

IMPORTANCE OF MANAGEMENT

Management is indispensable in all organisations Some of the Importance of Management are given below:

1. Scientific Management only can meet the challenges and complexities of modern business.
2. Efficient Management can effectively utilise the available resources in the enterprise.
3. Management creates teamwork and coordination among employees.
4. Management directs and controls the organisation to achieve the deisred goal.
5. Management provides stability in organisation.
6. Management provides new ideas, imagination and vision for better and greater performance.
7. Good management serve as a friend, philosopher and guide in tackling business problems.
8. Management is a tool of personality development of the people and attempts to raise their efficiency and productivity.
9. Management is equally important at the national level. It is an agent of change and economic

DISTINCTION BETWEEN ADMINISTRATION AND MANAGEMENT :

Although the terms 'Administration' and 'Management' may appear to be similar, they are actually different. In our daily conversation we use the two terms interchangeably. Administration is concerned with laying down suitable policies for the whole concern whereas management will simply execute these.
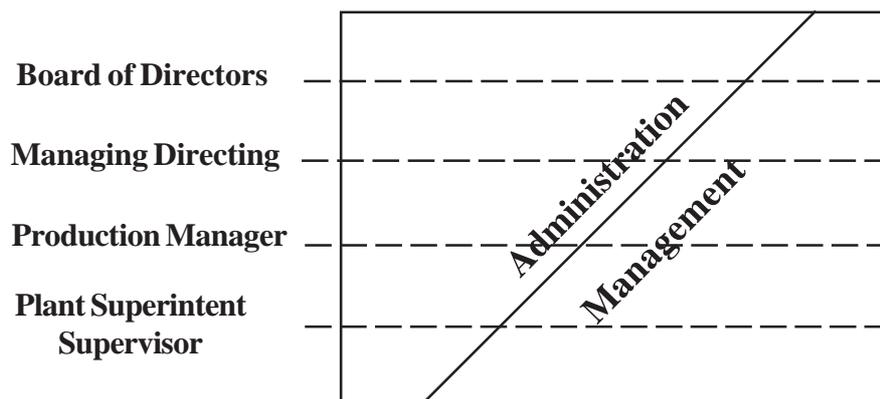
Fig 1.3 ADMINISTRATION VS MANAGEMENT

Administrators are the owners of the business. Managers, on the other hand, are the salaried employees of the concern. The basic difference between administration and management is highlighted by means of a popular diagram which is given above.

The differences between Administration and Management may be tabulated as shown below :

S. No	ADMINISTRATION	MANAGEMENT
1.	All policy decisions are made by the administration.	It is concerned with the implementation of the polices. Certain routine decisions may be made by the managers on less important matters.
2.	Administrators are the owners of the concern.	Managers are the paid employees of the concern.
3.	Administration is basically interested in results, i.e., profitability, sales, future prospects and so on.	Managers actually work for the remuneration they get. They direct their efforts towards the attainment of the goal set by the administration.
4.	Administrators do not take part in the daily activities of the concern.	The managers are responsible to the administrators on the daily work done in the concern.
5.	The decisions made by the administrators are influenced by the availability of capital, Government regulations and such other factors.	The managers are empowered to take decisions only on routine matters. They are usually guided by opinions, values and beliefs in making decisions. They also act based on precedents. i.e., past happenings.
6.	Administration is almost a permanent body. No major change, therefore, takes place in it.	Management is not a static body. Managers may resign, retire or may even be removed from service.
7.	It is a top-level function.	It is a lower-level function.

LEVELS OF MANAGEMENT :

Top Management
Board of Directors
Chairman
Managing Director, etc.

MiddleManagement
Production Manager
Finance Manager
Marketing Manager, etc.

Supervisory Management
Office Manager
Foreman,
Supervisors, etc.
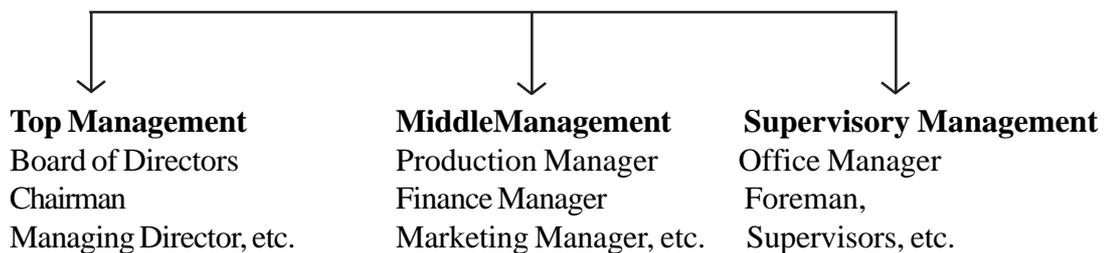
Fig 1.4 LEVELS OF MANAGEMENT

Three levels of management have been recognised by management experts. They are:

1 .TOP MANAGEMENT
2. MIDDLE MANAGEMENT AND
3. SUPERVISORY OR LOWER MANAGEMENT

1. TOP MANAGEMENT : It consists of the Board of Directors, the Chairman, the Managing Director and so on. The functions of the top management are as follows:

i) To lay down the basic objectives of the business.

ii) To frame major policies for the business

iii) To organise the business into different departments for the efficient attainment of the enterprise goals.

iv) To oppoint departmental heads and review their performance.

v) To represent the business outside, particularly in discussing business problems with the Government, trade association and so on.

2. MIDDLE MANAGEMENT : It consists of the Heads of all the Departments like the Production Manager, the Finance Manager, the Marketing Manager and so on. It also includes the deputy managers in all the departments. The functions of middle management are as follows:

i) Formulation of suitable policies at the departmental level.

ii) Periodical review of performance.

iii) Interaction with the subordinate staff.

3. SUPERVISORY OR LOWER MANAGEMENT : It consists of such individuals as the foremen, office managers, supervisors, etc. The supervisory management is concerned with the following functions:

i) To plan the day-to-day work

ii) To assign work to all the employees and undertake supervision

iii) To monitor the performance of the employees.

iv) To send periodical reports to the middle level managers.

MANAGEMENT IS AN ART OR SCIENCE : A question is often arised as to whether Management is an art or science? This question has been discussed here to explain the nature of Management.

MANAGEMENT IS A SCIENCE: Science is a systematised body of knowledge pertaining to a particular field of enquiry. Its principles have universal applicability. It contains underlying principles and theories developed through continuous observation, experimentation and research. Likewise principles and theories are now available in every area of management. So management can be described as a science.

MANAGEMENT IS AN ART : Art involves the practical application of personal skills and knowledge to achieve concrete results. Like any other artist, a manager applies his knowledge and skills to co-ordinate the efforts of his people. So Management is also called as an art.

CONCLUSION : As Management has both the characteristics of Science and Art we can conclude that Management is both an Art and a Science.

MANAGEMENT AS A PROFESSION : Management has come to be recognised as a profession in the way Medical, Law and Engineering are recognised. A profession is different from an occupation. A professional need not work for salary under an employer. He can have his own clients and get his remuneration from them directly. A professional can be an employer for many. A doctor, for example, may have his own clinic and employ nursing staff, lab technicians and others.

FUNCTIONS OF MANGEMENT : Generally, the managers have to perform certain functions in the organisation to get the things done by others. Different authors have given different functions. Henry Fayol has classified managerial functions as Planning, Organizing, Directing, Co-ordinating and Controlling.

Gullick and Urwick have described, the duties of an executives as POSDCORB ie. Planning, Organising, Staffing, Directing, Co-ordinating, Reporting and Budgeting. Koontz.O Donnel consider Planning. Organising, Staffing, Directing and Controlling as main functions.
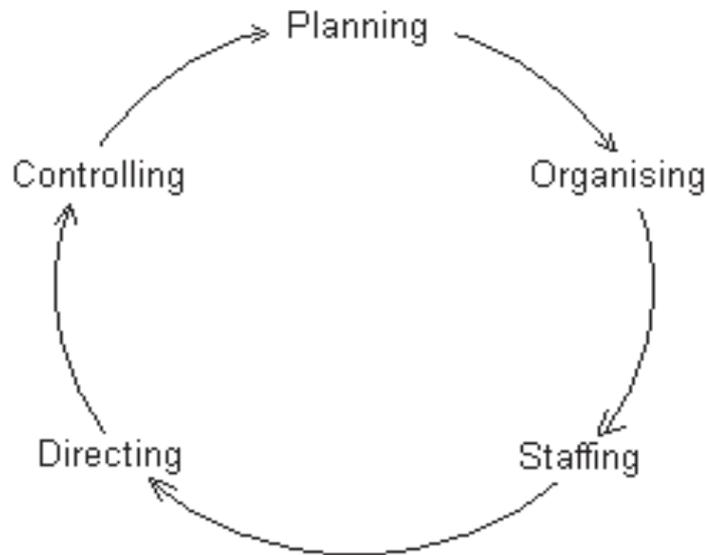
Fig 1.5 MANAGEMENT PROCESS

The Main functions of the management are given below:

1.PLANNING : Planning is the most basic or Primary functions of management. Planning involves determining the objectives and selecting a course of action to achieve them. It implies looking ahead and deciding in advance what is to be done, when and where it is to be done, how and by whom it is to be done. It is helpful in more effective achievement of goals. Planning helps an organisation to face uncertainty and change.

2.ORGANISING : Once plans are formulated, the next step is that of organising. Organising is the process of establishing authority-responsibility relationships among the members of the enterprise. In the words of Louis Allen, "Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

3.STAFFING : Staffing is the process of filling all positions in the organisation with adequate and qualified personnel. Staffing consists of manpower planning, recruitment, selection, training, compensation, integration and maintenance of employees.

4.DIRECTING : Directing is the managerial functions of guiding, supervising, motivating and leading people towards the attainment of planned targets of performance. Directing is the executive functions of management because it is concerned with the execution of plans and polices.

5.MOTIVATING : Motivating is the process of inspiring people to strive for the accomplishment of common goals by providing stimuli that satisfy their needs and motives. Motivation is an important determinant of job performance. Several types of incentives and rewards are used to motivate employees.

6.COMMUNICATION : Communication implies exchange of facts, ideas, opinions or emotions among two or more persons with the aim of creating mutual understanding and co-operation among them. It is a continuous process of telling, .listening and understanding. Several methods eg. Written, Oral, Visual etc. are used in communication.

7.CO-ORDINATION : Co-ordination refers to harmonising and integrating the activities and efforts of different individuals into teamwork. It requires integration of diverse and specialized activities towards the achievement of common goals. Manager integrates the efforts of different employees to ensure that they work as a team.

8.CONTROLLING : Controlling is the process of ensuring that the organisation is moving in the desired direction and that progress is being made towards the achievement of goals. The process of controlling involves the following steps:

a) Establishing standards for measuring work performance;

b) Measurement of actual performance and comparing it with the standards;

c) Finding variances between the standard and actual performance and the reason

   therefore; and

d) Taking corrective actions for correcting deviations so as to attain objectives.

PRINCIPLES OF MANAGEMENT

Management is a science consisting of certain principles. A principle is a fundamental statement of truth that provides a guide to talk and action. The Principles of Management laydown guidelines for improving Management practices. There is no detailed list of Management principles. However, the list of fourteen principles of Management given by Henry Fayol is widely accepted. These principles are given below.

1. DIVISION OF WORK : Total work of an organisation is divided into small manageable units and assigned to particular individuals. It helps to increase efficiency. The principle of division of work can be applied at all levels in the organisation.

2. AUTHORITY AND RESPONSIBILITY : In an organisation the Authority and responsibility should go together. The Manager gives his order directly to the subordinate after that he should take the responsibility for the work done by them. So the person receiving the authority should be ready to bear the responsibility for the same. It is important to delegate authority, at the same time retain the responsibility with him.

3. DISCIPLINE : Discipline should be followed by all the employees. Obedience behaviour, discipline, flexibility and human consideration are together called discipline. The organisation must have Discipline, otherwise it cannot run smoothly.

4. UNITY OF COMMAND : Every subordinate should receive orders and be accouuntable to only one superior. Dual or multiple command is a perpetual source of conflict. Unity of command avoids conflicting orders and ensures order and stability in the organisation. It is also helpful in fixing responsibility.

5. UNITY OF DIRECTION : According to this principle, each group of activities having the same objective must have one head and one plan. The principle of unity of direction seeks to ensure unity of action. Unity of direction should not be confused with the unity of command.

6. SUBORDINATION OF INDIVIDUAL INTEREST TO GENERAL INTEREST : Every Employee should forget their individual interest and they should work for common purpose. when there is conflict between the two, interest of the organisation should prevail over individual interest.

7. REMUNERATION : The amount of remuneration and the methods of payment should be just and fair and should provide maximum possible satisfaction to both employees and employers.

8. CENTRALISATION : According to **Fayol**, The question of centralisation and decentralisation is a matter of finding optimum degree for the particular concern. The degree of concentration of authority should be based upon optimum utilisation of all faculties of the personnel. It should be determined on the basis of individual circumstances in each case.

9. SCALAR CHAIN : It refers to the chain of superiors ranging from the highest authority to the lowest level in the organisation. There should be a clear line of authority ranging from top to bottom of the organisation. All upward and downward communications should flow through each position of authority along the scalar chain.

10. ORDER : This principle is concerned with the arrangement of things and the placement of people. In material order, there should be a place for everything and everything should be in its proper place. Similarly in social order, there should be an appropriate place for everyone and everyone should be in his or her appointed place.

11. EQUITY : Equity implies that employees should be treated with justice and kindness. Managers should be fair and impartial in their dealings with subordinates. Equity helps to create cordial relations between management and workers which are essential for successful functioning or every enterprise.

12. STABILITY OF TENURE OF PERSONNEL : Employees cannot work efficiently unless job security is assured to them. An employee can not render worth while service if he is removed from the job before he gets accustomed to it.

13. INITIATIVE : Employees at all levels should be given the opportunity to take initiative and exercise judgement in the formulation and execution of plans. Initiative refers to the freedom to think for oneself and use direction in doing work. It develops the interest of employees in their jobs and provide job satisfaction to them.

14. ESPIRIT DE CORPS : This refers to harmony and mutual understanding among the members of an organisation. Union is strength and unity in the staff isthe foundation of success in any organisation. Management should not follow the policy of 'Divide and rule'. Unity among personnel can be developed through proper communication and coordination.

MANAGEMENT BY OBJECTIVES (MBO)

Meaning :

An organisation can have many objectives. The objectives of the workers may differ from that of management. The Principles of MBO aims at co-ordinating the individual goals with that of organisational goals. Through this principle, the management and workers work without any conflicts. It helps to realise the organisational goals quickly without unnecessary efforts.
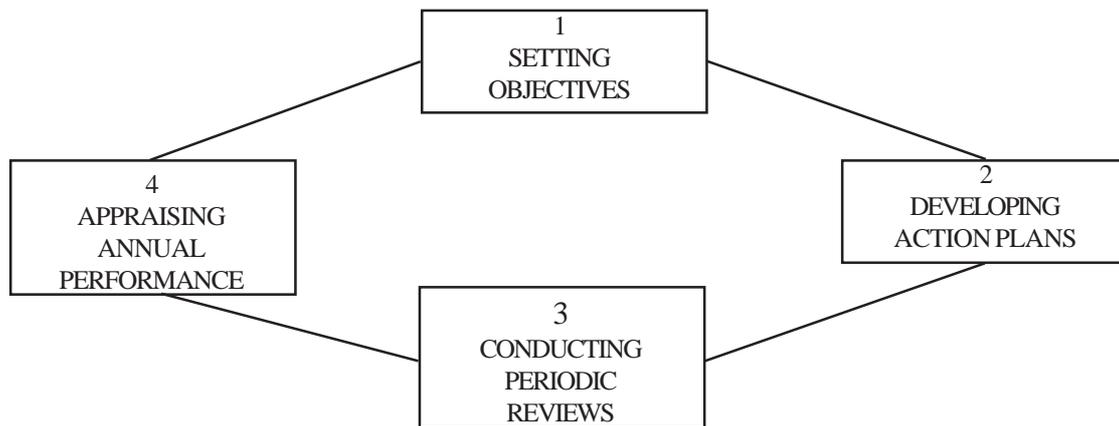
Fig 1.6 MBO

DEFINITIONS OF MBO : "Each and Every employee of an organisation works whole heartedly towards the attainment of the objectives of an organisation is known as Management by objectives: - **Peter F. Drucker.**

John Humble calls it " a dynamic System which integrates the company need to achieve its goal for profit and growth with managers need to contribute and develop himself.

PRINCIPLES/STEPS IN MANAGEMENT BY OBJECTIVES :

MBO comprises of the three important principles.

1. FRAMING THE OBJECTIVES :

Objectives can be framed based on the following steps.

a) EACH AND EVERY OBJECTIVE HAS DIFFERENT GOALS.:

Objectives attained in the lower level help in the achievement of objectives at the higher level. Each objective depends on the objective below it and helps in achievement of Upper level objectives.

These steps help in the achievement of upper level objectives by directing the members and Departmental activities.

b) AIMS OF MANAGEMENT BY OBJECTIVES :

Each and every activity of the organisation is directed towards satisfying the goals. This is the last stage of the organisation. Objectives may be short and clear. The objectives must be easily

understood by persons who are involved in the activity of achieving them. Goals must agree with the policies and procedures of the organisation. Goals must be efficiently evaluated, dependent on decision and dependable. Goals must be reachable within a given period.

c) CLEAR – CUT AIMS :

The indivudaual goals and organisatinal goals must be clear. If the aims are not clear then confusion arises. Goals must be fixed clearly at all management levels.

2. IMPLEMENTATION :

Managers require efficiency. Intelligence and ability inorder to attain the common objective of the organisation. They must be properly remunerated and motivated so that they will put on best efforts in management by objectives. Top level executives must not enforce their control through management by objectives, otherwise it will change into control by objectives.

3. EVALUATING THE RESULTS :

The objective fixed must be evaluated with the results obtained. The managers at all levels must have a watch on the activities of the subordinates to attain the objectives and after a specified period the results achieved have to be evaluated.
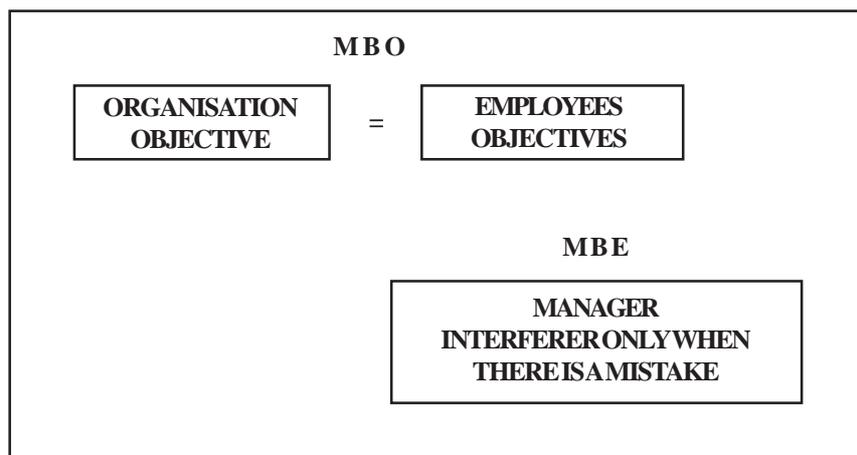
Fig 1.7 MBO & MBE

ADVANTAGES OF MBO

(1)   It promotes better communication relationship between the superior and his subordinates.

(2)   It gives the subordinate an opportunity to fix his own targets in consultation with his superior.

(3)   As the subordinates have the freedom to determine their own targets, they feel motivated.

(4)   The periodic review of the subordinate's performance enables him to know whether he is proceeding in the right direction.

DIS ADVANTAGES OF MBO

(1) The superior and his subordinate may have to meet several times for the sake of setting the objectives mutually.

(2) Periodic review of the subordinate's performance involves lot of time and also paper work.

(3) MBO has not much to do with the lower levels of management.

CONTROL BY EXCEPTION OR MANAGEMENT BY EXCEPTION (MBE)

It is a management technique by which managers concentrate only on exceptional deviations instead of trying to correct each and every deviation. The advantage of the technique of Management by Exception is that it allows the manager to concentrate on problems that need his attention and to avoid dealing with those that can be well handled by the subordinates themselves.

ADVANTAGES OF MBE

(1) It allows the manager to devote more time for important issues by letting the subordinates deal with the issues of a routine nature.

(2) As the manager need not bother about routine matters.

(3) Since the manager devotes more time for vital issues, he will be able to make better decisions.

(4) The subordinates are given authority to make decisions on certain matters without any interference by the executives.

(5) The management is also able to utilize the available talent at the lower levels.

LIMITATIONS OF MBE

(1) There is no parameter available by which one can differentiate important deviations from the unimportant ones.

(2) Only an organisation that has a perfect system of control will be able to employ the technique of MBE.

(3) It may lead to dispersal of authority that has its own limitations.

POINTS TO REMEMBER
NATURE AND CHARACTERISTICS OF MANAGMENT

1. Management is universal
2. Management is purposeful
3. Management is an Integrative Force
4. Management is a social process
5. Management is multidisciplinary
6. Management is a continuous process
7. Management is Intangible
8. Management is an art as well as a science

SCOPE OF MANAGEMENT
1. Production management
2. Marketing management
3. Financial management
4. Personnel management

LEVELS OF MANAGEMENT
1. Top management
2. Middle management
3. Supervisory or lower management

MANAGEMENT IS AN ART OR SCIENCE
MANAGEMENT AS A PROFESSION
FUNCTIONS OF MANAGEMENT
1. Planning
2. Organising
3. Staffing
4. Directing
5. Motivating
6. Communication
7. Co-ordination
8. Controlling

PRINCIPLES OF MANAGEMENT
1. Division of work
2. Authority and responsibility
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of Individual interest to general interest
7. Remuneration
8. Centralisation
9. Scalar chain
10. Order
11. Equity
12. Stability of Tenure of personnel
13. Initiative
14. Espirit de corps

MANAGEMENT BY OBJECTIVES (MBO)
Advantages & Dis advantages of MBO

MANAGEMENT BY EXCEPTION (MBE)
Advantages & Dis advantages of MBE

Objective Type   **PART- A**   **(ONE MARK)**

I. CHOOSE THE CORRECT ANSWER :

1.Management has been practiced in some form or the other since the dawn of .....
  (a) Civilisation (b) Ariyan (c) Dravidian (d) None of the Above.

2) Examples of the application of Management in ancient times ....
   (a) Santhome Church (b) Roman Catholic Church (c) C.S.I.Church
   (d) None of the above

3) The Scientific management developed largely after the --------
   revolution which established the factory system
   (a) Green (b) Russian (c) Industrial (d) None of the above.

4) ---------- is not the function of Management
   (a) Planning (b) Organising (c) Directing (d) Recording

5) All activities of management are .....
   (a) Nature Oriented (b) Work Oriented (c) Goal Oriented (d) Business Oriented.

6) Management reconciles the individual goals with.....
   (a) Industrial goals (b) Organisational goals (c) Departmental goals
   (d) none of the above

7) Marketing management refers to the identification of ....
   (a) Producers Needs (b) Consumer Needs (c) Workers Needs (d) Salesmen Needs

8) ..... concerned with laying down suitable policies for the whole concern.
   (a) Administration (b) Management (c) Manager (d) Auditor

9) Top Management consists of ....
   (a) Foreman (b) Finance Manager (c) Board of Directors (d) Supervisor.

10) Art is a .... process
   (a) Personalised Process (b) Individualised Process (c) General Process
   (d) None of the Above.

11) Management has come to be recognised as a profession like
   (a) Medical (b) Law (c) Engineering (d) All the above.

12) .....integrates the efforts of different employees to ensure that they work as a team
   (a) Manager (b) Shareholders (c) Company Secretary (d) Managing Director

13) .... aims to co-ordinate the individual goals with the top organisational goals
   (a) M.B.O. (B)M.B.E. (c) Staffing (d) Controlling

ANSWERS:

1. (a) Civilisation   2. (b) Roman Catholic Church

3. (c) Industrial   4. (d) Recording

5. (c) Goal oriented   6. (b) Organisational goals

7. (b) Consumer needs   8. (b) Management

9. (c) Board of Directors   10. (b) Individualised process

11. (d) All the above   12. (a) Manager

13. (a) M.B.O.

II. WRITE THE ANSWER IN ONE OR TWO WORDS:

1) Who is the author of Arthashastra?

2) What is the movement that laid the foundation of management as a science?

3) Who is the father of Scientific Management?

4) Who is the father of Modern Management ?

5) Which plays the central role in an organisation which brain does in human body?

6) "Management is the Art of getting things done through people" who said?

7) Is a good manager a leader or boss?

8) Is Management tangible or Intangible?

9) Is Management a continuing process or ending process?

10) Which seeks to ensure the right amount and type of funds to business at the right time?

11) Which is a top-level function?

12) Whether production Manager comes under Middle management or Supervisory Management?

13) Which is the primary functions of management?

ANSWERS:

1. Kautilya   2. Scientific Management

3. F.W.Taylor   4. Henry Fayol

5. Management   6. Parker Follet

7. Leader   8. Intangible

9. Continuous Process   10. Financial Management

11. Administration   12. Middle Management

13. Planning

<div align="center">**PART – B**   **(FOUR MARKS)**</div>

Very Short Answers :

1. What is Management?

2. Define Management?

3. What is scientific Management?

4. Write a short note on F.W.Taylor?.

5. Write a short note on Henry Fayol?

6. What are the classifications of Management?

7. Define Management by objectives?

8. What do you mean by Management by exception?

9. What is M.B.O.

10. What do you mean by Division of work?

11. What is Unity of command?

12. Explain Unity of Direction?

13. What is Scalar chain?

14. Define Motivation?

15. What is co-ordination?

<div align="center">**PART – C**   **(TEN MARKS)**</div>

Short Answers Answer in One Page:

1. Explain the importance of Management?

2.Is Management an Art or a Science – Discuss?

3. Differentiate Management from Administration?

4. What are the different levels of Management?

5. Explain the steps in Management by objectives?

6. What are the advantages & disadvantages of M.B.E.?

7. Explain the scope of Management?

8. What are the advantages and disadvantages of M.B.O ?

<div align="center">**PART – D**   **(TWENTY MARKS)**</div>

Essay type Qestions

1. Explain briefly the Principles of Management?

2. Explain the functions of Management?

3. What are the Characteristics / Nature of Management?

4. Write an essay on MBO.

2. PLANNING AND DECISION MAKING

LEARNING OBJECTIVES: After reading this chapter you will be able to understand

Planning – Meaning – Definition – Nature/Characteristics – Merits & Demerits – Steps/ Process – Elements – Kinds – Decision Making – Meaning – Definition- Characteristics – Types – Steps Process – Merits & Demerits
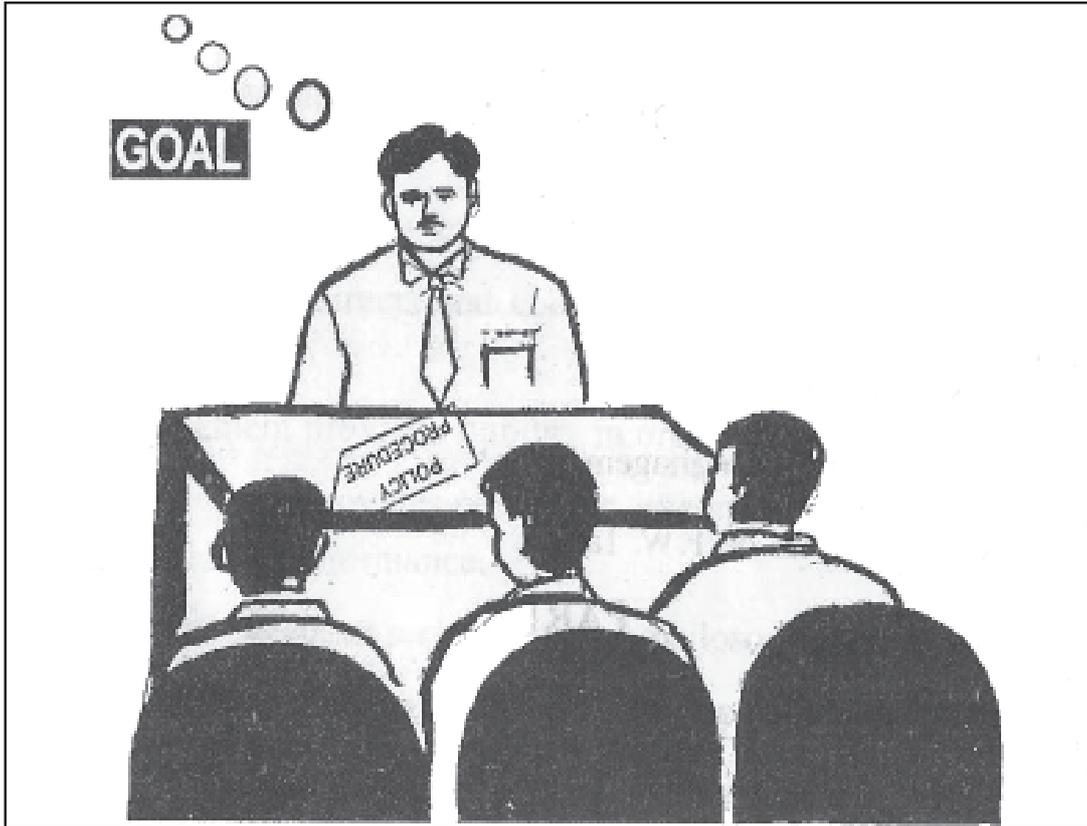
Fig 2.1 PLANNING

MEANING

The first and the foremost function of management is planning. Simply stated, planning is deciding in advance what should be done. It is future oriented. To attain its goal of profit maximisation, the business has to produce and sell goods. Its yearly production and sales targets are broken into weekly and monthly targets by proper planning. This makes it possible to work systematically.

DEFINITIONS OF PLANNING :

According to **Koontz and O'Donnell** "Planning is deciding in advance
What to do? (Aim)
How to do? (Practice)
When to do? (Time)
Who is to do? (Workers)
It bridges the gap from where we are to where we want to go".

Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it. It bridges the gap from where we are to where we want to go - **Koontz and O'Donnell.**

Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guess - **Urwick.**

Planning is deciding the best alternative among others to perform different managerial operations in order to achieve the predetermined goal - **Henry Fayol.**

Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes from among alternatives – **M.E.Hurley**

Definition of Louis A. Allen :

In the words of **Louis A. Allen**, "Management planning involves the development of forecasts, objectives, policies, progrmmes, procedures, schedules and budgets.

NATURE OF PLANNING (BASIC CHARACTERISTICS OR FEATURES OF PLANNING)

The following are the basic characteristics of planning.

1) Planning is the primary function of management

2) It is goal-oriented

3) It is all-pervasive

4) It is an intellectual activity

5) It is future oriented

6) It requires an integrated approach

7) It is a continuous process

8) It involves decision making

1) Planning is the primary function of management

Planning is the starting point of management. It is only planning which gives meaning to all other managerial functions, namely, organising, staffing, co-ordinating and controlling. Without planning the other functions cannot be effectively performed.

2) It is goal-oriented

The goal of every business is to make profits. Planning helps to attain the goal in the most effective and efficient manner.

3) It is all-pervasive

By this we mean that planning is done by everyone at every level of management, namely top, middle and lower levels.

4) It is an intellectual activity

Planning is a mental activity. It involves application of mind and intelligence to attain, in a systematic manner, the organisational objective.

5) It is future –oriented

Planning is required to attain the future goals of an organisation. However, past happenings provide the basis for plans. As future is uncertain, a plan must make suitable provisions to meet any crisis.

6) It requires an integrated approach

There must be a link between the plans of different departments. The production plan of a business must be in tune with its financial plan. The marketing plan,likewise must be in tune with the production plan and vice versa.

7) It is a continuous process

It means that a stage will never come when the need for planning will not be felt at all. Planning is required as long as we live in this world. As far as business is concerned, planning is needed as long as there are business activities.

8) It involves decision making

Planning involves making choice out of certain alternative courses i.e., decision-making. When there is only one way of doing something, there is no need for planning at all.

Importance of planning (Merits or advantages of planning)

As the primary function of management, planning is considered vital in every sphere of activity. The importance of planning may be stated as follows:

1. It focuses on objective

Once the objective of the business has been fixed, the next step is to prepare a plan for its effective accomplishment. The enterprise objective cannot be realised overnignt. It has to be achieved gradually over a certain period.

2. It helps to avoid wastage of resources

Planning makes it possible to make optimum use of the available resources, namely, time, money, materials and machines. This is possible as the employees and the executives know beforehand what they have to do.

3. It ensures efficiency as well as effectiveness

Efficiency is ensured by doing right things and effectiveness is achieved by doing things right. Planning helps to do not only right things but also things right. Each department knows what it is supposed to do well in advance as a result of planning.

4. It reduces risk and uncertainty

Planning is for future use and future is uncertain. While planning, future uncertainties are anticipated and adequate provisions are made to meet or overcome the same.

5. It provides for co-ordination

The work done in any organisation is a team-work. Different departments participate in the process of goal attainment. Planning makes the responsibilities of each individual and department very clear. Thus, planning by explaining the responsibilities of each individual and department provides scope for co-operation and co-ordination.

6. It facilitates control

If planning is the first function of management, Control is the last function. Planning without control is useless and control without planning is meaningless. Control helps the enterprise to know whether the plan has been successfully implemented and the objective has been achieved.

7. Planning also provides scope for decentralisation

Dispersal of authority throughout the organisation is what is known as decentralisation. Once the basic and derivative plans of the enterprise have been prepared, the next step is to explain the same to all the subordinates who are going to perform the various tasks.

Limitations of planning (Drawbacks or Demerits of Planning)

Planning suffers from the following limitations:

1.Un certain Nature

The element of uncertainty cannot be totally eliminated in planning. Plans are meant for future use but future happenings cannot be accurately foreseen. e.g. A sudden change in the policy of the Government, loss due to natural calamities like earthquake, floods, etc., can destroy even carefully prepared plans.

2. Expensive

Preparation and implementation of any plan is expensive not only in terms of time but also in terms of efforts and money required.

3. Rigidity

It is always necessary to strictly adhere to the plan in so far as the daily work routine in an enterprise is concerned. Lack of flexibility in plans leads to monotony and boredom.

4. Loss of initiative

The staff in an enterprise shall perform their duties in the way they are expected to do in the plans. As a result, they are reduced to machines. There is no scope for the display of skills by individuals and this leads to loss of initiative.

5.I gnorance of subordinates' interests

Plans are prepared to attain the organisational goal in the most effective manner. In doing so, often, the interests, preferences, capabilities and attitudes of the employees are ignored. As a result, the subordinates do not give their wholehearted support to the implementation of the plans.

6. Complacent attitude

There is always a feeling that once the plan is prepared, the target of the enterprise can easily be attained. The success of every plan depends much on the effectiveness with which it is implemented. A plan is only a means to an end and not an end itself.

Process of Planning (Steps involved in Planning/Stages in the planning process)

The following are the various stages involved in the process of planning:

1.Identifying business opportunities

It is necessary to make an analysis of both the internal and external environment to know the trends in the near future. Business activities are influenced by internal as well as external factors. Government regulations, technological changes, availability of material and labour and the extent of competition are some of the important factors affecting business prospects.

2. Establishment of objectives

The second step in the planning process is to establish the organisational objectives in tune with the opportunities identified, taking into account the resources available.
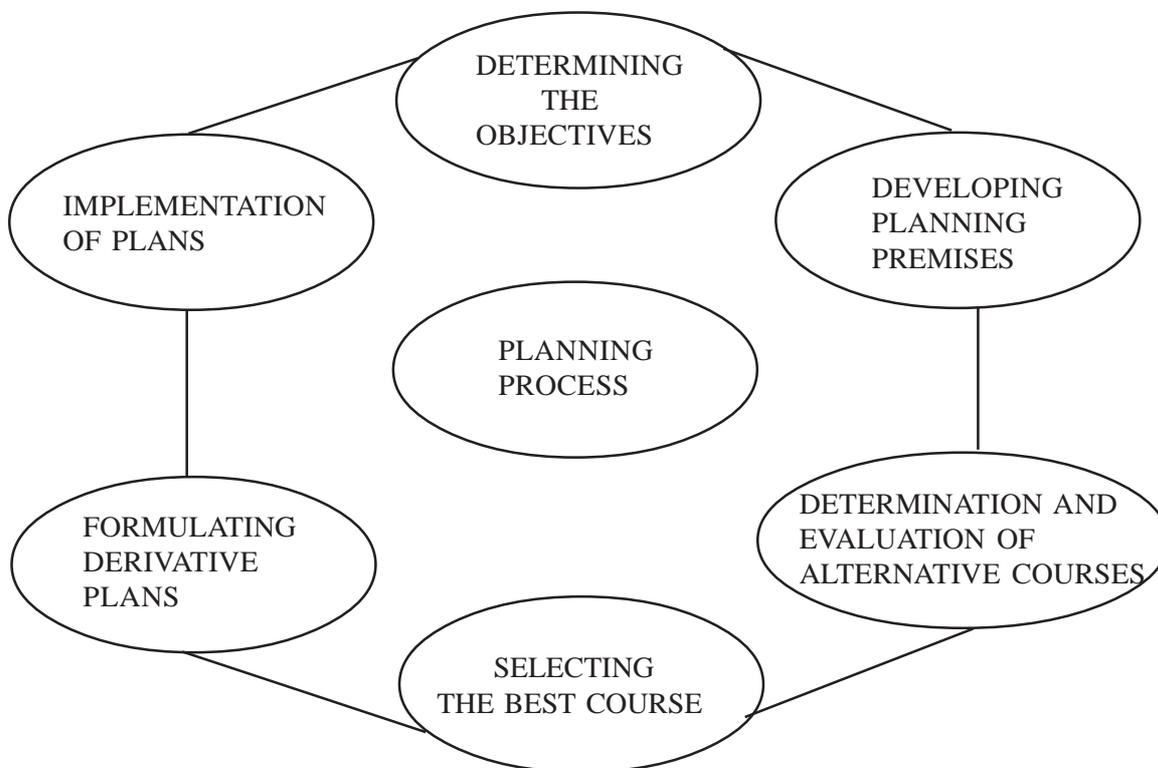
Fig 2.2 PROCESS OF PLANNING

3. Determination of Planning Premises

Planning Premises are the assumptions made about the future happenings. As planning is for future and future is uncertain, certain assumptions about the future become necessary. Employee attitudes, technology used, managerial decision-making process, etc., are some of the factors influencing the internal environment of the business. The external environment, on the other hand, is influenced by factors such as demand, buyer behaviour, competitors' actions, Government regulations, suppliers' actions, technological changes and so on.

4. Identifying the alternative courses of action

There are always alternative ways of carrying out any task just as there are different routes to reach a destination point. To attain the objective of a business, different courses of action may be available. For example, to maximise profits, any of the following approaches may be used:

        a) Large scale production
        b) Curtailing the cost of production and distribution
        c) Maximising sales
        d) Increasing the market share and so on.

5. Evaluating the alternative courses of action

Once the alternative courses of action are identified, the next step is to evaluate the same. By evaluation we mean studying the merits and demerits of each. Each alternative should be examined carefully to decide on its suitability. For example, manual method of production and mechanical production are two alternatives.

6. Selecting the best course of action

Once the alternative courses of action have been evaluated, the next step is to select the best. The finally selected course of action should help the organisation in making an optimum use of the available resources and help to attain the objectives set in the most effective manner.

7. Formulation of derivative plans

After the basic plan of the enterprise has been determined, the next step is to prepare the subsidiary or derivative plans to support the basic plan. For example, once the production plan of a manufacturer is ready, a number of supportive plans concerning the purchase of raw-materials, tools and equipment, engaging workers, etc., will have to be formulated.

8. Periodic evaluation and review

Once the implementation of the plan starts, it becomes necessary to evaluate performance at periodic intervals to ensure that the activities of the enterprise proceed in the right direction and as laid down in the plan. This will help to identify shortcomings, if any, in the plan and to take corrective action at the right time.

Elements of Planning:

The various elements of planning are given below:

1. **Objectives:** Objectives are the end towards which the activities of an organisation are directed. Objectives are known by different names, such as goals, aims, purposes, targets etc. Setting up of objectives is the first step in planning.

2. **Strategies:** A strategy may be defined as relationship or an administrative course of action designed to achieve success in the face of difficulties. Strategy is the basic plan chosen to achieve objectives.

3. **Policies:** A policy is a general guide to thinking and action rather than a specific course of action. It defines the area or limits within which decisions can be made to achieve organisational objectives. According to **Koontz** and **O' Donnell** policies are general statements of understanding which guide or channel thinking in decision making of subordinates.

4. **Procedures:** A procedure is a chronological sequence of steps to be undertaken to enforce a policy and to attain an objective. It lays down the specific manner in which a particular activity is to be performed. It is a planned sequence of operations for performing repetitive activities uniformly and consistently.

5. **Rules:** Rules are rigid and definite plans that specify what is to be done or not done in given situations. It is a prescribed guide to conduct or action. No deviation is expected from the rule.

6. **Programmes:** A programme is a concrete scheme of action designed to accomplish given tasks. It specifies the steps to be taken, resources to be used, time limits for each step and assignments of tasks. Programmes help to ensure economy and uniformity in day-to-day operations.

7. **Budgets:** A budget is a financial statement of expected results expressed in numerical terms for a definite period of time in the future. It expresses a plan in premise terms. Budgets serve as means of coordination and control.

8. **Schedules:** A schedule specifies time limits within which activities are to be completed. Scheduling is the process of establishing a time sequence for the work to be done. Schedules are essential for avoiding delays and for ensuring continuity of operations.

9. **Project:** A project is defined in terms of capital investment, specific objective, inter dependence of tasks. It is designed and executed as a distinct plan.

Kinds of Planning:

On the basis of time period planning may be of three types:

Kinds of planning

- Long-term planning
- Medium-term planning
- Short-term planning
- Corporate planning
- Divisional planning
- Departmental or unit planning
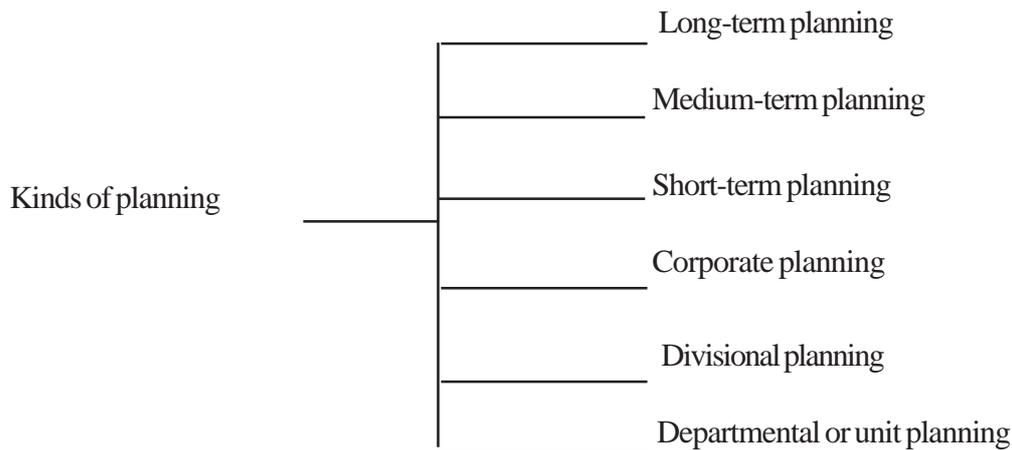
Fig 2.3 KINDS OF PLANNING

1. **Long-term planning:** Long-term planning covers a long period in future. Eg. 5,10 or 15 years. It takes into account all long-term economic, social and technological factors as well as their influence on the long-term objectives of the organisation, eg. Development of new product.

2. **Medium – term planning :** Also known as intermediate Planning It focuses on a period between 2 to 5 years, such planning is more detailed and specific than long term planning eg., plans for purchase of materials, sales etc.

3. **Short-term planning:** Such planning covers a short period usually one year. It contains a detailed outline of certain specific activities to be completed with a specific time limit, e.g planning for annual production, sales etc. It may be called activity planning.

According to the scope, planning may be classified as follows:

4. **Corporate Planning:** Corporate planning or organisational planning is concerned with the organisation as a whole. It is usually long term and is done by the top level of Management.

5. **Divisional Planning:** Divisional planning determines the scope and activities of each division, eg., production, sales, finance, personnel etc..., This plan focus on specific functional areas of business.

6. **Departmental or unit planning:** It involves development of specific plans for each department or a division so as to accomplish divisional objectives.

Decision –Making
Meaning

Decision-making is the process of selecting one alternative from among a number of alternatives available.
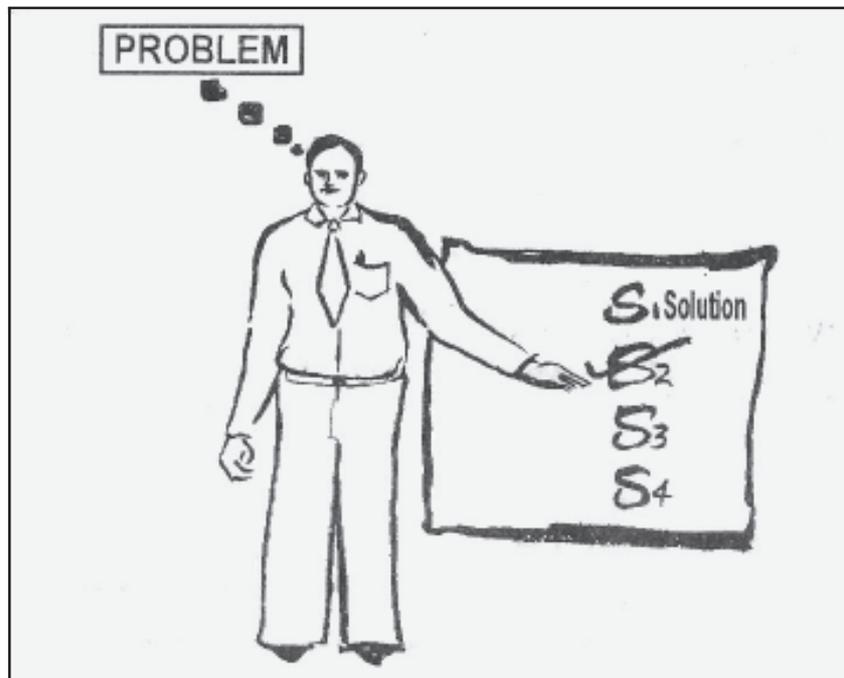
Fig 2.4 DECISION MAKING

The need for decision-making will arise only when there are options. If there is only one way of doing a task, there is nothing to decide. For example, a business enterprise that wants to buy a

machinery may find several models of the machinery. As it can buy only one model, it has to decide which model to buy. It will select the best model by examining the merits and demerits of all the alternative models and will select the one that offers maximum benefits.

The process of selecting the best model among the available alternative models is called decision making.

Definition of Decision-Making

According to **Haynes and Massie,** 'Decision-making is a process of selection from a set of alternative courses of action which is thought to fulfill the objective of the decision-problem more satisfactorily than others'.

In the words of **George Terry**, 'Decision-making is selecting an alternative, from two or more alternatives, to determine an opinion or a course of action'.

Characteristics of Decision –Making

The important characteristics or features of decision-making are given below:

1. **It is a goal-oriented activity**

The objective of decision-making is always to attain a specific goal. For example, a student, whose goal is to become a Commerce graduate, has to be admitted in a college. He may be admitted either in the Day college or in the Evening College depending upon his credentials. It is also possible that he may study by correspondence. There again, he can choose the University from among the various Universities that offer correspondence courses. Thus, a series of decisions needs to be taken by the student.

2. **Existence of alternative courses of action**

As mentioned earlier, the need for decision-making would arise only when there are alternative ways of performing a task. If there is only one course of action available there is nothing to decide. For example, an outdated product, which cannot be updated, has to be abandoned by a business enterprise and there are no alternatives. Similarly, a worker, who is inefficient and without, commitment has to be sent out of the organisation. In both these cases, there is no scope for decision-making at all. On the other hand, a product, that offers scope for alteration or modification, may be altered and thereby updated. Likewise, a worker, who is showing commitment for work, but is not picking up things fast, may be given additional training to enable him to do better.

3. **It may be positive or negative**

Another interesting feature of decision-making is that the decision made may be either positive or negative. For example, if the employees in an organisation want their pay scales revised and decide to go on strike if their demand is not conceded, the decision of the management may either be positive or negative. It is positive, if it decides to consider or concede the demands. It is negative, if the management is not prepared to concede the demands or decides to take disciplinary action against the employees for resorting to strike.

4. **It may also be a decision not to decide**

It is always difficult to take a quick decision on a sensitive issue. An immediate 'yes' or 'no' is not always possible in all matters. In such a case, the tendency will be to defer the decision to the extent possible. The decision, therefore, is 'no decision'.

5. Decision-making is both a science and an art

As a science, decision-making requires knowledge of method, rule or principle concerning the problem. As an art, it requires skill for making the decision a success. For example, a revision of pay scales of employees in an organisation has to be done by evolving or following a suitable method, formula or principle. But it requires skill to make the employees accept the revised pay scales.

6. It is situational

It means that the decision-maker may make different decisions for the same problem under different situations. For example, a teacher may permit a student coming late to enter the class on a particular day but may not allow him on another day. Likewise, a worker may be sanctioned leave on a particular day but may be refused leave on another day.

7. It may be voluntary or induced

When the decision-maker makes the decision himself and is not pressurised by anyone, such a decision is known as a voluntary decision. He makes the decision spontaneously and with an open mind. On the other hand, when he is pressurised either by individuals or by the situation to evolve a decision to solve a problem, the decision becomes induced. For example, if a manufacturer, whose production activity pollutes the environment, comes forward to install a pollution control device on his own, such a decision is a voluntary one. If he is careless about the adverse effect his production process has on the environment, he may be required by the Pollution Control Authority to install a pollution control device. The decision then becomes an induced one.

8. It is a complex mental exercise

Decision-making involves careful consideration of the alternative courses of action, evaluation of the same and selection of the best course of action. The entire process of decision-making requires application of mind and intelligence. Then only, he can take best decision.

9. It is an ongoing activity

Decision-making is a continuous process. Decisions are to be taken in everyone's life right from cradle to grave. In a business organisation too several decisions need to be taken right from its inception to dissolution.

Types of managerial decision:

Managerial decisions may be classified into the following categories:

Types of managerial
- **Organisational and personal Decisions**
- **Routine and strategic decisions**
- **Programmed and Non-programmed**
- **Policy and operating decisions**
- **Individual and group decisions**
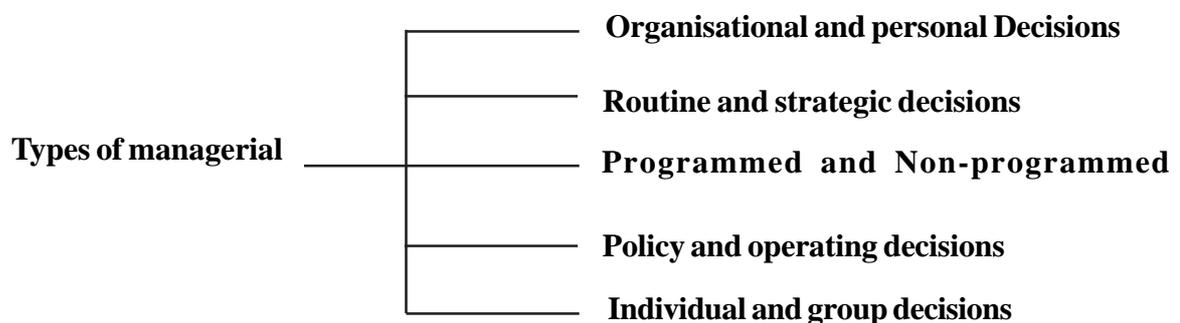
Fig 2.5 TYPES OF MANAGERIAL DECISION

1. Organisational and personal Decisions

Organisational decisions are those which an executive takes in his official capacity and on

behalf of the organisation. On the otherhand personal decisions are those which an executive takes in his individual capacity and not as a member of the organisation.

2. Routine and strategic decisions

Routine or tactical decisions are of a repetitive or recurring nature. They cover shorterm period and affect only a small segment of the organisation. Strategic or basic decisions involve long term commitments, large investment of funds and are of permanent nature.

3. Programmed and Non-programmed decisions

According to **simon,** programmed decisions are of routine and repetitive nature for which systematic procedures already exist in the organisation. Non-programmed decisions are of unstructured nature. Such decision are generally made at higher level of management.

4. Policy and operating decisions

Policy decisions are of fundamental nature as they affect the whole organisation. Operating decisions are made for executing policy decisions.

5.Individual and group decisions

Decisions taken by a single individual are individual decisions. Group decisions are those taken by a group of persons.

The process of Decision-making:

The steps involved in decision-making process are given below:
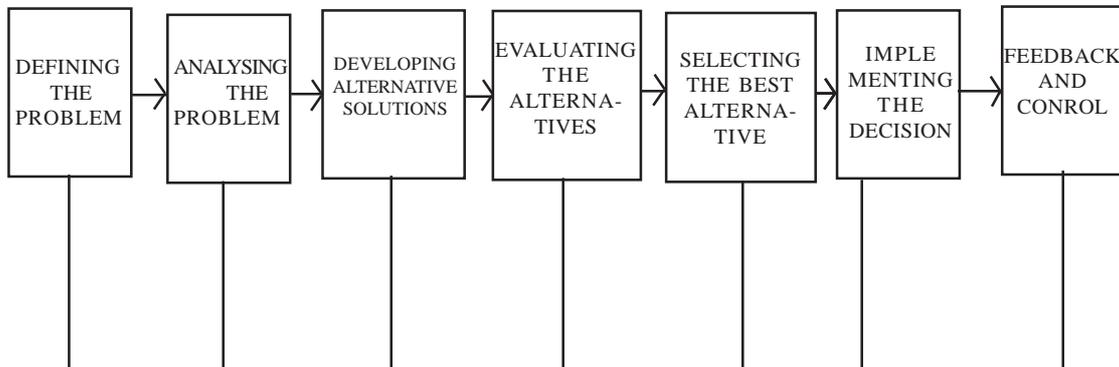
Fig 2.6 PROCESS OF DECISION MAKING

1. Defining the Problem

The first step in decision-making is that of recognising and identifying the problem. The problem may arise due to unfulfilled goals or due to deviation from the desired state of affairs. The real problem may be inappropriate product, unsuitable price policy, faulty distribution or lack of sales promotion. Clear understanding of the problem is necessary.

2. Analysing the problem

Analysis of the problem involves determining its causes and scope. The quality of decision will depend upon the quality of information used. Therefore, collection of accurate and appropriate data is very important in decision making.

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3. Developing Alternative solutions

After defining and analysing the problem with the help of relevant information, the decision maker has to develop alternative solutions for the problem.

4. Evaluating the Alternatives

The various developed alternatives are compared and scrutinised to identify the pros and cons of each alternatives. Before evaluation, the criteria for evaluation should be specified. **Peter Drucker** has suggested the following factors for evaluating alternative courses of action.

   (a) Risk
   (b) Economy of effort
   (c) Timing
   (d) Limitation of resources

5. Selecting the Best Solution

Choosing the best alternative is the most critical part of the decision-making process. **Koontz and O' Donnel** have suggested the following basis for selection among alternatives.

   (a) Experience
   (b) Experimentation
   (c) Research and Analysis

6. Implementing the Decision

Once a decision is taken, it needs to be put into practice. Implementation involves several steps. First the decision should be communicated to all concerned employees. Secondly, responsibility for carrying out the decision is assigned to specific individuals. Thirdly, any resistance to the decision has to be overcome.

7. Feedback and control

Once the decision has been put into practice, actual results of action should be compared with the expected results. If there is any deviation the same should be analysed to identify the causes.

Merits :

1. Decision making helps to adopt best course of action.

Decision making makes it possible to adopt the best course of action in carrying out a given task. When there are different ways of performing a task, it becomes necessary to find out the best way and that is what decision-making is all about. The course of action finally selected should produce the best results.

2. Optimum use of resources.

By choosing the best method of doing any work, decision making ensures optimum use of the enterprise resources, namely, men machines, materials and money. Resources are always scarce and therefore, it is necessary to make a proper use of the same.

3. It helps to find a solution.

Decision-making helps to find a solution to any problem in a work place. The actual cause of the problem must be identified after which corrective action may be taken. The management may have to decide on the right course of action to be adopted. Thus decision making helps management in finding solution.

4. It helps to promote efficiency.

Identification of best course of action in each given situation promotes the efficiency of the organisation. Then the course of action is acceptable to both the workers and management. It results in higher output which is followed by a share in gain to the workers. Thus there is an improvement in the overall efficiency of the organisation.

5. It helps to resolve conflicts.

The management has to resolve the conflicts between the workers on their views regarding better pay and improved working conditions. If the management avoids taking a decision on this matter the workers will not be satisfied. Here the decision should not be a one-sided one. So the management has to evolve a formulae that is acceptable to the workers as well.

De-merits :

1. Decision maker is unaware of the alternatives available.

Often the decision maker is oblivious of the alternatives available. So he selects the option according to his intuition. Best decisions can be made only if all the alternatives are properly evaluated.

As the decision maker is unaware of the alternatives available, the decisions made by him will not give the expected results.

2. Indecisiveness.

It may not be possible for some managers to arrive at a decision easily. This may result in loss of business opportunities. Sometimes they may take hasty decisions at the last minute and such a decision may not produce the desired results.

3. Failure to make correct diagnosis.

A person suffering from headache may take a tablet to get rid of it. It may give him relief sometimes but not always. If he gets headache often, the same tablet may not give him relief.Proper diagnosis, in such case, is necessary. Likewise, in a work place, lack of employee motivation cannot always be attributed to lack of tangible benefits. The actual cause of problem therefore, has to be identified and only then remedy can be provided.

4. Quick decision.

The decision-maker cannot always take his own time for making decisions.Certain problems may be so urgent that a quick decision may be necessary. A stitch in time saves nine. But only some managers are capable of making correct quick decisions. If the decision is not made at the right moment, the enterprise may have to suffer.

5. Unavailability of necessary information.

The information needed for the purpose of decision may not be easily available. In such a situatuon, the correct decision cannot be made. There may also be delay in arriving at a decision. For example, if a business wants to consider giving credit to an old customer who has approached after a long time, the decision can be made only if information on his credit worthiness is readily available.

6. Resistance

In certian organisations, there may always be reisstance by the subordinate staff to any decision. They think that the decisions are made in the interest of the organisation and be detrimental to their personal interest. Overcoming this resistance to any decision also poses problems.

7. Making decision by itself cannot solve any problem.

Implementation of the decision and periodical review alone can produce the expected results. Implementation of decision will not solve the problem. Periodical review about the process and follow-ups will only produce the expected results.

POINTS TO REMEMBER

FEATURES OF PLANNING

1. Planning is the primary function of management
2. It is goal oriented
3. It is all-pervasive
4. It is an intellectual activity
5. It is future-oriented
6. It requires an integrated approach
7. It is a continuous process
8. It involves decision making

ADVANTAGES OF PLANNING

1. It focuses on objective
2. It helps to avoid wastage of resources
3. It ensures efficiency as well as effectiveness
4. It reduces risk and uncertainty
5. It provides for co-ordination
6. It facilitates control
7. Planning also provides scope for decentralisation

DRAWBACKS OF PLANNING

1. Uncertain Nature
2. Expensive
3. Rigidity
4. Loss of initiative
5. Ignorance of subordinates interests
6. Complacent attitude

KINDS OF PLANNING

1. Long-term planning
2. Medium-term planning
3. Short-term planning
4. Corporate planning
5. Divisional planning
6. Departmental or unit planning

PROCESS OF PLANNING

1. Identifying business opportunities
2. Establishment of objectives
3. Determination of planning premises
4. Identifying the alternative courses of action
5. Evaluating the alternative courses of action
6. Selecting the best course of action
7. Formulation of derivative plans
8. Periodic evaluation and review

CHARACTERISTICS OF DECISION MAKING

1. It is a goal-oriented activity
2. Existence of alternative courses of action
3. It may be positive or negative
4. It may also be a decision not to decide
5. Decision-making is both a science and an art
6. It is situational
7. It may be voluntary or induced
8. It is a complex mental exerci se
9. It is an ongoing activity

TYPES OF MANAGERIAL DECISION

1. Organisational & personal decisions

2. Routine and strategic decisions

3. Programmed & nonrammed decisions

4. Policy and operating decisions

5. Individual and group decisions

THE PROCESS OF DECISION MAKING

1. Defining the problem

2. Analysing the problem

3. Developing alternative solutions

4. Evaluating the alternatives

5. Selecting the best solution

6. Implementing the decision

7. Feedback and control

MERITS OF DECISION MAKING

1. Decision making helps to adopt best course of action

 2. Optimum use of resources

3. It helps to find a solution

4.It helps to promote efficiency

5. It helps to resolve conflicts

DE-MERITS OF DECISION MAKING

1. Decision maker is unaware of the alternatives available

2. Indecisiveness

3. Failure to make correct diagnosis

4. Quick decision

5. Unavailability of necessary information

6. Resistance

7. Making decision by itself cannot solve any problem.

Project

Try to solve the management problems given below

A Car manufacturing Ltd. is facing a problem of declining market share due to increased competition from other new and existing players in the market. Its competitors are introducing lower priced models for mass consumers who are price sensitive. For quality conscious consumers, the company is introducing new models with added features and new technological advancements.

Questions

1. Prepare a model business plan for the company to meet the existing challenge. You need not be very specific about quantitative parameters. You may specify which type of plan you are preparing.

      Hints : Set the objective of the plan

            i. What are the different alternatives available?

            ii. Pros and cons of the alternatives

            iii. Select the best alternative

            iv. Implementation of the chosen alternative

            v. What are the follow up actions to be taken?

2. Identify the limitations of such plans.

            i. Is it flexible in all situations

            ii. Is it futuristic?

            iii. Is it time bound and rigid?

            iv. Will it involve Huge cost and is it time consuming?

3. How will you seek to remove these limitations?

2. Interview a local Entrepreneur about how their objectives are set and the time taken to achieve them. How do their answers compare with what you have learnt in the chapter?

Hints :

What are the long term and short term objective?

What are the factors he has taken into consideration while setting the objectives?

What are the parameters under consideration for setting theses objectives?

Objective Type   **Part –A**   **(One Mark)**

I. Choose the correct answer:

1. Planning is .....oriented
(a) Past (b) Future (c) Present (d) none of the above

2. Planning is .... activity
(a) intellectual (b) mental (c) intelligence (d) all the above

3. Planning makes it possible to make optimum use of the available resources of ....
(a) Money (b) Materials (c) Machines (d) all the above.

4. Planning provides for
(a) Co-ordination (b) Co-operation (c) Motivation (d) Organisation.

5. .... helps the enterprise to know whether the plan has been successfully implemented
(a) Control (b) Motivation (c) Decision-making (d) None of the Above.

6. Planning is necessary to make an analysis of ....
(a) Internal Environment (b) External Environment (c) Internal & External environment
(d) None of the Above.

7. ..... are the factors influencing the internal environment of the business
(a) Employees Attitudes (b) Technology Used (c) Managerial Decision Making process
(d) All the Above.

8. The various elements of planning are ....
(a) Policy (b) Procedures (c) Rules (d) All the Above.

9. ..... specifies time limits within which activities are to be completed.
(a) Schedule (b) Budgets (c) Projects (d) None of the Above.

10. ..... is a process of selection from a set of alternative courses of action
(a) Communication (b) Decision-Making (c) Planning (d) Staffing

11. ..... decisions are those which an executive takes in his official capacity
(a) Organisational (b) Personal (c) Routine (d) None of the Above.

12. Decisions taken by single individual is known as....
(a) Individual Decision (b) Group Decision (c) Policy Decision   (d) Operating Decision.

13. ..... has suggested the factors for evaluating alternative courses of action
(a) Peter Drucker (b) F.W. Taylor (c) Henry Fayol (d) None of the Above.

14. Koontz & O.Donnel have suggested ---- is / are the basis for selections among alternatives
(a) Experience (b) Experimentation (c) Research & Analysis (d) All the Above.

15. Decision-making ensures optimum use of the enterprise resources of ....
    (a) Men (b) Material (c) Machinery (d) All the Above.

Answers:

1. (c) Future   2. (d) All the Above

3. (d) All the Above   4. (a) Co-Ordination

5. (a) Control   6. (c) Internal & External Environment

7. (d) All the Above   8. (d) All the Above

9. (a) Schedule   10. (b) Decision Making

11. (a) Organisational   12. (a) Individual Decision

13. (a) Peter Drucker   14. (d) All the Above

15 (d) All the Above

II. Write the Answer in One or Two Words:

1. Which one is deciding in advance?
2. ...... is done by every one at every level of Management?
3. What type of approach is required for planning?
4. What can be reduced with the help of planning?
5. What is known as Decentralisation ?
6. Why do plans lead to monotony & boredom ?
7. Mention anyone of the assumptions made about the future happenings ?
8. Which is the first step in planning ?
9. What is a financial statement of expected results expressed in numerical terms ?
10. Mention the number of kinds of planning?
11. What is the process of selecting one alternative from among a number of alternatives?
12. Who can install a pollution control device ?
13. Who defined programmed decisions?
14. Who can take group decisions?
15. What is the first step in decision-making process?

Answers:

1. Planning   2. Planning

3. Integrated approach   4. Risk and uncertainty

5. Dispersal of authority   6. Lack of flexibility

7. Employee attitudes / Technology used / Managerial decision making process

8. Objectives

9. Budget

10. Six

11. Decision-making

12. Pollution control authority

13. Simon

14. Group of persons

15. Defining the problem

PART – B   (Four Marks)

1. What is planning?

2. Define Planning?

3. What is Decision-making?

4. Define the term Decision-making?

5. Write short notes on budget?

6. What is long term planning?

7. What is organisational decisions?

8. What is programmed decisions?

9. What are policies?

10. What are Rules?

11. What do you mean by routine and strategic decisions?

12. What do you mean by Individual and group decisions.

PART – C   (Ten Marks)

1. What are the features of planning ?

2. What are the process of planning ?

3. Explain the kinds of planning.

4. What are the types of managerial decisions ?

5. What are the demerits of decision making ?

PART – D   (Twenty Marks)

1. What are the merits and de-merits of planning ?

2. What are the elements of planning ?

3. Explain the characteristics of decision-making.

4. Explain the decision making process.

5. Explain the merits and demerits of decision making.

3. ORGANISATION AND DELEGATION OF AUTHORITY

Learning objectives: After reading this chapter you will be able to understand

Organisation – Meaning – Definition- Nature / Characteristics – Principles - Advantages – Steps/Process – Formal – Informal – Differences – Organisation Structure – Organisation Charts & Manuals – Delegation of Authority – Meaning – Definition – Characteristics – Steps/Process – Merits & Demerits – Principles – Meaning, Definition of Centralisation & De-centralisation- Merits & Demerits of Centralisation – Difference between Centralisation & De-centralisation

Fig 3.1 ORGANISATION

Meaning:

The word 'organisation' has come from the word 'organism' which means a structure of interreleated and interdependent parts. The parts or components of organisation consists of men, machines, materials, methods, money, functions, authority and responsibility. The task of organisation is to unite or integrate these components effectively for the purpose of attaining the common goal.

Definitions:

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

2. Organisation is the structural frame work within which the various efforts are co-ordinated and related to each other- **Theo Haimann**

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Nature (Characteristics) of organisation:

The main characteristics of an organisation are given below:

1.Common Purpose :

Every organisation exists to accomplish some common goals.

2.Division of Labour :

The total work of an organisation is divided into functions and sub-functions and assigned to particular individual. It ensures specialisation.

3.Authority Structure :

There is an arrangement of positions into a graded series. The authority of every position is defined. The chain of superior – subordinate relationship is known as **chain of command.**

4.People :

An organisation is basically a group of persons. People constitute the dynamic human element of an organisation.

5.Communication :

Every organisation has its own channels of Communication. It is necessary for mutual understanding and co-operation among the members of an organisation.

6.Coordination :

Coordinating different activities and parts of organisation is essential to achieve its common goal. Co-operative effort is a basic feature of organisation.

7.Environment :

An organisation function is an environment comprising economic, social, political and legal factors.

8.Rules and Regulations :

Every organisation has some rules and regulations for orderly functioning of people.

Principles of Organisation

The following principles are helpful in developing a sound organisation structure.

1. Unity of Objectives

Every part of the organisation should be designed to facilitate the achievement of common objectives. Therefore, the objectives must be stated in clear and concise terms.

2. Division of work

The total work should be divided in such a way that as far as possible every individual performs a single function.

3. Span of control

No executive in the organisation should be required to supervise more subordinates than he can effectively manage.

4. Scalar principle

The line of authority (called the chain of command) from the top executive to the lowest level should be clear and unbroken.

5. Principle of Exception

Every manager should take routine decision himself. Only exceptional matters beyond the scope of authority should be refered to higher authorities.

6. Unity of command

Each individual should receive orders from and be accountable to only one boss.

7. Functional definition

The authority and responsibility of every individual should be clearly defined. The relationships between different jobs should be clearly specified.

8. Unity of Direction

There must be one head and one plan for a group of activities directed towards the same objectives.

9. Delegation

Authority delegated to an individual should be adequate to enable him to accomplish the results expected of him.

10. Correspondence

Authority and responsibility must be equal. Authority delegated to a position should be commensurate with responsibility of that position and vice-versa.

11. Absoluteness of Responsibility

No superior should be allowed to avoid his responsibility by delegating authority to his subordinates. He must be held accountable for the acts of his subordinates.

12. Simplicity

The organisation structure should be kept simple with minimum numbers of levels.

13. Flexibility

The organisation structure should be adoptable to changing circumstances. There should be scope for expansion without disrupting the basic design.

14. Efficiency

The organisation structure should enable the enterprise to function efficiently and to achieve its objectives with minimum cost and effort.

15. Continuity

The organisation structure should be continued for a long period of time.

ADVANTAGES OF ORGANISATION:

Sound organisation is essential for the continuity and success of every enterprise. The main advantages of sound organisation are given below:

1. **Aid to Management:**

Organisation is the mechanism through which management coordinates and controls the business. It serves as an effective instrument for realising the objectives of the enterprise. It is through the framework of organisation that plans are put into practice and other managerial functions are carried out. It helps to focus the attention and action of management on the accomplishment of enterprise objectives. If the organisation is ill-designed, management is rendered difficult and ineffective.

2.**Facilitates Growth:**

It enables the enterprise to enter new lines of business. The enterprise possesses necessary adaptability to face new challenges.

3.**Ensures Optimum Use of Resources:**

A good organisational set-up permits adoption of new technology. It helps to avoid duplication of work. Overlapping efforts and other types of waste. As a result it facilitates the best possible utilisation of human and physical resources.

4.**Stimulates Creativity:**

Sound organisation encourages creative thinking and initiative on the part of employees. Delegation of authority provides sufficient freedom to lower level executives for exercising discretion and judgment. New and improved ways of working can be developed.

5.**Facilitates Continuity:**

A well-designed organisation provides for training and development of employees at all levels. It provides opportunities for leadership and helps in ensuring the stability of the enterprise through executive development.

6.**Helps in Coordination:**

Organisation is an important means of integrating individual efforts. It helps in putting balanced emphasis on different departments and divisions of the enterprise. It makes for co-operation and harmony of actions.

Steps / process of Organising:

The main steps involved in the process of organising are as follows:

1. **Determining the activities to be performed:**

The first step in the organising process is to identify the activities required for the accomplishment of organisational objectives. For this purpose the total work has to be divided into number of functions and subfunctions. For example, in a manufacturing concern, the activities may be divided into purchase, production, sales, storage, advertising, accounting etc.

2. **Grouping of activities**:

Once the activities are identified they are grouped into departments and division on the basis of their similarity and relatedness. Identical or closely related activities are grouped in one department. Each department is placed under the charge of a departmental manager. For example, purchasing and assembling function is grouped under one department.

3. **Assignment of duties**:

After grouping activities into manageable units, each group of activities is assigned to particular position. While assigning duties qualifications, experience and aptitude of people should be duly considered. Right man should be selected for each job and proper physical environment should be provided for efficient performance of jobs.

4. **Delegation of Authority**:

Appropriate amount of authority is delegated to each individual for enabling him to perform the duties assigned. For example, the purchase manager is given authority to purchase goods and pay for them.

5. **Defining authority relationships**:

After granting authority, relationships between different members of the organisation are created. Each and every individual should know who is his boss, from whom he has to take orders and to whom he will be answerable. Similarly he must know who are his subordinates to whom he can issue orders.

Thus, the process of organising consists of defining the individual tasks, grouping and classification of tasks, the delegation of authority for their accomplishment and the specification of authority relationships between managers.

Formal and Informal Organisation

Formal Organisation

'Formal organisation' is deliberately and consciously created for the accomplishment of the enterprise objectives. It provides for official relationships between the individuals. The communication channel in a formal organisation is also formal or official. It has well-established rules and procedures.

Informal Orgnisation

Informal organisation arises from the personal and social relations of people. It is not formally designed. It is developed spontaneously out of interactions between persons. It is influenced by personal

attitudes, likes and dislikes. Informal relations occurs among individuals. According to Barnard, 'informal organisation is joint personal activity without conscious common purpose though contributing to joint results'.

Distinction between formal and informal organisations

The points of distinction between formal and informal organisation have been tabulated below:

S. No	Formal Organisations	Informal Organisations
1.	It is consciously and deliberately created	It arises spontaneously
2.	Authority and responsibility are vital for its functioning	It is only personal factors such as frendshi, affinity, trust and confidence that are important.
3.	Rules and procedures are important	Personal relationship between individual is more important.
4.	It can be shown on the organisation chart	It cannot be shown
5.	Authority flows downwards and responsibilty flows upwards.	There is no flow of authority and responsibility.
6.	It is deliberately created only to attain the enterprise objectives.	It is created to fulfill the social needs of an individual. How-ever, it may also contibute to the enterprise goal.
7.	Designations and official positions are very important	Designations and official positions are unimportant.
8.	It is permanent and stable.	It is unstable.

Organisation Structure:

The various forms of internal organisation or patterns of organisation structure are given below:

1. Line organisation

2. Functional organisation

3. Line and staff organisation

4. Committee organisation

5. Project organisation

6. Matrix organisation

Line organisation:

Line organisation is the oldest type of organisation. It is also known as scalar or military organisation. In this type of organisation, there is a vertical line of authority running from the top to bottom of organisation.

```
┌─────────────────────────────┐
│           GENERAL           │
└─────────────────────────────┘
        ↑              ↓
┌─────────────────────────────┐
│          PRODUCTION         │
└─────────────────────────────┘
        ↑              ↓
┌─────────────────────────────┐
│          ASSISTANT          │
└─────────────────────────────┘
        ↑              ↓
┌─────────────────────────────┐
│           FOREMAN           │
└─────────────────────────────┘
        ↑              ↓
┌─────────────────────────────┐
│           WORKERS           │
└─────────────────────────────┘
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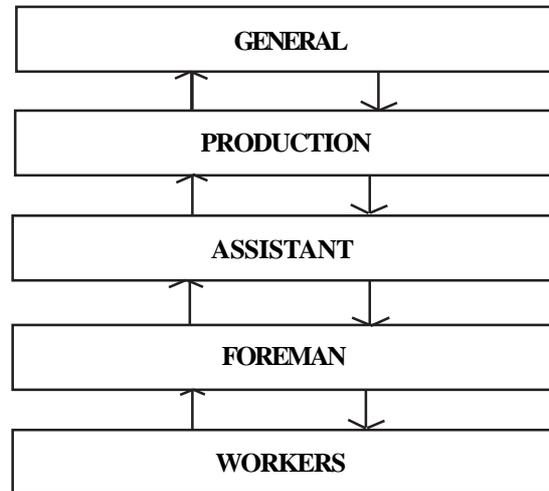
Fig 3.2 LINE ORGANISATION

The man at the top has the highest authority and it is reduced to each successive level down the hierarchy. Every person is in direct chain of command. He gets orders from the man immediately above him and is directly accountable to only one superior.

Advantages:

Line organisation offer the following benefits:

1. It is very simple to establish and can be easily understood by employees.
2. The authority and responsibility of each position is clearly defined. Each individuals knows to whom he is responsible.
3. It facilitates prompt decisions and speedy action is possible.
4. There is unity of command and each executive has full control over his subordinates.
5. It ensures better discipline.
6. Each individual can be held accountable for results and he cannot shift his responsibility to others.
7. It is very economical.

Limitations:

Line organisation suffers from the following draw backs:

1. There is lack of specialisation
2. Key executives are over burdened with administrative work.
3. It may result in autocratic control.
4. Subordinates may lose initiative and independent thinking.
5. Line organisation may lack stability and continuity.
6. Thus line organisation is suitable for small concerns employing few persons and carrying on routine work.

Functional Organisation:

Functional organisation is based on the concept of "Functional Foremanship" developed by F.W.Taylor. Under functional organisation, the organisation is divided into a number of functional areas. Each function is managed by an expert in that area. Every functional area serves all other areas in the organisation.
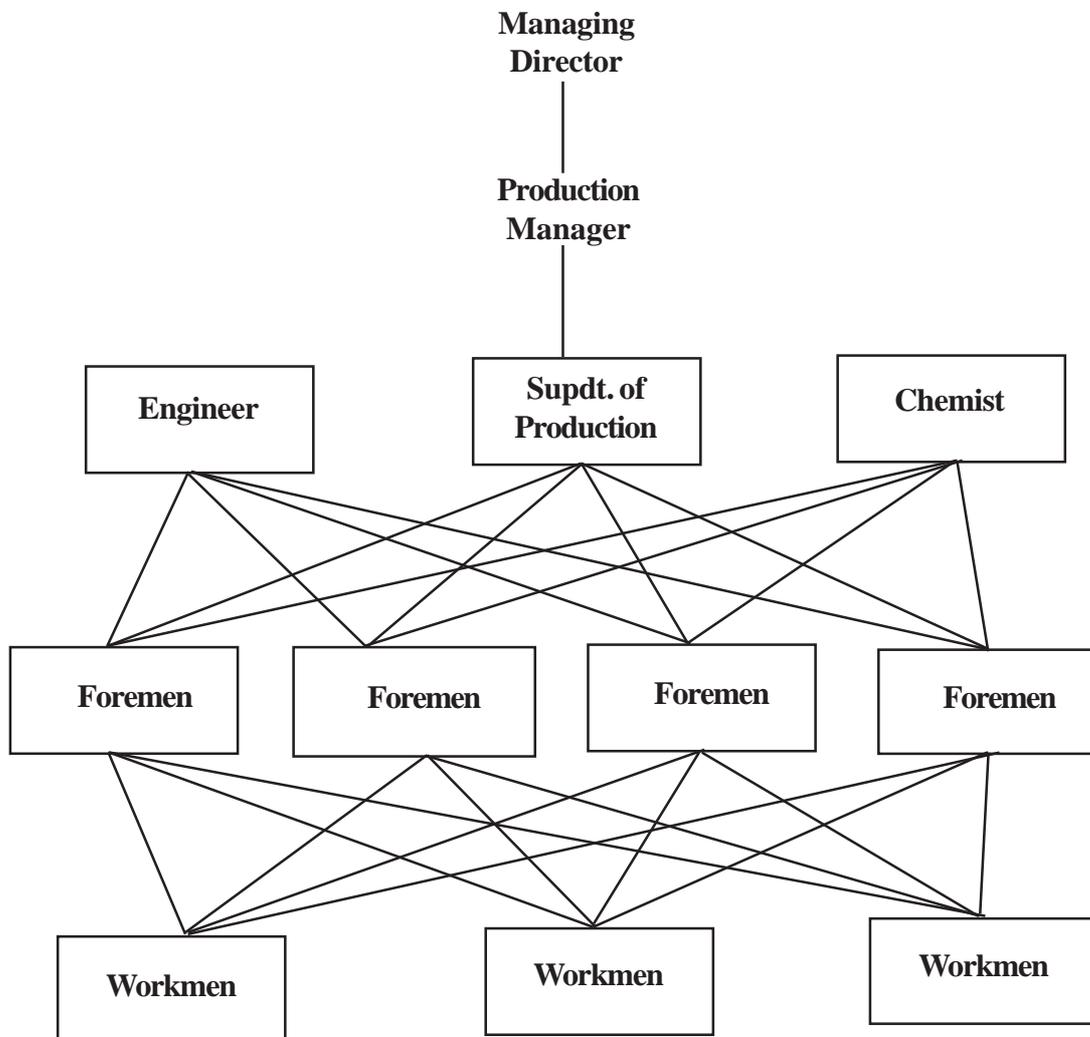
Fig 3.3 FUNCTIONAL ORGANISATION

For example, the purchase department handles purchases for all departments. The executive in charge of a particular function issues orders thoughout the organisation with respect to his function only. Thus, an individual in the organisation receives instructions from several functional heads.

Advantages:

Functional organisation contains the following benefits:

1. Functional organisation promotes division of work which leads specialisation.
2. Every functional head looks after only one function, therefore, burden on top executives is reduced.
3. Control becomes more effective.

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4. Recruitment, selection and training of managers is simplified because, each individual is required to have knowledge of one functional area only.
5. Every indivudal in the organisation concentrates on one function only, which ensures higher efficiency.
6. It adopts scope for expansion and growth of the organisation.

Disadvantages:

Functional organisation suffers from the following weakness:

1. A person may be accountable to several superiors. In the absence of unity of command, responsibility for results cannot be fixed easily.
2. There are many cross-relationships which create confusion.
3. Decision-making process in functional organisation is slow.
4. Executives at the lower level do not get opportunity of all round experience.
5. Functional organisation lacks co-ordination among various departments.

Functional organisation is generally suitable for large and medium sized concerns.

Line and Staff Organisation:

Line and staff organisation is a combination of line and functional structures. Under it, line authority flows in a vertical line in the same manner as in the line organisation. In addition, staff specialists are attached to line positions to advise them on important matters. These specialists do not have power of command over subordinates in other departments.
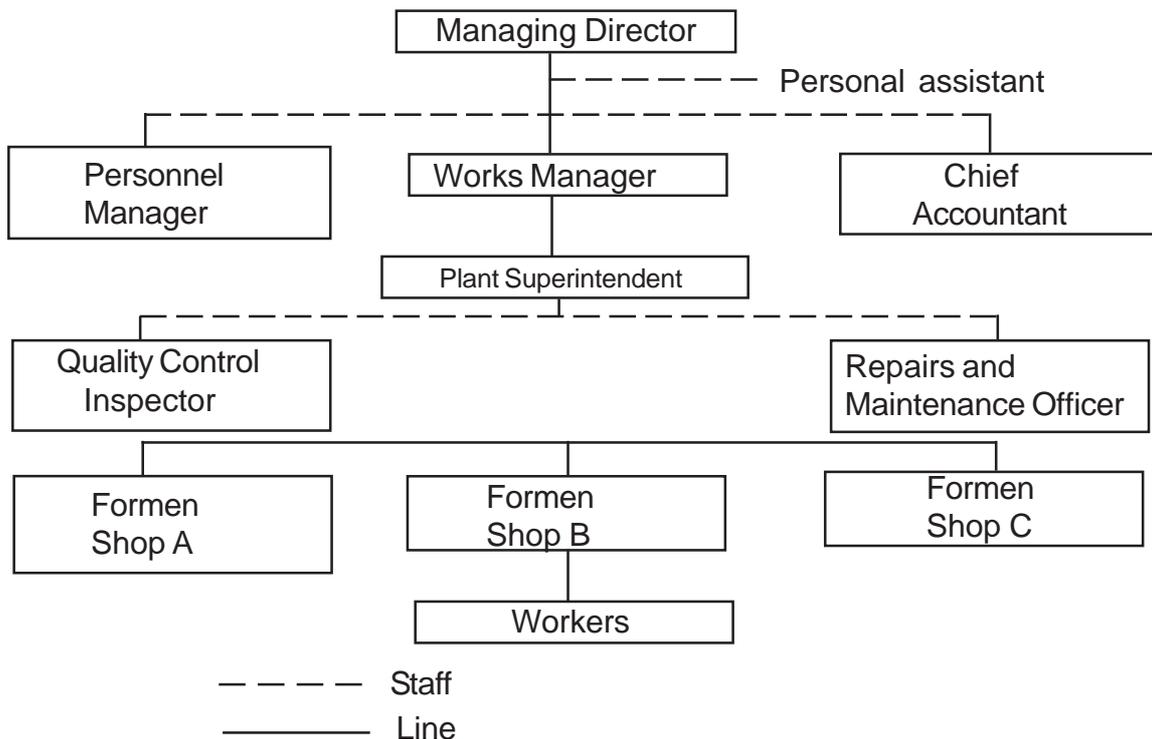
Fig 3.4 LINE AND STAFF ORGANISATION

They are purely of advisory nature. Staff positions are created to support the line managers. Staff specialists has only advisory relationship with other departments.

Advantages:

1. Line and staff organisation offer the following advantages:enabled to discharge their responsibilities more efficiently.
2. Staff specialists carryout detailed investigation and supply needed information to line executives. Therefore, the burden of line executives is reduced.
3. Staff specialists provide adequate information and expert advice. As a result line executive can take better decisions.
4. As every executives concentrates in one field, he acquires valuable experience.
5. Line and staff organisation is comparatively more flexible.

Disadvantages:

Line and staff organisation suffers from the following drawbacks:

1. Conflicts often arise between line managers and staff specialists.
2. In actual practice, it is often very difficult to define clearly the authority relationships between line and staff officials. In the absence of clear allocation of duties, coordination becomes difficult.
3. Staff personnel are not accountable for the results. Therefore they may not take their tasks seriously.

Committee Organisation:

A committee is a group of persons formed to discuss and deliberate on problems and to recommend or decide solutions. Its area of operation is determined by its constitution. It may be authorised to deal with all or specific activities. Members of the committee have authority to go into details of the problems. A committee may be constituted at any level of organisation and its members may be drawn from various departments.

Advantages:

Committees are used in management for the following reasons:

1. Committee's decisions are more balanced, logical and objective.
2. Committees ensure effective co-ordination among different departments.
3. By allowing the people to participate in the decision making process, committee help to improve the loyalty and commitment of employees.
4. It avoids conflicts among group members.
5. By serving on various committees, managers acquire valuable experience.
6. Committees are useful for quick transmission of information throughout the organisation.
7. Committee may be constituted to cool of agitations and to overcome resistance.

Disadvantages:

Committee suffer from the following limitations:

1. Committee meetings are a costly affair both in terms of money and time.
2. The functioning of committee is slow and it cannot take quick decisions.
3. A committee decision is not necessarily the best decision but merely on acceptable one.
4. A strong personality member dominates the committee action.
5. The responsibility for wrong decisions by a committee cannot be fixed on any one individual.
6. Committees are sometimes misused to avoid action, to take unpleasant decisions or to delay decisions.

Organisation Charts and Manuals:

It is essential for efficient management that all members of the organisation clearly understand their authority relationships. Organisation Charts and Manuals are useful means or providing information about organisational relationships.

Meaning of organisation Chart:

An organisation chart is a graphical presentation of the various positions in the enterprise and the formal relationships among them. An organisation Chart shows graphically the managerial positions and interrelationships in an enterprise. It is a blue print of the company's organisation structure.

According to **George Terry** - an organisational chart is a diagrammatical form, which shows important aspects of an organisation including the major functions and their respective relationships, the channels of supervision, and the relative authority of each employee who is in-charge of each respective function".

Types of organisation Charts:

There are several kinds of organisation charts, important among them are given below:

1. Vertical Chart   2. Horizontal Chart

1. **Vertical Charts:**

It shows the organisation structure in the form of a pyramid. The lines of command proceeding from top to bottom in vertical lines.
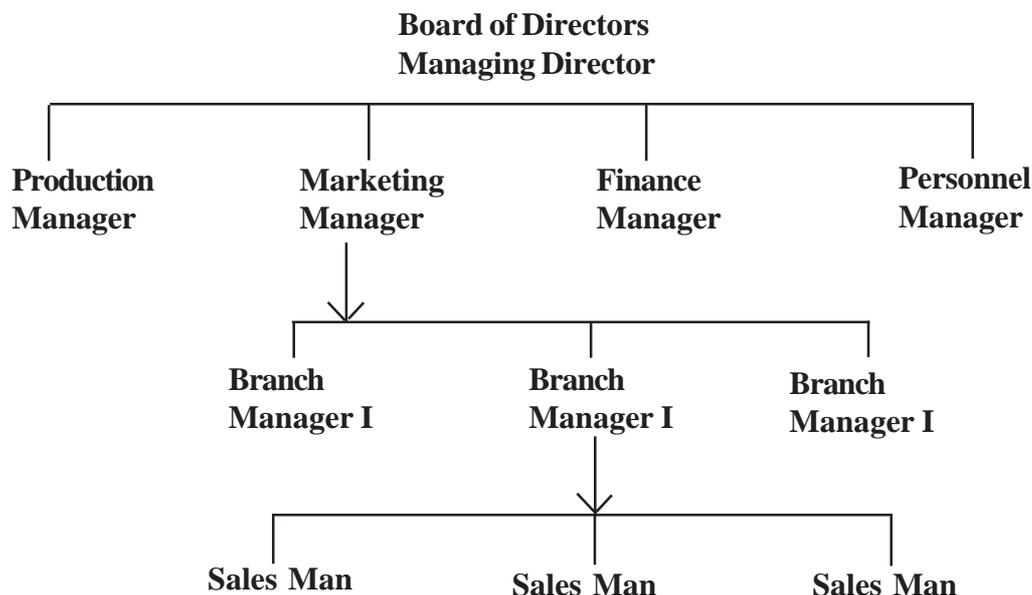
Fig 3.5 VERTICAL CHART

The highest position or person is placed at the top and after that the next highest up to the lowest level. Vertical Chart is the most widely used chart.

2. Horizontal Charts:

In a horizontal chart the pyramid lies horizontally instead of standing vertically. The highest position is shown at the extreme left and lowest position at the extreme right.

```
Board of ─── Managing ─── Production Manager
Directors     Directors
                         ─── Marketing Manager ─── Branch Manager-I
                                                 ─── Branch Manager-II ─── Sales Man
                                                                          ─── Sales Man
                                                                          ─── Sales Man
                         ─── Finance Manager
                                                 ─── Branch Manager-III
                         ─── Personnel Manager
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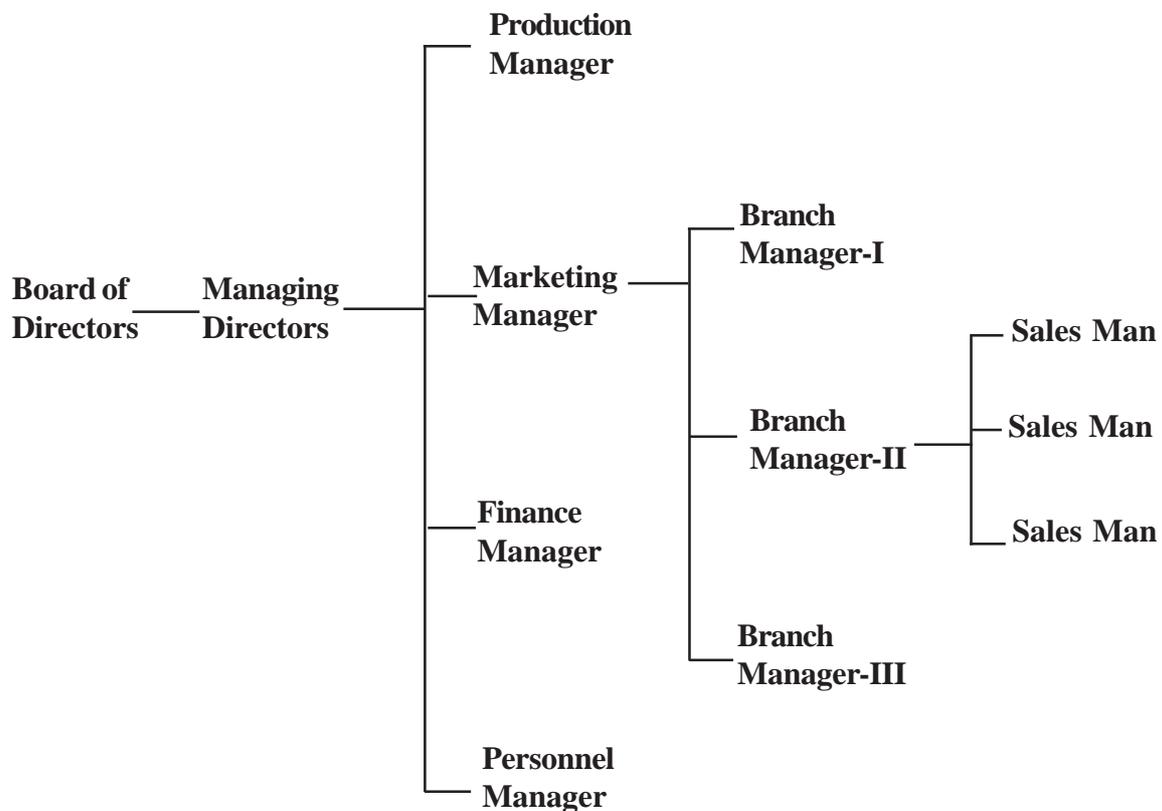
Fig 3.6 HORIZONTAL CHART

In between each successive subordinate position extend from left to right. Therefore, it may be called left to right chart.

Advantages and uses of organisation charts:

An organisation chart serves as a useful tool of Management in the following ways:

1. An organisation chart shows clearly the various positions in the organisation and how they relate to one another.
2. It provides clear understanding of jobs and objectives.
3. It shows at a glance the line of authority and responsibility, from it individuals can identify the limits of their authority.
4. It serves as a blue print of the organisation and helps to clarify assignment of duties.
5. It provides a basis of planning organisational change.
6. It provides guidance to outsiders as to whom they should contact.
7. An organisation chart serves as a valuable guide to the new personnel in understanding how their position fit into the total organisation.
8. An organisation chart provides a framework for classification and evaluation of personnel.
9. It ensures proper communications.

Limitations of organisation Charts:

Organisation Charts suffers from the following weakness:

1. Organisation chart shows only the formal relationships and fails to reveal the informal relations existing in the organisation.
2. It shows a static state of affairs and does not represent flexibility which exists in a dynamic organisation.
3. It introduces bureaucratic rigidity in the formal relationships.
4. Very often organisation charts show relationships which are supposed to exist rather than what actually exist in the organisation.
5. Organisation Charts often fails to show how much authority an individual can exercise and how far he is responsible.
6. Poorly designed charts may cause confusion and misunderstanding among the organisation members.

Organisational Manual:

An organisational Manual is wider in scope and contents than the organisation Chart. It describes elements of the structure outline in the chart. An organisation chart shows, who has authority over whom. But it does not show the extent of authority on the duties of each position in the organisation is expected to perform. Therefore large organisations prepares organisation manuals.

An organisation Manual is a small handbook or booklet containing detailed information about the objectives, policies, procedures, rules etc. of the enterprise. It contains job contents in terms of duties and responsibilities.

An Organisation Manual is a useful supplement to organisation chart. It is used to disseminate information about the organisation to the employees. It serves as an instrument for guiding and controlling their activities.

Advantages of Manuals:

Organisation Manuals serve several purposes and they help management in the following ways:

1. An organisation Manual contains, in writing, all important matters regarding the internal structure of the enterprise.
2. It contains rules and regulations as well instructions and standard procedures in a written form.
3. It is useful in the training of new employees.
4. It permits quick decisions at lower levels.
5. It helps to avoid jurisdictional conflicts by identifying clearly the sources of authority.
6. It provides uniformity and consistency in operations.
7. It also facilitates delegation of authority and management by exception.

Drawbacks of Manuals:

Organisation Manuals are subject to the following limitations:

1. Preparation of Manual is an expensive and time-consuming process. Therefore, small enterprises cannot afford to have manuals.
2. Manuals may create rigidity in the organisaion. There is a little scope for individual initiaive and direction.
3. Manuals may put on record those relaionships which should not be exposed.

Delegation of Authority:
Meaning

No individual can perform all the activities by himself. Therefore, the total work of an organisation is divided among different persons. Every individual is given some authority so that he can accomplish his task. Every manager shares his authority with his subordinates because he alone cannot exercise all the authority himself. After assigning duty and granting authority to subordinates, a manager holds them accountable for proper discharge of duty. This part of the organising process is known as delegation of authority.

Definition:

1. The process of delegation involves the determination of results expected, the assignment of tasks, the delegation of authority for the accomplishment of these tasks and the execution of responsibility for their accomplishment – **Konntz and O'Donnell.**

2. Delegation means assigning work to others and giving them authority to do it – **F.G.More.**

Nature / Characteristics:

1. Delegation takes place when a superior grants some discretion to a subordinate. The subordinate must act within the limits prescribed by the superior.

2. A manager cannot delegate authority which he himself does not posses. Moreover, he cannot delegate the entire authority to his subordinates because if he delegates all his authority, he passes his position to the subordinates.

3. Generally authority regarding routine decisions and for execution of policies is delegated to subordinates. A manager retains the authority to take policy decisions and to exercise control over the activities of subordinates.

4. The extent of authority which is delegated depends upon several factors *e.g.* the ability of the executive to delegate, the ability of the subordinates to accept delegation, the philosophy of management, the confidence of the superior in his subordinates, etc.,

5. Delegation does not imply reduction in the authority of a manager. He can reduce, enhance or take back the delegated authority.

6. Delegation may be specific or general, written or implied, formal or informal. Delegation may be downward, upward or side-wards but downward delegation is the most common type of delegation in practice.

7. Delegation does not mean abdication of responsibility. No manager can escape from his obligation by delegating authority to subordinates. Therefore, he must provide a means of checking upon the work that is done for him to ensure that it is done as he wishes.

8. Delegation is an art because

(a) it is creative

(b) it is practice based

(c) it is result-oriented

(d) it involves use of personal skills and

(e) it is a personalised process.

Steps/Process of Delegation:

The process of delegation involves the following steps:

1.Determination of results expected:

First of all, a manager has to define the results he wants to obtain from his subordinates for the achievement of organisational objectives.

2.Assignment of duties:

Duties should be assigned according to the qualifications, experience and aptitude of the subordinates.

3.Granting of authority:

Assignment of duties is meaningless unless adequate authority is given to subordinates. By granting authority, subordinates are permitted to use resources, to take decisions and to exercise discretion.

4.Creating accountability for performance:

The subordinates to whom authority is delegated must be made answerable for the proper performance of assigned duties and for the exercise of the delegated authority. A subordinate is not answerable for the task which is not assigned to him.

Merits and Demerits:

Advantages / Benefits / Merits of delegation :

The advantages of delegation of authority in an organisation may be stated as follows:

1. **Vital for every organisation –** Delegation of authority is important for every organisation. No individual, in any organisation, can perform all the tasks by himself. He needs the support of a team of individuals. The task of sharing the work and accomplishing the same is done through the process of delegation.

2. **Relief to Managers –** The manager of each department is able to divide the entire work of his department among his subordinates. The manager, thus, is able to concentrate on more important duties. The routine work is being attended by his subordinates.

3. **Specialisation –** The every division of the work of a business enterprise into production, marketing, finance, personnel, etc., is to derive the benefits of specialisation. Each of these divisions is looked after by a manager. For example in the marketing department, different individuals may specialise in different marketing activities like advertising, sales promotion, packing, gathering market news and so on. Each such individual will work under the control of the Marketing Manager.

4. **Prompt Decisions –** Delegation of authority to subordinates enables them to make decisions within the scope of their authority. For example, a foreman has the authority to make certain decisions within his level of authority. It is, therefore, not necessary to refer every matter to the superior and to await his decisions.

5.   Improvement of Job Satisfaction – A subordinate showing good results should definitely be rewarded. The reward may come to him in the form of tangible or intangible benefits. Such a person, therefore, is bound to have a higher level of job satisfaction.

6.   Scope for business expansion- As the subordinates of the organisation are well versed in performing their tasks the business can successfully undertake expansion or diversification activities.

Demerits of Delegation

Delegation of authority may create the following problems :

1. Desire of domination :

Some managers have the desire for domination. They have a feeling that delegation of authority to subordinates would result in loss of control. Such managers want their subordinates to come to them always for getting approval.

2. Lack at confidence in subordinates :

Sometimes a manager may think that his subordinate may take a bad decision and a result his department may have to suffer. Because of such a fear he may show hesitation.

3. Fear of criticism :

A subordinate may not accept authority for the fear of being criticised if he fails to performs to the expected level.

4. Lack of incentives :

Suitable incentives must be provided to encourage those subordinates who prove their mettle Lack of incentives is another reason why subordinates do not show any preference for authority.

5. Lack of resources :

Assignment of work to subordinates alone is not enough. The authority gives to the subordinates must enable them to have access to the various resources, namely men machines materials and money. If the organisation lacks these resources the subordinates will not be able to perform their tasks effectively. Delegation of authority will fail in such a case.

6. Absence of proper control system :

The success of delegation can be measured only if the organisation has a proper control system. The absence of such a system would only make delegation a futile exercise.

Principles of Delegation:

The following are the important principles of delegation of authority:

1. **Delegation by results expected -** Before delegating authority to his subordinates, the superior must be clear about the tasks that he wants them to perform so as to realise the expected results.

2. **Absoluteness of Responsibility –** A superior can delegate only authority and not responsibility. For the performance of work by his subordinates the superior is responsible to his own superior.

For example, the Sales Manager of a concern is responsible, for the performance of the salesmen working under him, to the General Manager.

3. **Parity between Authority and Responsibility –** There should always be parity between authority and responsibility, i.e. one must be equal to the other. If authority given to a subordinate is more than his responsibility, there may be a tendency to misuse the authority . On the other hand, if responsibility is more than the authority, the subordinate will not be able to perform the task. It is, therefore, necessary that both should be equal.

4. **Unity of Command-** This principle says that a subordinate should be assigned duty or responsibility by one superior only. He is also accountable to that superior alone. For example a salesman has to carry out the orders of the sales manager under whom he works. If two managers command a subordinate, he would not know whose orders he should carry out.

5. **Well defined limits of authority –** The subordinate should know the limits of his authority. While delegating authority to his subordinate, the superior must tell him what he could and could not do. For example, a salesman, who has to travel to different places, may have the authority to stay and have food in a hotel at the cost of his employer. But he would be informed of the maximum amount allowed per day.

Meaning & Definition of centralisation and Decentralisation:

Centralisation and decentralisation are opposite terms. They refer to the location of decision-making authority in an organisation. Centralisation implies the concentration of authority at the top level of the organisation while decentralisation means dispersal of authority throughout the organisation.

Centralised organisation can be explained by the following chart.

GENERAL MANAGER

PRODUCTION MANAGER   **MARKETING MANAGER**

Target attainment   **Advertising**

Plant maintenance   **Controlling**
                                                          Salesmen
Quality control
                                              Market Research

Supervisor 1   **Supervisor 2**   **Sales Officer 1**   **Sales Officer 2**
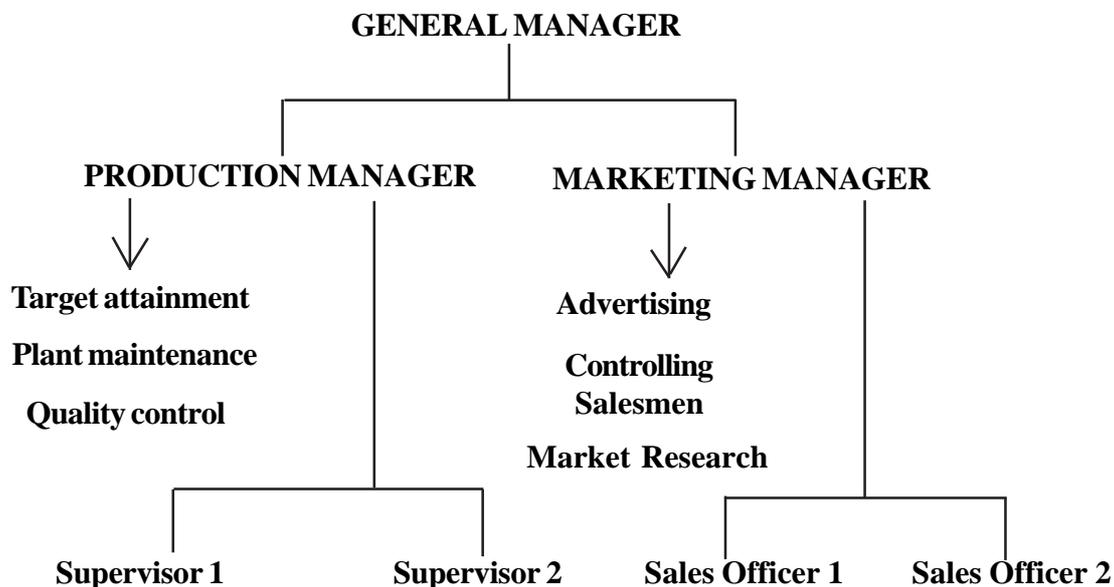
Fig 3.7 CENTRALISED ORGANISATION

According to Louis A. Allen, "Centralisation is the systematic and consistent reservation of authority at central points within an organisation. Decentralisation applies to the systematic delegation

of authority in an organisation context." Decentralisation refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points.

Merits / Advantages of Centralisation:

1.Effective utilisation of talents of the top Leader.
2.All parts move together. A unifying force that integrates all operations.
3.A strong co-ordinated top management team is developed.
4. Uniformity of policy and plans.
5.Best-arrangement to tackle emergencies. Resources and information can be mobilised quickly and effectively.
6. Duplication of functions and facilities are minimised.

Demerits / Disadvantages of Centralisation:

1. Delays in decision-making and Communication.
2. Centralised power and authority may be abused.
3. Inhibits development of lower level people.
4. Low motivation and morale of lower level people.
5. Fortunes of the enterprise depend on the health and vitality of top executives.

Decentralisation

Decentralised organisation can be explained by the following chart
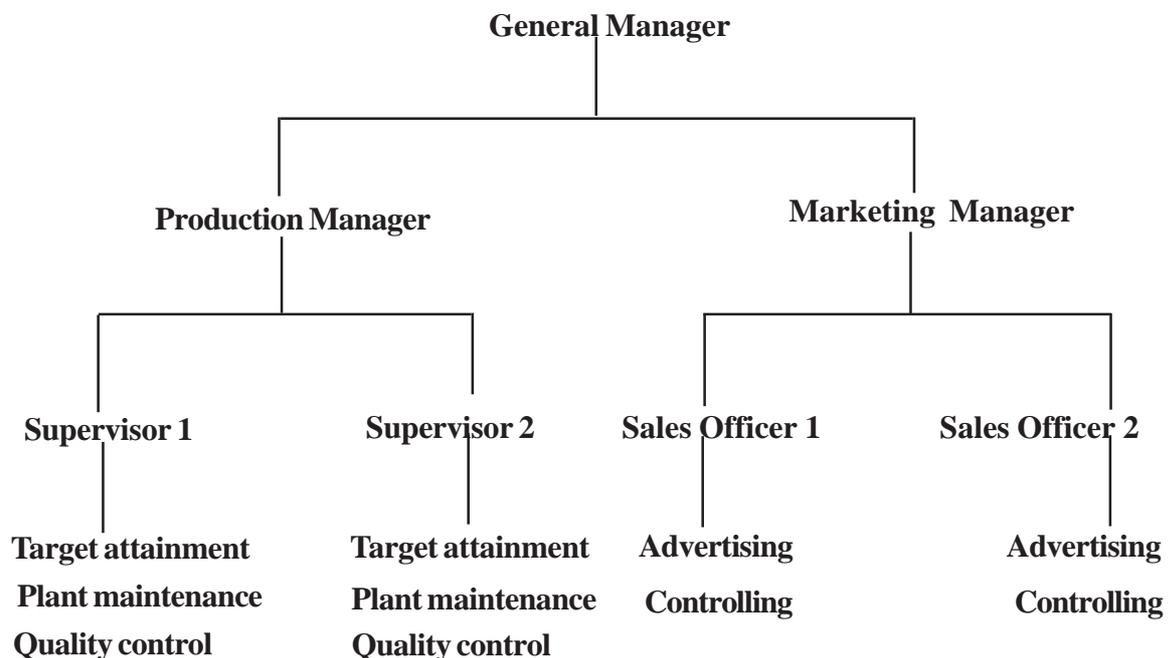
Fig 3.8 DECENTRALISED ORGANISATION

Decentralisation refers to the systematic effort to delegate to the lowest levels of authority except that which can only be exercised at central points. Decentralisation is much more than delegation.

Delegation means transfer of authority from one individual to another. But decentralisation implies diffusion of authority throughout the organisation.

Advantages of Decentralisation

1. Motivation of subordinates

Decentralisation helps to improve the job satisfaction and morale of lower level manager by satisfying their needs for independence participation and status. It also fosters team spirit and group cohesiveness among the subordinates.

2. Effective communication

Under decentralisation the span of management is wider and there are fewer levels of organisation. Therefore communication system becomes more effective. Intimate relationships between superior and subordinates can be developed.

3. Executive development

When authority is decentralised subordinates get the opportunity of exercising their own judgement. They learn how to decide and develop managerial skills. As a result the problem in succession is overcome and the continuity and growth of organisation are ensured. There is better utilisation of lower level executives.

Differences between Centralisation and Decentralisation:

S. No	Centralisation	Decentralisation
1.	Centralisation implies the concentration of authority at the top level of organisation	Decentralisation means dispersal of authority throughout the organisation.
2.	According to Louis A. Allen, "Centralisation is the systematic and consistent reservatin of authority at central points within an organisation	Decentralisation refers to the systematic effort to delegate to the lowest levels of all authority except that which can only be exercised at central points.
3.	Absolute centralisation means each and every decision is to be taken by top management which is not practicable	Absolute decentralisation implies no control over the activities of subordinates which cannot be possible.

POINTS TO REMEMBER
NATURE / CHARACTERISTICS OF ORGANISATION

1. Common purpose
2. Division of labour
3. Authority structure
4. People
5. Communication
6. Co-ordination
7. Environment
8. Rules and Regulations.

PRINCIPLES OF ORGANISATION

1. Unity of objectives
2. Division of work
3. Span of control
4. Scalar priniciple
5. Principle of exception
6. Unity of command
7. Functional definition
8. Unity of direction
9. Delegation
10. Correspondence
11. Absoluteness of responsibility
12. Simplicity
13. Flexibility
14. Efficiency
15. Continuity

ADVANTAGES OF ORGANISATION

1. Aid to management
2. Facilitates growth
3. Ensures optimum use of resources
4. Stimulates creativity
5. Facilitates continuity
6. Helps in coordination

PROCESS OF ORGANISING

1. Determining the activities to be performed
2. Grouping of activities
3. Assignment of duties
4. Delegation of authority
5. Defining authority relationships

FORMAL AND INFORMAL ORGANISATION
ORGANISATION STRUCTURE

1. Line organisation
2. Line & staff organisation
3. Functional organisation
4. Committee organisation

ORGANISATIONAL CHARTS & MANUAL
PROCESS OF DELEGATION

1. Determination of results expected
2. Assignment of duties
3. Granting of authority
4. Creating accountability for performance

MERITS OF DELEGATION

1. Vital for every organisation
2. Relief to managers
3. Specialisation
4. Prompt Decisions
5. Improvement of Job satisfaction
6. Scope for business expansion

DEMERITS OF DELEGATION

1. Lack of uniformity
2. Difficulty in coordination
3. Incapacity of subordinates

PRINCIPLES OF DELEGATION

1. Delegation by results expected   2. Absoluteness of responsibility
3. Parity between authority & responsibility   4. Unity of command
5. Well defined limits of authority

MERITS AND DEMERITS OF CENTRALISATION
ADVANTAGES OF DECENTRALISATION
DIFFERENCES BETWEEN CENTRALISATION AND DECENTRALISATION

Project
Try to solve the management problems given below

1. Neha runs a factory wherein she manufactures shoes. The business has been doing well and she intends to expand by diversifying into leather bags as well as Western formal wear thereby making her company a complete provider of corporate wear. This will enable her to market her business unit as the one stop for working women. Which type of structure would you recommend for her expanded organisation and why?

Hint

Identify Work Division and departments

Assignment of duties

What sort of organization structure should one go for – Functional or Divisional

Draw a organisational structure for the one you prefer and justify it.

2. ABC Company is a leading retail firm having more than 200 retail outlets throughout the country. It has a marketing manager and 10 Regional managers. Each regional manager supervises the work for twenty branch/ store managers in his region. Each of theses branch / store manager in turn supervise all the sales persons working in his store. According to the Manrketing manager, the company policy has always been to permit a person to stand on his / her own feet. With so many people to supervise, a manager cannot indulge in poking into the subordinates business

Question

1. Does ABC Company have wide or narrow span of management?
2. What are the advantages & disadvantages of the company's approach?
3. If the number of subordinates for each manager is reduced to 5, what effect will it have on the company?

Hints

3. Construct a diagram depicting the formal organization of an enterprise in your city. How does it help or hinder the establishment of an environment for performance

4. A company has its registered office in Chennai, manufacturing unit at Tirupur and marketing and sales department at Mumbai. The company manufactures the consumer products. Which type of organisational structure should it adopt to achieve its target?

Hint
Apply Functional Structure of organisation and justify it

QUESTIONS

Objective Type: **Part –A**   **(One Mark)**

I. Choose the correct answer:

1. An organisation is basically a group of .....
 (a) Society (b) Persons (c) Workers (d) Officers

2. ....effort is a basic feature of organisation.
 (a) Single (b) Co-Operative (c) Planned (d) None of the Above.

3. An organisation's function is an environment comprising ...... factors
 (a) Economic (b) Social (c) Political (d) All the Above.

4. Vertical charts shows the organisation structure in the form of ....
 (a) Pyramid (b) Mountain (c) Tower (d) None of the Above.

5. Organisation chart shows only .... relationships
 (a) informal (b) formal (c) sideward (d) downward

6. An organisation manual permits quick decisions at .....
 (a) upper level (b) lower level (c) Horizontal (d) All the above.

7. An organisation manual is containing the .....
 (a) Objectives (b) Policies & Rules (c) Procedures (d) All the Above.

8. Delegation will be .....
 (a) Downward (b) Upward (c) Sideward (d) All the Above.

9. Delegation is an art because it is .....
 (a) Creative (b) Practice Based (c) Result Oriented (d) All the Above.

10. Centralisation implies the concentration of authority at the .... level of the organisation
 (a) Lower (b) Top (c) Middle (d) None of the Above

Answers:

1. (b) Persons   2. (b) Co-operative

3. (d) all the above   4. (a) Pyramid

5. (b) Formal   6. (d) all the above

7. (d) all the above   8. (a) Downward

9 (d) all the above   10. (b) Top

II. Write the Answer in One or Two Words:

1. What should be considered while assigning duties (qualifications, experience, aptitude of people).

2. What are the types of organisation .

3. Who developed functional organisation.

4. What are the types of organisational chart.

5. Give an example for line organisation .

6. Which form of organisation are useful for quick transmission of information

7. What are the vital factors for functioning of Formal Organisation

8. What is the other name for Horizontal Chart.

9. What is the most common type of delegation in practice.

10. Give an example for committee organisation

Answers:

1. Qualification, experience aptitude of people.
2. Formal & informal
3. F.W.Taylor
4. Vertical & Horizontal chart
5. Military
6. Committee organisation
7. Authority and Responsibility
8. Left to right chart
9. downward
10. Planning Committee / Pay Commission / Lobour Commission

<p align="center">PART – B   (Four Marks)</p>

Very Short answer:
Answer in Five lines.

1. Define organisation.

2. What is formal organisation.

3. What do you mean by line organisation.

4. What is an organisational chart.

5. What is Horizontal chart.

6. What is functional organisation?

7. What is organisation manual?

8. What is committee organisation?

9. What is vertical chart?

10. Define delegation of authority.

11. What do you mean by centralisation of authority?

12. What is unity of command?

Short answer
Answer in One Page.

1. What are the characteristics of organisation.
2. What are the steps involved in organisation.
3. Differentiate formal organisation from informal organisation.
4. What are the principles of Delegation.
5. What are the merits of organisation.
6. What are the process/steps of delegation.
7. What are the difference between centralisation & De centralisation.
8. What are the advantages and dis advantages of centralisation.
9. What are the merits of decentralisation?

PART -D (Twenty marks)

Essay type questions.
Answer within 3 pages.

1. Explain the Merits & Demerits of Line & staff organisation.
2. What are the Merits & Demerits of organisation chart.
3. What are the Merits & Demerits of organisational manual.
4. What are the Merits & Demerits of Functional organisation.
5. Explain Various structure of organisation
6. Delegation of Authority creates leadership explain.
7. Explain merit and demerit of delegation of Authority.
8. Delegation of authority develops leadership explain.

4. CO-ORDINATION & CONTROLLING

Learning objectives: After reading this chapter you will be able to understand.

Co-ordination – Meaning – Definition – Nature / Characteristics – Co-ordination & Co-operation – Merits & Demerits – Types – Principles & Techniques – Controlling – Meaning – Definition – Nature / Characteristics – Steps/Process – Merits & Demerits.
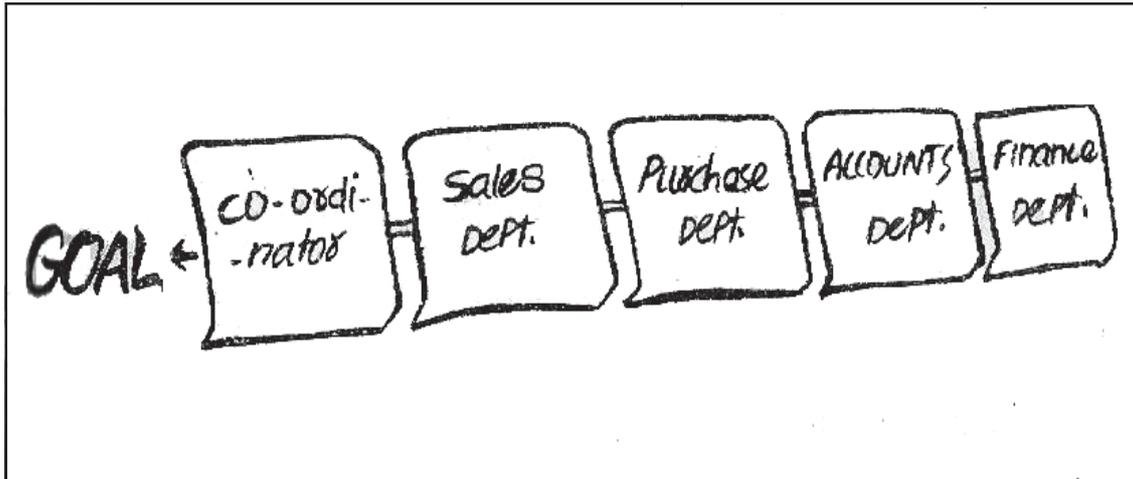
Fig 4.1 CO-ORDINATION

Meaning:

"Co-ordination is the process of linking the various activities of an enterprise". Every department in a concern functions independently. But the activities of one department influence those of another department. For example, the activities of the production department influence those of the sales department and vice versa. Likewise, the activities of the finance department influence those of the production and sales departments. Thus, it becomes clear that the various departments in an enterprise are inter-related and inter-dependent. Co-ordination is only concerned with the task of establishing a link between the activities of the different departments.

Definitions of Co-ordination

Given below are some of the important definitions of co-ordination:

1. To co-ordinate is to harmonise all the activities of a concern so as to facilitate its working and its success. In a well co-ordinated enterprise, each department or division works in harmony with others and is fully informed of its role in the organisation – **Henry Fayol.**

2. Co-ordination is the orderly arrangement of group effort to provide unity of action in pursuit of a common purpose – **Mooney and Reily.**

3. Co-ordination is the orderly synchronising of the efforts of the subordinates to provide the proper amount, timing and quality of execution so that their unified efforts lead to the stated objective, namely, the common purpose of the enterprise – **Haimann.**

Co-ordination is the process of linking various activities like production, finance, personnel and sales. This is illustrated with the diagram given below.
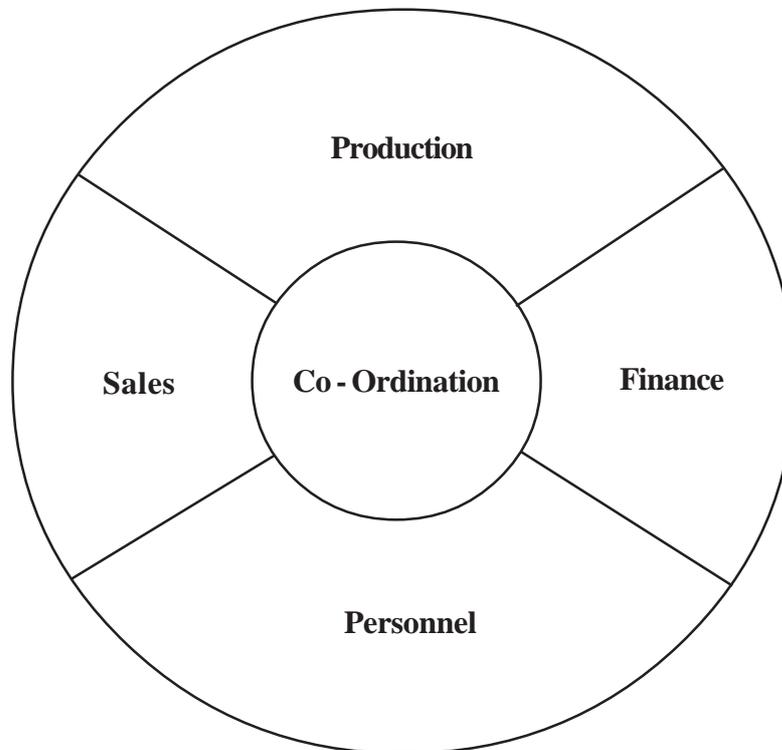
Fig 4.2 CONCEPT OF CO-ORDINATION

Nature/Characteristics of co-ordination:

The following are the important characteristics of co-ordination:

1. The need for co-ordination arises due to inter-dependence

When an individual or a department performs certain activities that do not affect anyone, there is no need for co-ordination at all. But in a business organisation, the activities of the different departments are inter-related and inter-dependent. Therefore, these need to be properly co-ordinated.

2. It aims at attaining the common goal

Although the different departments in an enterprise work according to their own agenda, it is only through co-ordination that the overall enterprise objective is achieved.

3. It is the duty of every manager

Every manager has the duty to secure co-ordination. For this he should not just mind the activities of his department alone. He should find out the needs of those departments whose activities his department influences. For example, the production manager should co-ordinate the activities of his department with those of the sales department. He must arrange to produce to fulfil the needs of the sales department.

4. It does not arise spontaneously

Co-ordination of enterprise activities does not happen spontaneously. All the individuals and departments will have to work together to secure co-ordination. In other words, it requires conscious efforts.

5. It may be performed by specialists appointed for the purpose

Normally the task of co-ordination is performed by the departmental managers themselves with the help of their subordinates. But in a large concern the task of securing co-ordination may be entrusted to a specialist or to a group of experts. Sometimes, a separate department may also be created for the purpose.

6. It is an on-going activity

Co-ordination is not something that is required only at a particular point of time. The different activities of the enterprise need to be co-ordinated as and when they are performed. As long as there is planning and execution, there will be co-ordination.

Co-ordination and Co-operation

Often, the phrase Co-ordination is confused with co-operation. But these two terms are different though there exist some relationship between them. Co-operation merely reflects the voluntary attitude of a group of people having willingness to help each other. Co-ordination, on the other hand, means a lot more than the willingness of the participants. So co-ordination is wider in its scope. Without co-operation, it is impossible to achieve co-ordination. The absence of co-operation could prevent co-ordination. The main differences between these two terms are given below.

Merits /Benefits / Importance of Co-ordination:

The following benefits of co-ordination highlight its importance:

S. No	Co-ordination	Co-operation
1.	Co-ordination is a wider term and means a lot more than the willingness of a group of people.	Co-iperation indicates the voluntary attitude of a group of people who the desire to help each other.
2.	Co-ordination is an essential managerial function because management cannot function sucessfully without co-ordinating the functions of various departments.	Co-operation is not a function of management. However, it is essential for sucessfull co-ordinaion.
3.	In every organisation, the entire task is divided and then integrated for which co-ordination of various activities are essential.	On the other hand, the need for co-operation does not arise out of any draw back in the organisational structure.
4.	Co-ordinaion can be achieved through concerted efforts of the management It is planned process and management cannot function without co-ordination.	Co-operation indicates collective efforts of people on voluntary basis, without assigning anytime or direction element. It is a voluntary and natural process.

1. **Co-ordination helps to attain common goal** - Every department in an enterprise sets its own goal and strives to attain it. But it is only through co-ordination, the common goal of the enterprise is reached. This is done by integrating the activities of the various departments to secure unity of action.

2. **It helps to avoid overlapping of activities** – Co-ordination ensures that there is no duplication of work i.e., there is no repetition. When a team of 4 or 5 persons is engaged in some work, it is important that they work with proper understanding. Otherwise, the work done by one   may be done again by another and this leads to duplication. For example, if a market survery is planned, in the absence of co-ordination among the investigators, a customer already approached by one may be approached by another again.

3. **It provides a sense of direction** – In an enterprise where every individual or department performs different activities, it is only co-ordination that provides a sense of direction to one and all. This is done by connecting all such activities so as to achieve the common goal.

4. **It promotes efficiency** – By avoiding duplication of work and overlapping of activities and also by providing scope for making an optimum use of the enterprise resources, co-ordination promotes efficiency.

5. **It promotes good human-relations** – Co-ordination necessitates co-operation and teamwork among the personnel in an organisation. This leads to good human relations and eliminates the scope for unnecessary conflicts and misunderstandings among the individuals.

6. **It reconciles personal goal with the enterprise goal** – Every person in an organisation does his work by setting his personal goal. This can be allowed so long as his personal goal and the goal of the organisation do not clash. Co-ordination ensures that no such clash occurs by reconciling both.

Demerits /Problems in Co-ordination:

The following problems are usually encountered in the performance of the co-ordination function:

1. **Multiplicity of activities-** The problem of co-ordination increases with the increase in the number of activities performed in an enterprise. The larger the number of activities the greater will be the problem of co-ordination

2. **Large number of employees** – Securing co-ordination in a small organisation, where only a few people are employed, is quite easy. On the other hand, in a big industrial establishment, where hundreds of employees are working, co-ordination is bound to pose problems.

3. **Divison of work** – Division of work, no doubt, offers the benefit of specialisation. But a serious drawback of division of work is that it will pose problems of co-ordination among the persons who perform the different operations. Such a problem will not arise if one person alone performs a certain task.

4. **Inter-Dependence**– Co-ordination will not pose any problem in case an individual or a group or a department is able to work independently without being influenced by others. But, in practice, the activities of any person will depend on those of others. For example worker X may be able to do his work only after worker Y has performed his task. Thus, there is inter-dependence and this leads to the problem of co-ordination.

5. **Lack of co-operative spirit** – Co-operation among the staff provides the very basis for co-ordination. In an organisation where there is lack of co-operative spirit among the employees, securing co-ordination is sure to pose problem.

6. **Uncontrollable factors –** Several uncontrollable factors, such as unavailability of credit, raw materials and power, changes in Government policies, unpredictable market conditions etc., also pose problems in performing the co-ordination function.

Types of Co-ordination:

There are four types of co-ordination. They are:

Types of Co-ordination

Internal   **External**   **Vertical**   **Horizontal**
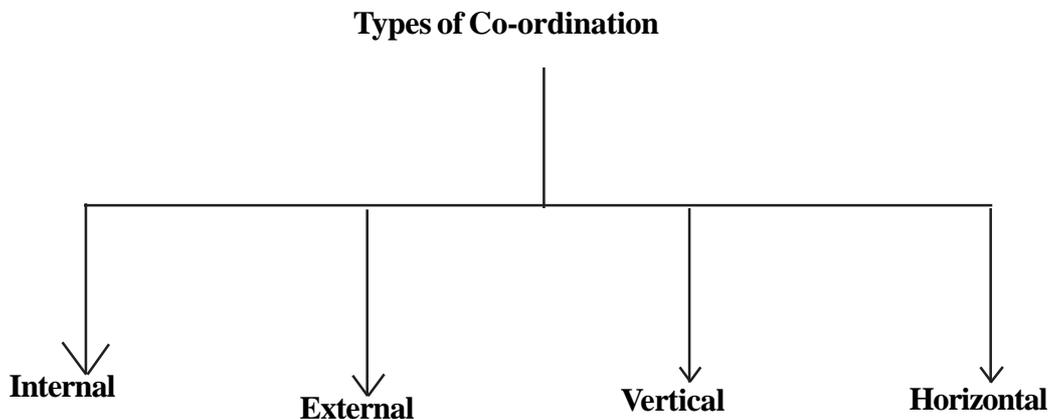
Fig 4.3 TYPES OF CO-ORDINATION

1. **Internal Co-ordination:** Internal co-ordination takes place within the organisation. If co-ordination takes place between the two parties within the organisation, it is called internal co-ordination. It takes place between the branch offices, plants, departments, sections and other divisions of an enterprise.

2. **External Co-ordination:** External co-ordination refers to the co-ordination between the organisation and the outsiders. It may exist between the organisation and the customers, or between the organisation and the suppliers, or between the organisation and the Government, etc. The need for external co-ordination arises due to the factors such as changes in the competitive situation, Government activities and technological advances. Many business enterprises appoint special officers known as public relations officers to achieve external co-ordination.

3. **Vertical Co-ordination**: Vertical co-ordination takes place between the various links of the different levels of the organisational unit. It may exist between the chairman and vice-chairman, between the works manager and the superintendent, between the superintendent and the foreman and so on down the line.

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4. **Horizontal Co-ordination:** It refers to co-ordination between horizontal departments at the same level in the managerial hierarchy. It may also be referred as the working arrangements between departments or sections. Under the horizontal co-ordination, individuals have no authority over one another. They should co-ordinate their activities by themselves.

Principles of Co-ordination:

The important principles of co-ordination are as follows:

1. **Principle of direct personal contact** – This principle says that direct personal contact with the persons concerned is essential for achieving effective co-ordination. Face-to-face communication is the best way to resolve any issue.

2. **Principle of early beginning** – In the planning stage itself suitable provision for co-ordination may be made. Setting of targets and preparation of plans must be done in consultation with the subordinate staff. Once this is done, co-ordination is taken care of.

3. **Principle of reciprocity** – According to this principle, when a person knows that he can influence and can be influenced by others, he would certainly avoid unilateral or one-sided action. This should make co-ordination easy.

4. **Principle of continuity** – This principle says that co-ordination is a never ending activity. The need for it will be felt as long as there are enterprise activities.

Techniques of Co-ordination:

Louis Allen has suggested the following three techniques of co-ordination.

     (i)   Balancing

     (ii)   Timing and

     (iii)   Integrating

(i) Balancing

Balancing means ensuring sufficiency of an aspect to support or counterbalance the other. For example, if a business has tremendous potentials for production and marketing and is starved of funds, steps must be taken to augment its financial resources.

(ii) Timing

Timing refers to the task of matching the time schedules of different activities so that they support and reinforce one another. For example, production schedule must be prepared in accordance with the sales order to be executed date-wise.

(iii) Integrating

Integrating refers to the task of unifying diverse interests in order to achieve the common goal. Every individual has self-interest in his mind while working. The success of co-ordination depends on the extent to which the self-interests of individuals are synchronised with the organisational interests.

Controlling:

Meaning :

If planning is 'looking ahead' controlling is 'looking back'. Planning helps to attain the goal of the enterprise in a systematic manner. Control, on the other hand, ensures that everything has been done as planned. It checks or verifies whether the actual performance corresponds to the expected

performance. For example, if the production department has planned to produce 10,000 units of output during a specific period, by performing the controlling function, it can be verified whether the target of 10,000 units has been achieved within the stipulated period. In case, there is a shortfall, say to the extent of 1,000 units, it becomes necessary to find out the cause for the same and take necessary corrective action.
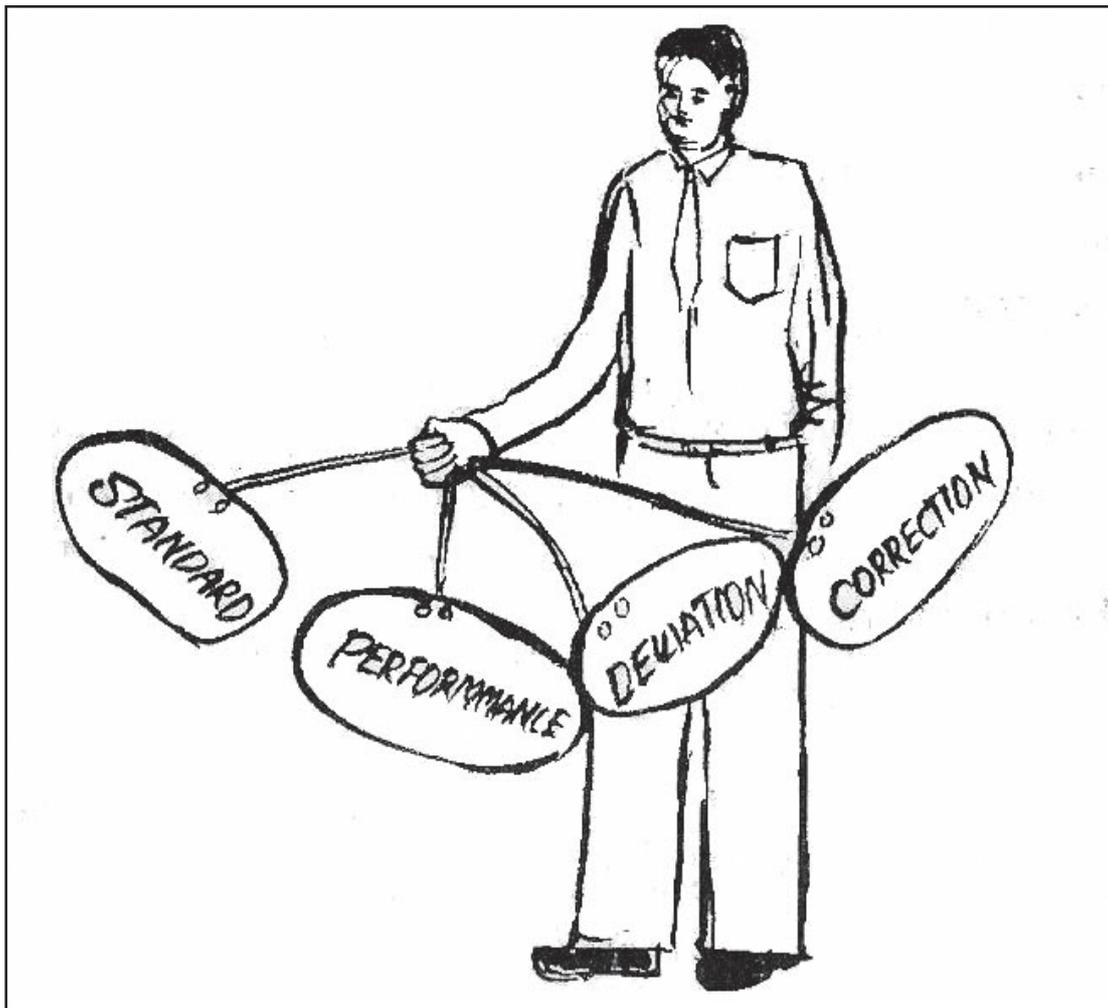
Fig 4.4 CONTROL

Control gives meaning to the planning function. It is only because of control that the employees show commitment to work. They show a sense of urgency to complete the task within the stipulated period of time. Planning provides the basis for control. Control is not possible without planning. This is because if a task is not planned, it cannot be controlled. It may, therefore, be said that 'Planning without control is useless and control without planning is meaningless'.

Definitions of Control:

Given below are some of the important definitions of control:

1. Control consists in verifying, whether everything occurs in conformity with the plans adopted, the instructions issued and principles established. It has for its object to point out weaknesses and errors in order to rectify them and prevent recurrence – **Henry Fayol.**

2. The managerial function of controlling is the measurement and correction of the performance of activities of subordinates in order to make sure that enterprise objectives and the plans devised to attain them are being accomplished – **Konntz and O'Donnell.**

3. Management control is the process by which managers assure that resources are obtained and used effectively in accomplishment of the organisation's objective – **Roberts Anthony.**

4. Control is the continuing process of measuring the actual results of the operations of an organisation in relation to the results which were planned – **Brech.**

NATURE OR CHARACTERISTICS OF THE CONTROL FUNCTION:

The following are the basic characteristics of the control function:

1.**It is Backward looking**

Controlling involves comparing the actual performance with the targets. This requires checking of events after these have taken place. Control is, thus, a backward looking activity.

2.**It gives meaning to planning**

Planning will lose its significance in the absence of control. It is only control that indicates the extent to which the plan has been successfully implemented. In the absence of control, it will not be possible to know whether the target has been achieved.

3. **It involves appraisal or evaluation**

The very nature of the control function is to make an appraisal or evaluation of the actual performance – production, sales, etc., Deviation from the target can be detected only if actual performance is assessed.

4. **It is a pervasive function**

Control, like planning, is a pervasive function, i.e, performed at all levels of management – top, middle and lower levels.

5. **It is forward looking too**

By comparing actual performance with the expected level of performance, deviations can be detected. Once the causes for the deviations are found out, corrective measures must be employed to prevent the occurrence of the flaws in future. Thus, control provides the necessary safeguards for future uncertainties.

6. **It is a continuous process**

As long as there is planning there will be control. As planning is an endless activity, control should also be endless.

Control Process (Stages or Steps involved in Control)

The following are the stages involved in the process of control:

1. Establishment of Standards
2. Measurement of Actual performance and making Comparisons
3. Finding out deviations and
4. Taking corrective actions

Control Process

Establishment of Standards	Measurement of Actual Performance and making Comparisons	Finding out Deviations	Taking Corrective Actions
Stage 1	Stage 2	Stage 3	Stage 4
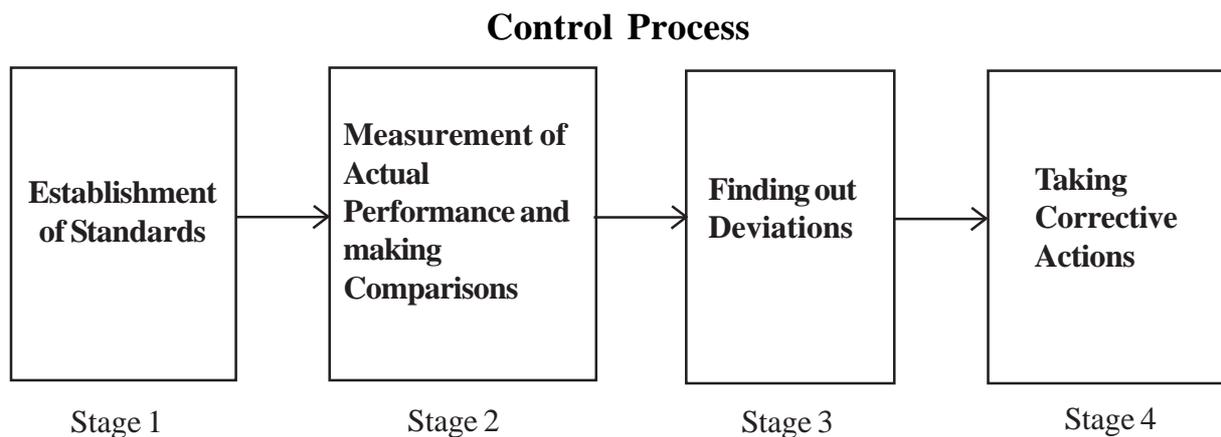
Fig 4.5 Control Process

Establishment of Standards:

The first step in the process of control is to establish standards for every business operation. Standards are the criteria against which the actual results can be measured. Standards should as far as possible be set objectively. Some of the examples of quantitative or objective standards are given below:

(i) Quantity - Production / Sale of 10,000 cars

(ii) Quality - Production of office cupboards numbering 1,000 using 18 gauge steel only.

(iii) Time - Every tailor employed in a tailoring unit should stitch 5 shirts within a standard time of 5 hours.

(iv) Cost - Production of 40 wooden chairs, the total cost of which should not exceed Rs. 6,000.

Standards may be fixed for individuals, groups, deparments and for the enterprise at large.

To be effective, the standards should be -

(i) Objective
(ii) Pre-determined
(iii) Attainable
(iv) Measurable and (v) Definite.

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Standards, if set as shown in the following example, will not serve any purpose.

"Production and Sales will be maximised in the current year".

Measurement of Actual Performance and Making Comparisons:

After standards have been set the next step is to measure the actual performance of individuals, groups, departments and the enterprise as a whole. For this, up-to-date information on the progress of work is required. Measurement of performance should be done in quantitative terms. In certain cases, quantitative measurement may not be directly possible.

For example, job satisfaction, attitude etc., cannot be directly measured objectively. In such a case, opinion surveys may be used. The responses may be given scores so that the data may be quantified. After quantifying the data, an appropriate statistical tool may be used for analysis. Based on the analysis, inferences can be made.

After the actual performance has been measured, it must be compared with the pre-determined standards.

Finding out Deviations:

When the actual performance is compared with the established standards, it will become clear whether the target has been exceeded or just attained or not reached. If the target has been exceeded particularly in the matter of sales, profits or employee attitudes, it is an indication of greater efficiency at all levels. If the target has just been attained, the management can feel satisfied. If the target has not been reached at all, it should indicate incapacity.

Taking Corrective Actions:

A good control system should try to remove the defects causing deviation from the target. Based on the nature of the defect, corrective action has to be taken.

Given below are some of the corrective actions that may be taken to remove hurdles :

1. If the instructions given to the employees have not reached them properly, steps must be taken to improve the quality of instructions.

2. If production target has not been attained owing to breakdown of machinery, steps must be taken to keep the machinery in proper working condition always, may be, by employing a service person. If there is delay in the raw materials reaching the factory, it becomes necessary to ensure easy availability of raw materials, may be, by placing a bulk order or by some other method.

3. If lack of employee motivation has contributed to shortfall in performance, the management has to take necessary steps to motivate the employees by offering suitable monetary and non-monetary incentives.

4. If the targets set are found to be unrealistic or unreasonable, efforts must be made to set a target that is attainable and in consultation with the employees.

The need for taking corrective action is to prevent the occurrence of certain hurdles in future.

MERITS & DEMERITS

Merits/ Benefits/Importance of Control:

The benefits of control are as follows:

1. **It ensures attainment of enterprise objective** – While planning helps to work systematically, control helps to ascertain whether the fruits of labour have been realised.

2. **It highlights the quality of plans** – Control brings out the positive and negative aspects of the various plans of the enterprise. If there is any deficiency in planning, steps may be taken to improve the quality of plans.

3. **It ensures successful implementation of plans** – It is only control that ensures whether the plans of the enterprise are being properly implemented. It points out the bottlenecks in the implementation of plans and also suggests remedial measures.

4. **It ensures that employees work with commitment** – Control requires the employees at all levels to perform their duties as planned in order to attain the targets within the stipulated time. In the absence of control, there may be a tendency to go slow.

5. **It provides scope for delegation** – In every department of the enterprise, target attainment gets the focus in view of the control function. To attain the target, the departmental heads have to assign work to their subordinates and also give them the requisite authority to carry out their tasks. Thus, control gives scope for delegation of authority by a superior to his subordinates.

6. **It facilitates co-ordination** – The work of every employee influences and is influenced by the work of others. What is, therefore, required is a co-ordinated effort. Control requires the employees to integrate their efforts and work as a team in order to achieve the targets.

7. **It promotes efficiency** – By fixing the deadline for the accomplishment of targets, control ensures that the resources of the enterprise, namely, men, machines, materials and money are put to optimum use. This leads to higher efficiency.

Problems in Control (Demerits)

The following problems are normally faced in the performance of the control functions:

1. **Problem in setting a realistic standard** – Setting standard of performance or target is the starting point of control. But determining a realistic target always posses a problem for the manager. Several internal and external factors will have to be considered before fixing the target. If the target is unreasonable or unrealistic, employees may not be able to attain it.

2. **Resistance from employees** – There is generally resistance to any kind of control system in the work place. Employees, often, complain of the targets being unreasonable, favoritism in appraisal, lack of authority and so on.

3. **Lack of good system of communication** – Absence of a good system of communication can hamper control. Information regarding standards, actual performance and corrective actions taken need to be passed on at the right moment. Failure to do so can make control difficult.

4. **Degree of change** – Any system of control can only cope with changes of a certain magnitude. For example, to cope with power failure, a power generator can be installed in the factory. But if the power generator itself fails, the factory manager will be helpless.

5. **Problem in setting qualitative standards** – Standards may be either quantitative or qualitative. Quantitative standards (in numerical term) may be set easily for production, sales, etc. It is not possible to lay down quantitative standards for job satisfaction, level of motivation of employees and such other similar qualitative variables.

6. **Delay in taking corrective action** – Any delay in taking corrective action will, instead of solving the problem, aggravate it. The delay may be caused due to procedural or other reasons.

POINTS TO REMEMBER
NATURE OF CO-ORDINATION
1. The need for co-ordination arises due to inter-dependence
2. It aims at attaining the common goal
3. It is the duty of every manager
4. It does not arise spontaneously
5. It may be performed by specialists appointed for the purpose
6. It is a on-going activity

IMPORTANCE OF CO-ORDINATION
1. Co-ordination helps to attain common goal
2. It helps to avoid overlapping of activities
3. It provides a sense of direction
4. It promotes efficiency
5. It promotes good human-relations
6. It reconciles personal goal with the enterprise goal

PROBLEMS IN CO-ORDINATION
1. Multiplicity of activities
2. Large number of employees
3. Division of work
4. Inter-dependence
5. Lack of co-operative spirit
6. Uncontrollable factors

TYPES OF CO-ORDINATION
1. Internal co-ordination
2. External co-ordination
3. Vertical co-ordination
4. Horizontal co-ordination

PRINCIPLES OF CO-ORDINATION
1. Direct personal contact
2. Early begining
3. Reciprocity
4. Continuity

TECHNIQUES OF CO-ORDINATION
1. Balancing
2. Timing
3. Integrating

NATURE OF THE CONTROL FUNCTION
1. It is backward looking
2. It gives meaning to planning
3. It involves appraisal or evaluation
4. It is a pervasive function
5. It is forward looking too
6. It is a continuous process

CONTROL PROCESS
1. Establishment of standards
2. Measurement of actual performance and making comparisons
3. Finding out deviations and
4. Taking corrective actions

MERITS OF CONTROL
1.It ensures attainment of enterprise objective
2. It highlights the quality of plans
3. It ensures successful implementation of plans
4. It ensures that employees work with commitment
5 It provides scope for delegation
6. It facilitates co-ordination
7.It promotes efficiency

DEMERITS OF CONTROL
1. Problem in setting a realistic standard
2. Resistance from employees
3. Lack of good system of communication
4. Degree of change
5. Problem in setting qualitative standards
6. Delay in taking corrective action

Project

Try to solve the management problems given below

A Company 'M' limited is manufacturing mobile phones both for domestic Indian market as well as for export. It had enjoyed a substantial market share and also had a loyal customer following. But lately it has been experiencing problems because its targets have not been met with regard to sales and customer satisfaction. Also mobile market in India has grown tremendously and new players have come with better technology and pricing. This is causing problems for the compny. It is planning to revamp its controlling system and take other steps necessary to rectify the problems it is facing.

Questions
1. Identify the benefits the company will derive from a good control system.
2. How can the company relate its planning with control in this line of business to ensure that its plans are actually implemented and targets attained.
3. Give the steps in the control process that the company should follow to remove the problems it is facing.
4. What techniques of control can the company use?
In all the answers keep in mind the sector of business the company is in.

Hint
What sort of control measures should the manager take before business is affected very badly?
Explain on the basis that Controlling should not be misunderstood as the last function of management.

It is a function that brings back the management cycle back to the planning function.

An effective controlling function should be able to finds out how far actual performance deviates from standards, analyses the causes of such deviations and attempts to take corrective actions based on the same.
Also keep in mind that controlling systems will often be resisted by employees. How will you be able to overcome it.

QUESTIONS

Objective Type   **PART- A**   **(One Mark)**

I. Choose the correct Answer:
1. The overall enterprise objective is achieved through
   (a) Organisation (b) Staffing (c) Co-Ordinating (d) Leadership.

2. Co-operation indicates the ————— attitude of a group of people.
   (a) Compulsory (b) Voluntary (c) Successful (d) None of the Above.

3. Co-ordination of enterprise activities does not happen
   (a) Voluntarily (b) Spontaneously (c) Involuntarily (d) Willingly.

4. As long as there is ————— there will be co-ordination.
   (a) Planning and decision making (b) Planning and controlling
   (c) Planning and executing (d) Planning and Directing.

5. ————— leads to the problem of co-ordination
   (a) Inter-dependence (b) co-operation (c) dependence (d) none of the above.

6. Internal co-ordination takes place between
   (a) The Branch Offices (b)Other firms (c)Government   (d) Corporation.

7. ————— provides the basis for control
   (a) Planning (b) Co-Ordination (c) Directing (d) Organisation.

8. Control function is performed at ....
   (a) Top Level (b) Middle Level (c) Lower Level (d) All the Above.

9. Standards may be fixed for ....
   (a) Individuals (b) Groups (c) Departments & the Enterprise at Large (d) All the Above.

10. Control gives scope for
    (a) Delegation of Authority (b) Delegation of Responsibility (c) Accountability
    (d) None of the Above.

11. .... is an important factor needed for external co-ordination
  (a) Competitive environment (b)Government activities (c) Technological advancement (d) All the above.

12. Planning without control is
    (a) Meaningless (b) Useful (c) Useless (d) Meaningful

Answers:

1. (c) Co-ordination   2. (b) Voluntary   3. (c) Spontaneously
4. (c) Planning and executing   5. (a) Inter-dependence   6. (a)The branch offices
7. (a) Planning   8. (d) all the above   9. (d) all the above
10. (a) delegation of authority   11. (d) All the above   12. (c) useless

I. Answer in one or two words:

1. Who performs the task of co-ordination?
2. What is known as the process of linking the various activities of an enterprise?
3. What offers the benefit of specialisation?
4. Write any two uncontrollable factors in performing the co-ordination function?
5. Where does the internal co-ordination take place?
6. What type of communication is the best way to resolve any issue?
7. Who suggested the techniques of co-ordination?
8. Which gives meaning to the planning function?
9. Which is described as backward looking?
10. What is the first step in the process of control?
11. How measurement should be performed?
12. What are the factors to be considered before fixing the target?

Answer:

1. The departmental Manager.   2. Co-ordination.   3. Division of work.
4. Changes in Govt. Policies / Raw materials and power / unpredictable market conditions / unavailability of credit.
5. Within the organisation.   6. Face to Face.
7. Louis Allen   8. Control
9. Control   10. Establishment of standards.
11. In quantitative terms.   12. Internal and external.

                                PART -B   **(Four Marks)**

Very short questions.
1.   What is co-ordination?
2.   Define co-ordination.
3.   Differentiate co-ordination from co-operation.
4.   What is co-operation?
5.   What is vertical co-ordination?

6. What is internal co-ordination?
7. What is balancing?
8. Define control?
9. Why control is described as backward looking?
10. What do you mean by Establishment of standards?

PART –C   (Ten Marks)

Short questions

1 .Explain the characteristics of co-ordination.
2. What are the types of co-ordination?
3. What are the principles of co-ordination?
4. What are the characteristics of the control function?
5. Describe the stages (or) steps involved in controlling

PART –D   (Twenty Marks)

Essay type questions.

1. What are Merits and demerits of co-ordination?
2. Explain the principles and Techniques of co-ordination.
3. Explain the Merits and demerits of controlling.

5. COMMUNICATION

Learning objectives: After reading this chapter you will be able to understand

Meaning – Definition – Characteristics – Steps/Process – Importance / Benefits of communication – Types of communication - Communication Barriers –Measures to overcome Communication barriers .

Fig 5.1 COMMUNICATION

Meaning:

The word 'communication' has been derived from the Latin word, 'communis' which means common. Communication, thus, is the process of sharing facts, ideas and opinions in common. Communication is said to take place when an individual conveys some information to another.

The person conveying or sending the information is called the 'sender' or the 'communicator' and the person receiving the information is called the 'receiver' or the 'communicatee'. The information conveyed is known as the 'message'. The act of conveying the message is called 'transmission'. The reaction of the receiver to the message is what is called 'response'.

Definitions of Communication:

Given below are some of the important and interesting definitions of communication:

Communication is the process of passing information and understanding from one person to another – **Haimann.**

Communication is the exchange of facts, ideas, opinions or emotions by two or more persons – **Newman and Summer.**

Characteristics:

The characteristics of communication are as follows:

1. Two-way Process: Communication can take place only when there are at least two persons. One person has to convey some message and another has to receive it. The receiver, however, need not necessarily be an individual. Information may be conveyed to a group of persons at a time. For example, in a classroom, the teacher conveys information to a group of students.

2.Knowledge of Language: For communication to be successful, the receiver should first of all understand the message. For this, the sender must speak in a language that is known to the receiver. For example, if the receiver cannot understand English and the sender of message conveys his ideas in English, the communication will be a failure.

3.Meeting of minds necessary – The receiver must understand the message in the way the sender wants him to understand. For this consensus is required.

4. The message must have substance – The message has substance only if the receiver shows interest in the subject matter. In other words, the sender of message must have something really worthwhile for the receiver. For example, if certain botanical names are explained to a student learning commerce, he may not show any interest.

5. Communication may be made through gestures as well - Communication need not necessarily be made orally or in writing. Certain gestures or actions may also convey one's willingness or understanding of a given problem. Nodding of heads, rolling of eyes, movement of lips etc., are some of the gestures normally used to convey certain ideas.

6. Communication is all -pervasive - Communication is Omni-present. It is found in all levels of management. The top management conveys information to the middle management and vice versa. Similarly, the middle management conveys information to the supervisory staff and vice versa. There is flow of communication in all directions in a workplace.

7.Communication is a continuous process - In any workplace someone will be conveying or receiving some information or the other always. Sharing or exchanging information is an on going activity.

Steps / Process of Communication

The communication process consists of the following steps :

SENDER — MESSAGE — ENCODING — CHANNEL – RECEIVER — DECODING

FEEDBACK

Fig 5.2 PROCESS OF COMMUNICATION

1. Sender : The person who sends a message is known as the sender or the source. He formulates the message which he wants to convey to others. He initiates the process of communication. The sender or communicator may be a writer, a speaker or an actor.

2. Message : Message is the subject-matter of communication. It may contain facts, ideas or feeling. It exists in the mind of the sender.

3. Encoding : It is the act of translating the message into words, pictures, symbols, signs or some other form.

4. Channel : It is the media through which the message passes from the sender to the receiver. Channel may be formal or informal. The sender may use spoken or written methods. Channel is used for transmission of the messages.

5. Receiver : The person who receives the message is called receiver. He may be a reader, listener or observer. Receiver is also known as communicatee.

6. Decoding : The receiver interprets the message to draw meaning from it. He converts symbols, signs or pictures into meaning.

7. Feedback : It is the response, reaction or reply by the receiver. It is directed to the sender. When the sender receives the feedback, the communication process is said to be complete.

Communication skills model

Communication skills model can be explained with the points given below

1. Sender : Person, Group or organisation.
2. Encoding skills : Translating the idea information into message form through symbols.
3. Message : Encoded information to be shared
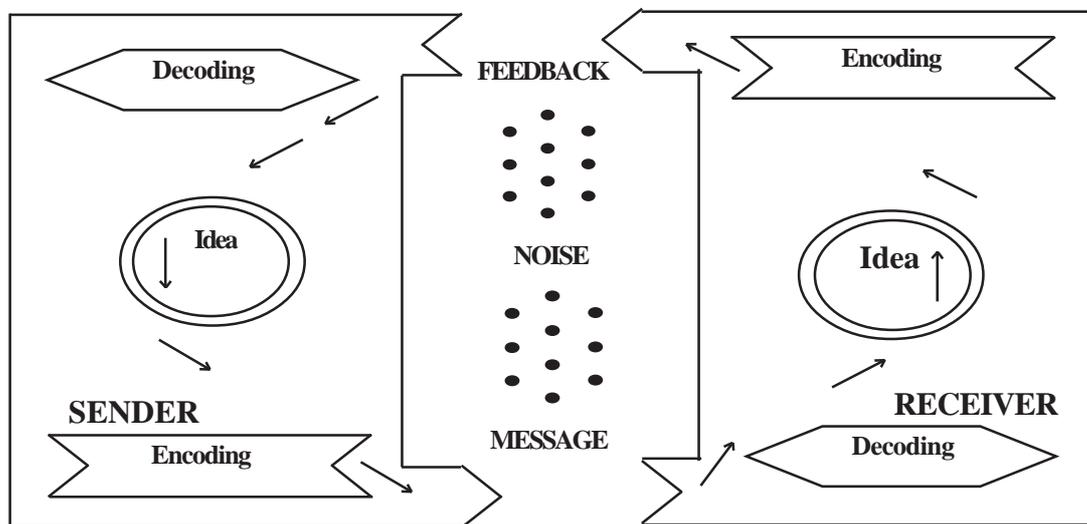
Fig 5.3 COMMUNICATION SKILLS MODEL

4. Receiver : Individual who understands the senders message.
5. Decoding skills : Receiving skill and interpreting skill
6. Feed back : Re-encoding the message and transmitting it through different channel in an effort to achieve concurrence.
7. Noise : Factors that confuses, disturbs or otherwise serves as a barrier to the communication.

Importance/Benefits of Communication:

The importance of communication is explained below:

1. **Helps in planning**

    Communication helps to prepare better plans for the enterprise. The views and suggestions of the employees, clients, suppliers etc., are received and the same are incorporated in the enterprise plans.

2. **Vital for decision-making**

    The information necessary for decision-making is made available through proper communication. For example, a decision on production is made after receiving information from the stores on the stock of materials available and from the marketing department on the extent of demand.

3. **Facilitates delegation**

    Delegation of authority by a superior to his subordinates will not be possible without proper communication. The superior must first of all assign work to his subordinates and give them the requisite authority to carry out their duties. This cannot be done without effective communication.

4. **Facilitates effective leadership**

    As a leader, the manager will be able to guide his subordinates well only through proper communication. When the subordinates have work-related problems, they have to necessarily approach their superior for assistance. If the manager is a man of few words, he will not be able to offer much help.

5. **Helps to motivate**

    Assignment of work and delegation of authority alone will not be enough to get things done by the subordinates. They need to be constantly motivated to perform well. It is the duty of the manager to induce and instigate their subordinates to do their best. This will not be possible without proper communication.

6. **Helps in co-ordination**

    Although the activities performed by different individuals and departments are different, they are directed towards the attainment of the enterprise goal. It is therefore, necessary that there must be a proper link between all such activities. The necessary link is provided by co-ordination. Co-ordination is not possible without co-operation. To secure co-ordination and co-operation, there must be proper communication relationship between the different individuals and the departments.

7. **Aid to job-satisfaction**

    If a subordinate gets proper guidance from his superior, is able to contact his superior in times of need, has the requisite authority to carry out his tasks and is able to share his thoughts freely with his colleagues, it should mean that the organisation must have a proper system of communication. Such an employee is bound to have greater job-satisfaction.

8. **Helps to save time and effort**

    It is possible to save time and effort by using effective means of communication. For example, if the General Manger of the concern wants to announce a decision to all the employees, he can just send a circular. The same may also be displayed in the notice board.

9. **Aid to public relations**

Every organisation has to maintain cordial relations with the members of the public. Many persons may visit an enterprise everyday. They include customers, creditors, shareholder, Government officials and so on. The Public Relations Officer must receive them and also attend to their needs. Communication plays a significant role in all such activities.

Types of Communication:

Communication may be classified into the following types:

1. Based on Relationships -
    (i) Formal
    (ii) Informal.
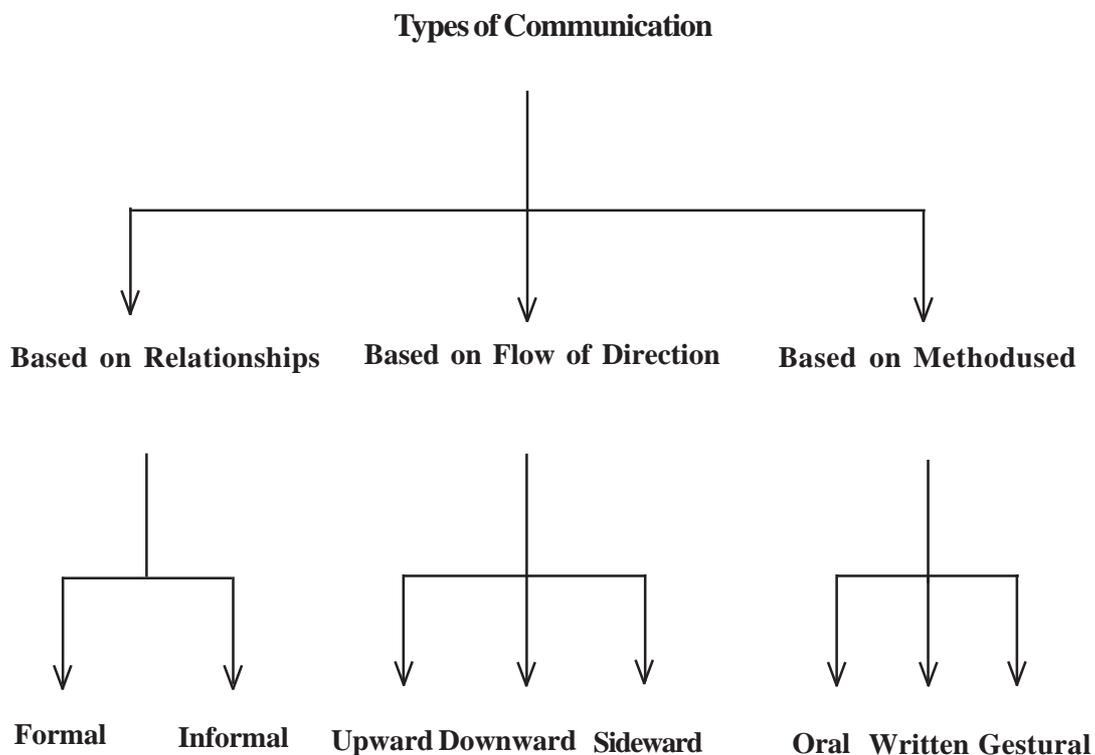
Fig 5.4 TYPES OF COMMUNICATION

2. Based on its Flow of Direction –
    (i) Upward
    (ii) Downward and (iii) Sideward
3. Based on the Method used –
    (i) Oral
    (ii) Written and
    (iii) Gestural.

Based on Flow of Direction the communication may be represented in one single diagram given below.
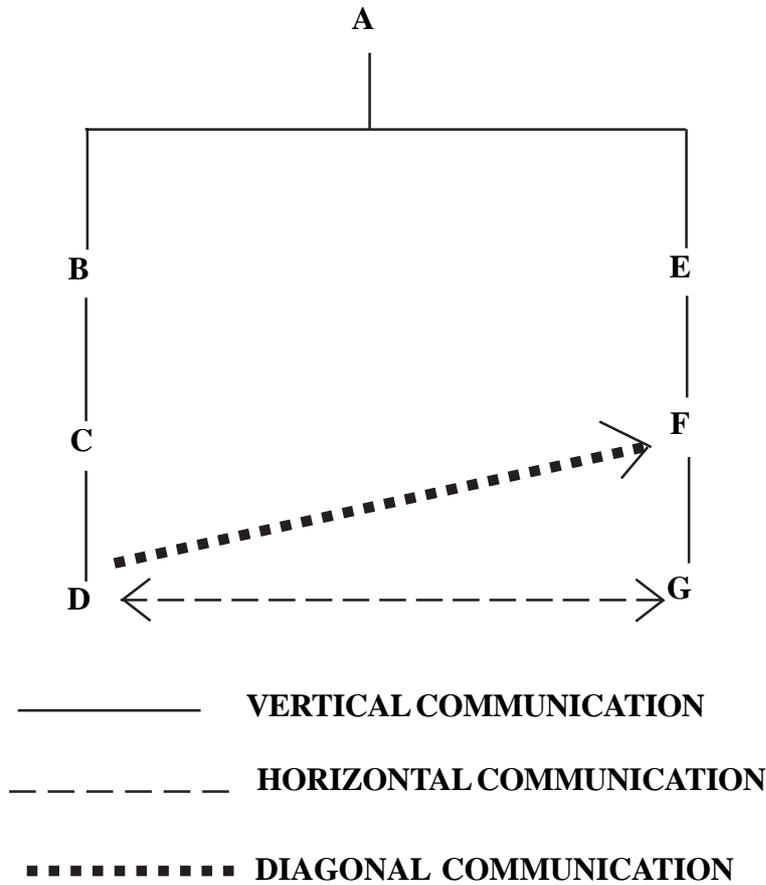
Fig 5.5 Communication Based on Flow of Direction

Based on relationships:

Formal Communication:

It is the outcome of formal organisation. It follows the hierarchy. Policy manuals, orders, circulars, notices, etc., are some of the examples of formal communication.

Certain circulars may be sent to the heads of departments alone while others may be sent to all the employees of the concern.

Certain notices may be displayed in the official notice board. Any information that officially reaches an employee is known as formal communication.

Certain information whichmay be sent to different opposite levels is called Diagonal communication.

Informal communication

Informal communication is the result of casual or personal contact between the individuals in an organisation. The information reaches different individuals in the organisation in no time. The news spreads like fire.

Informal communication is also known as **'grapevine'** as it spreads in the manner the grape plant (which is a climber) does. Any information that unofficially reaches an employee is known as informal communication.

Gossip Chain
(One tells many)

Cluster Chain
(A few tell selected others)
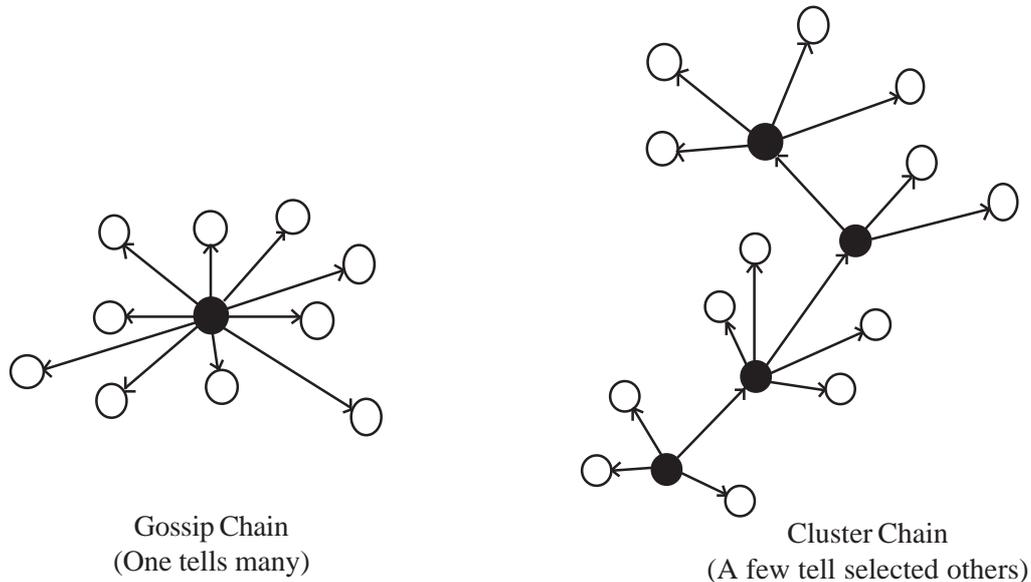
Fig 5.6 INFORMAL COMMUNICATION

Based on flow of direction:

Upward Communication: It takes place when a subordinate conveys some information to his superior. This happens when a subordinate wants to account for his performance or has a request or complaint to make.

| General Manager |
| Production Manager |
| Foreman |
| Worker |
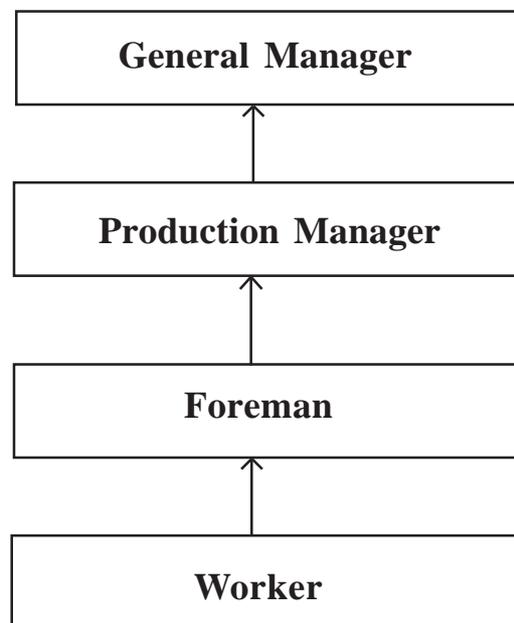
Fig 5.7 UPWARD COMMUNICATION

This communication will also take place when a feed back is expected from the subordinate level to their high level authorities. This upward communiation is explained by the above figure

Downward Communication

It takes place when a superior conveys certain information to his subordinate. The need for such communication arises when a superior wants to give certain orders and instructions to his subordinate.

This could be explained by the following figure.

```
        ┌─────────────────────────┐
        │     General Manager     │
        └─────────────────────────┘
                     │
                     ▼
        ┌─────────────────────────┐
        │   Production  Manager    │
        └─────────────────────────┘
                     │
                     ▼
        ┌─────────────────────────┐
        │        Foreman          │
        └─────────────────────────┘
                     │
                     ▼
        ┌─────────────────────────┐
        │        Worker           │
        └─────────────────────────┘
```
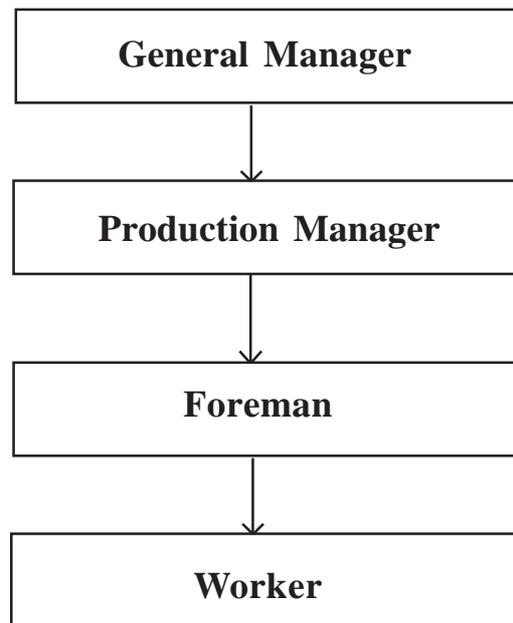
Fig 5.8 DOWNWARD COMMUNICATION

Sideward Communication

This could be explained by the following figure.

```
┌────────────┐     ┌────────────┐     ┌────────────┐     ┌────────────┐
│ Production │ ──► │  Maketing  │ ──► │ Personnel  │ ──► │  Finance   │
│  Managaer  │ ◄── │  Managaer  │ ◄── │  Managaer  │ ◄── │  Managaer  │
└────────────┘     └────────────┘     └────────────┘     └────────────┘
```
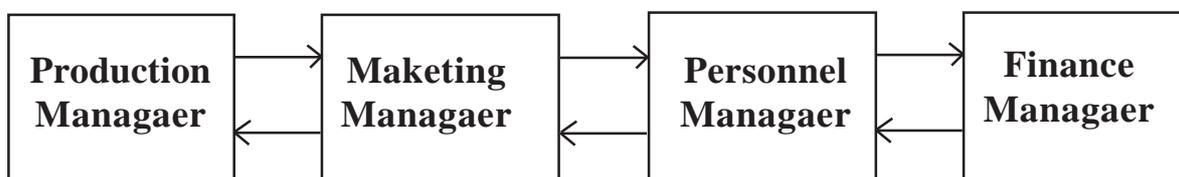
Fig 5.9 SIDEWARD COMMUNICATION

It takes place when the executives or subordinates operating at the same level exchange information. Such communication may be necessary to secure better co-ordination between the individuals and the departments.

Based on method used:

Oral Communication

Oral communication involves exchange of messages through spoken words. It may takes place (i) by face-to-face contacts, and (ii) through mechanical devices like telephone. Face to face conversation is the most natural way of transmitting the message. It is very speedy and helps to interchange feelings and attitudes. Face-to-face communication may take place through lectures, group discussions, interviews, committee meetings, broadcast and social gatherings. Such communication enables the speaker to secure greater understanding and co-operation. The listener can make on-the-spot queries to clear his doubts, if any. These days mechanical devices like alarm bell, telephone, signals, intercom system, dictaphone, etc., are becoming increasingly popular for communicating messages.

MERITS & DEMERITS OF ORAL COMMUNICATION

MERITS :

1. Economical.

It is relatively less expensive both in terms of time and money.

2. Personal touch.

It is more effective due to direct contact between the sender and the receiver.

3. Speed.

It is faster as compared to written communicaion.

4. Flexibility.

It is more flexible because the mode of delivery and the tone can be adjusted according to the type of listener or the audience.

5. Quick response.

In oral communication, response or reaction to the message can be obtained on the spot.

DEMERITS

Oral communication suffers from the following disadvantages.

1. Lack of record.

Oral communication does not provide an authentic and permanent record of communication unless the conversation is tape-recorded.

2.Time of consuming.

Oral communication in the form of face-to-face talk may become time consuming and costly.

3. Lengthy message.

If the subject-matter to be communicated is quite lengthy, oral communication may not produce satisfactory results.

4. Physical distance.

When there is a long physical distance between the speaker and the listener, oral communication may be ineffective.

5. Misunderstanding.

Oral communication may be misunderstood or not heard due to mutual distrust or suspicion between the speaker and the listener.

Written Communication

Written communication is transmitted through written words in the form of letters, circulars, memos, bulletins, instruction cards, manuals, handbooks, reports, returns, etc. Managers frequently use written communication in the course of performing their functions. It is frequently used to issue specific orders and instructions to subordinates.

Merits and De-merits of written communication

Merits

Written communication provides the following advantages:

1. Effectiveness

Written messages are more carefully formulated than oral messages. Therefore, written communication tends to be more clear and specific. It is more orderly and binding on subordinates.

2. Lengthy messages

Written communication is more appropriate when the message is quite lengthy or where it is to be conveyed to a large number of persons simultaneously.

3. Economical

Written communication is cheaper when the sender and the receiver are situated at distant places.

4. Repetition

Written communication can be used again and again. Sometimes written communication is also used to elaborate and complement oral messages.

5. Permanent record

Written communication provides a reliable record for future reference.

6. Better response

Response to written communication is generally well thought out because the receiver gets sufficient time to understand and evaluate the message.

De-merits

Written communication is subject to the following limitations :

1. Time consuming

Written communication requires greater time in the preparation and transmission of messager.

2. Expensive

As it takes long time to convey the message, written communication is more expensive especially for transmitting short messages over short distances.

3. Inflexibility

Once a written message is sent there is no scope left for making amends for inaccuracy that may have crept into it. Moreover, a written message once transmitted cannot be withdrawn.

4. Little secrecy

It is difficult to maintain complete secrecy about written messages.

5. Lack of personal touch

Written communication tend to be very formal and lack personal touch.

6. Misunderstanding

There is greater chance of the message being misunderstood. If the written message is poorly drafted it may create confusion and conflict.

Gestural Communication:

Communication through gestures or postures are known as gestural communication. It is often used to supplement oral communication. Gestural communication is very useful in conveying feelings, emotions and attitudes. For example, handshake with a subordinate or a pat on his back helps to motivate the subordinate. A person can convey much through wave of hands, parting of lips, movement of eyes, etc. Similarly, gestures by the audience indicates reaction or response to the oral message.

Each media of communication has its strength and weaknesses. In practice, different media are used simultaneously to make communication effective. Oral communication is more useful when the message to be conveyed is complex or when the time available is very short. It is also appropriatewhen reaction of the receiver is needed quickly. Where the message is lengthy and reliable records are to be kept for future reference, written communication is more useful.

Barriers to Communication:

There are several obstacles that tend to distort the flow the messages. Such distortion leads to misunderstanding and frictions among the members of the organisation. These barriers do not permit healthy human relationships and they are injurious to teamwork and morale. Therefore it is necessary to analyse and remove the barriers to communication. The various barriers to communication may be described under three heads.

1. **Organisational barriers**

2. **Mechanical barriers**

3. **Personal barriers**

1. Organisational barriers:

Organisational barriers arise due to inadequate or improper policies, rules and facilities regarding communication:

a) Ambiguous policies, rules and procedures

Organisation policies, rules and procedures lay down the communication channels and the subject-matter of communication. When these policies and rules are not clear, flow of communication is not smooth.

b)   Status patterns

Formal relationships and status symbols highlight the position or rank of individuals. The subordinates become conscious of their distance from the centre of authority and this awareness tends to widen the communication gap between superiors and subordinates. Greater the difference between the hierarchical positions in terms of their status, higher is the possibility of breakdown in upward communication.

c)   Long chain of command.

In a complex organisation structure, there are several levels of authority. Formal communication have to pass through this chain (proper channel) . As a result there are delays and distortions in communication. At every level, the message may be twisted or altered intentionally. Such filtering is more common in the case of upward communication.

d)   Inadequate facilities.

Inadequate facilities in communication system disturb the flow of communication.

2. **Mechanical barriers:**

Mechanical barriers arise due to problems in communication channels. These barriers are as follows:

a)   **Overloading :**

When the number of messages is greater than the capacity of communication channel, there is overrloading. This causes delays and breakdowns in communication.

c)   **Semantic barriers :**

Words used to convey messages have several meanings. Sometimes the message is not expressed in clear and precise language. Omission of important details, faulty translation, use of technical language and unclassified assumptions are the main semantic barriers to communication.

d)   **Noise :**

Very often the communication is distorted and misunderstood due to noise in transmission and fault in the instrument**.**

3. Personal barriers:

Most of the failures in communication arise due to faults on the part of the sender or receiver of the message. The important personal or human barriers are given below.

a)   **Lack of attention or interest**

When the receiver is not attentive to the message, he fails to grasp its meaning. Sometimes subordinates do not want to communicate upward due to the fear that it may displease the superior. Lack of proper attention or interest may arise due to several reasons.

b)   **Failure to communicate**

A manager may fail to communicate effectively on account of various reasons. He may just be lazy or assume that "everybody knows". He may have the fear that sharing information with subordinates may reduce his prestige and power. He may have little time to talk to subordinates. He may not be aware of significance of the message for subordinates.

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c)   **Hasty conclusion**

   The receiver may be in a hurry or may by habit jump to hasty conclusions before analysing the complete message. Such premature evaluation stops transfer of information and leads to wrong interpretations.

d)   **Distrust of communicator**

   When the receiver lacks confidence in the competence or integrity of the sender, he may receive the message with doubt or suspicion. Repeated experience of this type makes the receiver to delay or postpone action.

e)   **Love for statusque**

   People by nature prefer to maintain the statusque as change creates uncertainty. When the message tends to disturb the existing state of affairs or it is against the interests of the receiver, it is likely to be resisted and ignored.

Measures to overcome communication barriers:

 The following measures may be adopted to overcome communication**.**

1.**Overcoming personal barriers**

   The personal barriers mentioned earlier have to be overcome by individuals by improving their vocabulary power and fluency, gaining self-confidence and so on. For this, they can even undergo a short-term course in communication.

2. **Shorter Communication channels**

   A long channel of communication only leads to delay in sending or receiving any information. Further, a long channel gives scope for such problems as filtering. A shorter channel not only helps to avoid delay but also keeps the information intact.

3. **Direct contact**

   Wherever necessary, it must be possible to establish direct contact with the employees, shareholders, customers, creditors and so on. This will provide scope for personal touch, which is very important for communication to be effective.

4. **Use of electronic devices**

   Business communication, in the present days, relies heavily on electronic devices. Every contemporary organisation should, therefore, employ all such devices like fax machines, computers, mobile phones, pagers, etc., in addition to the conventional telephone so as to make the system of communication efficient and effective.

5. **Use of grapevine**

   There is always delay in sending and receiving formal communication. To overcome such a problem, informal communication or grapevine should be used wherever necessary to have quick access to information.

6. **Removing mechanical defects**

   All the mechanical devices used for communication including the telephone should be kept in proper working condition.

7. **Feedback**

It is a technique used in communication to ensure that the message has been correctly received. The person sending the message can, for example, ask the receiver certain questions pertaining to the message conveyed to make sure that the receiver has clearly understood the message.

8. **Mutual trust**

Last, but not the least, effective communication requires an atmosphere of trust and confidence between the superiors and subordinates. Only then any message will be sent and received with a feeling of goodwill.

POINTS TO REMEMBER

CHARACTERISTICS OF COMMUNICATION
1. Two way process
2. Knowledge of language
3. Meeting of minds necessary
4. The message must have substance
5. Communication may be made through gestures as well
6. Communication is all-pervasive
7. Communication is a continuous process

PROCESS OF COMMUNICATION
1. Sender
2. Message
3. Encoding
4. Channel
5. Receiver
6. Decoding
7. Feed back

BENEFITS OF COMMUNICAION
1. Helps in planning
2. Vital for decision-making
3. Facilitates delegation
4. Facilitates effective leadership
5. Helps to motivate
6. Helps in co-ordination
7. Aid to job-satisfaction
8. Helps to save time & effort
9. Aid to public relations

TYPES OF COMMUNICATION
1. Based on relationships- Formal & Informal
2. Based on flow of direction - Upward & downward
3. Based on method used - Oral, written & gestural.

BARRIERS TO COMMUNICATION

1. **Organisational barriers**
   i) Ambiguous policies, rules and procedures
   ii) Status Patterns
   iii) Long chain of command
   iv) Inadequate facilities

2. **Mechanical barriers**
   i) Overloading
   ii) Semantic barriers
   iii) Noise

3. **Personal barriers**

    i) Lack of attention or interest   ii) Failure to communicate

    iii) Hast conclusion   iv) Distrust of communior

    v) Love for statusque

MEASURES TO OVERCOME COMMUNICATION BARRIERS

1. Overcoming personal barriers   2. Shorter communication channels

3. Direct contact   4. Useof electronic devices

5.Use of grapevine   6. Removing mechanical defects

7. Feedback   8. Mutual trust

Project

Try to solve the management problems given below.

1. Conduct a survey on your classmates and ask them about their motives regarding the following :

    (i) Joining school

    (ii) Choosing course of study

    (iii) Buying a brand of pen

    (iv) Going to a movie

    (v) Viewing a TV channe/Programme

List out the motives common to most sutdents for each of the above.

2. Identify barriers of communication

    1. Between you and your parents

    2. Between you and your teacher

    3. Between you and your friend

    4. Between you and your brother/sister

Suggest measures to overcome these barriers. Are they similar to what managers would do.

3. Meet 10 people for each of the following product they have recently purchased

    1. Detergent soap

    2. Fairness cream

    3. Soft Drink

    4. Cooking Oil

Ask them about their motives in buying the product / brand. Identify the buying motives for each product and present in the classroom. This problem can be solved by applying the principles of management viz., Decision making

QUESTIONS

Objective Type   **PART- A**   **(One Mark)**

I. Choose the correct –Answer:

1.The communication channel in a formal organisation is also known as ----------
  (a) Informal (b) Official (c) Gesture (d) Written

2.-------- can be classified under communication based on method.
  (a) Written (b) Upward (c) Downward (d) Formal

3. Overloading is an example for -------
  (a) Personal Barrier (b) Mechanical Barrier (c) Organisational Barrier
  (d) None of the Above.

4. Delay in communication can be overcome by ------------
  (a) Longer Communication Channel   (b) Direct-Contact
  (c) Shorter Communication Channel   (d) Feed Back.

5. Communication is the exchange of facts, ideas, opinions or emotions by ----------
  (a) One Person (b) Two Persons (c) Three Persons (d) Two or More

6. Side word communication is necessary to secure better co-ordination between --------
  (a) Superior & Sub-Ordinate (b) Individuals & the Departments
  (c) Among group members (d) None of the Above.

7. Inadequate facilities in communication disturb.----------
  (a) Rules & Procedures (b) Status Pattern (c) Flow of Communication
  (d) Long Chain of Command

8. Example for gesture used to convey ideas, --------
  (a) Nodding of Head (b) Rolling of Eyes (c) Movement of Lips (d) All the Above.

9. Written communication is transmitted thro' -------
  (a) Letters (b) Circulars (c) Bulletins (d) All the Above.
10. A long channel of communication may lead to ------
  (a) Delays (b) Errors (c) Misunderstanding (d) All the Above

11. Effective communication requires an atmosphere of ----------
  (a) Trust and Confidence (b) Likes and Dislikes (c) Moral and Immoral
  (d) None of the Above

12. Business communication, in the present days relies heavily on ----------
  (a) Mechanical Devices (b) Electric Devices (c) Electronic Devices (d) All the Above

13. --------- is the response, reaction or reply by the receiver
(a) Feed back (b) Decoding (c) Encoding (d) Channel

14. --------- is used for transmission of the messages.
(a) Decoding (b) Encoding (c) Channel (d) Feedback

15. ------- by the audience indicates reacion or response to the oral message.
(a) Gestures (b) Noise (c) Direct contact (d) Feed back

16. Every organisation has to maintain cordial relations with the members of the -----
(a) Union (b) Public (c) Group (d) All the above

17. The middle management conveys information to the ------
(a) Subordinates (b) Supervisory staff (c) Same level (d) None of the above.

Answers:

1. (b) official   2. (a) written

3. (b) mechanical barrier   4. (b) direct contact

5. (d) two or more   6. (b) individuals and the departments

7. (c) flow of communication   8. (d) all the above

9. (d) all the above   10. (a) Delays

11. (a) Trust and Confidence   12. (c) electronic devices

13. (a) Feed back   14. (c) Channel

15. (a) Gestures   16. (b) Public

17. (b) Supervisory staff

II. Answer in One or Two Words:

1. What is the other name for communicator?

2. What is the other name for communicatee?

3. What is the main reason for Mechanical barriers?

4. Give an example for gesture used to convey ideas?

5. How written communication is transmitted?

6. How personal barriers can be overcome?

7. How delay in sending & receiving formal communication can be overcome?

8. State the minimum number of persons required for communication

9. Which type of communication is frequently used by Managers?

10. What is the other name for informal communication ?

11. Give an example for formal communication.

12. What is the last measure to overcome communication barriers?

Answers

1. Sender   2. Receiver
3. Communication channel.   4. Nodding of head/rolling of eyes/movement of lips.
5. letters/circulars/memos/bulletins, Instruction cards.
6. Vocabulary power & Fluency/ gaining self confidence
7. Informal communication/Grapevine   8. Two
9. Written communication.   10. Grapevine
11. Policy manuals / orders / circulars / notices
12. Mutual trust.

PART –B   (Four marks)

1. Write short notes on communication.

2. Define the term communication

3. What is meant by grapevine communication?

4. What do you mean by Upward Communication?

5. What is known as Downward Communication ?

6. What do you mean by Sideward Communication ?

7. What is Oral communication ?

8. What is written communication?

9. What do you mean by Gestural communication ?

10. Write short notes on Semantic barriers

PART – C   (Ten marks)

1. Explain the characteristics of communication.

2. What are the measures can be taken to overcome the communication barriers?

3. Whate are the advantages of communication?

4. What are the advantages of written communication?

5. What are the advantages and disadvantages of oral communication?

PART – D   (Twenty marks)

1. Write in detail the types of communication.

2. What are the different types of barriers faced by the person while communicating information?

6. LEADERSHIP AND DIRECTING

Learning objectives: After reading this chapter you will be able to understand

Leadership – Meaning – Definition – Characteristics – Functions – Need -Types – Qualities of a leader – Directing – Meaning – Definition – Characteristics – Role – Elements -Principles
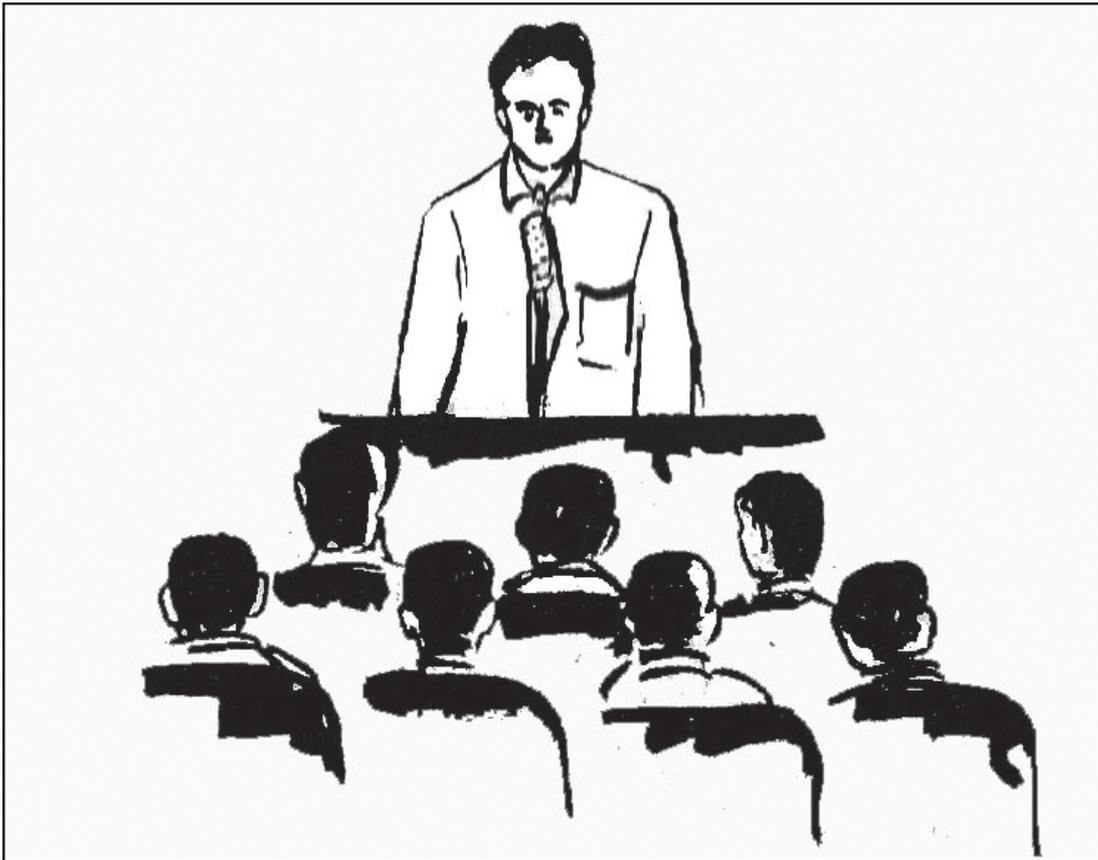
Fig 6.1 **LEADERSHIP**

Meaning:

A leader is one who guides and directs other people. He gives the efforts of his followers a direction and purpose by influencing their behavior. Therefore, leadership may be defined as the quality of behavior of a person by which he is able to persuade others to seek the goals enthusiastically.

Definition:

According to **George R. Terry** leadership is "the activity of influencing people to strive willingly for mutual objectives".

Koontz and O'Donnell have defined leadership as "the ability of a manager to induce subordinates to work with confidence and zeal".

In the words of **Robert Appleby**, Leadership is a means of direction. It is the ability of management to, induce subordinates to work towards group ideals with confidence and keenness.

Characteristics:

An analysis of the above definition reveals the following characteristics of leadership :

1. **Leadership is a process of influence :**

   It is exercised by the leader on group members. A successful leader is one who influences the behavior, attitudes and beliefs of his followers.

2. **Leadership is a function of stimulation :**

   It involves motivating people to strive willingly towards, organisational goals. A successful leader is able to subordinate the individual interest to the common interest of the group.

3. **Leadership gives a feeling of contribution to common objectives :**

   A successful leader creates an environment under which every person feels that he is contributing to the attainment of organisational objectives.

4. **Leadership is related to a particular situation :**

   At a given point of time and under a specific set of circumstances, leadership style will differ from one situation to another.

5. **Leadership is a shared experience :**

   A good leader shares ideas, experience and credit with his followers. He lets the subordinates to influence his behavior so that they are satisfied with the type of leadership provided.

6. **Leadership is not headship or bossism :**

   Headship implies exercise of formal authority and control where as leadership involves use of persuasion to influence behaviour.

7. **Leadership is an ongoing activity in an organisation.**

8. **Leadership implies existence of followers :**

   By their willingness to be influenced by the leader, subordinates formalise the leader's authority and make the leadership process possible.

9. **Successful leadership leads to goal accomplishment :**

   Leader's efforts to influence, are aimed to some level of achievement.

Functions of Managerial Leader:

Leadership is an indispensable part of the directing function and an important factor in organisational effectiveness. Without a good leader, an organisation cannot function successfully. The role of leadership can be judged by the functions which a leader performs. It is the leaders duty to take his followers

towards the goal of the organisation. For this excellent function to be performed, the organisation needs a dynamic leader.

The functions of a managerial leader can be remembered with the help of the diagram given below
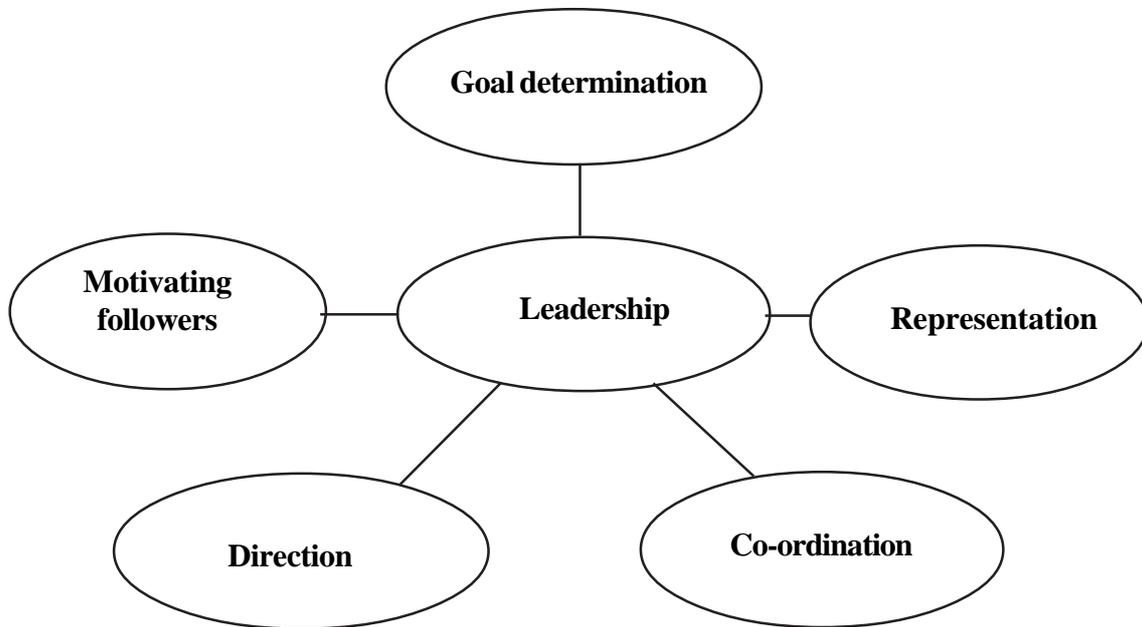
Fig 6-2 FUNCTIONS OF MANAGERIAL LEADER

1. **Goal determination:**

A leader determines the objectives of the group and lays down policies and programmes for attaining them. He acts as the planner and policy maker.

2. **Motivating followers:**

A leader stimulates people to perform their duties with enthusiasm and sincerity. He is the purveyor of rewards and punishments. He creates confidence in his followers. He inspires team work and secures maximum co-operation from the employees.

3. **Direction:**

Efficient leadership provides guidance and advice to people and directs their behaviour towards the pre-determined objectives. A leader is able to direct the actions of his followers.

4. **Co-ordination:**

Leadership is the force which binds a group together. It provides a cohesive force which holds the group intact and develops a spirit of unity. A leader reconciles the goals of the individuals with the organisational goals and creates a community of interests.

5. **Representation:**

A leader is the representative of his group. He takes initiative in all matters of interest to the group and strives to fulfill the psychological needs of his followers. He is the symbol of the group and father figure for his followers.

Need for leadership

(a) to overcome defects in the organisation structure,

(b) to predict and implement changes in the organisation,

(c) to steer the organisation out of internal imbalances caused by growth, and

(d) to resolve conflicts of interests among the members with different values, beliefs, interests and temperaments.

Types:

Different kinds of Leadership styles:

The following are the different kinds of leadership styles that have been identified.

1. Autocratic leader

An autocratic leader wants his subordinates to work in the manner he wants. He tells them what they should do, where, when and how. He does not let his followers offer any suggestion. The autocratic leader thinks that his followers are incapable of making decisions.

AL   -   Represents Autocratic Leader
S   -   Represents Subordinates
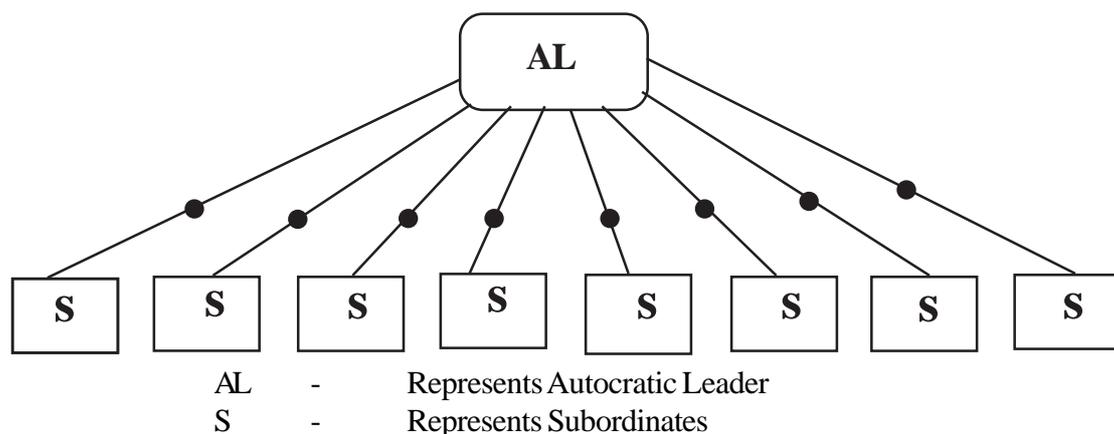
Fig 6.3 AUTOCRATIC LEADER

A subordinate, who performs as per the specifications of the leader, is rewarded while the one who fails to perform is punished. The punishment may be in the form of fines, suspension, transfer, demotion or dismissal.

Merits

1. Such a leadership style is suitable when subordinates are basically lazy and avoiding duties.

2. It helps to make quick decisions as decision-making is the prerogative of the leader alone.

3. As subordinates are under constant threat of disciplinary action, they are always cautious.

4. Inefficient and insincere workers can easily be identified and removed from service.

Demerits

1. Subordinates normally show resistance to this type of leadership style as it curtails their freedom to act.

2. It kills initiative to work and results in frustration among workers.

3. It often gives scope for conflicts between the leader and his followers which is bad for the organisation.

4. At some stage, the subordinates may stop obeying the orders of the leader and start showing their protest. If such a stage is reached, the leader will become helpless.

2. Democratic Leader

Such a style of leadership is also known as 'participative leadership'. A democratic leader does not make unilateral or one-sided decisions. He provides scope for his followers to participate in the decision-making process. The final decision will be made based on the consensus of all. If any subordinate does anything that is opposed to the interests of the group, the other members of the group take the initiative to correct him. Democratic leadership is based on the assumption that the followers are all capable.

All subordinates are connected with the leader in turn the leader also communicates with his subordinates. There lies the principle of democracy. The democratic leadership can be explained with the help of the diagram given below.

DL   -   Represents Democratic Leader
S   -   Represents subordinates
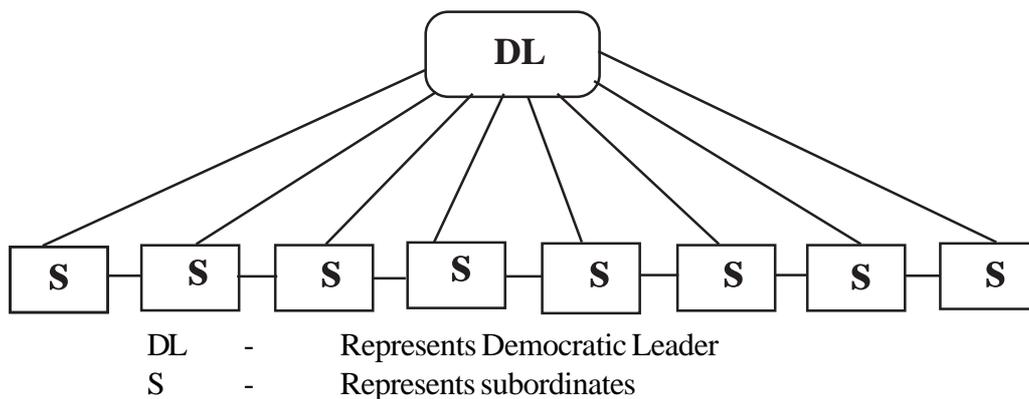
Fig 6.4 DEMOCRATIC LEADER

Merits:

1. As the followers are able to participate in the decision-making process, they feel motivated.

2. The decision finally made is mutually acceptable. The followers, therefore, work for its implementation wholeheartedly.

3. There is no resistance from the subordinates.

4. It improves the job attitudes of the subordinate staff.

5. As the subordinates do not have ill-feelings of any kind, the labour-management relationship is bound to improve.

Demerits:

1. There may be delay in arriving at a decision, as consensus among the individuals is necessary.
2. Democratic leadership is suitable only if the subordinates are all capable of making worthwhile suggestions. If they are less efficient and prefer to work as per the leader's directions, participative leadership will not serve the purpose.
3. It may, sometimes, be very difficult to evolve a solution that is acceptable to everyone.

3. Laissez Faire Leader:

The dictionary meaning of laissez faire is policy of non-interference. Also known as a 'free rein leader' a laissez faire gives full freedom to his followers to act.

He does not lay down guidelines within which his followers have to work. He neither influences the subordinates' decisions nor does he interfere in the process of decision-making.

The Laissez-faire leader diagram shown as follows :

LFL   -   Represents Laissez-Faire Leader
S   -   Represents Subordinates
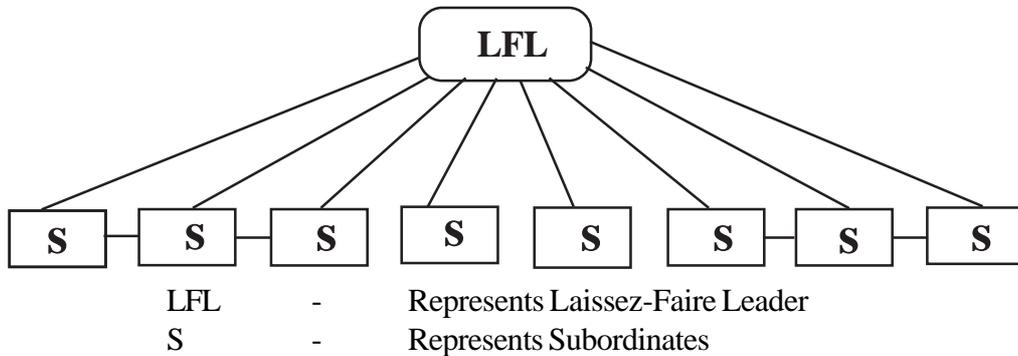
Fig 6.5 LAISSEZ-FAIRE LEADER

Merits

1. Obviously, as the subordinates have full freedom to act, their level of motivation is bound to be very high.
2. Those subordinates, who are highly efficient, can make use of the freedom given to them to excel.
3. The superior-subordinate relationship is bound to be very good.

Demerits:

1. The laissez faire leadership style will produce good results only if the subordinates are all highly efficient and capable of doing their work independently.
2. As the leader does not involve himself at all in the activities of his subordinates, control may become difficult.
3. The leader does not exercise his formal authority. As a result, the work place may lose its official character.
4. The subordinates are deprived of the expert advice and moral support of their leader.

4. Functional Leader

A functional leader is one who is an expert in a particular field of activity. He has risen to the position of a leader by virtue of certain special skills that he possesses. The functional leader will be able to offer help to his subordinates provided the subordinates approach him for certain genuine job related problems. If the subordinates are sincere and committed as their leader is, they will be able to utilise his potentials to the fullest extent. This will benefit the subordinates and the organisation as well.

Merits

1. The very presence of an expert or a functional leader is beneficial to the followers and the organisation.

2. As the functional leader is a specialist in a particular field of activity, the subordinates can certainly enrich their job knowledge and skill , provided they are as committed and sincere as their leader is.

Demerits

1. The functional leader is a taskmaster. He only believes in work. If only the subordinate is very efficient, he will be able to put up with such a leader.

2. The functional leader will not be able to go down to the level of an average worker and offer any help.

3. The leader may, sometimes, demand performance from his followers. This may frustrate them.

4. Misunderstandings may also arise between the leader and his followers.

Institutional Leader

An institutional leader is one who has become a leader by virtue of his official position in the organisational hierarchy. For example, a person appointed as the General Manager of a concern.

An institutional leader may not be an expert in his field of activity.

Merits

1. He has official authority to act.

2. He can demand performance from subordinates irrespective of his own credentials and the subordinates are officially answerable to him.

Demerits

1. As the institutional leader may not be an expert in his field of activity, he will not be in a position to offer proper guidance to his followers.

2. Although the leader has the official right to demand performance from his followers, he may not have the moral right, as his own credentials are less.

Paternalistic Leader:

A paternalistic leader takes care of his followers in the way the head of a family takes care of the family members. He is mainly concerned with the well-being of his followers and is always ready to protect them. He may provide them with all the physical amenities needed. But he will not be able to guide them to perform their job well.

Merits

1. He assumes a paternal role to protect his followers.

2. He is always ready to provide the necessary physical amenities to the subordinates.

Demerits

1. He is not in a position to offer intellectual help to his followers.

2. Those followers, who are capable and achievement-oriented, do feel frustrated, as the leader is not able to guide them to enrich their job knowledge and skill.

Qualities of a Leader:

To be successful leader, a person is expected to possess the following qualities:

1. Ability to analyse

The leader must be able to analyse any problem and offer an immediate solution. He should be alert mentally.

2. Emotional stability

The leader must not make decisions influenced by emotions. He has to approach any problem intellectually and find a solution.

3. Self-confidence

A person cannot be a successful leader if he lacks self confidence. If he has confidence in himself, he will be able to overcome resistance from anyone for his proposals.

4. Foresight

The leader must foresee what is likely to happen. He must be able to visualise the future events and prepare his followers to meet challenges.

5. Sense of judgement

The leader must be able to judge what is good under the given circumstances. Only then he will be able to evolve certain practical decisions.

6. Understanding

The leader must not always thrust his views on his followers. He must also listen to their

viewpoints particularly while making decision in a critical situation.

7. Mental courage

The leader must be capable of taking certain bold decisions. For this he must have mental courage. He need not play safe by just endorsing the decisions of others.

8. **Capacity to motivate**

Needless to say, the leader must be able to induce and motivate his followers to work for the mission he has undertaken.

9. **Ability to guide**

The leader will be able to guide his followers in the work process only if he himself is well versed in the actual work.

10. **Communication skills**

Successful leaders are always known for the communication skills. Such skills are essential to direct the followers to work for attaining the desired goal.

11. **Sociability**

The leader should not be indifferent to the needs of his followers. If any follower has certain personal problems, the leader must do his best to help him. The leader must make himself accessible to his followers.

12. **Sound physical health**

The leader must possess strong physical health. If only the leader has sound physical health, he will be able to work for his mission with endurance.

13. **Practicing what is preached**

The leader must be a person who practices what he preaches. He can talk of commitment to work only if he himself is committed to work. He can talk of honesty if only he is honest in his dealings.

14. **Ambitious**

The leader must always be an ambitious person. Only then his subordinates will be able to work with enthusiasm.

15. **Positive thinking**

Last and not the least, the leader must be an optimist. He must always have a positive attitude towards his work.

Directing

Meaning:

Directing is the process of guiding people in their work and ensuring that they do it in the best possible manner. It generally involves the following activities:

1. Assigning duties
2. Explaining the methodology of work
3. Issuing orders and instructions
4. Monitoring performance
5. Correcting deviations
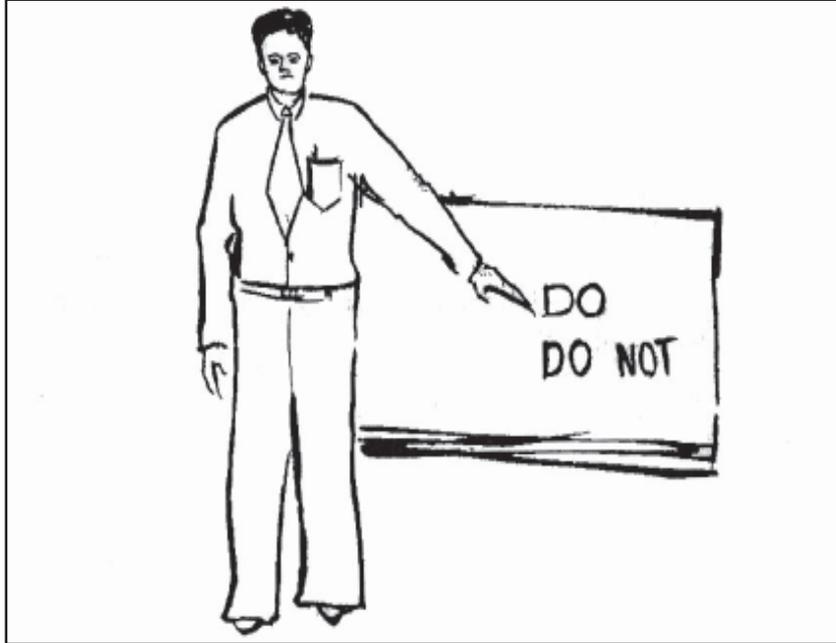
Fig 6.6 DIRECTING

Definitions of Directing:

Direction is a complex function that includes all those activities, which are designed to encourage a subordinate to work effectively and efficiently – **Konntz and O'Donnell.**

Directing deals with the steps a manager takes to get subordinates and others to carry out plans – **Newman and Warren.**

Characteristics:

The features or characteristics of directing are as follows:

1. **It concerns the human factor in organisation** – Directing has relevance only for the human factor in the organisation. Employees alone can be directed and not materials and machines.

   Although computers and robots can accept command and carry out tasks, the organisation needs the human factor to activate these.

2. **Inseparable from other function** – Directing is associated with planning, organising, staffing, co-ordinating and controlling. A person who prepares plans, for example, gets directions from his superior.

3. **Performed at all levels** – Superiors at all levels give directions to their subordinates. The marketing manager, for example, issues directions to the marketing officers and each of the marketing officers issues directions to the salesmen placed under him.

4. **Determines performance** – The extent of performance depends much on the extent of direction. Directing translates plans into results.

5. **Result oriented** – Directing ensures that subordinates work as per the plan in order to achieve the desired results. It is, therefore, result oriented.

6. **It follows hierarchy** – Subordinate at every level is directed by his immediate superior. For example, the production manager directs the foreman and the foreman directs the worker. Directing, thus, follows the hierarchy.

7. **It is a continuous process** – As long as there is planning, organisation, staffing, co-ordinating and controlling there will be direction. A manager has to supervise, communicate his orders, motivate and guide his subordinates continuously.

Role of Direction:

Direction is the heart of administration as it is indispensable for work performance. Direction is needed to tell them what to do, how to do, and when to do. Effective direction provides the following advantages:

1. **Initiates action.** Direction constitutes the life spark and like electric current it sets into motion the organization.

2. **Ensures co-ordination.** Each individual in the organisation is related with others. His functioning affects others and is, in turn, affected by others. Direction helps in co-ordination among various operations of the enterprise.

3. **Improves efficiency.** In an organisation every individual has some potential and capacity. Through direction, managers encourage and influence employees to contribute to the best of their capability for the achievement of organisational objectives.

4. **Facilitates change.** An organisation must adapt itself to environmental changes in order to be effective in order to incorporate and implement these changes, management has to motivate and guide the employee.

5. **Assists Stability and growth Effective** – Direction provides stability in the organisation and help to ensure that it parts work in a harmonious way.

ELEMENTS OF DIRECTING :

1. **Issuing orders and instructions :** Every instruction given by the manager in the process of directing subordinates should be reasonable, complete and clear. It must be in writing, so that the possibility of misunderstanding can be avoided.

2. **Guiding, counselling and teaching the subordinates :** The manager should guide, counsel and teach the subordinates with regard to the proper way of doing the job in order to enable them to carry out their job effectively and efficiently.

3. Supervising the work of subordinates : Every work of subordinates should be supervised by the manager to ensure that their performance confirms to the plan.

4. Motivating the subordinates : Motivating the subordinates to meet the expectations of the superiors is another element of directing.

5. Maintaining discipline : Another element of directing is maintaining discipline and rewarding efficient performance.

6. Consulative direction : Before the issue of any order, the people responsible for executing orders will be consulted with regard to its feasibility, workability and the best way of accomplishing the results.

Principles of directing :

The following are the important principles of directing:

1. **Reconciliation of personal and organisation goals** – In the work place often there is a conflict between the goal of an employee and that of the organisation. The manager, therefore, has the responsibility to direct the employees' efforts for the betterment of the organisation.

2. **Individual contribution to objective** – This principle says that each individual should contribute to his fullest capacity to the objective of the organisation.

3. **Unity of Command** – According to this principle, a subordinate should get orders and instructions from one superior only and is accountable to him alone.

4. **Direct Supervision** – This principle says that all commands, orders, directions or guidance to the subordinates should be made directly. There should be no intermediaries between the superior and the subordinate.

5. **Efficiency** – According to this principle, directing must contribute to greater efficiency. It must not be a costly affair.

6. **Suitable Techniques** – The manager must use appropriate techniques of direction. The techniques used must be suitable not only for the manager but for the subordinate as well.

7. **Use of informal organisation** – To improve the effectiveness of direction, the management must make proper use of informal organisation. Personal relationships between the managers and their subordinates can make direction more effective.

8. **Effective communication** – The success of direction depends much on the effectiveness of the communication system. The manager has to convey his orders and instructions to his subordinates. The subordinates must report to their manager at regular intervals on the tasks completed by them.

9. **Comprehension** – As per this principle the message communicated should be clear, informative and should possess substance. The receiver should be able to understand the meaning clearly.

10. Information – According to this principle, any information that is useful must be exchanged throughout the organisation. Withholding or suppression of information makes communication ineffective.

11. Effective Leadership – The success of direction depends to a greater extent on the leadership qualities of the manager. The manager must set a good example for the subordinates.

POINTS TO REMEMBER
FUNCTIONS OF MANAGERIAL LEADER
1. Goal determination
2. Motivating followers
3. Direction
4. Co-ordination
5. Representation

DIFFERENT KINDS OF LEADERSHIP
1. Autocratic leader
2. Democratic leader
3. Laissez faire leader
4. Functional leader
5. Institutional leader
6. Paternalistic leader

QUALITIES OF A LEADER
1. Ability to analyse
2. Emotional stability
3. Self-confidence
4. Foresight
5. Sense of judgement
6. Understanding
7. Mental courage
8. Capacity to motivate
9. Ability to guide
10. Communication skills
11. Sociability
12. Sound physical health
13. Practicing what is preached
14. Ambitious
15. Positive thinking

CHARACTERISTICS OF DIRECTING
1. It concerns the human factor in organisation
2. Inseparable from other function
3. Performed at all levels
4. Determines performance
5. Result oriented
6. It follows hierarchy
7. It is a continuous process

ROLE OF DIRECTION
1. Initiates action
2. Ensures co-ordination
3. Improves efficiency
4. Facilitates change
5. Assists stability and growth effective

PRINCIPLES OF DIRECTING

1. Reconciliation of personal and organisation goals
2. Individual contribution to objective
3. Unity of command
4. Direct supervision
5. Efficiency
6. Suitable techniques
7. Use of informal organisation
8. Effective communication
9. Comprehension
10. Information
11. Effective leadership

Project

Try to solve the management problems given below

1. Joshi had been a district sales manager with Fine Productions for ten years. She was recognised by his peers and supervisors as a person who managed department in a good way. However, every one realised that Joshi was extremely ambitious and was seeking a higher-level management position. When one of his sales representatives did a good job, she would attempt to take the credit. However, if a problem arose, she thought it was not his fault. When the marketing manager retired, Joshi applied for the position. The company decided to do a thorough search because of the responsibility and importance associated with the position. When the search was concluded, the decision was made to fill the position by a person from outside the company. The consensus of top management was that Joshi, although a good district sales manager might have difficulties in working with his new peer groups. They felt that she might displease the other managers if she tried to take credit for their work and, as a result, their performance would suffer.

Joshi was heart-broken. He had wanted that particular job for a long time and had dedicated all his energies towards obtaining it. She became very despondent and his work deterirated. The department functioned inspite of him, not because of him. Decisions were made slowly if at all and she began to be late with his sales reports. Although his sales staff continued to be productive, Joshi could not take the credit.

As a new marketing Manager how will you motivate and inspire Joshi to his former performance level.

Hint

Discuss the motivational need of Joshi and how the new Manager can motivate Joshi to perform Better. What are the incentives that will drive Joshi to excel in his Performance? Both Financial and Non-financial incentives that may motivate Joshi are to be discussed.

2. The marketing Manager of as FMCG company at a annual sales meeting declared "OK, we must beat last years sales by at least 25%. I am leaving it to each of your divisional sales managers to determine who exactly you will do the Job in your division. Let me have your views for review next Friday, Any questions ?"

There was no questions and the meeting was over.

Questions

Evaluate the Marketing Managers approach to direction.

Should each divisional sales manager adopt the same approach with these subordinates?

Are the orders and instructions given by the marketing Manager complete?

Hint

Has the Marketing Manager shown any leadership quality or Direction for his subordinates?

Is the communication open ended or closed?

QUESTIONS

Objective Type   **PART- A**   **(One Mark)**

I. Choose the Correct Answer:

1. One who guides and directs other people is known as -------
(a) Leader (b) Motivator (c) Head (d) Sub-ordinate

2. Unilateral decisions are not taken by ------
(a) Laisses faire leader (b) Autocratic leader (c) Democratic leader (d) Functional leader.

3. -------leader may be an expert in his field of activity
(a) Functional (b) Institutional (c) Democratic (d) Autocratic

4. A paternalistic leader takes care of his --------
(a) Family (b)Followers (c) Organisation (d) None of the above

5. In unity of command, sub-ordinate should get orders from --------
(a) One superior (b) Group (c) Another subordinate (d)All the above

6. With holding or suppression of information makes communication -------
(a) Ineffective (b) effective (c) Relevant (d) Irrelevant

7. Sense of judgement should be possessed by -------
(a) Subordinate (b) Group member (c) Leader (d) all the above persons

8. ------ translates plans into results.
(a) Controling (b) Motivating (c) Decision making (d) Directing

9.---------- must use appropriate techniques of direction
(a) The manager (b) The employees (c) Suppliers (d) Customers

10. In unity of command, a subordinate is accountable to his ----------
(a) Group (b) Union (c) Superior (d) Family

11. ----------- improves the job attitudes of the subordinates
(a) Autocratic leadership (b) Democratic leadership (c) Functional leadership (d) Laissez faire leadership

12. ------- must not make decisions influenced by emotions
(a)Leader (b) Follower (c) Assistant (d) Individual

13. A/an ------ leader wants his subordinates to work in the manner he wants.
(a) democratic (b) autocratic (c) functional (d) laissez faire

14. A person cannot be a successful leader if he lacks
(a) weak physical health (b) self confidence (c) negative thinking (d) emotions

15. Subordinates normally show resistance to --- type of leadership style
(a) Functional (b) Democratic (c) Autocratic (d) Institutional

Answers :

1. (a) Leader   2. (c) Democratic leader

3. (a) Functional leader   4. (b) Followers

5. (a) One superior   6.(a) Ineffective

7. (c) Leader   8. (d) Directing

9. (a) The manager   10. (c) Superior

11. (b) Democratic leader   12. (a)Leader

13. (b) autocratic   14. (b) self-confidence

15. (c) autocratic

II. Write Answer in One or Two words :

1. Who is the representative of the group?

2. Which leadership style is suitable when sub-ordinates are lazy and avoiding duties?

3. What is the other name for participative leadership?

4. Which leader is an expert in a particular field of activity?

5. Give an example for institutional leader?

6. Who should be an ambitious person?

7. How direction is considered in administration?

8. Who must set a good example for the subordinates?

9. Who can be directed?

10. Who is called as task master?

11. What is the meaning of laissez faire?

Answers :

1. Leader

2. Autocratic leader

3. Democratic leader

4. Functional leader

5. General manager

6. Leader

7. Heart

8. Manager

9. Employees

10. Functional leader

11. Policy on non-interference

PART-B

1. What is meant by leadership?

2. Define the term leadership.

3. Who is known as paternalistic leader?

4. Who is known as Institutional leader?

5. Write short notes on Laissez faire leader?

6. Write short notes on Autocratic leader?

7. Write short notes on Democratic leader?

8. Write short notes on Functional leader?

9. What is meant by directing?

10. Define the term directing.

11. What are the activities involved in directing?

PART-C

1.What are the features of leadership?

2. Mention the functions of managerial leader.

3. What are the features of Directing?

4. Explain the role of direction.

5. What are the elements of direction?

6. What are the merits and demerits of an autoatic leader?

7. What are the merits and demerits of democratic leader ?

8. What are the merits and demerits of laissefair leader ?

9. What are the merits and demerits of functional leader?

PART-D

1. Write in detail the types of leadership styles.

2. What are the principles of directin?

3. Explain the qualities of a good leader?

7. MOTIVATION

Learning Objectives : After reading this chapter you will be able to Understand

Meaning – Definition – Characteristics – Steps/Process – Merits – Types – Theories of motivation
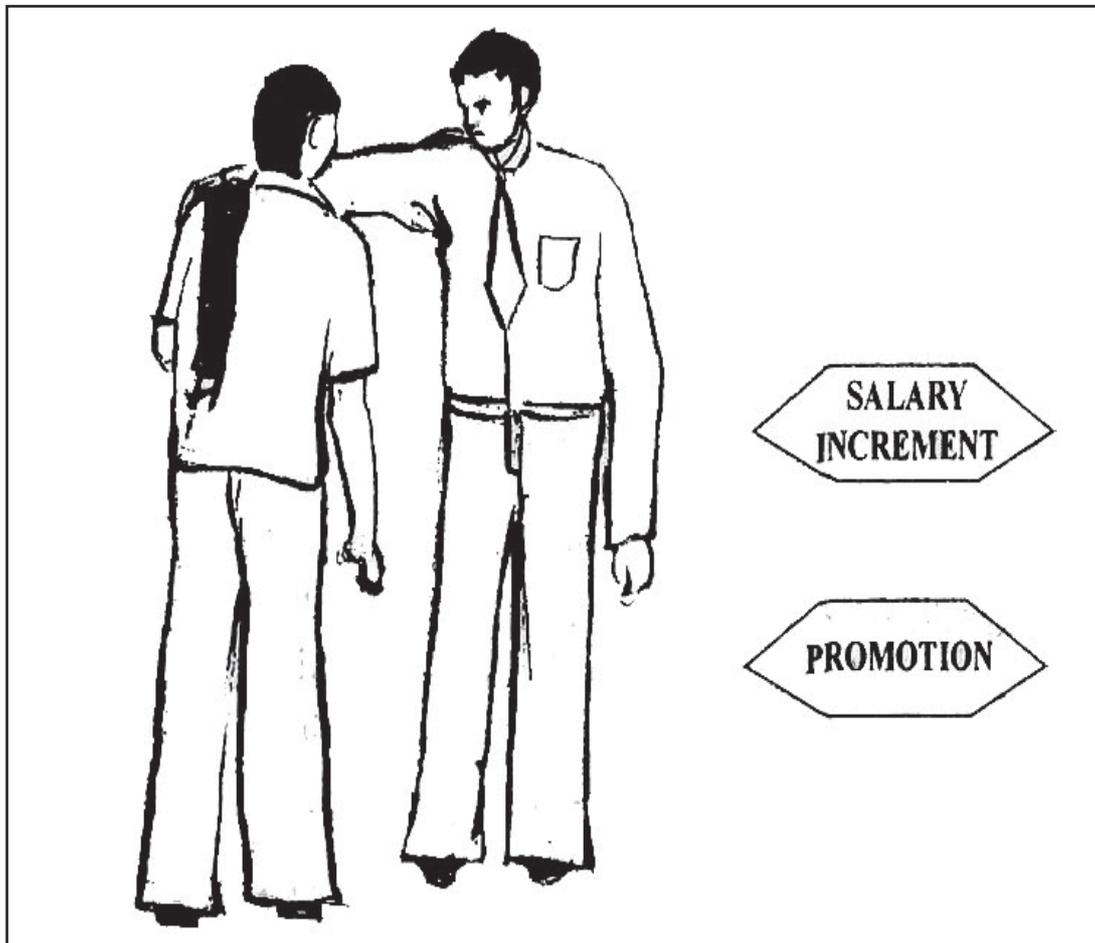
Fig 7.1 MOTIVATION

Meaning:

The important task before every manager is to secure optimum performance from each of his subordinates. The performance of the subordinate, in turn, is determined by his ability to work and the extent to which he is motivated. Motivation is the process of inducing and integrating the subordinates to put in their best. Motivation is influenced significantly by the needs of a person and the extent to which these have been fulfilled.

To motivate the subordinates, the manager must, therefore, understand their needs.

The term 'motivation' has been derived from the word 'motive'. Motive is the urge, need, want or desire that induces a person to work.

Definitions of Motivation:

The following are some of the important definitions of motivation given by eminent management thinkers:

1. Motivation means a process of stimulating people to action to accomplish desired goals- **W.G.Scott.**

2. Something that moves the person to action and continues him in the course of action already initiated **– Robert Dubin.**

3. Motivation is the process of attempting to influence others to do your will through the possibility of gain or reward. – **Edwin B. Flippo.**

Nature / characteristics of Motivation:

The following salient features of motivation explain its nature:

1. **Motivation is a psychological concept**

The needs of person influence his behaviour. A subordinate, whose needs have been fully satisfied, feels mentally relieved. The quantum of tangible benefits provided, e.g. higher pay to subordinate may not actually determine mental satisfaction. Even a word of appreciation from the manager may provide greater mental satisfaction to an employee and induce him to work harder. Motivation, thus, has something to do with the psychology of the employees.

2. **Motivation is always total and not piece-meal**

It means that a person cannot be motivated in instalments. An employee will not be motivated if some of his needs are partly satisfied. For example, if an employee awaits a transfer to his native place and is also due to get his promotion, he will not feel motivated if only one of the benefits is sanctioned. It is, therefore, the duty of the employer to grant any benefit to his employees fully as and when it is due.

3. **Motivation may be financial or non-financial**

An employee may be motivated through financial or non-financial incentives. Financial incentives are the monetary benefits provided to an employee in the form of higher pay, bonus, commission etc., Non-financial incentives are the non-monetary benefits such as greater decision-making authority, better designation and so on.

4. **Method of Motivation may be positive as well as negative**

Many people think that the method of motivation should always be positive. It may even be negative. The method is positive if it is in the form of higher pay, greater authority, better designation etc., The method of motivation is negative in the following cases:

      (i)   Issue of Memo to a worker showing negligence**.**
      (ii)   Placing a worker who is avoiding duties under suspension
      (iii)   Pay-cut.
      (iv)   Imposing fines or penalties for violating rules and regulations in the work place etc.

5. **Motivation is a continuous process**

Man is a wanting animal. As soon as one need is satisfied another appears in its place. This is an unending process. Motivation, therefore, is not a time-bound process. In the work place, an employeeneeds to be motivated as long as he is in employment.

Motivation Process/Steps:

Motivation is the result of an interaction between human needs and incentives. A person feels motivated when available incentives lead to the satisfaction of his motives or needs. The various steps in the process of motivation are described below.

1. **Awareness of Need**

Needs or motives of a person are the starting point in the motivational process. Motives are directed towards the realisation of certain goals which in turn determine the behaviour of individuals. This behaviour leads to goal-directed behaviour. In other words, awareness of unsatisfied needs creates tension in the mind of a person.

2. **Search for Action**

In order to relieve his tension and to satisfy his needs, the individual looks for a suitable action. He develops certain goals and makes an attempt to achieve them.

3. **Fulfillment of Need**

In case the individual is successful in his attempt, his need is satisfied and he feels motivated. If the attempt is unsuccessful the need remains unsatisfied and the individual engages himself in search for a new action. He will engage himself in constructive or defensive behaviour.

4.**Discovery of New Need**

Once one need is fulfilled, some other need will emerge and the individual will set a new goal. This process continues to work within an individual because human needs are unlimited.
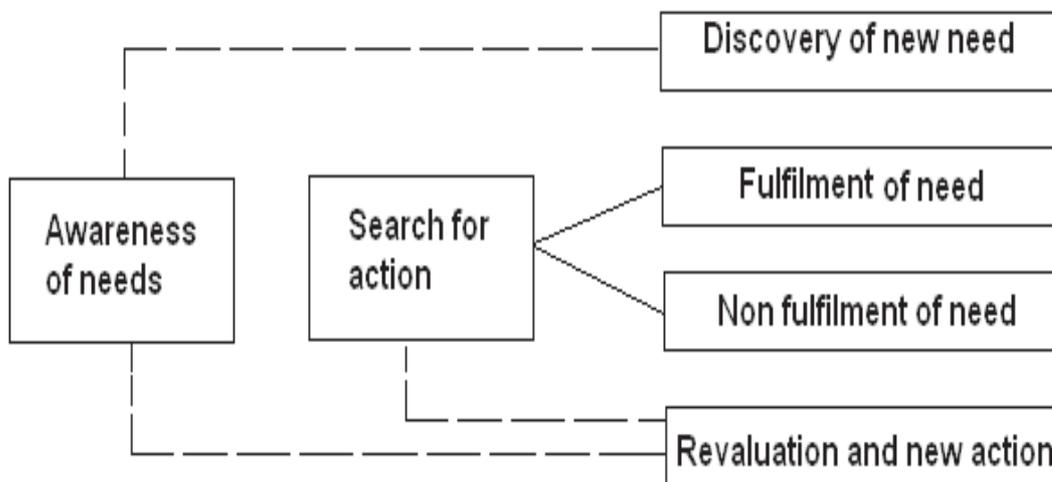
Fig 7.2 MOTIVATION PROCESS : AN OVERVIEW

Importance/ Merits of Motivation :

Motivation, as a tool of direction, is important in view of the following reasons:

1. **Inducement of employees**

In the workplace, motivation is important to induce an employee to contribute to his maximum

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capabilities. Every employee has certain unfulfilled desires. The employer, by fulfilling the needs of the employee motivates him to do his best.

2. Higher efficiency

Well-motivated employees put in maximum efforts in discharging their duties. This leads to higher output and thereby reduces the average cost per unit produced. Optimum output and lower cost is what is essential to achieve maximum efficiency.

3. Optimum use of resources

Motivated employees do not avoid their duties. It is, therefore, possible to make optimum use of the enterprise resources, particularly, materials and machines. The employees also do not remain idle during working hours. As a result, there is no loss of labour hours.

4. Avoidance of loss due to mishandling and breakage

Properly motivated employees are always careful in their work. They do not show negligence. As a result, loss due to mishandling of machines and equipment and due to breakage will certainly be avoided.

5. No complaints and grievances

Well-motivated employees do not make unnecessary complaints about anyone or anything. They like their job and the organisation. As all their needs are fulfilled by their employer, they hardly have any grievance.

6. Better human relations

When an organisation has properly motivated staff, there will be better inter-personal relationships. The superiors trust their subordinates and vice versa. There is also greater co-operation among the employees.

Types of Motivation:

Motivation can be classified on several basis.
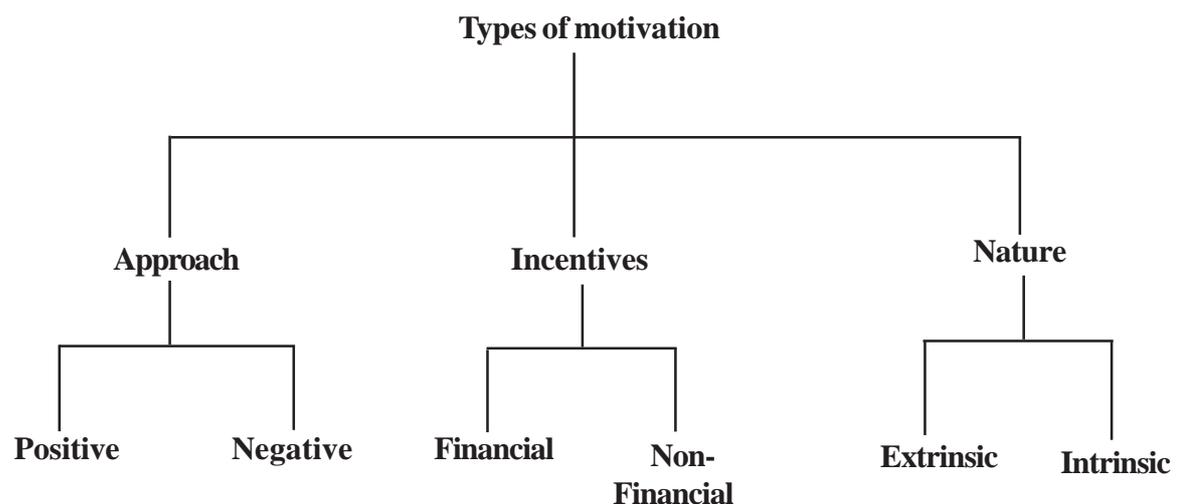
Fig 7.3 TYPES OF MOTIVATION

On the basis of approach, motivation can be classified as positive and negative.

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1. **Positive Motivation**

   Positive motivation implies creation of an environment in which people can satisfy their needs and aspirations. Under it rewards and incentives are offered to inspire employees. All necessary facilities are provided to workers. They are offered prizes and awards for best performance. Positive motivation removes the psychological barrier and develops a sense of affiliation

2. **Negative Motivation**

   Negative motivation involves creating a sense of fear or unhealful environment. Workers who do not perform well are penalised. There is a cut in their facilities and remuneration. Demotion, layoff are other punitive measures which the workers have to suffer in case their performance does not come up to the desired level. Negative motivation creates detachment between the individuals and the organisation and lack of integrity to the purpose. Negative motivation is based on pessimistic view which holds that only fear of punishment will force employees to improve their performance.

On the basis of the type of incentives used, motivation may be financial or non-financial.

3. **Financial Motivation**

   Financial motivation implies use of monetary benefits to inspire employees. Financial incentives include wages and salaries, bonus, fringe benefits, retirement benefits, etc., Money plays an important role in motivation. Money helps to satisfy physiological and security needs of workers. Money is also useful in satisfying social needs to some extent because money is often recognise as a symbol of power, prestige and status.

4. **Non-financial Motivation**

   Non-financial motivators are not associated with monetary rewards. These include recognition of work done, greater involvement in decision-making, responsibility, challenging job, etc. Praise, competition, knowledge of results, suggestion system, and opportunity for growth are other important non-financial motivators.

On the basis of the nature of reward used, motivation may be extrinsic or intrinsic.

5. **Extrinsic Motivation**

   Extrinsic motivators do not occur on the job but around the job. These factors include pay allowances, bonus, and fringe benefits. Extrinsic reward may be direct which are linked with performance and indirect compensation like free housing, conveyance, medical facilities, etc., Generally direct compensation is more effective motivator.

6. **Intrinsic Motivation**

   Intrinsic motivation occurs on the job and provides satisfaction while the job is being performed. Intrinsic or internal motivators include status, authority, participation, challenging task etc., variety of work, freedom for discretion, greater responsibility opportunity for advancement are also intrinsic rewards.

7. **Financial and non- financial, intrinsic and extrinsic**

   All rewards have their own utility. But for the effective use of rewards certain guidelines should be followed. First, rewards should be consistent with the goals and needs of employees. Secondly, reward should be linked with desired performance. Thirdly, workers must know in advance what rewards are available for successful performance of the job.

THEORIES OF MOTIVATION

Many experts have developed different theories on the concept of motivation. Popular ones are given below:

1. Maslow's Need Hierarchy Theory
2. McGregor's X and Y Theories
3. Ouchi's Z theory
4. Herzberg's Two-factor theory
5. McClelland's Need theory
6. Vroom's Expectancy theory.

Maslow's Need Hierarchy Theory:

Abraham H Maslow, a psychologist, developed a theory called the 'Need Hierachy Theory'. It is one of the oldest theories on motivation. Maslow was of the view that human behaviour is directed towards the satisfaction of certain needs. He classified human needs into five categories and arranged the same in a particular order as given below:

(i)   Physiological Needs
(ii)   Safety Needs
(iii)   Social Needs
(iv)   Esteem Needs and
(v)   Self-actualisation Needs
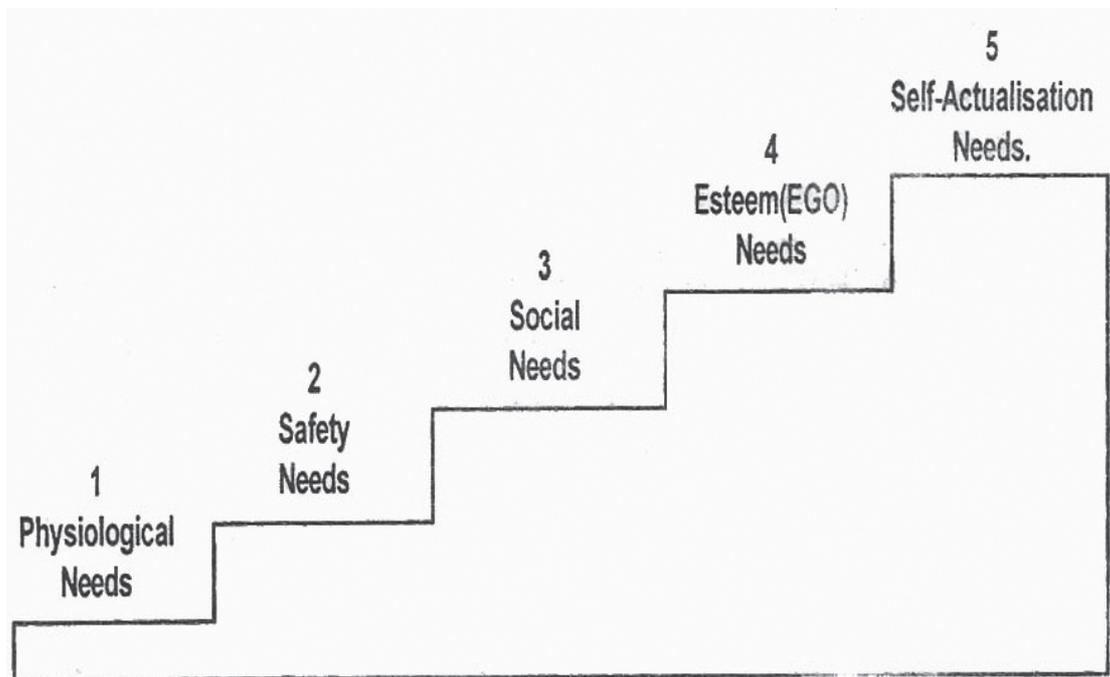
FIG 7.4 MASLOW'W HIERARCHY OF NEEDS

Maslow regarded the first three (Physiological, Safety and Social Needs) as 'lower order needs' and the remaining two (Esteem Needs and Self-actualisation) as 'higher order needs'.

1.Physiological needs

These are the primary or the basic needs of a person that must be fulfilled. These include, among others, food, clothing and shelter that are vital for the survival of mankind. A person cannot think of recognition or status when he is not able to earn adequately to satisfy his basic needs.

2. Safety needs

The safety or security needs emerge once the basic or physiological needs of a person are fulfilled. Job security is one such need. People, generally, prefer secured jobs. Similarly, every employee wants to contribute to provident fund, insurance and such other schemes that protect his interests particularly in his old age when he cannot work and earn.

3. Social needs

At this stage, a person wants friendship, companionship, association, love and affection of particularly those with whom he mingles often. In the work place he may long for the association of the fellow-employees. In fact, it is for this reason that informal groups are formed within a formal organisation. In the living place he may desire to have the friendship of his neighbours. These days people live in flats and it is common to find an association in every apartment. These associations, are formed by the owners to look after common amenities and for the sake of peaceful co-existence.

4. Esteem needs

These needs arise in view of a person's desire to have his ego satisfied. The satisfaction of these needs gives a person the feeling that he is above others. It gives a person self-respect, self-confidence, independence, status, recognition and reputation. Some people show preference for luxury cars, expensive jewels and so on not just because they can afford it but also due to the fact that possession of such goods satisfies their ego.

5. Self-actualisation needs

According to Maslow, A person., who reaches this stage, wants to achieve all that one is capable of achieving. In other words, a person wants to perform to his potentials. A professor may, for example, author books. A singer may compose music and so on. The desire to excel need not necessarily be in the field one is attached to. It can be in some other sphere also. For example, an actor or actress may excel in politics.

McGregor's 'X'and 'Y' Theories

Douglas McGregor developed two theories on motivation that explain the positive and negative qualities of individuals. H is Theories are popularly known as 'X' and 'Y' Theory. These theories have been discussed below.

'X' Theory

Theory 'X' is negative or pessimistic in approach. It is based on the following assumptions:
1. People, in general, dislike work. They avoid their duties and are basically lazy.
2. Most people are un-ambitious. They do not voluntarily accept any responsibility.
3. Most people lack creativity. They show no preference for learning anything new factors.
4. Satisfaction of physiological and safety needs alone is important for most people. Workers in general are only bothered about their salary, job security and such other extrinsic factors.
5. While at work, an employee needs to be closely supervised and watched.

Theory 'X' does not want managers to involve workers in the decision making process. It expects the workers to work as per the directions of the managers.

'Y' Theory

Theory 'Y' is positive or optimistic in its approach. It is based on the following assumptions:

1. People are not averse to work. Given the proper working conditions the workers would do their work with the kind of enthusiasm. They show for their other activities like playing and eating.

2. Workers are ambitious and they do come forward to accept responsibility.

3. Workers do have the potentials to be creative. If the management has a positive outlook, it will certainly encourage the workers to display their creative ideas and skills.

4. It is not correct to assume that only satisfaction of physiological and safety needs are important for most workers. The workers do many things to have their ego satisfied. There are workers with tremendous potentials who want to work to their maximum capabilities.

5. Workers need not be directed and closely supervised. They are good in what is called 'self-direction'.

Distinction between Theory 'X' 'Y'

S.No	Theory X'	Theory Y'
1.	People in general have a inherent dislike for work	People love to do their work provided they are given the proper environment.
2.	Most people are not ambitious and do not voluntarily accept any responsibility.	With proper motovation people can certainly be made to accept responsibility.
3.	People in general lack creativity	If the management has a positive outlook it can certainly encourage the workers to display their creative ideas and skills.
4.	satisfaction of physiological and safety needs alone is important.	Workers do many things to satisfy their ego and also to display their potentials.
5.	Close supervision is necessary.	Workers are good at self-direction.

POINTS TO REMEMBER
NATURE OF MOTIVATION
1. Motivation is a psychological concept
2. Motivation is always total and not piece-meal
3. Motivation may be financial or non-financial
4. Method of motivation may be positive as well as negative
5. Motivation is a continuous process

MOTIVATION PROCESS
1. Awareness of need
2. Search for action
3. Fulfilment of need
4. Discovery of new need

IMPORTANCE OF MOTIVATION
1. Inducement of employees
2. Higher efficiency
3. Optimum use of resources
4. Avoidance of loss due to mishandling and breakage
5. No complaints and grievances
6. Better human relations

TYPES OF MOTIVATION
On the basis of approach
1. Positive motivation
2. Negative motivation
On the basis of finance
3. Financial motivation
4. Non-financial motivation
On the basis of nature
5. Extrinsic motivation
6. Intrinsic motivation

THEORIES OF MOTIVATION
MASLOW'S HIERARCHY OF NEEDS
1. Physiological needs
2. Safety needs
3. Social needs
4. Esteem needs
5. Self-actualisation needs

MCGREGOR'S X ANDY THEORIES
1. X Theory
2. Y Theory
Differences between X and Y Theory

Objective Type   **PART- A**   **(One Mark)**

I. Choose the Correct Answer:

1. ------ is the result of an interaction between Human needs and Incentives.
   (a) Leadership (b) Motivation (c) Co-Operation (d) Organisation.

2. There are ——— needs under Maslow's need Hierarchy theory.
   (a) 4 (b) 3 (c) 5 (d) 6

3. The safety needs emerge once the ------- of a person are fulfilled.
   (a) Social Needs (b) Basic Needs (c) Esteem Needs (d) All the Above.

4. Theory Y is ————— in its approach
   (a) Positive (b) Negative (c) Neutral (d) None

5. Workers need not be directed and closely supervised under ———— approach
   (a) X Theory (b) Y Theory (c) Maslow Theory (d) None

6. People do not voluntarily accept any responsibility under ———— theory
   (a) X Theory (b) Y Theory (c) Maslow (d) None.

7. Financial motivation are given to employees in the form of
   (a) Increment (b) Bonus (c) Incentive (d) All the Above.

8. .... developed X and Y theories
   (a) Maslow (b) McGregor (c) F.W.Taylor (d) Peter F Drucker

9. .... Motivation are not associated with monetary rewards
   (a) Positive (b) Extrinsic (c) Negative (d) Non-Financial

10. Method of motivation may be ————
    (a) Positive (b) Negative (c) Positive or Negative (d) None of the Above

11. Financial incentives are in the form of ————
    (a) Knowledge of results (b)Opportunity for growth (c) Commission (d) All the Above

12. Awareness of unsatisfied needs creates ————
    (a) Tension (b) Tired (c) Pleasure (d) None of the Above

13. Human needs are ————
    (a) Limited (b) Unlimited (c) Satisfied (d) Fulfilled

14. Money is often recognised as a symbol of ————
    (a) Power (b) Prestige (c) Status (d) All the above

15. Social needs are ————
(a) Friendship (b) Companionship (c) Self-Respect (d) Both Friendship & Companionship

16. Job security is ————
(a) Esteem Needs (b) Safety Needs (c) Social Needs (d) Physiological Needs

17. Indirect compensations are ————
(a) Free Housing (b) Conveyance (c) Medical Facilities (d) All the Above

Answers:

1. (b) Motivation   2. (c) Five

3. (b) Basic   4. (a) Positive

5. (b) Y Theory   6. (a) X Theory

7. (d) All the above   8. (b) Mc Gregor

9. (d) Non – Financial   10. (c) both Positive and Negative

11. (c) commission   12. (a) Tension

13. (b) unlimited   14. (d) all the above

15. (d) Both Friendship & companionship   16. (b) Safety needs

17. (d) All the above

II. Write One or Two words:

1. What is the process of motivation?

2. How financial motivations are given to employees?

3. Who developed Hierarchy Theory?

4. How many needs are there in lower order needs?

5. How many needs are there in Higher order needs?

6. Who developed X and Y theories?

7. Under which theory people have an inherent dislike for work?

8. Under which theory people lack creativity?

9. What is the other name for basic needs ?

10. What should the manager know to motivate the subordinates ?

11. Write any one non-financial incentive ?

12. What is an essential things to achieve maximum efficiency ?

13. Which motivation creates a sense of fear ?

14. What plays an important role in motivation ?

15. Which is more effective means of motivation ?

16. Write any two intrinsic motivation.

17. What are physiological needs ?

18. Write any two Esteem needs ?

19. What is the other name for phsiological needs?

Answers

1. Stimulating people	2. Increment / Bonus / Incentives
3. Maslow	4. 3
5. 2	6. McGregor
7. Theory X	8. Theory X
9. Physiological Needs	10. Understand their needs
11. Better designation	12. Optimum output at lower cost.
13. Negative	14. Money
15. Direct Compensation	16. Status, Authority

17. Food, Clothing and Shelter

18. Self-Respect / Self-Confidence / independence / status / recognition / reputation

19. Primary / Basic needs.

PART –B   (Four Marks)

1.   What is meant by motivation?

2.   Define the term motivation.

3.   What is Positive Motivation.

4.   What do you mean by Negative Motivation?

5.   Write short notes on Non-Financial motivation.

6.   Write short notes on Extrinsic motivation.

7. Write short notes on Intrinsic Motivation.

8. What are Physiological needs?

9. What are Safety needs?

10. What are Social needs?

11. Write short notes on esteem needs.

12. Write short notes on self actualisation needs.

PART –C   (Ten Marks)

1. What are the features of motivation?

2. Mention the steps involved in motivation?

3. Explain the importance / advantages of motivation?

4. What are the different types of motivation?

5. Write the differences between theory X & Y?

PART – D   (Twenty Marks)

1. Write in detail the Maslow's need Hierarchy theory?

2. Describe McGregor's X & Y theories?

8. DEVELOPMENT OF HUMAN RESOURCES (STAFFING)

Learning objectives: After reading this chapter you will be able to understand

Meaning – Staffing - Definition - Recruitment - Definition - Recruitment Sources – Selection – Selection Process – Selection Tests – Interview – Types of interview – Placement & Induction - Training – Merits – Steps/Process – Types of training
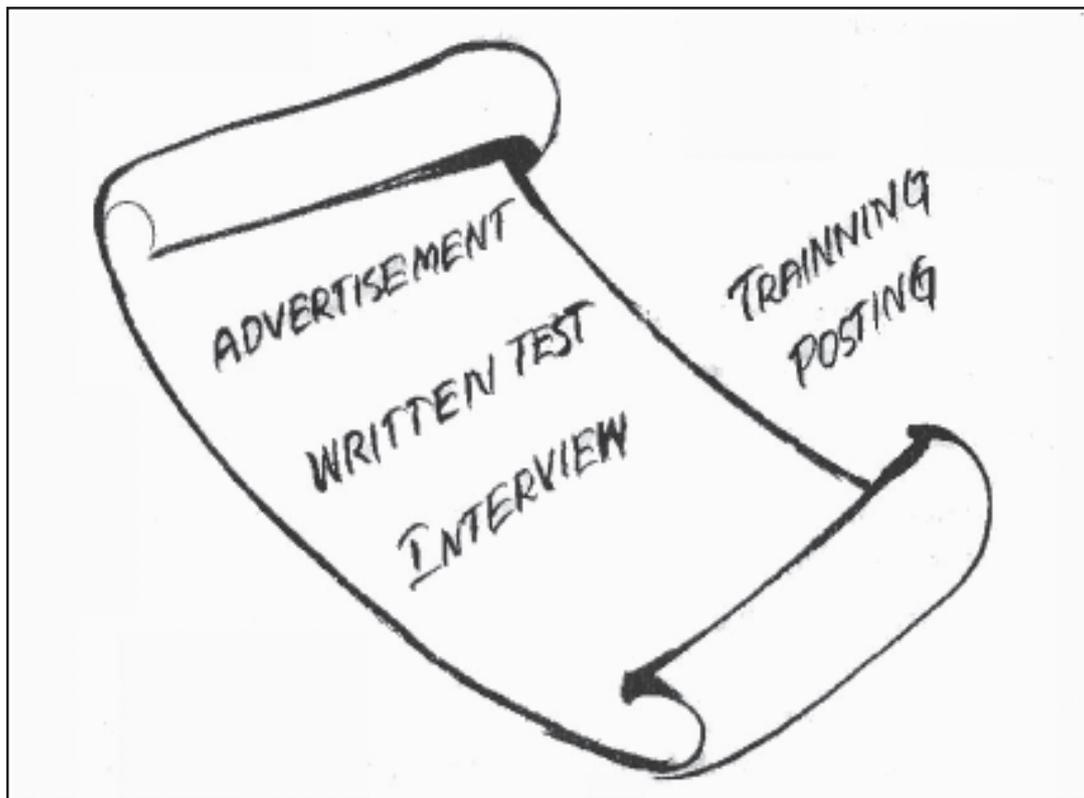
Fig 8.1 STAFFING

Meaning:

Staffing is that part of the process of management which is concerned with obtaining utilising and maintaining a satisfied work force. Its purpose is to establish and maintain sound personal relations at all levels in the organisation so as to make effective use of personnel to attain the objectives of the organisation and to provide personal and social satisfaction, which personnel wants.

Definition of staffing :

In the words of **Koontz** and **O'Donnell**, staffing can be defined as "filling positions in the organisational structure through identifying work force requirements, inventorying the work force, recruitment, selection, placement, promotion, appraisal , compensation and training of people".
Staffing, like all other managerial functions, is the duty which a manager performs at all times. Although this function is stated after planning and organising, this should not be interpreted to mean that the manager should perform these two functions before staffing. It is a continuous process and every manager from top to bottom is continuously engaged in performing this function.

Recruitment:

Recruitment is the process concerned with the identification of sources from where the personnel can be employed and motivating them to offer themselves for employment.

Definition:

According to **William B Werther** and **Keith Davis,** "Recruitment as the process of finding and attracting capable applicants for employment. The process begins when new recruits are sought and ends when their applications are submitted. The result is a pool of applicants from which new employees are selected".

Thus, recruitment process is concerned with the identification of possible sources of human resource supply and tapping those sources.

Sources of Recruitment:

Basically there are two sources of recruitment. They are:

Sources of Recruitment

Internal sources

1. **Transfer**
2. **Promotion**

External Sources

1. **Advertisement**
2. **Employment agencies**
3. **On campus recruitment**
4. **Deputation**
5. **Recommendation by existing employees**
6. **Labour union**
7. **Gate hiring**
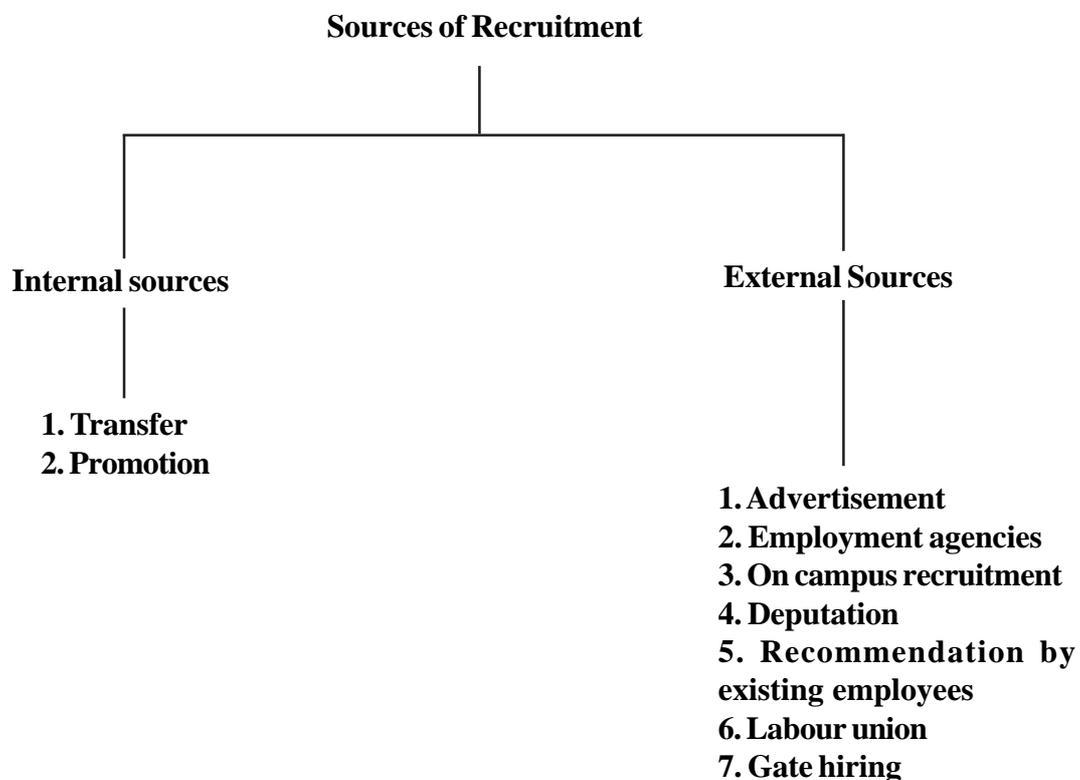
Fig 8.2 SOURCES OF RECRUITMENT

1.Internal Source:

In the case of internal source, the selection of candidates for the jobs will be done from among the existing employees of the organisation. Preference may also be given to the family members, relatives or friends of the existing employees. If the employer believes in the proverb 'known devil is better than an unknown angel' he will rely on the internal source. The following are the ways of filling up vacancies internally:

(i)   Transfer
(ii)   Promotion

(i) Transfer:

This is probably the easiest approach to filling up a vacancy. If a particular department has a couple of surplus staff and another department is short staffed, the surplus staff may be transferred to that other department. Such an approach avoids the need to dispense with surplus staff (called 'retrenchment') in one place and make fresh recruitment in another place of the organisation.

(ii) Promotion:

Usually, when a vacancy arises at a higher level in an organisation, it is filled up by elevating a person who comes next in the organisational hierarchy. For example, if the post of Sales Manager is vacant, the senior most sales officer may be appointed for the post.In turn, an experienced salesman may be made the sales officer.

Merits of Internal Sources of Recruitment:

The following are the advantages of recruiting employees by the internal source:

1. This improves their morale and induces them to constantly update their knowledge.

2. As the management already knows the employee, there is no risk involved in appointing him to some other post in the organisation.

3. As the employee is already familiar with the organisational policies, rules and regulations, these need not be explained to him.

4. Internal source of recruitment also saves lot of time and money for the management.

Disadvantages:

The following are the demerits of internal source of recruitment:

1. It restricts choice. The idea should be to appoint the fittest person for a job and not a known person.

2. It denies opportunities for capable outsiders.

3. As an existing employee is accustomed to the organisational routine, he lacks the capacity to think originally.

EXTERNAL SOURCES OF RECRUITMENT:

 1. **Advertisement.**

Advertisement is the most effective means to search potential employees from outside the organisation. Employment advertisement in journals, newspapers, bulletins, etc., is quite common in our country.

 2. **Employment Agencies.**

Many organisations get the information about the prospective candidates through employment agencies.

3. On Campus Recruitment.

Many organisations conduct preliminary search of prospective employees by conducting interviews at the campuses of various institutes, universities, and colleges.

4. Deputation.

Many organisations take people on deputation from other organisations. Such people are given choice either to return to their original organisation after a certain time or to opt for the present organisation.

5. Recommendation by existing employees.

Vacancies may also be filled up on the basis of recommendations made by the existing employees of the concern. A family member, relative or friend of an employee may be considered for appointment.

6. Labour Unions.

In many organisations, labour unions are used as source of manpower supply, though at the lower levels. In many organisations, unions are asked to make recommendations for employment of people as a matter of goodwill and cooperation.

7. Gate Hiring.

The concept of gate hiring is to select people who approach on their own for employment in the organisation. This happens mostly in the case of unskilled and semiskilled workers. As such candidates are recommended by the existing employees, it is safe to employ them. Employee recommendations can be considered to employ personnel particularly at the lower levels.

SELECTION:

Definition: According to **Dale Yoder**, "Selection is the process in which candidates for employment are divided into two classes, those who are to be offered employment and those who are not to be".

SELECTION PROCESS

A selection process involves a number of steps. The basic idea is to solicit maximum possible information about the candidates to ascertain their suitability for employment. A standard selection process has the following steps; Receiving application form, screening of application forms, selection tests, interview, checking of references, physical examination, approval by appropriate authority and placement. Below is a discussion of the various steps.

1. Receiving Application Form

The first step in the selection of candidates is to receive application forms from all eligible candidates. The candidates may be asked to submit their applications together with their bio data on a plain paper. Sometimes, the organisation itself may make available printed applications. These applications may be given either free of cost or for a fee payable by the applicants. Those living in distant places may secure the application by post by sending a self-addressed and stamped envelope. Now-a-days the candidates can submit their application through online.

2. Screening of Applications.

Prospective employees have to fill up some sort of application forms. These forms have variety of information about the applicants like their personal bio-data, achievement, experience, etc., Such information is used to screen the applicants who are found to be qualified for the consideration of employment. The information may also be used to keep permanent records of those persons who are selected. Based on the screening of applications, only those candidates are called for further process of selection who are found to be meeting the job standards of the organisation.

3. Selection Tests.

Many organisations hold different kinds of selection tests to know more about the candidates or to reject the candidates who cannot be called for interview, etc., Selection tests normally supplement the information provided in the application forms. Selection tests may give information about their aptitude, interest, personality, etc., which cannot be known by application form.

4. Interview.

Selection tests are normally followed by personal interview of the candidates. The basic idea here is to find out overall suitability of candidates for the jobs. It also provides opportunity to give relevant information about the organisation to the candidates. In many cases, interview of preliminary nature can be conducted before the selection tests.

5. Checking of References.

Many organisations ask the candidates to provide the names of referees from whom more information about the candidates can be solicited. Such information may be related to character, working, etc., The usual referees may be previous employers, persons associated with the educational institutions from where the candidates have received education, or other persons of prominence who may be aware of the candidates' behaviour and ability.

6. Physical Examination.

Physical examination is carried out to ascertain the physical standards and fitness of prospective employees.

7. Approval by Appropriate Authority.

On the basis of the above steps, suitable candidates are recommended for selection by the selection committee or personnel department.

8. Placement.

After all the formalities are completed, the candidates are placed on their jobs initially on probation basis. The probation period may range from six months to two years. During this period, they are observed keenly, and when they complete this period successfully, they become the permanent employees of the organisation.

SELECTION TESTS:

In India, the use of psychological and other tests is more popular. A test is an instrument designed to measure selected psychological factors.

Types of Tests:

The use of tests in selection is so widespread that these may be classified in various ways. They may have different objectives and measure different attributes. However, most of these tests fall in one of the following categories:

Achievement, Intelligence, Personality, Aptitude, and Interest.

1. **Achievement Test**.

    It is also called performance test or trade test. Achievement is concerned with what one has accomplished. Performance test may be administered for selecting employees at operative level as well as junior management level.

2. **Intelligence Test**.

    Intelligence test tries to measure the level of intelligence of a candidate. This test generally includes verbal comprehension, word fluency, memory, inductive, reasoning, number facility, speed of perception, spatial, visualisation, etc.,

3. **Personality Test**.

    Dimensions of personality such as interpersonal competence, dominance-submission, extroversion-introversion, self-confidence, leadership ability, patience, and ambition can be measured through personality tests.

4. **Aptitude Test**.

    Aptitude test is used for measuring human performance characteristics related to the possible development of proficiency on specific jobs. Aptitude test measures the latent or potential characteristics to do something provided proper environment. Aptitude training are provided to the individuals. This test is more valid when the applicants have no experience or very little experience along the lines of the jobs.

5. **Interest Test**.

    Interest test is designed to discover a persons area of interest, and identify the kind of jobs that will satisfy him.

INTERVIEW:

Interview is selection technique that enables the interviewer to view the total individual and to appraise him and his behaviour. It consists of interaction between interviewer and applicant. If handled properly, it can be a powerful technique in achieving accurate information and getting access to material otherwise unavailable. However, if the interview is not handled properly, it can be a source of bias, restricting or distorting the flow of communication. Interview is the most widely used selection technique because of its easiness.

There can be several types of interviews:

(1) Preliminary interview   (2) Stress interview
(3) Patterned interview and   (4) Depth interview

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(1) Preliminary interview is held to find out whether the candidate is required to be interviewed in more detail.

(2) Stress interview is directed to create situations of stress to find out whether the applicant can perform well in a condition of stress.

(3) Patterned interview is structured and questions asked are decided in advance. This is done to maintain uniformity indifferent boards of interviewers.

(4) Depth interview, also known as non-directive interview, covers the complete life history of the applicant and includes such areas as the candidate's work experience, academic qualifications, health, interests, hobbies, etc. The method is informal, conversational with freedom of expression to the candidate.

PLACEMENT AND INDUCTION:

After a candidate is selected for employment, he is placed on the job. Initially, the placement may be on probation, the period of which may range from six months to two years. After successful completion of the probation period, the candidate may be offered permanent employment. After the initial placement of the candidate on the job, his induction is necessary. Induction is a technique by which a new employee is rehabilitated into the changed surroundings and introduced to the purposes, policies and practices of the organisation, employee's job and working conditions, salary, perks etc., In other words, it is the process of introducing the employee to the organisation.

Training:

Training is concerned with imparting and developing specific skills for a particular purpose. For example, **Flippo** has defined training as "the act of increasing the skills of an employee for doing a particular job". Thus, training is a process of learning a sequence of programmed behaviour. This behaviour, being programmed, is relevant to a specific phenomenon, that is a job.

Merits/Benefits/Advantages of Training:

The main benefits of training are given below:

1.Increased Productivity.

Training increase the knowledge and skills of employees. Therefore, well-trained employees give better performance on the job. Training results in higher quantity and quality of output.

2. Job Satisfaction.

Training builds self-confidence in the employee and enables him to achieve the required level of performance. Their enthusiasm, pride and interest in the job increases. As a result they derive greater satisfaction from their jobs and their morale goes up. Their attitude becomes more positive and co-operative.

3.Reduction in Accidents.

Generally, trained employees are less prone to accidents than the untrained ones. Proper training develops safety attitudes and helps to reduce the accident rate.

4. Better Use of Resources.

Well-trained employees make better use of machines and materials. As a result the rate of spoilage or wastage of materials is reduced. There is less breakage of machinery and tools. The maintenance cost is reduced and life of machines is increased.

5. **Reduced Supervision.**

Trained employees need less guidance. Therefore, need for supervision is reduced. The span of supervision can be increased and the costs of supervision reduced.

6. **Greater Flexibility.**

An organisation with trained personnel can introduce latest technology to reduce costs of production. Trained employees show less resistance to change. The enterprise can easily adjust to short-term variations in the volume of work.

7. Management by Exception.

Trained employees are self-dependent and can perform routine work independently. Therefore, supervisors can easily delegates authority and reduce their workload. They can practice management by exception and devote their time and energy to more important policy matters.

8.Stability and Growth.

An enterprise having a pool of trained personnel can maintain its effectiveness despite the loss of key personnel. It can more easily replace executives. It can also meet the personnel needs for growth and expansion.

Steps /Process of Training

The process of training involves the following stages:

   (i)   Identifying the training needs of the staff

   (ii)   Establishment of training goal

   (iii)   Selecting the right method of training and

   (iv)   Making an evaluation of training effectiveness

Let us now analyse these different stages.

(i) Identifying the training needs of the staff:

   The training needs of different categories of employees in an organisation are not the same. A new entrant must learn his job first. For this he requires training in a specific area of work. He must also become familiar with the company's policies,rules and regulations. For this, induction training may be necessary. On the other hand,another employee may need training to update his knowledge and skill.

(ii) Establishment of training goal:

   The management should have short-term and long-term training goals. The short-term training goal of the management will be to improve the level of efficiency of the employees and thereby achieve

higher production and sales. The long-term training goal can be to build a strong team of talented and committed staff that is vital for the future growth of the enterprise.

(iii) Selecting the right method of training:

The third stage in the training process is to select the most suitable method of training. There are on-the-job and off-the-job training methods. Facilities for training are not always available within the organisation itself. A new recruit who has to learn the basics of certain work may be trained within the organisation itself. On the other hand, an employee who has to learn certain new techniques of work may be sent to a training institute.

(iv) Making an evaluation of training effectiveness:

Training is meaningful only if its effectiveness is measured. The performance of the employee, who has undergone training, is the most important indicator of training effectiveness. All that the manager would do is to compare the employee's performance before and after training.

Types of Training:

The various types of training may be grouped under two categories:

1. On-the-job training

2. Off-the job training

1. On-the-job training

On-the-job traing refers to training given to an employee in the place where he is employed. Work and learn is the philosophy of such a training concept. The following are some of the important on-the-job training methods:

(i)   Induction training

(ii)   Apprenticeship training

(iii)   Refresher training

(iv)   Job rotation

(v)   Placement as assistants

(vi)   Vestibule training

(i) Induction Training:

Induction training is also known as 'orientation training'. It is required for all new employees. A new employee must also be informed of the policies, rules and regulations of the organisation pertaining to signing attendance, availing leave, transfer, promotion and so on.

(ii) Apprenticeship Training:

This is a conventional or a traditional method of training. In such a method, the trainee, called apprentice, is placed under a qualified senior worker. The apprentice learns the work by observing and assisting his senior.

(iii) Refresher Training :

The objective of refresher training is to enable the workers to constantly update their job knowledge. It is not necessary for a worker to undergo refresher training outside his workplace. If a new and sophisticated machine has been acquired by a business, the seller of the machine will educate the workers on the method of operation.

(iv) Job Rotation:

This kind of training enables an employee to become well-versed in different kinds of work, each of which is not totally different. Clerks in banks are usually subjected to job rotation. In a bank the employee is made to serve in different sections –savings bank, current account, fixed deposit, cash and so on.

(v) Placement as Assistants:

It is common to find certain designations in an organisation as Assistant Accounts Manager', Assistant Production Manager', Assistant Sales Manager' etc., Such designations only imply that these executives are going to be posted as 'Accounts Manager', 'Production Manager' and Sales Manager respectively in future when vacancies arise.

(vi) Vestibule Training:

In the context of training, the term 'vestibule' refers to a training school established within the factory premises. The working conditions and facilities in such a training school are so created that the place of training almost resembles the actual workplace. Instructors specifically appointed for the purpose will train a large number of workers in such a school.

2. Off-the-Job training:

Off-the-job training refers to training given to staff at a place away from the actual work place. The following are some of the important off-the-job training methods:

    (i)   Lectures and Conferences

    (ii)   Role playing

    (iii)   Case study

    (iv)   Management games

    (v)   Brain storming

    (vi)   Sensitivity training

The off-the-job training methods are suitable for training junior executives. Let us now study these various training methods.

(i) Lectures and Conferences:

There are staff training colleges like the Administrative Staff College in Hyderabad that train executives.

Conferences provide an opportunity for the executive trainees of different enterprises to meet at a particular place for the sake of exchanging, views on specific organisational issues.

(ii) Role Playing:

It is a training method in which the participant trainees are to enact the roles given to them. In a role-playing session, a specific organisational problem may be explained to the trainee group and each participant may be asked to act in the manner he would if he were the decision-maker.

(iii) Case Study:

In case study method, the trainees are given an organisational problem in written form. The problem may be something that has been experienced in some workplace or may even be an imaginary one. The participants may be asked to analyse the cause of the problem, suggest alternative solutions and also indicate the best solution in the prevailing conditions.

(iv) Management Games:

Different groups of trainees participate in a management game. The trainer specifies a certain situation in which each group has to make decisions in the specific area assigned to it.

(v) Brain Storming:

It is a technique used to solve a certain important organisational problem. For example, lack of product acceptance in the market is a serious problem that does not concern the marketing department alone. The executives of production, marketing, finance and other departments, in such a situation, need to meet and discuss. In such a session, each individual is free to come out with his ideas.

(vi) Sensitivity Training:

Such a method of training has been developed with the objective of promoting good human relations among the trainees. Sensitivity training helps an individual to understand group behaviour and to work with others as a team. It enables a person to develop a sense of tolerance and also gives him the courage and confidence to answer the remarks of his associates.

POINTS TO REMEMBER
SOURCES OF RECRUITMENT

1. INTERNAL SOURCES
(i) Transfer
(ii) Promotion

2. EXTERNAL SOURCES
(i) Advertisement
(ii) Employment agencies
(iii) On campus recruitment
(iv) Deputation
(v) Recommendation by existing employees
(vi) Labour union
(vii) Gate hiring

SELECTION PROCESS
1. Receiving application form
2. Screening of applications
3. Selection tests.
4. Interview
5. Checking of references
6. Physical examination
7. Approval by appropriate authority
8. Placement

SELECTION TESTS
1. Achievement test
2. Intelligence test
3. Personality test
4. Aptitude test
5. Interest test

INTERVIEW
1. Preliminary interview
2. Stress interview
3. Patterned interview
4. Depth interview

MERITS OF TRAINING
1. Increased productivity
2. Job satisfaction
3. Reduction in accidents
4. Better use of resources
5. Reduced supervision
6. Greater flexibility
7. Management by exception
8. Stability and growth

PROCESS OF TRAINING
1. Identifying the training needs of the staff
2. Establishment of training goal
3. Selecting the right method of training
4. Making an evaluation of training effectiveness

TYPES OF TRAINING
1. ON-THE-JOB TRAINING
(i) Induction training
(ii) Apprenticeship training
(iii) Refresher training
(iv) Job rotation

(v) Placement as assistants
(vi) Vestibule training

2. OFF-THE-JOB TRAINING

(i) Lectures and conferences
(ii) Role playing
(iii) Case study
(iv) Management games
(v) Brain storming
(vi) Sensitivity training

Project

Try to solve the problems given below

1. A company is manufacturing paper plates and bowls. It produces 100000 plates and bowls each day. Due to local festival, it got an urgent order of extra 50,000 plates bowls. Advise how the company will fulfill its order and which method of recruitment would you suggest.

Hint
Since the requirement is for a particular season, one should adopt temporary hiring. Explain the procedures that should be followed for temporary recruitment.

2. The GM of a medium scale firm received a complaint against a worker who was not only careless in his work, but often disobeyed his superior. He used to come to the factory late everyday and did not like others noticing it. Union leaders also have no courage to question or advice him. But they comment in his absence. His 15 years of career showed good conduct and behaviour. He began to behave carelessly only after the change of union leadership and change in his immediate superior.

Questions
1. Analyse the case
2. What action would you suggest to the GM?

Hint
You need to analyse the reason behind the employees behaviour and counseling for the same.

3. The quality of Production is not as per standards. On investigation it was observed that most of the workers were not fully aware of the proper operation of the machinery. What could be the way to improve the accuracy?

Hint
Analyse the training needs of the workers

Objective Type   **PART- A**   (One Mark)

I. Chose the correct answer:

1. ———— avoids the need to dispense with surplus staff called retrenchment.
(a)Transfer (b) Promotion (c) Deputation (d) Gate Hiring

2. Many organisation get the information about the prospective candidates through ———
(a) Employment Agencies (b) Labour Unions (c) Advertisement (d) Deputations.

3. Performance test is also known as
(a) Trade Test (b) Aptitude Test (c) Personality Test (d) Intelligence Test.

4. Depth interview is also known as
(a) Stress Interview (b) Preliminary Interview (c) Non Directive Interview (d) Patterned Interview

5. ---- is an example for conventional training.
(a) Induction (b) Role Playing (c) Apprenticeship Training (d) Job Rotation.

6. In ------ training, training school is established within the factory premises
(a) Induction (b) Refresher (c) Vestibule (d) Apprenticeship

7. Training builds -------- in the employee
(a) Self- Confidence (b) Interest (c) Proficiency (d) Efficiency

8. ---------- Employees make better use of machine and materials
(a) Untrained (b) Well Trained (c) Trainees (d) None of the Above

9. Different groups of trainee participate in a --------- game
(a) Organisational (b) Administration (c) Management (d) Planning

10. ------- training helps an individual to understand group behaviour
(a) Induction Training (b) Job Rotation (c) Vestibule (d) Sensitivity

11. Internal sources of recruitment are
(a) Transfer (b) Advertisement (c) Gate Hiring (d) Job Rotation

12. Employee Recommendation can be considered to employ
(a) Lower Level (b) Operative Level (c) Upper Level (d) Junior Management Level

13. Internal Sources of recruitment saves lot of
(a) Men and Materials (b) Time and Money (c) Machines and Tools
(d) None of the Above

14. Selection tests may give information about
(a) Aptitude (b) Interest (c) Personality (d) All the Above

15. The Probotionary period may range from
    (a) 2 Months to 6 Months (b) 3 Months to 1 Year (c) 6 Months to 2 Years
    (d) 2 Months to 9 Months

16. Intelligence test includes
    (a) Leadership (b) Word Fluency and Memory (c) Ambition (d) Patience

17. The Off-the-job training methods are suitable for training
    (a) Senior Executive (b) Apprenticeship (c) Vestibule (d) Junior Executive

18. Training is concerned with imparting and developing ……… for particular purpose.
    (a) Self-Respect (b) Complete Knowledge (c) Specific Skills (d) Personality

19. ………. Test tries to measure the level of intelligence of a candidate
    (a) Interest Test (b) Aptitude Test (c) Intelligence Test (d) Personality Test

20. Induction Training in also known as
    (a) Refresher training (b) Job Rotation (c) Apprenticeship Training   (d) Orientation Training

Answers:

1. (a) Transfer	2. (a) Employment agencies
3. (a) Trade test	4. (c) Non directive interview
5. (c) Apprenticeship training	6. (c) Vestibule
7. (a) Self confidence	8. (b) Well trained
9. (c) Management	10. (d) Sensitivity
11. (a) Transfer	12. (a) Lower Level
13. (b) Time and Money	14. (d) All the above
15. (c) 6 months to 2 years	16. (b) Word fluency and memory
17. (d) Junior executive	18. (c) specific skills
19. (c) Intelligence	20. (d) Orientation Training

II. Write Answer in One or Two Words:

1. How many sources of recruitment are there?

2. Which is the easiest approach to fill up a vacancy?

3. How vacancy arises at a higher level are filled up in internal sources?

4. Which source of recruitment improves morale of employees?

5. What is the other name for achievement test?

6. How many steps are there in the process of training?

7. What is the other name for Induction training?

8. Which is the traditional method of training?

9. Who defined the selection ?

10. Write any two external Source of recruitment

11. Which is the most effective means to search Potential Employees ?

12. What types of people are selected through gate hiring?

13. What are the types of training method?

14. Which source of recruitment restricts choice ?

15. Write any Two types of tests?

16. What is the objective of refresher training ?

Answers:

1. 2
2. Transfer
3. Promotion
4. Internal
5. Performance test / Trade test
6. 4
7. Orientation training
8. Apprenticeship training
9. Dale yoder

10. Advertisement / Deputation / Employment agencies / campus recruitment / labour unions / Recommendations existing employee / Gate hiring.

11. Advertisement
12. 1. Unskilled 2. Semiskilled
13. On-the-job, Off-the-job
14. Internal

15. 1.Aptitude test / Interest test / personality test / Intelligence test / Achievement test.

16. To update their job knowledge

PART – B   (Four marks)

1. What is meant by staffing?

2. What is meant by recruitment?

3. Define the term recruitment

4. Write short notes on Internal sources of recruitment?

5. Write short notes on External source of recruitment?

6. What is meant by transfer?

7. Write short notes on depth interview?

8. What is meant by interview? Write its types.

9. What is meant by training?

10. What is job rotation?

11. What is brain storming?

12. What is meant by 'vestibule' training ?

PART – C   (Ten marks)

1. Write the types of test in selection process?
2. Write the merits of training?
3. Explain the steps involved in training process?
4. What are the merits and de-merits of internal sources of recruitment?

PART –D   (Twenty marks)

1. Explain the sources of recruitment?
2. Describe the types of training given to employees.
3. Explain the steps involved in selection process?

Management Principles

Student Activity Based Learning

ACADEMIC YEAR FINAL PROJECT (GAME)

"Build It Better"

Activity Objectives

      Activity exercises the students to apply the principles learned in the "Management Principles" class throughout the year.

      Four to five teams need to be formed with the students of the participating class. One or two helpers / observers are recommended to help the instructor to maximize the benefit of the exercise

<u>**Items Needed**</u>

Building Kits:

      Toys or Puzzles of right difficulty level for the class. For example Lego has many creator toys from a simple home to architectural wonder like Taj Mahal. All the teams need to have the same kind of kits.

    *   Tools necessary for the kits

    *   Activity Instruction Sheets for the Teams

<u>**Activity stages**</u>

Initial Briefing:

      The instructor sets up the tone for the activity but would not spell out the entire objectives to keepthe surprise for the teams. To start with a free mind the instructor can emphasize the students need to enjoy the process of being an active team player and not worry too much about grades. This can also reduce unfair practices during the game.

Company Creation:

      Each team needs to form a corporate entity, name the company and appoint a CEO/General Manager.

Tender Submissions:

      Each company would receive the instructions from the instructor on submitting the tender for the building project. The tender instruction would list key specifications clearly. The idea of the tender process is to keep the entire activity competitive. For this class exercise only duration for project completion would be the criteria for winning the tender to make it simple.

      Building Implementation: Each team (company) goes on it's own in implementing the project. For example the CEO/GM can appoint a project manager and a key functional area manager within the team who assign roles for the rest of the team members. Instructor would create a lot of surprises during the phase of the project to each team.

Examples of surprises:

Missing parts
 Power failure
 Employee resignation / injury
 Union strike
Company acquisitions

Instructor along with the helpers would record the observations of how each company (teams) applied the management principles with simple but thorough checklists. A detailed mapping of principles learned in each chapter can be included in the observer checklist. The implementation phase would end when all the teams finish building the structure or when the time limit expires.

Review Phase:

Based on the observation checklist the instructor explains how each team applied the principles learned in the class. Afterwards the instructor can give real world examples and emphasize how each team could do things better.

Learning Benefits:

This single activity in one session of about 90 minutes can bring out skills of the students in terms of applying the management theory and leadership.

Note :

Students may develop interest towards reading the following dailys / magazines so as to improve their knowledge in the present modern business world

1. Business World
2. Business Line
3. Business Today
4. India Market Journal
5. The Economic Times

Reference Books

(1)	Principles of Management	-	J. Jayasankar.
(2)	Business Management	-	Dr. C. B. Gupta.
(3)	Management Principles	-	Dr. V. Balu.
(4)	Management Principles	-	Tamilnadu Text Book Corporation edition 2006.
(5)	Business Management	-	Kathiresan Dr. Radha.
(6)	Principles of Management	-	Kathiresan Dr. Radha.