

DEPARTMENT OF BUSINESS ADMINISTRATION-BBA (GENERAL)

Course Code: Course Code: BBA 1.1

Name of the Course: MANAGEMENT PRINCIPLES AND PRACTICE

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Syllabus:

Module 1: INTRODUCTION TO BUSINESS & MANAGEMENT

Introduction to Business, Forms of Business Organization, their merits, limitations and formation-Meaning Nature and Characteristics of Management Scope and Functional areas of Management; Management as a Science, Art or Profession; Management and Administration; Principles of Management.

Module 2: PLANNING AND DECISION MAKING

Nature, Importance and Purpose of Planning - Planning Process; Objectives; Types of plans (Meaning only); Decision making- Importance and steps; MBO and MBE (Meaning only).

Module 3: ORGANIZING AND STAFFING

Nature and purpose of Organization; Principles of Organizing; Delegation of Authority; Types of Organization - Departmentation, Committees; Centralization vs Decentralization of Authority and Responsibility, Span of Control. Staffing: Introduction, Meaning, Nature, Importance, Staffing Process

Module 4: DIRECTING AND COMMUNICATING

Meaning and Nature of Direction, Principles of Direction. Communication - Meaning and Importance, Communication Process, Barriers to Communication, Steps to overcome Communication Barriers, Types of Communication

Module 5: COORDINATING AND CONTROLLING

Coordination-Meaning, Importance and Principles. Controlling-Meaning and steps in controlling, Essentials of Effective Control system, Techniques of Control (in brief).

UNIT-01:

- ✓ Introduction to Business
- ✓ Forms of Business Organization- their merits, limitations and formation.
- ✓ Meaning Nature and Characteristics of Management
- ✓ Scope and Functional areas of Management
- ✓ Principles of Management.
- ✓ Management as a Science, Art or Profession
- ✓ Management and Administration.

INTRODUCTION TO BUSINESS

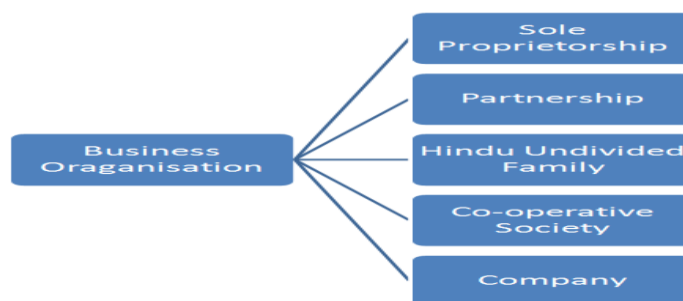
Business is an economic activity, it is concerned with buying and selling of goods and services, the main motive of any business is to earn profit.

A business is defined as an organization or enterprising entity engaged in commercial, industrial, or professional activities. Businesses can be for-profit entities or non-profit organizations.

Objectives of business organization

- Profit maximisation
- Sales maximisation
- Increased market share/market dominance
- Social/environmental concerns
- Profit satisficing
- Co-operatives/ Non- profit

Forms of Business Organization



1:SOLE PROPRIETORSHIP:

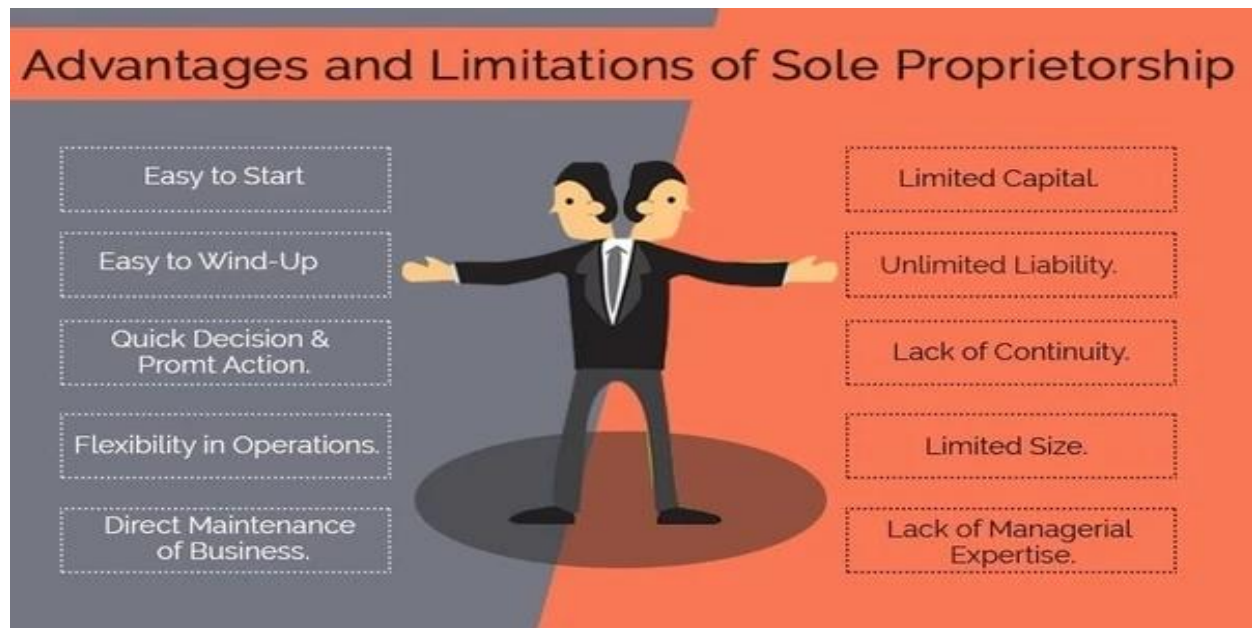
Sole Proprietorship is that form of business which has a single owner, who has the total responsibility of the business, who runs the business and also bears the risk on the failure of business.

CHARACTERISTICS OF SOLE PROPRIETORSHIP:



1. **Single Ownership:** A single person owns the entire business, i.e. all the assets and property belongs to the proprietor. Accordingly, he bears all the risk associated with the enterprise.
2. **No sharing of Profit and Loss:** Whatever income generated from the sole proprietorship business, it belongs to the sole proprietor only. Consequently, all the losses incurred by the firm are borne alone by the proprietor.
3. **One man's capital:** The capital required to start the business or to continue operations, is arranged and brought to the business by the sole proprietor only, either from his personal resources or by borrowing, i.e. from the bank, financial institutions, friends, relatives, etc.
4. **Unlimited Liability:** The liabilities of sole proprietorship business are unlimited. In the event of loss, the personal assets of the proprietor along with the business assets will be utilized to discharge the dues of business.
5. **Less Legal Formalities:** The legal requirements for formation, operation and closure of a sole proprietorship business are almost nil.
6. **One man Control:** As only one person is in charge of all the activities, he has full fledged control over it. Thus, the sole proprietor takes all the decision and executes it, in the manner he wants.
7. There is **no legal distinction between the proprietor and business:** They are one and the same thing in the eyes of the law. Sole proprietor uses his own skills, intelligence and expertise to operate the business

ADVANTAGES AND DISADVANTAGES OF SOLE PROPRIETORSHIP



1. Easy to Establish

A sole proprietorship business does not have any specific registration requirements and the proprietor's legal identity is used by the business. Hence, a proprietorship can be started without any registration. Using the PAN and Aadhaar of the promoter, **Udyog Aadhaar registration** and **Trademark Registration** can be obtained optionally to create and protect the identity of the business.

2. Easier to Operate

As a single person is at the helm of affairs, it is easier to operate as the particular person will be the sole decision maker and he need not consider a plethora of opinions. There is no concept of a board meeting or approval from other persons in a proprietorship firm.

3. Sole Beneficiary of Profits

No other business, other than that of a sole proprietorship and **one person company**, entitles the owner as the sole beneficiary of profits. In all other types of an entity like a partnership, LLP or company, a minimum of at least two persons are involved.

4. Compliance & Taxation

Since a proprietorship firm is not registered with any Government authority like the Ministry of Corporate Affairs, the compliance requirements are minimal. Further, the proprietor would only have to **file income tax returns** if the firm has taxable income

of more than Rs.2.5 lakhs per annum. In case of proprietors who have attained the age of 60 years or more during the previous year, income tax filing would be required only if the taxable income is more than Rs 3,00,000. In case of proprietors who have attained the age of 80 years or more during the previous year, income tax filing would be required only if the taxable income is more than Rs 5,00,000.

5. Privacy

Since sole proprietorships are an unregistered form of entity, there is no database maintained by the Government with a list of all proprietorships. Hence, proprietorship firms are more private when compared to a company or LLP whose details are published on the MCA website.

Disadvantages of Proprietorship

The following disadvantages must be taken into perspective while deciding to start a sole proprietorship firm:

1. Unlimited Liability

This is one of the most disturbing aspects of a sole proprietorship firm. On the occurrence of a loss, the proprietor must meet the liabilities at any cost, which implies that if the need occurs, his/her personal assets may have to be used for discharging the liabilities.

2. Difficulty in Obtaining Funds

A sole proprietor cannot indulge in sale of business interest or shares, which deprives the entity from the receipt of any type of equity funding. Further, banks are also wary of lending large sums of money to a proprietorship firm as the existence of the proprietorship firm is tied to the proprietor.

3. Higher Tax Incidence

Proprietorship firms are taxed similarly to an individual. Hence, **income tax rate for a proprietorship** firm is based on slabs. Though the income tax rate for income of upto Rs.10 lakhs is lower when compared to a company, proprietorship firms cannot enjoy various benefits enjoyed by an LLP or Company. Further, for taxable income of more than Rs.10 lakhs, the income tax rate for a proprietorship firm is higher than the **income tax rate of a company**. Hence, in the long-run, it would be more prudent to register a company to reduce income tax liability.

2:PARTNERSHIP:

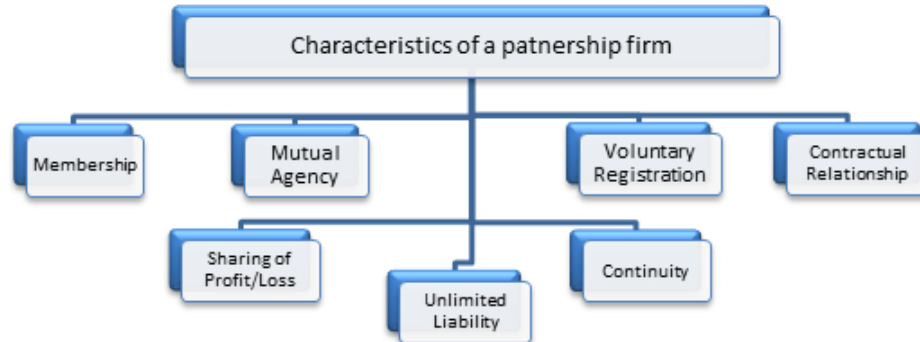
Meaning

Partnership is an association of two or more persons to carry on a business in the capacity of co-owners. Each such person is called a partner. All the partners share the profits and losses in proportion of their respective ownership or as agreed between them.

A partnership is a business owned by two or more persons who contribute resources into the entity.

- The partners divide the profits & loss of the business among themselves.
- In general partnerships, all partners have unlimited liability.
- In limited partnerships, creditors cannot go after the personal assets of the limited partners.

CHARACTERISTICS OF PARTNERSHIP FIRM:



1. **Membership:** At least 2 persons are required to begin a partnership while the maximum number of members is 100. All the individuals entering into partnership must be legally competent to enter into a partnership contract. Thus, minors, insolvent and lunatic persons cannot become members, but a minor can be admitted to partnership, to share profits.
2. **Unlimited liability:** The members of a partnership have unlimited liability, i.e. they are jointly and individually liable for the firm's debts and obligations. If business assets are not adequate to repay liabilities, personal assets of all or any partner can be claimed by the creditors to realise the outstanding amount.

3. **Sharing of profit and loss:** The main purpose of the partnership is to share profit in the agreed ratio. In the absence of any agreement between partners, the business profits or losses are divided equally among all the partners.
4. **Mutual Agency:** The partnership business is undertaken by all the partners or any of the partners, who acts on behalf of all the partners. So, every partner is a principal as well as an agent.
5. **Voluntary Registration:** The registration of partnership is not mandatory, but it is recommended, as it offers certain benefits. For instance, in case of any conflict among partners, any partner can file suit against other partner or if there is any dispute between firm and outside party, then also the firm can file a case against that party.
6. **Continuity:** There is a lack of continuity in partnership. Death, bankruptcy, retirement or insanity of any partner can lead the partnership to end.
7. **Contractual Relationship:** The relation subsisting between partners is due to the contract, which may be oral, written or implied.

ADVANTAGES OF PARTNERSHIP

- **Easy Formation** – An agreement can be made oral or printed as an agreement to enter as a partner and establish a firm.
- **Large Resources** – Unlike sole proprietor where every contribution is made by one person, in partnership, partners of the firm can contribute more capital and other resources as required.
- **Flexibility** – The partners can initiate any changes if they think it is required to meet the desired result or change circumstances.
- **Sharing Risk** – All loss incurred by the firm is equally distributed amongst each partner.
- **Combination of different skills** – The partnership firm has the advantage of knowledge, skill, experience and talents of different partners.

Disadvantages of a business partnership

- The liability of the partners for the debts of the business is unlimited
- Each partner is 'jointly and severally' liable for the partnership's debts; that is, each partner is liable for their share of the partnership debts as well as being liable for all the debts
- There is a risk of disagreements and friction among partners and management
- Each partner is an agent of the partnership and is liable for actions by other partners
- If partners join or leave, they will probably have to value all the partnership assets and this can be costly.

3:CO-OPERATIVE SOCIETY:

A cooperative society is a voluntary association that started with the aim of the service of its members. It is a form of business where individuals belonging to the same class join their hands for the promotion of their common goals.

Characteristics of Cooperative Society

- Voluntary association
- Separate legal entity
- Democratic management
- Service motive
- Utilization of surplus
- Cash trading
- Fixed-rate of return
- Government control
- Capital



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1. Voluntary association

Everybody having a common interest is free to join a cooperative society. There is no restriction based on caste, creed, religion, color, etc. Anybody can also leave it at any time after giving due notice to the society.

That is the specialty of any cooperative society. There should be a minimum of 10 members for a cooperative society, but there is no maximum limit for the membership.

2. Separate legal entity

A cooperative society after registration is recognized as a separate legal entity by law. It acquires an identity quite distinct and independent of its members can purchase, dispose of its assets, can sue, and also can be sued.

3. Democratic management

Equalities are the essence of cooperative enterprises, governed by democratic principles. Every member has got equal rights over the function management of that society.

As such, each member has only single voting right irrespective of the number of shares held or capital contributed by them.

In the case of a cooperative society, no member detects the terms and conditions of the functioning because “one man one vote” is the thumb rule.

4. Service motive

The main objective being the formation of any cooperative society is for mutual benefit through self-help and collective effort. Profit is not at all on the agenda of the cooperative society.

But if members so like, they can take up any activities of their choice to generate a surplus to meet the day-to-day expenses.

5. Utilization of surplus

The surplus arising from the operation of a business is partly kept in a separate reserve and partly distributed as dividend among the members.

6. Cash trading

One exception in the cooperative society is that like other businesses, it never goes for credit sales. It sells goods based on cash only.

Hence, the cooperative society hardly comes across financial hardship because of the non-collection of sales dues. Members can only purchase based on credit, which is an exception to the present rule.

7. Fixed-rate of return

All members are supposed to contribute capital for the formation of a cooperative society or at the time of joining as a member of the cooperative society.

8. Government control

The government regulates all the cooperative societies of the country through its different rules and regulations framed from time to time.

Cooperative societies of the country are required to register, and sometimes different State Governments also frame laws regarding the registration and functioning of cooperative societies for their states.

9. Capital

The capital of the society is raised from its members by way of share capital.

However, the major part of finance is raised by the society by taking a loan from the government or by accepting grants and assistance from the Central or State Government or from the apex cooperative institutions like state and cooperative central banks operating in that state.

MERITS AND DEMERITS OF COOPERATIVE SOCIETY:

1. **EQUALITY IN VOTES:** Co-operative society is governed by the principle of 'one man one vote'. Each member is entitled to equal voting rights irrespective of the amount of capital contributed by a member.
2. **LIMITED LIABILITY:** The liability of members of a co-operative society is limited to the extent of their capital contribution and hence, the personal assets of the members cannot be used to repay business debts.
3. **CONTINUITY:** Death, bankruptcy or insanity of the members do not affect the continuity of a co-operative society.
4. **ECONOMY IN OPERATIONS:** The focus of co-operative society is on the elimination of middlemen which helps in reducing costs. The members generally offer honorary services to the society and the risk of bad debts is lower as customers or producers are members of the society too.
5. **GOVERNMENT SUPPORT:** The co-operative society is supported by the government in the form of low taxes, subsidies and low-interest rates on loans.
6. **EASE OF FORMATION:** The co-operative society can be started with a minimum of ten members and the registration procedure is done under the Co-operative Societies Act, 1912

Disadvantages or Limitations or Demerits or Defects causes of failure of Cooperative Society

1. **Limited Resources:** Capital contributions in a co-operative society are from the members with limited means.
2. **Inefficient Management:** The members of cooperative societies are not professionals and offer honorary services voluntarily. They are not equipped to carry out the management functions effectively.
3. **Lack of Secrecy:** It is difficult to maintain secrecy about the operations of a cooperative society due to open discussions in the meetings and disclosure obligations as per the Societies Act.
4. **Government Regulations:** Co-operative societies have to comply with several rules and regulations related to auditing of accounts, submission of accounts, etc and also work under the control of state co-operative departments.
5. **Internal Conflicts:** Internal conflicts arise when personal interests start dominating the welfare motive.

4:A JOINT-STOCK COMPANY

A joint-stock company is a business entity in which shares of the company's stock can be bought & sold by shareholders. Each shareholder owns company stock in proportion, evidenced by their shares. Shareholders are able to transfer their shares to others without any effects to the continued existence of the company

Features of a Joint Stock Company

1] Artificial Legal Person

A company is a legal entity that has been created by the statutes of law. Like a natural person, it can do certain things, like own property in its name, enter into a contract, borrow and lend money, sue or be sued, etc. It has also been granted certain rights by the law which it enjoys through its board of directors.

2] Separate Legal Entity

Unlike a proprietorship or partnership, the legal identity of a company and its members are separate. As soon as the joint stock company is incorporated it has its own distinct legal identity. So a member of the company is not liable for the company. And similarly, the company will not depend on any of its members for any business activities.

3] Incorporation

For a company to be recognized as a separate legal entity and for it to come into existence, it has to be incorporated. Not registering a joint stock company is not an option. Without incorporation, a company simply does not exist.

4] Perpetual Succession

The joint stock company is born out of the law, so the only way for the company to end is by the functioning of law. So the life of a company is in no way related to the life of its members. Members or shareholders of a company keep changing, but this does not affect the company's life.

5] Limited Liability

This is one of the major points of difference between a company and a sole proprietorship and partnership. The liability of the shareholders of a company is limited. The personal assets of a member cannot be liquidated to repay the debts of a company.

A shareholder's liability is limited to the amount of unpaid share capital. If his shares are fully paid then he has no liability. The amount of debt has no bearing on this. Only the company's assets can be sold off to repay its own debt. The members cannot be made to pay up.

6] Common Seal

A company is an artificial person. So its day-to-day functions are conducted by the board of directors. So when a company enters any contract or signs an agreement, the approval is indicated via a common seal. A common seal is an engraved seal with the company's name on it. So no document is legally binding on the company until and unless it has a common seal along with the signatures of the directors.

7] Transferability of Shares

In a joint stock company, the ownership is divided into transferable units known as shares. In case of a public company the shares can be transferred freely, there are almost no restrictions. And in a public company, there are some restrictions, but the transfer cannot be prohibited.

Advantages of a Joint Stock Company

- One of the biggest drawing factors of a joint stock company is the limited liability of its members. Their liability is only limited up to the unpaid amount on their shares. Since their personal wealth is safe, they are encouraged to invest in joint stock companies.
- The shares of a company are transferable. Also, in the case of a listed public company they can also be sold in the market and be converted to cash. This ease of ownership is an added benefit.
- Perpetual succession is another advantage of a joint stock company. The death/retirement/insanity/etc does not affect the life of a company. The only liquidation under the Companies Act will shut down a company.
- A company hires a board of directors to run all the activities. Very proficient, talented people are elected to the board and this results in effective and efficient management. Also, a company usually has large resources and this allows them to hire the best talent and professionals.

Disadvantages of a Joint Stock Company

- One disadvantage of a joint stock company is the complex and lengthy procedure for its formation. This can take up to several weeks and is a costly affair as well.
- According to the Companies Act, 2013 all public companies have to provide their financial records and other related documents to the registrar. These documents

are then public documents, which any member of the public can access. This leads to a complete lack of secrecy for the company.

- And even during its day to day functioning a company has to follow a numerous number of laws, regulations, notifications, etc. It not only takes up time but also reduces the freedom of a company
- A company has many stakeholders like the shareholders, the promoters, the board of directors, the employees. the debenture holders etc. All these stakeholders look out for their benefit and it often leads to a conflict of interest.

5:Hindu Undivided Family (HUF)

The Joint Hindu Family Business or the Hindu Undivided Family (HUF) is a unique type of business entity. It is governed and dictated by the Hindu Law, which is one of the several religious laws prevalent in India.

Features of a HUF

- **Formation:** To begin a Hindu Undivided Family there must be a minimum of two related family members. There must be some assets, business or ancestral property that they have inherited or will eventually inherit. The formation of a HUF does not require any documentation and admission of new members is by birth.
- **Liability:** The liability of all the various co-parceners is only up to their share of the property or business. So they have limited liability. But the Karta being the head of the HUF has unlimited liability.
- **Control:** The entire control of the entity lies with the Karta. He may choose to confer with the co-parceners about various decisions, but his decision can be independent. is actions will be final and also legally binding.
- **Continuity:** The HUF can be continued perpetually. At the death of the Karta, the next eldest member will become the Karta. However, keep in mind a Hindu Undivided Family can be dissolved if all members mutually agree.
- **Minority:** As we saw earlier the members are eligible to be co-parceners by the virtue of their birth into the family. So in this case, even minor members will be a part of the HUF. But they will enjoy only the benefits of the organisation.

Advantages of the HUF

- A Hindu Undivided family is comprised of family members running a business. Like any other organisation, there is scope for disagreements and conflicts. But since the Karta has absolute power and takes all decisions by himself, it will lead to effective management.

- Just like a company, the existence of a HUF is perpetual. The death or retirement of one member of even the Karta will not affect it, and it will continue on.
- Since the co-parceners do not have any effective control over the management of the HUF, and all power lies with the Karta, the liability of the members has also been limited to only their share of the property. This keeps the balance between power and responsibility.
- Also since all members of the HUF are relatives and members of the same family, there is a sense of loyalty and cooperation. The trust among members is also there and leads to overall cooperation.

Disadvantages of the HUF

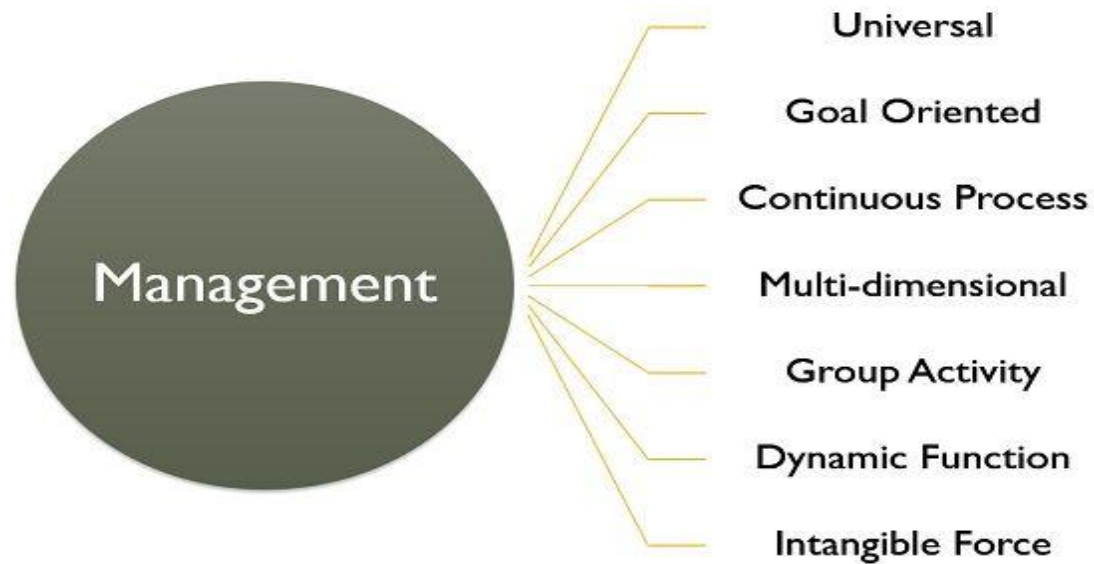
- No outside members other than family members can be introduced to the HUF. This makes it very difficult to get additional capital from the market. With limited capital, the chances of expansion are very low. It limits the scope of the business.
- While the Karta has all the power he also has the burden of unlimited liability. This may make him overly cautious and timid in his business dealings. In turn, the business could suffer. Another factor is that he may even be held responsible for the actions of other members.
- Also, the absolute dominance of the Karta overall business and financial decisions make cause conflict among the HUF. His decisions and business acumen may be questioned by other members, and cause issues within the HUF.
- Another issue may be that the Karta may not be the most qualified person to lead the business. The position is given to the senior most family member, whether he is the most qualified or not is not taken into consideration.

Management

- Is An Art Of Getting Work Done Through Others.

the attainment of organizational goals in an effective and efficient manner through planning, organizing, staffing, directing and controlling organizational resources. Organizational resources include men(human beings), money, machines and materials.

Characteristics of Management



Universal: All the organizations, whether it is profit-making or not, they require management, for managing their activities. Hence it is universal in nature.

- **Goal-Oriented:** Every organization is set up with a predetermined objective and management helps in reaching those goals timely, and smoothly.
- **Continuous Process:** It is an ongoing process which tends to persist as long as the organization exists. It is required in every sphere of the organization whether it is production, human resource, finance or marketing.
- **Multi-dimensional:** Management is not confined to the administration of people only, but it also manages work, processes and operations, which makes it a multi-disciplinary activity.
- **Group activity:** An organization consists of various members who have different needs, expectations and beliefs. Every person joins the organization with a different motive, but after becoming a part of the organization they work for achieving the same goal. It requires supervision, teamwork and coordination, and in this way, management comes into the picture.
- **Dynamic function:** An organization exists in a business environment that has various factors like social, political, legal, technological and economic. A slight change in any of these factors will affect the organization's growth and performance. So, to overcome these changes management formulates strategies and implements them.
- **Intangible force:** Management can neither be seen nor touched but one can feel its existence, in the way the organization functions.

Precisely, all the functions, activities and processes of the organization are interconnected to one another. And it is the task of the management to bring them together in such a way that they help in reaching the intended result.

Levels of Management



1. **Top-Level Management:** This is the highest level in the organizational hierarchy, which includes **Board of Directors and Chief Executives**. They are responsible for defining the objectives, formulating plans, strategies and policies.
2. **Middle-Level Management:** It is the second and most important level in the corporate ladder, as it creates a link between the top and lower-level management. It includes **departmental and division heads and managers** who are responsible for implementing and controlling plans and strategies which are formulated by the top executives.
3. **Lower Level Management:** Otherwise called as functional or operational level management. It includes **first-line managers, foreman, supervisors**. As lower-level management directly interacts with the workers, it plays a crucial role in the organization because it helps in reducing wastage and idle time of the workers, improving the quality and quantity of output.

The three management levels form the management hierarchy, that represents the position and rank of executives and managers in the chart.

Scope Management

1. Financial Management

Every enterprise prioritizes financial management because finances can get extremely tricky if not managed properly. Effective financial management ensures there are fair returns to stakeholders, proper estimation of capital requirements and laying down optimal capital. It includes preparation and examination of financial statements, creating proper dividend policies and negotiations with external stakeholders.

2. **Marketing Management**

The scope of management in marketing extends to planning, organizing, directing and controlling activities in the marketing department. Identifying customer requirements is crucial for providing business solutions. When a manager is fully aware of the benefits of the products and/or services the organization provides, they achieve better results. Marketing management ensures that available resources are properly utilized and the best possible outcomes are achieved.

3. **Personnel Management**

Personnel management—as the name suggests—deals with personnel or individuals in a business environment. It includes the recruitment, transfer, termination, welfare and social security of employees. This aspect of management is extremely important as employees form teams and teams drive an organization's goals. Individual productivity also contributes to overall efficiency. Without attending to employee needs and wants, an organization is likely to struggle.

4. **Production Management**

This type of management refers to the process of creating utilities. When you convert raw materials to finished products and oversee the planning and regulation, you're engaging in production management. Without production, there isn't any finished good or service and without it, organizations can't generate interest or profits. The final product must fulfill customer requirements. The process includes quality control, research and development, plan layout and simplification.

5. **Office Management**

This includes controlling and coordinating all office activities to achieve an organization's goals and targets. For example, an administration's efficiency impacts a business significantly. The more organized the departments and responsibilities are, the more effective an organization is.

Functions of Management



- **Planning:** It is the first and foremost function of management, i.e. to decide beforehand what is to be done in future. It encompasses formulating policies, establishing targets, scheduling actions and so forth.
- **Organizing:** Once the plans are formulated, the next step is to organise the activities and resources, as in identifying the tasks, classifying them, assigning duties to subordinates and allocating the resources.
- **Staffing:** It involves hiring personnel for carrying out various activities of the organization. It is to ensure that the right person is appointed to the right job.
- **Directing:** It is the task of the manager to guide, supervise, lead and motivate the subordinates, to ensure that they work in the right direction, so far as the objectives of the organization are concerned.
- **Controlling:** The controlling function of management involves a number of steps to be taken to make sure that the performance of the employees is as per the plans. It involves establishing performance standards and comparing them with the actual performance. In case of any variations, necessary steps are to be taken for its correction.

Coordination is an important feature of management which means the integration of the activities, processes and operations of the organization and synchronisation of efforts, to ensure that every element of the organization contributes to its success.

PRINCIPLES OF MANAGEMENT

1. Division of Work

Henri believed that segregating work in the workforce amongst the worker will enhance the quality of the product. Similarly, he also concluded that the division of work improves the productivity, efficiency, accuracy and speed of the workers. This principle is appropriate for both the managerial as well as a technical work level.

2. Authority and Responsibility-

These are the two key aspects of management. Authority facilitates the management to work efficiently, and responsibility makes them responsible for the work done under their guidance or leadership.

3. Discipline-

Without discipline, nothing can be accomplished. It is the core value for any project or any management. Good performance and sensible interrelation make the management job easy and comprehensive. Employees good behaviour also helps them smoothly build and progress in their professional careers.

4. Unity of Command-

This means an employee should have only one boss and follow his command. If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.

5. Unity of Direction-

Whoever is engaged in the same activity should have a unified goal. This means all the person working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

6. Subordination of Individual Interest-

This indicates a company should work unitedly towards the interest of a company rather than personal interest. Be subordinate to the purposes of an organization. This refers to the whole chain of command in a company.

7. Remuneration-

This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. However, it should be according to an individual's efforts they have made.

8. Centralization-

In any company, the management or any authority responsible for the decision-making process should be neutral. However, this depends on the size of an organization. Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

9. Scalar Chain-

Fayol on this principle highlights that the hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.

10. Order-

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

11. Equity-

All employees should be treated equally and respectfully. It's the responsibility of a manager that no employees face discrimination.

12. Stability-

An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

13. Initiative-

The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make them worth.

14. Esprit de Corps-

It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.

This 14 principles of management are used to manage an organization and are beneficial for prediction, planning, decision-making, organization and process management, control and coordination.

Management As Science as well as an art.

Management can be considered as both science as well as an art.

Management is science because of several reasons like - it has universally accepted principles, it has cause and effect relationship etc, and at the same time it is art because it requires perfection through practice, practical knowledge, creativity, personal skills etc.

Management is both an art and a science. Management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. E.g. A person cannot become a good singer unless he has knowledge about various ragas & he also applies his personal skill in the art of singing.

Same way it is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other (like tea and biscuit, bread and butter etc.).

The old saying that “Manager are Born” has been rejected in favor of “Managers are Made”. It has been aptly remarked that management is the oldest of art and youngest of science. To conclude, we can say that science is the root and art is the fruit.

Management As Science

- ✓ Universally acceptance principles
- ✓ Experimentation & Observation
- ✓ Cause & Effect Relationship
- ✓ Test of Validity & Predictability

Yes, Science is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon. It establishes cause and effect relationship between two or more variables and underlines the principles governing their relationship. These principles are developed through scientific method of observation and verification through testing. Science is characterized by the following main features:

1. Universally acceptance principles – Scientific principles represents basic truth about a particular field of enquiry. These principles may be applied in all situations, at all time & at all places. E.g. – law of gravitation which can be applied in all countries irrespective of the time. Management also contains some fundamental principles which can be applied universally like the Principle of Unity of Command i.e. one man, one boss. This principle is applicable to all type of organization – business or non business.

2. Experimentation & Observation – Scientific principles are derived through scientific investigation & researching i.e. they are based on logic. E.g. the principle that earth goes round the sun has been scientifically proved. Management principles are also based on scientific enquiry & observation and not only on the opinion of Henry Fayol. They have been developed through experiments & practical experiences of large number of managers. E.g. it is observed that fair remuneration to personal helps in creating a satisfied work force.

3. Cause & Effect Relationship – Principles of science lay down cause and effect relationship between various variables. E.g. when metals are heated, they are expanded. The cause is heating & result is expansion. The same is true for management, therefore it also establishes cause and effect relationship. E.g. lack of parity (balance) between authority & responsibility will lead to ineffectiveness. If you know the cause i.e. lack of balance, the effect can be ascertained easily -in effectiveness. Similarly if workers are given bonuses, fair wages they will work hard but when not treated in fair and just manner, reduces productivity of organization.

4. Test of Validity & Predictability – Validity of scientific principles can be tested at any time or any number of times. They stand the test of time. Each time these tests will give same result. Moreover future events can be predicted with reasonable accuracy by using scientific principles.

E.g. hydrogen & oxygen will always give water. Principles of management can also be tested for validity. E.g. principle of unity of command can be tested by comparing two persons – one having single boss and one having 2 bosses. The performance of 1st person will be better than 2nd. It cannot be denied that management has a systematic body of knowledge but it is not as exact as that of other physical sciences like biology, physics, and chemistry etc.

Management as Art

- ✓ Practical Knowledge
- ✓ Personal Skill
- ✓ Creativity
- ✓ Perfection through practice
- ✓ Goal-Oriented

Art implies the application of knowledge & skill to trying about desired results. Art may be defined as a personalized application of general theoretical principles for achieving the best possible results. Art has the following characters –

1. Practical Knowledge: Every art requires practical knowledge therefore learning of theory is not sufficient. It is very important to know the practical application of theoretical principles. E.g. to become a good painter, the person may not only be knowing different colors and brushes but different designs, dimensions, situations, etc to use them appropriately. A manager can never be successful just by obtaining a degree or diploma in management; he must have also know how to apply various principles in real situations by functioning in the capacity of a manager.

2. Personal Skill: Although the theoretical base may be the same for every artist, each one has his own style and approach towards his job. That is why the level of success and quality of performance differs from one person to another. E.g. there are several qualified painters but M.F. Hussain is recognized for his style. Similarly, management as an art is also personalized. Every manager has his own way of managing things based on his knowledge, experience, and personality, that is why some managers are known as good managers (like Aditya Birla, Rahul Bajaj) whereas others as bad.

3. Creativity: Every artist has an element of creativity in line. That is why he aims at producing something that has never existed before which requires a combination of intelligence & imagination. Management is also creative in nature like any other art. It combines human and non-human resources in useful ways so as to achieve desired results. It tries to produce sweet music by combining chords in an efficient manner.

4. Perfection through practice: Practice makes a man perfect. Every artist becomes more and more proficient through constant practice. Similarly, managers learn through the art of trial and error initially but the application of management principles over the years makes them perfect in the job of managing.

5. Goal-Oriented: Every art is result-oriented as it seeks to achieve concrete results. In the same manner, management is also directed towards the accomplishment of pre-determined goals. Managers use various resources like men, money, material, machinery & methods to promote the growth of an organization. Thus, we can say that management is an art therefore

it requires the application of certain principles rather it is an art of the highest order because it deals with molding the attitude and behavior of people at work towards desired goals.

6. Work effectively. Managers manage all problems in every environment so this is not science, it is an art that how he manages every problem of organization in every environment.

Management as both Science and Art

Management is both an art and a science. The above-mentioned points clearly reveal that management combines features of both sciences as well as art. It is considered a science because it has an organized body of knowledge that contains certain universal truths. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides knowledge & art deals with the application of knowledge and skills. A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. Example. a person cannot become a good singer unless he has knowledge about various ragas & he also applies his personal skill in the art of singing. The same way it is not sufficient for the manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other (like tea and biscuit, bread and butter, etc.). The old saying that "Managers are Born" has been rejected in favor of "Managers are Made". It has been aptly remarked that management is the oldest of art and the youngest of science. To conclude, we can say that science is the root and art is the fruit.

Management as Profession

- ✓ Specialized Knowledge
- ✓ Formal Education & Training
- ✓ Social Obligations
- ✓ Code of Conduct – Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics
- ✓ Representative Association

A profession may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body. The essentials of a profession are:

1. Specialized Knowledge – A profession must have a systematic body of knowledge that can be used for development of professionals. Every professional must make deliberate efforts to acquire expertise in the principles and techniques. Similarly a manager must have devotion and involvement to acquire expertise in the science of management.

2. Formal Education & Training – There are no. of institutes and universities to impart education & training for a profession. No one can practice a profession without going through a prescribed course. Many institutes of management have been set up for imparting

education and training. For example, a CA cannot audit the A/C's unless he has acquired a degree or diploma for the same but no minimum qualifications and a course of study has been prescribed for managers by law. For example, MBA may be preferred but not necessary.

3. Social Obligations – Profession is a source of livelihood but professionals are primarily motivated by the desire to serve the society. Their actions are influenced by social norms and values. Similarly a manager is responsible not only to its owners but also to the society and therefore he is expected to provide quality goods at reasonable prices to the society.

4. Code of Conduct – Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. A code of conduct is enforced by a representative association to ensure self discipline among its members. Any member violating the code of conduct can be punished and his membership can be withdrawn. The AIMA has prescribed a code of conduct for managers but it has no right to take legal action against any manager who violates it.

COMPARISON CHART OF MANAGEMENT AND ADMINISTRATION

BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.

BASISFOR COMPARISON	MANAGEMENT	ADMINISTRATION
Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?
Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources.
Key person	Manager	Administrator
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.
Function	Executive and Governing	Legislative and Determinative

DEPARTMENT OF BUSINESS ADMINISTRATION-BBA (GENERAL)

Course Code: Course Code: BBA 1.1

Name of the Course: MANAGEMENT PRINCIPLES AND PRACTICE

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MODULE 2: PLANNING AND DECISION MAKING

- ✓ **Nature, Importance and Purpose of Planning**
- ✓ **Planning Process**
- ✓ **Objectives of planning**
- ✓ **Types of plans (Meaning only)**
- ✓ **Decision making- Importance and steps**
- ✓ **MBO and MBE(Meaning only).**

MEANING:

Planning is deciding in advance what to do, how to do it, when to do it, and who should do it. This bridges the gap from where the organization is to where it wants to be. The planning function involves establishing goals and arranging them in logical order.

NATURE OF PLANNING

1. **GOAL-ORIENTED:** Planning is goal-oriented, meaning it focuses on establishing specific objectives and desired outcomes. These goals provide a sense of direction and purpose for individuals, teams, or organizations.
2. **FUTURE-ORIENTED:** Planning is forward-looking and future-oriented. It involves making decisions today to shape the future. Planners anticipate challenges, opportunities, and changes that may occur and prepare for them.
3. **SYSTEMATIC PROCESS:** Planning is a systematic and structured process that involves a series of steps, such as goal setting, analysis, strategy development, and implementation. It follows a logical sequence to ensure that goals are achieved efficiently and effectively.
4. **DECISION-MAKING:** Planning is closely linked to decision-making. It requires choosing the most suitable course of action from various alternatives to achieve

the desired goals. The decision-making process is often informed by data, analysis, and judgment.

5. **FLEXIBILITY:** While planning sets a path to reach specific goals, it must also be flexible to adapt to changing circumstances. Planning should allow for adjustments and modifications as new information becomes available or unforeseen events occur.
6. **COORDINATION:** Planning often involves coordinating the efforts of individuals or teams within an organization to work in harmony towards a common goal. It ensures that resources, people, and activities are synchronized to achieve the objectives.
7. **MULTIFACETED:** Planning can encompass various levels within an organization, from strategic planning at the top level to operational planning at lower levels. Different types of planning include strategic planning, tactical planning, and operational planning, each serving a different purpose.
8. **CONTINUOUS PROCESS:** Planning is not a one-time event but an ongoing process. It requires periodic review, assessment, and adjustment as the environment and circumstances change.
9. **RISK MANAGEMENT:** Planning also includes the identification and mitigation of risks and uncertainties. Planners must assess potential obstacles and develop strategies to address them.
10. **PLANNING IS REALISTIC:** A plan always outlines the results to be attained and as such it is realistic in nature.

Importance of Planning - Why Planning is Important?

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1. Increases Efficiency
 2. Reduces Business-related Risks
 3. Facilitates Proper Coordination
 4. Aids in Organising
 5. Gives Right Direction
 6. Keeps Good Control
 7. Helps to Achieve Objectives
 8. Motivates the Personnel
 9. Encourages Creativity and Innovation
 10. Helps in Decision Making

1. **Increases efficiency:** Planning makes optimum utilization of all available resources. It helps to reduce the wastage of valuable resources and avoids their duplication. It aims to give the highest returns at the lowest possible cost. It thus increases the overall efficiency.
2. **Reduces business-related risks:** There are many risks involved in any modern business. Planning helps to forecast these business-related risks. It also helps to take the necessary precautions to avoid these risks and prepare for future uncertainties in advance. Thus, it reduces business risks.
3. **Facilitates proper coordination:** Often, the plans of all departments of an organization are well coordinated with each other. Similarly, the short-term, medium-term and long-term plans of an organization are also coordinated with each other. Such proper coordination is possible only because of efficient planning.
4. **Aids in Organizing:** Organizing means to bring together all available resources, i.e. 6 Ms. Organizing is not possible without planning. It is so, since, planning tells us the number of resources required and when are they needed. It means that planning aids in organizing in an efficient way.
5. **Gives right direction:** Direction means to give proper information, accurate instructions and useful guidance to the subordinates. It is impossible without planning. It is because planning tells us what to do, how to do it and when to do it. Therefore, planning helps to give the right direction.
6. **Keeps good control:** With control, the actual performance of an employee is compared with the plans, and deviations (if any) are found out and corrected. It is impossible to achieve such control without the right planning. Therefore, planning becomes necessary to keep good control.
7. **Helps to achieve objectives:** Every organization has certain objectives or targets. It keeps working hard to fulfill these goals. Planning helps an organization to achieve these aims, but with some ease and promptness. Planning also helps an organization to avoid doing some random (done by chance) activities.
8. **Motivates personnel:** A good plan provides various financial and non-financial incentives to both managers and employees. These incentives motivate them to work hard and achieve the objectives of the organization. Thus, planning through various incentives helps to motivate the personnel of an organization.
9. **Encourages creativity and innovation:** Planning helps managers to express their creativity and innovation. It brings satisfaction to the managers and eventually a success to the organization.
10. **Helps in decision-making:** A manager makes many different plans. Then the manager selects or chooses the best of all available strategies. Making a selection or choosing something means to take a decision. So, decision-making is facilitated by planning.

STEPS / PROCESS OF PLANNING

1. RECOGNIZING NEED FOR ACTION:

The first step in planning process is the awareness of business opportunity and the need for taking action. Present and future opportunities must be found so that planning may be undertaken for them. The trend of economic situation should also be visualized. For example, if thinking of the government is to develop rural areas as industrial centres, a farsighted businessman will think of setting up units suitable to that environment and will avail the facilities offered for this purpose. Before venturing into new areas the pros and cons of such projects should be evaluated. A beginning should be made only after going through a detailed analysis of the new opportunity.

2. GATHERING NECESSARY INFORMATION:

Before actual planning is initiated relevant facts and figures are collected. All information relating to operations of the business should be collected in detail. The type of customers to be dealt with, the circumstances under which goods are to be provided, value of products to the customers, etc. should be studied in detail. The facts and figures collected will help in framing realistic plans.

3. LAYING DOWN OBJECTIVES:

Objectives are the goals which the management tries to achieve. The objectives are the end products and all energies are diverted to achieve these goals. Goals are a thread which binds the whole company. Planning starts with the determination of objectives. The tie between planning and objectives helps employees to understand their duties. Objectives are the guides of employees. It is essential that objectives should be properly formulated and communicated to all members of the organization.

4. DETERMINING PLANNING PREMISE: planning premise are the assumptions providing a background against which the estimated events affecting the planning will take place”.

Planning is always for uncertain future. Though nothing may be certain in the coming period but still certain assumptions will have to be made for formulating plans. Forecasts are essential for planning even if all may not prove correct. A forecast means the assumption of future events. The behaviour of certain variables is forecasted for constituting planning premises.

Forecasts will generally be made for the following:

- The expectation of demand for the products.
- The likely volume of production.
- The anticipation of costs and the likely prices at which products will be marketed.

- The supply of labour, raw materials etc.
- The economic policies of the government.
- The changing pattern of consumer preferences.
- The impact of technological changes on production processes.
- The sources for supply of funds.

5. EXAMINING ALTERNATIVE COURSE OF ACTION:

The next step in planning will be choosing the best course of action. There are a number of ways of doing a thing. The planner should study all the alternatives and then a final selection should be made. Best results will be achieved only when best way of doing a work is selected. According to Koontz and O'Donnell, "There is seldom a plan made for which reasonable alternatives do not exist." All the pros and cons of methods should be weighed before a final selection.

6. DETERMINING SECONDARY PLANS:

Once a main plan is formulated then a number of supportive plans are required. In fact secondary plans are meant for the implementation of principal plan. For example, once production plan is decided then a number of plans for procurement of raw materials, purchase of plant and equipment, recruitment of personnel will be required. All secondary plans will be a part of the main plan.

7 IMPLEMENTATION OF PLANS:

The last step in planning process is the implementation part. The planning should be put into action so that business objectives may be achieved. The implementation will require establishment of policies, procedures, standards and budgets. These tools will enable a better implementation of plans.

8.FOLLOW-UP:

Planning is a continuous process so the manager's job does not get over simply by putting the plan into action. The managers monitor the plan carefully while it is implemented. The monitoring of plan is very important because it helps to verify whether the conditions and predictions assumed in plan are holding true in present situation or not. If these are not coming true then immediately changes are made in the plan.

During follow up many adjustments are made in the plan. For example, if the expenditure planning is done keeping in mind 5% inflation rate but in present situation if the inflation rate rises to 10% then during follow up the managers make changes in the plans according to 10% inflation rate.

OBJECTIVES OF PLANNING



PLANNING

Objectives of Planning

- Forecast's the Course
- Forward Bearing
- Assured Activities
- Forecast's the Risk
- Helps in Establishing Co-ordination
- Develops in Facing Competition
- Managing Budgetary Targets
- Present Important Information's
- Economy in Management
- Supports in Maintaining Healthy Competition

<http://mgtdiary.blogspot.com>

1. **Forecast's the Course:**

The most important ingredient of planning is forecasting. This is basically plan development as per policies and requirement of the organization.

2. **Forward Bearing:**

Planning provides specific forward momentum to all the activities in the organization by chalking out the future working procedure.

3. **Assured Activities:**

Planning drafts the policies, working procedure and decides controlling process for the activities in an organization so that confidence level increases in employees & management regarding the accomplishment of predefined goals.

4. **Forecast's the Risk:**

Planning forecasts the future threats, therefore technical strategies are most often planned and decided in advance to overcome the inconsistency or tackle the problems successfully.

5. **Helps in Establishing Co-ordination:**

Planning is the forefront initiator in any organization regarding coordination. This coordinates all the departments and also policies, procedures, objectives, etc. in business or industrial unit.

6. **Develops in Facing Competition:**

Assists and develops the organization to face competitions of all sorts and in all aspects. This strategic process is part of the objectives of planning.

7. **Managing Budgetary Targets:**

Budgetary Targets are executed & achieved as per the planning. It is a helping hand in planned budget utilization.

8. Present Important Information's:

Planning makes available adequate information and communicates it to the employees in the organization as well as presents a positive picture of organization, its policies, functioning and results to the outside world.

9. Economy in Management:

Having better coordination in an organization between employees & management the pre decided goals proceed as per the requirement, all types of wastage's is brought to the minimum. This helps in achieving the efficiency in the overall economy of management.

10. Supports in Maintaining Healthy Competition:

The employees in an organization are in continuous competition among the fellow employees of any specific department because actual job performance & achievement is the base criteria for any future incentive or promotion. This may bring jealousy or utilization of unfair job hindering techniques in performing different activities to the fellow employees, which ultimately slows the overall goals of any business or industrial unit.

TYPES OF PLANS

- Hierarchical plans,
- Standing plans,
- Single-use plans, and
- Contingency plans.

1. HIERARCHICAL PLANS

These plans are drawn at three major hierarchical levels, namely, the institutional, the managerial and the technical core.

The plans in these 3 levels are-

- Strategic
- Administrative and,
- Operational respectively.

STRATEGIC PLAN : The strategic plan generally involves planning at the top institutional level of an organization. Strategic plans define the organization's long-term vision and how the organization intends to make its vision a reality.

ADMINISTRATIVE OR INTERMEDIATE PLAN: Administrative or intermediate planning is done at the level of middle management. It is done to allocate organizational resources and coordinate internal subdivisions of the organization.

OPERATIONAL PLAN : Finally, operational planning is the process of determining how specific tasks can best be accomplished on time with available resources. This is also done to cover the day-to-day operations of an organization.

2. STANDING PLANS

Standing plans are drawn to cover issues that managers face repeatedly. For example, managers may be facing the problem of late- coming quite often. Managers may, therefore, design a standing plan to be implemented automatically each time an employee is late for work.

Policies, procedures, rules are some of the most common standing plans.

POLICIES: Policies provide guidelines for repetitive actions. They define an area or provide limits within which decisions are to be made and ensure that the decision will be consistent with, and contribute to, an objective.

RULES : Rules spell out specifically what employees are supposed to do or not to do. For example, the no-smoking campaign launched by some organizations is supported by some organizational rules. As opposed to policies, rules do not permit the exercise of individual discretion.

PROCEDURES: They are plans that establish a required method of handling future activities. Procedures establish customary ways for handling certain activities like hiring a clerk, promoting employees, obtaining a loan from a bank.

3. SINGLE-USE PLANS

Single-use plans are prepared for single or unique situations or problems and are normally discarded or replaced after one use.

Generally, four types of single-use plans are used. These are—

1. Programs,
2. Projects,
3. Budgets.

PROGRAMS : Programs are plans of action followed in proper sequence according to objectives, policies, and procedures. Thus a program lays down the major steps to be taken to achieve an objective and sets an approximate time frame for its fulfillment. Programs are usually supported by budgets. A program may be a major or a minor one or long, medium or short-term one. Since it is not used in the same form once its task is over it belongs to single-use plan category.

PROJECTS: A project is a particular job that needs to be done. A project has a distinct object and clear-cut termination.

BUDGETS : A budget is a statement of expected results expressed in numerical terms.” It is sometimes called the enumerated program and most commonly expressed in terms of money i.e. Rupee, Euro, Dollar etc.

They may also be expressed in terms of any measurable unit like an hour, metric ton etc. It covers a particular period of time, and once the period is over, a new budget comes into being. It not only a planning tool but also works as a controlling tool.

4. CONTINGENCY PLANS

As we already know, the process of planning is based on certain assumptions about what is likely to occur in the environment of an organization.

Contingency plans are made to deal with situations that might crop up if these assumptions turn out to be wrong.

Thus contingency planning is the development of alternative courses of action to be taken if events disrupt a planned course of action

DECISION MAKING

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives.

Decision making is a process of selecting the best course of action or plan from different alternatives available. It is a means through which managers takes action for solving the problem. This is an integral part of the management system of the company which aims at improving efficiency. Decision making is the one through which managers are able to take right decisions at right time.

Importance of Decision Making

1. Selection Of Best Alternative

Decision making has an important role in the selection of the best course of action timely. There are different solutions available to tackle any problem. Selection of best action involves proper analysis of the situation by decision-maker using various accounting, financial and statistical tools. Proper decision making enables the decision-maker to properly analyse all aspects and choose the most appropriate action.

2. Ensures Continuity Of Business

Every business is required to take different decisions routinely for the successful operation of its activities. Taking the right decision timely is important for every business and any wrong decision would lead to negative consequences. Business is required to decide various courses of action related to its production, marketing, sales and various expansion programmes. In today's high competition, market business can only exist if takes appropriate decisions. Decision-making process helps businesses in facing this competition by taking the right decisions.

3. Fuller Utilisation Of Resources

Efficient utilisation of all resources of an organisation is a must for achievement of its goals and objectives. Every organisation has the following main resources: men, money, material, machine, method, market and information. All these resources should be properly utilised without any wastage. Managers through efficient decision making are able to take corrective actions regarding using these resources. It helps in ensuring that all resources are fully utilised thereby improving productivity.

4. Formulation Of Plans And Policies

Decision making process has direct relation with the establishment of plans and policies. Every organisation operates to achieve certain goals. For the achievement of these goals, framing proper plans and policies is a must. Plan and policies are the initial part of decision making process. Proper decision making enables the managers in proper implementation of these policies to achieve the desired goals.

5. Achievement Of Objectives

Proper Decision making helps in achievement of goals and objectives of the organisation. All organisations strive hard to attain their objectives. These objectives are termed as guiding factors for all operations of the business. Taking of proper actions at a proper time helps in the achievement of these objectives. Decision making process helps the managers in properly analysing the situation and selecting the most appropriate action.

6. Facilitates Innovation

Innovation is something which is required to be adopted by every business as per market changes. Proper decision making facilitates innovation. Innovation brings new products, new process and new ideas in every organisation. Implementing these changes require proper planning and decision making. Rational decisions taken by management help in adopting these innovative ideas easily.

7. Helps In Business Growth

Quick and rational decision taking helps in improving the productivity and efficiency of business. It helps in fuller and efficient utilisation of resources. Better decision making helps the business in easily facing the challenges and problems of the market. All these eventually lead to the achievement of business goals and also help in business growth.

8. Evaluates Managerial Performance

Decision making is primary function performed by every management team. Number of right decisions taken by managers determines the quality of management. Effectiveness of decisions clearly tells how far the managers are delivering their roles and duties. Wrong decisions taking clearly depict the failures of management in

performing their function. This way decision making helps in evaluating the performance of management team

DECISION MAKING PROCESS OR STEPS

7 Steps in Decision Making Process

- Identification of Problems
- Analysis of Problems
- Development of Alternatives
- Evaluation of Alternatives
- Selection of Best Alternative
- Implementation of Alternative
- Review of Implementation

Step 1: Identification of Problems

The first and most important step of the decision-making process is to identify the main problems. Problems may arise due to the internal and external factors of an organization.

It is believed that the identification of problems is the completion of half of the decision-making process. Identifying the problem is similar to diagnosing a disease, which helps in providing the right medicine to the patients. And when a problem is correctly understood, it becomes easy to solve.

Step 2: Analysis of Problems

After completing the first step another step of the decision-making process is analyzing the identified problems. For this, a decision-maker has to accumulate all the facts, data, and information related to problems.

Analyzing the problems is a part of the decision-maker to study the main reasons of problems and their impact on short as well as long term organizational performance. A quick analysis of the problem by accumulating all the related facts, data, and information is a must to find out the actual source of problems.

Step 3: Development of Alternatives

A problem may have various alternative solutions. The decision-maker has to identify and study all the possible solutions. A decision-maker should be creative and innovative to identify all the alternative solutions.

He can identify the alternatives from the various sources like records and files of problems, opinions, and views of experts, the discussions with subordinates, creditors, customers, etc. The more clearly identified alternatives provide more freedom for brainstorming. A manager should concentrate on developing and finding those alternatives, which are strategic to the problems. Therefore, the development of alternative solutions is mental and creative work that requires discussion and creativity.

Step 4: Evaluation of Alternatives

Here every alternative is evaluated and studied in terms of the decision-making process. All alternatives should be studied by considering the efforts involved and the outcome expected. Generally, the following queries are taken into consideration while evaluating any alternative solution, firstly, whether the alternative solution is feasible in terms of costs, time, legal, constraints, human and other resources, secondly, whether the alternative is satisfactory for solving problems, thirdly, whether the consequences of alternative are favorable to the organization.

Step 5: Selection of Best Alternative

This is the final stage of the decision-making process after the evaluation of various alternatives. Here the best feasible alternative is being selected. For the best alternative manager should consider short-term as well as long-term impacts on organizational performance.

The decision-maker has to consider the above approaches to analyze and select the best solution. He has to select an alternative considering the feasibility, satisfactoriness, and financial soundness of the organization. The selection of the best solution helps for implementation and to gain positive outcomes in organizational objectives.

Step 6: Implementation of Alternative

This is the operational part of the decision-making process. A decision can be made by evaluating the alternatives with the help of available resources but implementing them is quite difficult. The efficiency of the decision-maker is measured in terms of effective implementation of the decision.

Step 7: Review of Implementation

Reviewing the implementation means knowing its actual performance it. As decision-making is a continuous process it is necessary to evaluate the performance from time to time.

A follow-up and review of actual achievement are essential. In case the implementation does not give the desired results, it is necessary to involve in the modification of procedures and techniques that can be made to bring the work to the desired track. It also helps in taking an appropriate decision at the right time.

Steps from 1-to-5 are the main steps in the decision-making process and the steps from 6-to-7 are the supporting steps for the better performance of the selected course of action.

Management by objectives (MBO)

It is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees.

the system of management by objectives can be described as a process whereby the superior and subordinate jointly identify common goals, define each individual's major areas of responsibility in terms of the results expected of him or her, and use these measures as guides for operating the unit and assessing the contribution of each of its members. MBO refers to the process of setting goals for the employees so that they know what they are

supposed to do at the workplace. Management by Objectives defines roles and responsibilities for the employees and help them chalk out their future course of action in the organization.

Management by exception(MBE)

Management by exception (MBE) is a business management strategy that involves managers only intervening when there are significant deviations from planned outcomes. These deviations can be operational or financial.

MBE allows managers to focus on critical matters and make important decisions. It also allows front-line workers to complete day-to-day activities.

DEPARTMENT OF BUSINESS ADMINISTRATION-BBA (GENERAL)

Course Code: Course Code: BBA 1.1

Name of the Course: MANAGEMENT PRINCIPLES AND PRACTICE

Prepared By : Smitha Biji, Asst.Prof & HOD-BBA(G)

MODULE 3: ORGANIZING AND STAFFING

- ✓ Nature and purpose of Organization
- ✓ Principles of Organizing Delegation of Authority
- ✓ Types of Organization - Departmentation, Committees;
- ✓ Centralization vs Decentralization of Authority and Responsibility
- ✓ Span of Control.
- ✓ Staffing: Introduction, Meaning, Nature, Importance
- ✓ Staffing Process

ORGANISATION

- “Organisation is the process of identifying and grouping the works to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work more effectively together in accomplishing objectives.”
- Organizing is the function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives

NATURE OF ORGANIZATION

1. PROCESS:

Organisation is a process of defining, arranging and grouping the activities of an enterprise and establishing the authority relationships among the persons performing these activities. It is the framework within which people associate for the attainment of an objective.

2. STRUCTURE:

The function of organising is the creation of a structural framework of duties and responsibilities to be performed by a group of people for the attainment of the objectives of the concern. The organisation structure consists of a series of relationships at all levels of authority.

3. DIVIDING AND GROUPING THE ACTIVITIES:

Organising means the way in which the parts of an enterprise are put into working order. Activities of an enterprise are required to be distributed between the departments, units or sections as well as between the persons for securing the benefits of division of labour and specialisation, and are to be integrated or combined for giving them a commonness of purpose.

4. ACCOMPLISHMENT OF GOALS OR OBJECTIVES:

Organizations set specific goals and objectives to guide their actions and measure success. These goals could be related to profitability, market share, growth, social impact, or other key performance indicators (KPIs).

5. AUTHORITY-RESPONSIBILITY RELATIONSHIP:

An organisation structure consists of various positions arranged in a hierarchy with a clear definition of the authority and responsibility associated with each of these. An enterprise cannot serve the specific purposes or goals unless some positions are placed above others and given authority to bind them by their decisions.

6. STAKEHOLDERS:

Organizations interact with various stakeholders, including employees, customers, shareholders, suppliers, government agencies, communities, and more. Managing relationships with these stakeholders is crucial for the organization's success and sustainability.

7. ADAPTABILITY AND CHANGE:

In today's dynamic business environment, organizations must be adaptable and responsive to change. This requires flexibility in strategy, operations, and culture to navigate challenges, seize opportunities, and sustain long-term success.

PURPOSE /IMPORTANCE OF ORGANIZATION

1. OPTIMIZES THE USE OF RESOURCES

Organizations facilitate the optimum use of human and financial resources. It helps assign jobs to the right employees and prevents duplication of work. This ensures that resources and efforts are not wasted.

2. HELPS MAKE ADMINISTRATION EASIER

A good organizational structure helps with daily operations and long-term strategies. It helps employees understand how the company works. It clarifies job roles, avoids duplication and waste, and makes administration easier.

3. IMPROVES BUSINESS STABILITY

An organization promotes stability by establishing clear processes and structures. It reduces confusion, ensuring smoother operations and adaptability. It enhances team collaborations, open communication, and effective leadership strategies to make businesses more stable.

4. PROMOTES SPECIALIZATION OF INDIVIDUALS

An organization contains a diverse range of employees. Its structure allows for focused roles and expertise. It empowers employees to develop specialized skills and maximize productivity.

5. FOSTERS GROWTH AND DEVELOPMENT

An organized structure facilitates scalability and resource management. It supports strategic planning and continuous growth. Continuous growth makes way for organizational change, which is fundamental in expansion and development.

6. SUPPORTS A SENSE OF CULTURE

An organization develops a sense of culture tied to its people. It is a collection of shared values and beliefs that holds the organization together. This organizational culture forms the backdrop of communication and collaboration across teams focusing on the ultimate goals and objectives.

PRINCIPLES OF ORGANIZING

1. PRINCIPLE OF OBJECTIVE:

The enterprise should set up certain aims for the achievement of which various departments should work. A common goal so devised for the business as a whole and the organization is set up to achieve that goal. In the absence of a common aim, various departments will set up their own goals and there is a possibility of conflicting objectives for different departments.

2. PRINCIPLE OF SPECIALISATION:

The organization should be set up in such a way that every individual should be assigned a duty according to his skill and qualification. The person should continue the same work so that he specializes in his work. This helps in increasing production in the concern.

3. PRINCIPLES OF CO-ORDINATION:

The co-ordination of different activities is an important principle of the organization. There should be some person to co-ordinate the activities of various departments. In the absence of co-ordination there is a possibility of setting up different goals by different departments. The ultimate aim of the concern can be achieved only if proper co-ordination is done for different activities.

4. PRINCIPLE OF AUTHORITY AND RESPONSIBILITY:

The authority flows downward in the line. Every individual is given authority to get the work done. Though authority can be delegated but responsibility lies with the man who has been given the work. If a superior delegates his authority to his subordinate, the superior is not absolved of his responsibility, though the subordinate becomes liable to his superior. The responsibility cannot be delegated under any circumstances.

5. PRINCIPLE OF DEFINITION:

The scope of authority and responsibility should be clearly defined. Every person should know his work with definiteness. If the duties are not clearly assigned, then it will not be possible to fix responsibility also. The relationship between different departments should also be clearly defined to make the work efficient and smooth.

6. SPAN OF CONTROL:

Span of control means how many subordinates can be supervised by a supervisor. The number of subordinates should be such that the supervisor should be able to control their work effectively. Moreover, the work to be supervised should be of the same nature

7. PRINCIPLE OF BALANCE:

The principle means that assignment of work should be such that every person should be given only that much work which he can perform well. Some person is over worked and the other is under-worked, then the work will suffer in both the situations. The work should be divided in such a way that everybody should be able to give his maximum.

8. PRINCIPLE OF CONTINUITY:

The organization should be amendable according to the changing situations. Everyday there are changes in methods of production and marketing systems. The organization should be dynamic and not static. There should always be a possibility of making necessary adjustments.

9. PRINCIPLE OF UNIFORMITY:

The organization should provide for the distribution of work in such a manner that the uniformity is maintained. Each officer should be in-charge of his respective area so as to avoid dual subordination and conflicts.

10. PRINCIPLE OF UNITY OF COMMAND:

There should be a unity of command in the organization. A person should be answerable to one boss only. If a person is under the control of more than one person then there is a like-

hood of confusion and conflict. He gets contradictory orders from different superiors. This principle creates a sense of responsibility to one person. The command should be from top to bottom for making the organization sound and clear. It also leads to consistency in directing, coordinating and controlling.

11. PRINCIPLE OF EXCEPTION:

This principle states that top management should interfere only when something goes wrong. If the things are done as per plans then there is no need for the interference of top management. The management should leave routine things to be supervised by lower cadres. It is only the exceptional situations when attention of top management is drawn. This principle relieves top management of many botherations and routine things. Principle of exception allows top management to concentrate on planning and policy formulation. Important time of management is not wasted on avoidable supervision.

12. PRINCIPLE OF SIMPLICITY:

The organizational structure should be simple so that it is easily understood by each and every person. The authority, responsibility and position of every person should be made clear so that there is no confusion about these things. A complex organizational structure will create doubts and conflicts among persons. There may also be over-lapping's and duplication of efforts which may otherwise be avoided. It helps in smooth running of the organization.

13. PRINCIPLE OF EFFICIENCY:

The organization should be able to achieve enterprise objectives at a minimum cost. The standards of costs and revenue are pre-determined and performance should be according to these goals. The organization should also enable the attainment of job satisfaction to various employees.

14. SCALAR PRINCIPLE:

This principle refers to the vertical placement of supervisors starting from top and going to the lower level. The scalar chain is a pre-requisite for effective and efficient organization.

DELEGATION OF AUTHORITY

Delegation of authority is the process of a manager dividing their work among their subordinates and giving them the responsibility to complete their tasks

Three elements of Delegation of Authority:

- ✓ Authority
- ✓ Accountability
- ✓ Responsibility

TYPES OF ORGANIZATION

- **FORMAL ORGANISATION:**

The management builds this type of organization in order to induce certain rules and procedures within the enterprise with regard to work relationships. Effectively, it focuses on the achievement of organizational goals by clearly defining relationships among the members.

- **INFORMAL ORGANISATION:**

This type of organization arises out of the social nature of humans. Further, the management cannot control the informal organization. It allows different routes for the flow of communications which are a result of frequent interactions based on interpersonal relationships and common interests.

FORMAL ORGANISATION:

1. Line or Scalar Organisation
2. Functional Organisation
3. Line and Staff Organisation

TYPE # 1. LINE OR SCALAR ORGANISATION:

This type of organisation is also known as departmental or military type of organisation. Under this line type of organisation, one person is in charge of all the activities with regard to a particular department or section, but there is difficulty of getting such a man with sufficient skills, who can look after all the activities efficiently and effectively. Each departmental head has sole control over his section and has full authority to select his labor, staff, purchase of raw materials, stores and to set the standards of output, etc. Example: The general manager, issues order to various departmental managers. Thereafter, the departmental manager issues instructions to Department heads and then they will issue instructions to foreman. In this manner, the orders and instructions will be issued to the workers working at the lowest level. Thus authority moves downward and also step-by-step. The responsibility, on the other hand, moves in the upward direction.

Advantages:

1. Simple to work
2. Economical and effective. It also allows quick decisions and efficient coordination.
3. In a line organization, the responsibility for the performance of tasks is fixed upon definite individuals. Therefore, there is accountability of delegated tasks.

4. There is excellent discipline in a line organization due to unified control and undivided loyalties.
5. The overall cost of running the organization is low due to the noninvolvement of staff personnel.

Disadvantages:

1. Departmental heads are over-burdened with various routine jobs, hence no time for further expansion and planning.
2. Certain people become key points and they are loaded maximum with work.
3. Scope for favouritism: There may be a good deal of favouritism under this type of organization. As the concerned officer will judge the performance of the persons at work according to his own norms, it is possible that efficient people may be left behind and inefficient or 'yes men' may get higher and better posts.
4. Under line organization, ultimate authority lies in the hands of top management and departmental managers or heads have little powers. This adversely affects their initiative and enthusiasm to motivate the subordinates working under them.

2. FUNCTIONAL ORGANISATION

F.W. Taylor, who is better known as the father of scientific management developed the concept of 'Functional Organisation'. A functional organization is a widely used organizational structure in which the organization is divided into smaller groups based on specialized functional areas such as finance, marketing, and production. Each function is managed by a departmental head who has a dual responsibility to be accountable to the top management and to direct the respective department to achieve favorable performance. Example: For example, the personnel department recruits' employees, arranges for their training, and deals with the people required for all the other departments. The purchasing department handles purchases for the entire concern.

Merits of Functional Organization

1. Specialization: This type of organisation has the benefit of having specialists in each area. The work is performed by those who have the specialist knowledge of that work. The workers have the advantage of getting instructions from specialists.
2. Increase in Efficiency: This type of organisation ensures enhanced efficiency as the workers operate under the expert and competent personnel and perform limited operations.
3. Economy of Operations: The use of specialists helps in controlling the waste of materials, money and time.

4. Better Supervision: Every superior is an expert in his own area and he will be successful in making proper planning and execution. The superiors, being well acquainted with the work, will be able to improve the level of supervision.

Demerits of Functional Organization

1. Conflict in Authority: The principle of 'unity of command' is violated in functional organisation. A subordinate is answerable to many bosses. Every superior considers his work important and wants the workers to give top priority to his assignment. The workers feel confused and are unable to decide about the priorities of their work.
2. Delay in Taking Decisions: The involvement of more than one person in decision-making process slows the process down. The speed of action tends to be hampered by the division of authority. Much time is taken in consulting different specialists prior to decision-making.
3. Difficulty in fixing responsibility- Since there is no unity of command, it becomes difficult to fix responsibility for slackness in work. So many persons are involved in completing a work and everybody tries to blame others for low performance.
4. Costly- Maintenance of specialist's staff of the highest order is expensive for a concern.

3.LINE AND STAFF ORGANISATION:

In such organisation, line authority flows in a vertical line in the same way as in the line organisation and, in addition, staff specialists are employed to advise the line managers for efficient performance of the special functions. The staff expert is advisory in nature and has only the authority to recommend. He has no power over the line positions. His main function lies in rendering advice, assistance and making provision of specialised service. Such type of organisation structure is more popular specially in large enterprises. According to Allen, "Line refers to those positions and elements of organisation, which have the responsibility and authority and are accountable for the accomplishment of primary objectives. Staff elements are those which have responsibility and authority for providing advice and service to the line in the attainment of objectives."

MERITS OF LINE AND STAFF ORGANISATION: Line and staff organisation have the following advantages:

1. SPECIALISED ADVICE: The line managers receive the benefit of expert advice and assistance from the staff specialists. The staff experts enable the line managers to discharge their responsibilities more efficiently.
2. BETTER DECISIONS: The staff specialists provide adequate information and expert advice. As a result, the line managers can take quality decisions.

3. **REDUCTION OF WORK-BURDEN:** The staff specialists carry out detailed investigation and supply information to the line managers. So, the work-load of the line managers is reduced. They get the chance for creative thinking to generate new ideas.
4. **FLEXIBILITY:** The line and staff organisation are comparatively more flexible. As the organisation expands, staff specialists can be added to help the line executives. There is more opportunity for advancement and growth.

DEMERITS OF LINE AND STAFF ORGANISATION: The line and staff organisation suffer from the following disadvantages:

1. **LINE-STAFF CONFLICTS:** The main problem of line and staff organisation is that conflicts and friction often arise between the line executives and staff specialists.
2. **INEFFECTIVE STAFF PERSONNEL:** The staff specialists are not accountable for the results. So they may not take their tasks seriously. They may also be ineffective because they have not the authority to implement their recommendations.
3. **CONFUSION:** Practically, it is very difficult to define clearly the authority relationships between the line and the staff. Different managers may not be clear as to what the actual area of operation is and what is expected of them. The absence of clear allocation of duties and responsibilities may result in confusion.
4. **EXPENSIVE:** The line and staff organisation is expensive for small enterprises, because two types of persons are to be employed simultaneously for line and staff positions.

4.PROJECT ORGANISATION:

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

ADVANTAGES OF PROJECT ORGANISATION

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

Disadvantages of Project Organization

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

DEPARTMENTATION

- Departmentation, is the process of grouping teams or activities into departments or functions with specific objectives, goals, and outcomes to be achieved.

COMMITTEE

- A committee is a group of people who work together to perform a managerial function. Committees can also be called boards, commissions, task forces, or teams.

CENTRALIZATION VS DECENTRALIZATION OF AUTHORITY AND RESPONSIBILITY

CENTRALIZATION is a form of organizational structure where the decision making capability rests with the top management. A couple of hand-picked members are entitled to create strategies, determine the goals and objectives based on which an organisation will function. In a centralized organisation, the top management sets rules and procedures which are then communicated to the lower-level employees, who are expected to carry out the same without questioning the authority.

DECENTRALIZATION is another form of organizational structure that functions by delegating decision-making capabilities to multiple teams across geographies. In such an organization, most of the planning, strategy and decision to implement them are taken by the people in the middle and lower level of management.

Decentralization	Centralization
Definition	
Decision-making capabilities delegated across multiple levels	Decision-making capability rests with the top management
Flow of Information	
Open and free	Vertical

Ideal for	
Decentralization is ideal for large-sized organizations	Centralization is ideal for small-sized organizations
Decision-making speed	
Significantly faster	Comparatively slow
People Involved	
In decentralization, a higher number of people from each level are involved in the decision-making process	In centralization, only a few handpicked people are involved in the decision-making process
Employee Motivation	
Highly motivated employee	Demotivated employee
Conflict in Decision	
Most likely to occur	Least likely to occur
Burden	
The burden gets shared among many levels	Only one group is carrying the burden
Stability	

Prone to instability due to multiple conflicting decisions

Relatively stable as decisions are made by a central authority sharing a common ideology

Advantages of Decentralization:

1. **Faster Decision Making:** Lower-level managers or departments can make decisions more quickly since they are closer to the action and can respond to local needs more promptly.
2. **Flexibility and Responsiveness:** Decentralized organizations can adapt more quickly to changes in the environment because decisions can be made at various levels without waiting for approval from a central authority.
3. **Motivation and Morale:** When employees have more authority and responsibility, they are often more motivated, leading to higher job satisfaction and morale.
4. **Expertise Utilization:** Decentralization allows for specialized knowledge and expertise to be utilized effectively. Local managers or departments may have specific knowledge about their area that central managers do not possess.
5. **Reduced Communication Overhead:** With decisions made at lower levels, there's often less need for extensive communication up and down the hierarchy, which can lead to quicker action.
6. **Risk Diversification:** By distributing authority, risks associated with decision-making are spread out, reducing the impact of poor decisions made at a single point.

Disadvantages of Decentralization:

1. **Potential for Inconsistency:** Decentralized decision-making can lead to inconsistencies across different departments or units. Without strict guidelines or oversight, standards and procedures might differ.
2. **Loss of Control:** Central management might feel that they're losing control over various parts of the organization. This could result in a lack of alignment with the organization's overall goals.
3. **Higher Costs:** Duplication of resources or efforts might occur if different units pursue similar objectives independently. For instance, departments might purchase redundant software tools.
4. **Communication Challenges:** While decentralization can reduce communication overhead in some areas, it can also lead to communication breakdowns if there's not enough coordination among decentralized units.
5. **Potential for Conflict:** When different units or departments have significant autonomy, conflicts can arise over resources, priorities, or strategies.
6. **Difficulty in Standardization:** Standardizing processes, products, or services across the organization becomes more challenging when decision-making is decentralized. This can affect quality control and brand consistency.

Advantages of Centralization:

1. **Consistency in Decision Making:** Centralization ensures that decisions are made by a few individuals or a single entity, which can lead to consistent decision-making across the organization.
2. **Cost Savings:** By centralizing functions such as procurement, finance, or human resources, organizations can achieve economies of scale and reduce duplication of efforts.
3. **Enhanced Control:** Centralized organizations often have better control over operations, resources, and outcomes. This can be particularly beneficial in situations where standardized processes are crucial.
4. **Streamlined Communication:** With fewer decision-makers, communication can be more direct and streamlined, leading to quicker decisions.
5. **Specialization:** Centralization allows for the concentration of expertise in specific areas, leading to specialized skills and knowledge that can benefit the organization.
6. **Clear Accountability:** With centralized decision-making, it's easier to determine who is responsible for specific outcomes or decisions within the organization.

Disadvantages of Centralization:

1. **Slower Response Times:** Centralized organizations may have slower response times to changes in the market or environment due to the need for decisions to pass through a limited number of channels
2. **Limited Flexibility:** A highly centralized structure may lack the flexibility needed to adapt quickly to changing circumstances or opportunities.
3. **Reduced Employee Morale and Initiative:** Employees in centralized organizations may feel less empowered or motivated to take initiative since decision-making authority rests with a select few.
4. **Risk of Poor Decisions:** If decisions are made by a limited number of individuals without input from various levels of the organization, there's a higher risk of poor or uninformed decisions.
5. **Potential for Bottlenecks:** Centralized decision-making can create bottlenecks, as all decisions must flow through a limited number of channels or individuals.
6. **Difficulty in Managing Growth:** As organizations grow, a centralized structure can become increasingly difficult to manage, leading to inefficiencies and operational challenges

SPAN OF CONTROL

The span of control refers to the number of subordinates that can be managed effectively and efficiently by supervisors or managers in an organization.

For example, a manager with five direct reports has a span of control of five.

Span of control may be classified as either a wide or narrow span of control.

A wide span of control means a manager has several employees reporting to them directly, while a narrow span of control means the manager has fewer employees reporting.

STAFFING

Staffing is related to performing a set of activities which aim at inviting, selecting, placing and retaining individuals at various jobs to achieve the organisational goals. It involves determining the need for people at various organisational posts, appointing and retaining them at those posts by training and developing their abilities and skills.

NATURE OF STAFFING

1. Staffing is an important managerial function

Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower, which is available through staffing function.

2. Staffing is a pervasive activity

As staffing function is carried out by all managers and in all types of concerns where business activities are carried out.

3. Staffing is a continuous activity

This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.

4. The basis of staffing function is efficient management of personnel

Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.

5. Staffing helps in placing right men at the right job

It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.

6. Staffing is performed by all managers depending upon the nature of business, size of the company, qualifications and skills of managers, etc. In small companies, the top management generally performs this function. In medium and small-scale enterprise, it is performed especially by the personnel department of that concern.

IMPORTANCE OF STAFFING

1. Efficient Performance of Other Functions:

Staffing is the key to the efficient performance of other functions of management. If an organisation does not have competent personnel, it can't perform planning, organisation and control functions properly.

2. Effective Use of Technology and Other Resources:

It is the human factor that is instrumental in the effective utilisation of latest technology, capital, material, etc. the management can ensure right kinds of personnel by performing the staffing function.

3. Optimum Utilization of Human Resources:

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

4. Development of Human Capital:

The management is required to determine the manpower requirements well in advance. It has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in future.

5. Motivation of Human Resources:

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

6. Building Higher Morale:

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

STEPS INVOLVED IN STAFFING PROCESS

1. Manpower Planning

Manpower planning can be regarded as the quantitative and qualitative measurement of labour force required in an enterprise. Therefore, in an overall sense, the planning process involves the synergy in creating and evaluating the manpower inventory and as well as in developing the required talents among the employees selected for promotion advancement

2. Recruitment

Recruitment is a process of searching for prospective employees and stimulating them to apply for jobs in the organization. It stands for finding the source from where potential employees will be selected.

3. Selection

Selection is a process of eliminating those who appear unpromising. The purpose of this selection process is to determine whether a candidate is suitable for employment in the

organization or not. Therefore, the main aim of the process of selection is selecting the right candidates to fill various positions in the [organization](#). A well-planned selection procedure is of utmost importance.

4. Placement

Placement means putting the person on the job for which he is selected. It includes introducing the employee to his job.

5. Training

After selection of an employee, the important part of the programmed is to provide training to the new employee. With the various technological changes, the need for training employees is being increased to keep the employees in touch with the various new developments.

6. Development

A sound staffing policy provides for the introduction of a system of planned promotion in every organization. If employees are not at all having suitable opportunities for their development and promotion, they get frustrated which affect their work.

7. Promotions

The process of promotion implies the up-gradation of an employee to a higher post involving increasing rank, prestige and responsibilities. Generally, the promotion is linked to increment in wages and incentives but it is not essential that it always relates to that part of an organization.

8. Transfer

Transfer means the movement of an employee from one job to another without increment in pay, status or responsibilities. Therefore this process of [staffing](#) needs to be evaluated on a timely basis.

9. Appraisal

Appraisal of employees as to how efficiently the subordinate is performing a job and also to know his aptitudes and other qualities necessary for performing the job assigned to him.

10. Determination of Remuneration

This is the last process which is very crucial as it involves in determining remuneration which is one of the most difficult functions of the personnel department because there are no definite or exact means to determine correct wages.

DEPARTMENT OF BUSINESS ADMINISTRATION-BBA (GENERAL)

Course Code: Course Code: BBA 1.1

Name of the Course: MANAGEMENT PRINCIPLES AND PRACTICE

Prepared By: Smitha Biji, Asst.Prof & HOD-BBA(G)

MODULE 4: DIRECTING AND COMMUNICATING

- ✓ **Meaning and Nature of Direction**
- ✓ **Principles of Direction**
- ✓ **Communication - Meaning and Importance**
- ✓ **Communication Process**
- ✓ **Barriers to Communication**
- ✓ **Steps to overcome Communication Barriers**
- ✓ **Types of Communication**

DIRECTION

Directing refers to a process or technique of instructing, guiding, inspiring, counselling, overseeing, and leading people towards the accomplishment of organizational goals.

It is a continuous managerial process that goes on throughout the life of the organization.

Nature or Characteristics of Direction:

1. It is a Dynamic Function:

Directing is a dynamic and continuing function. A manager has to continuously direct, guide, motivate and lead his subordinates. With change in plans and organizational relationships, he will have to change the methods and techniques to direction.

2. It Initiates Action:

Directing initiates organized and planned action and ensures effective performance by subordinates towards the accomplishment of group activities. It is regarded as the essence of management-in-action.

3. It Provides Necessary Link between Various Managerial Functions:

Directing links the various managerial functions of planning, organizing, staffing and controlling. Without directing the function of controlling will never arise and the other preparatory functions of management will become meaningless. In the words of Haimann, "nothing happens unless and until the business automobile is put into gear and the accelerator pressed."

4. It is a Universal Function:

Directing is a universal function that is performed in all organizations and at all the levels of management. All managers have to guide, motivate, lead, supervise and communicate with their subordinates, although more time is spent on directing at higher levels of management.

5. It is Concerned with Human Relationships:

The direction function of management deals with the relationship between people working in an organization. It creates cooperation and harmony among the members of the group. It seeks to achieve an orderly arrangement of a group effort to provide unity of action in the pursuit of common objectives.

PRINCIPLES OF EFFECTIVE DIRECTION

Effective direction leads to greater contribution of subordinates to organization goals. The directing function of management can be effective only when certain well-accepted principles are followed.

1. HARMONY OF OBJECTIVES:

It is an essential function of management to make the people realize the objectives of the group and direct their efforts towards the achievement of their objectives. The interest of the group must always prevail over individual interest. The principle implies harmony of personal interest and common interest. Effective direction fosters the sense of belongingness among all subordinates in such a way that they always identify themselves with the enterprise and tune their goals with those of the enterprise.

2. UNITY OF COMMAND:

This principle states that one person should receive orders from only one superior, in other words, one person should be accountable to only one boss. If one person is under more than one boss then there can be contradictory orders and the subordinate fails to understand whose order to be followed.

3. UNITY OF DIRECTION

To have effective direction, there should be one head and one plan for a group of activities having the same objectives. In other words, each group of activities having the same objectives must have one plan of action and must be under the control of one supervisor.

4. DIRECT SUPERVISION:

The directing function of management becomes more effective if the superior maintains direct personal contact with his subordinates. Direct supervision infuses a sense of participation among subordinates that encourages them to put in their best to achieve the organizational goals and develop an effective system of feed-back of information.

5. PARTICIPATIVE OR DEMOCRATIC MANAGEMENT:

The function of directing becomes more effective if participative or democratic style of management is followed. According to this principle, the superior must act according to the mutual consent and the decisions reached after consulting the subordinates. It provides necessary motivation to the workers by ensuring their participation and acceptance of work methods.

6. EFFECTIVE COMMUNICATION:

To have effective direction, it is very essential to have an effective communication system which provides for free flow of ideas, information, suggestions, complaints and grievances.

7. FOLLOW-UP:

In order to make direction effective, a manager has to continuously direct, guide, motivate and lead his subordinates. A manager has not only to issue orders and instructions but also to follow-up the performance so as to ensure that work is being performed as desired. He should intelligently oversee his subordinates at work and correct them whenever they go wrong.

COMMUNICATION

Communication is the act of sharing information or ideas between two or more people. It's a two-way process that involves sending and receiving messages through verbal and non-verbal methods.

Managerial communication is the interaction between managers and their subordinates within an organization. It's essential for managers to communicate with their team members and vice versa to ensure maximum productivity and peace at the workplace.

FEATURES OF COMMUNICATION:

- ✓ Communication is an unavoidable system.
- ✓ It is a two-way process.
- ✓ It is a social activity.
- ✓ It is a continuous process.
- ✓ It is universal.
- ✓ It may be formal or informal.

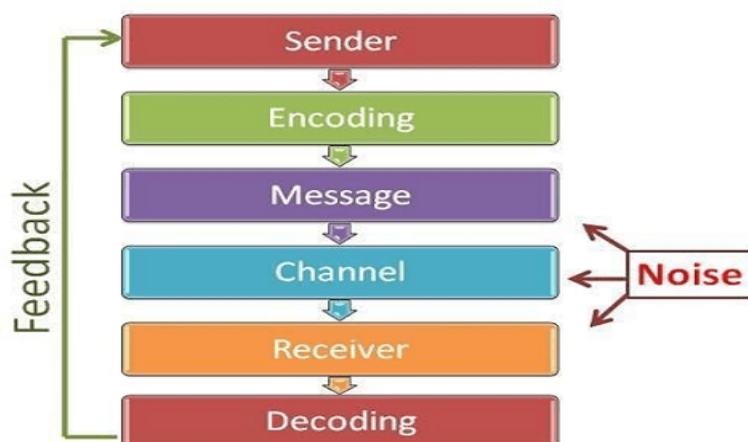
IMPORTANCE OF COMMUNICATION

1. **FACILITATES UNDERSTANDING:** Effective communication ensures clarity of ideas, thoughts, and information. It helps individuals and organizations convey messages accurately, leading to mutual understanding and alignment of objectives, expectations, and responsibilities.
2. **BUILDS RELATIONSHIPS:** Communication fosters relationships by enabling individuals to connect, interact, collaborate, and build trust. Open and transparent communication promotes healthy interpersonal relationships, teamwork, cooperation, and mutual respect.
3. **DRIVES DECISION-MAKING:** Communication plays a vital role in decision-making processes by providing relevant information, insights, feedback, and perspectives. It enables individuals and organizations to evaluate options, make informed decisions, and implement strategies effectively.
4. **PROMOTES COLLABORATION AND TEAMWORK:** Effective communication is essential for collaboration and teamwork. It facilitates the exchange of ideas, coordination of efforts, resolution of conflicts, and achievement of common goals among team members and across departments or organizations.
5. **ENHANCES PRODUCTIVITY AND EFFICIENCY:** Clear and concise communication enhances productivity and efficiency by reducing misunderstandings, errors, delays, and inefficiencies. It ensures that tasks, roles, responsibilities, and expectations are communicated effectively, enabling individuals and organizations to achieve desired outcomes more efficiently.

6. **SUPPORTS INNOVATION AND CREATIVITY:** Communication fosters innovation and creativity by encouraging the exchange of ideas, perspectives, insights, and feedback. It creates an environment where individuals feel valued, heard, and empowered to share innovative solutions, challenge the status quo, and drive continuous improvement.
7. **FACILITATES CHANGE MANAGEMENT:** Communication is essential for managing change effectively within organizations. It helps leaders communicate the rationale, benefits, and implications of changes, address concerns, alleviate resistance, and facilitate smooth transitions, ensuring that changes are implemented successfully.
8. **BUILDS TRUST AND CREDIBILITY:** Transparent, honest, and consistent communication builds trust and credibility among stakeholders, including employees, customers, partners, investors, and the broader community. It demonstrates integrity, authenticity, and reliability, enhancing reputation and relationships over time.
9. **ENHANCES CUSTOMER SATISFACTION:** Effective communication is crucial for understanding customer needs, preferences, feedback, and expectations. It enables organizations to deliver personalized, responsive, and high-quality products, services, and experiences that meet or exceed customer expectations, leading to satisfaction, loyalty, and advocacy.
10. **MITIGATES CONFLICTS AND RESOLVES ISSUES:** Communication is essential for identifying, addressing, and resolving conflicts, issues, and challenges within organizations and relationships. It promotes open dialogue, constructive feedback, empathy, and collaboration, enabling parties to find mutually beneficial solutions and build stronger relationships.

PROCESS OF COMMUNICATION

The Communication Process Involves the Following Aspects:



1. **SENDER:** The sender or the communicator is the person who initiates the conversation and has conceptualized the idea that he intends to convey it to others.
2. **ENCODING:** The sender begins with the encoding process wherein he/she uses certain words or non-verbal methods such as symbols, signs, body gestures, etc. to translate the information into a message. The sender's knowledge, skills, perception, background, competencies, etc. has a great impact on the success of the message.
3. **MESSAGE:** Once the encoding is finished, the sender gets the message that he/she intends to convey. The message can be written, oral, symbolic or non-verbal such as body gestures, silence, sighs, sounds, etc. or any other signal that triggers the response of a receiver.
4. **COMMUNICATION CHANNEL:** The Sender chooses the medium through which he/she wants to convey his/her message to the recipient. It must be selected carefully in order to make the message effective and correctly interpreted by the recipient. The choice of medium depends on the interpersonal relationships between the sender and the receiver and also on the urgency of the message being sent. Oral, virtual, written, sound, gesture, etc. are some of the commonly used communication mediums.
5. **RECEIVER:** The receiver is the person for whom the message is intended or targeted. He/she tries to comprehend it in the best possible manner such that the communication objective is attained. The degree to which the receiver decodes the message depends on his/her knowledge of the subject matter, experience, trust and relationship with the sender.
6. **DECODING:** Here, the receiver interprets the sender's message and tries to understand it in the best possible manner. An effective communication occurs only if the receiver understands the message in exactly the same way as it was intended by the sender.
7. **FEEDBACK:** The Feedback is the final step of the process that ensures the receiver has received the message and interpreted it correctly as it was intended by the sender. It increases the effectiveness of the communication as it permits the sender to know the efficacy of his message. The response of the receiver can be verbal or non-verbal.

Note: The Noise shows the barriers in communications. There are chances when the message sent by the sender is not received by the recipient

BARRIERS TO COMMUNICATION

1. **PHYSICAL BARRIERS:** Physical barriers such as distance, noise, poor lighting, and obstructions can interfere with communication by limiting visibility, audibility, and access to information. These barriers can disrupt face-to-face interactions, meetings, presentations, and other communication channels.

2. **SEMANTIC BARRIERS:** Semantic barriers arise from differences in language, vocabulary, jargon, terminology, and interpretation of words and symbols. Misunderstandings, ambiguities, and misconceptions can occur when individuals have different meanings or interpretations of words, phrases, or symbols.
3. **PSYCHOLOGICAL BARRIERS:** Psychological barriers such as emotions, attitudes, perceptions, biases, stereotypes, and preconceptions can influence how individuals send, receive, and interpret messages. Personal beliefs, values, experiences, and cultural backgrounds can shape individuals' perceptions, leading to misunderstandings, resistance, defensiveness, or misinterpretations.
4. **CULTURAL BARRIERS:** Cultural barriers stem from differences in cultural norms, values, beliefs, customs, traditions, and communication styles. Cultural diversity can lead to variations in non-verbal cues, gestures, expressions, etiquettes, and expectations, causing misunderstandings, conflicts, or misinterpretations among individuals from different cultural backgrounds.
5. **ORGANIZATIONAL BARRIERS:** Organizational barriers such as hierarchical structures, policies, procedures, rules, regulations, and communication channels can impede communication flow within organizations. Bureaucratic processes, silos, information hoarding, lack of transparency, and ineffective communication systems can hinder collaboration, innovation, and responsiveness.
6. **TECHNOLOGICAL BARRIERS:** Technological barriers arise from limitations, disruptions, malfunctions, or misuse of communication technologies, tools, platforms, and channels. Inadequate infrastructure, outdated technologies, connectivity issues, security concerns, and user errors can hinder effective communication, collaboration, and information sharing.
7. **ENVIRONMENTAL BARRIERS:** Environmental barriers such as distractions, interruptions, competing priorities, time constraints, and workload pressures can disrupt communication processes. Busy schedules, multitasking, meetings, deadlines, and conflicting demands can limit individuals' attention, focus, and engagement in communication activities.
8. **LINGUISTIC BARRIERS:** Linguistic barriers arise from differences in language proficiency, fluency, accent, dialect, pronunciation, and communication skills among individuals. Language barriers can create challenges in expressing ideas, understanding messages, and building rapport among individuals who speak different languages or have limited language proficiency.
9. **NON-VERBAL BARRIERS:** Non-verbal barriers such as body language, facial expressions, gestures, posture, eye contact, and tone of voice can influence communication effectiveness. Inconsistent, ambiguous, negative, or conflicting non-

verbal cues can convey unintended messages, leading to misunderstandings or misinterpretations

10. **PERSONAL BARRIERS:** Personal barriers such as ego, pride, insecurity, fear, anxiety, resistance to change, and reluctance to communicate can hinder individuals' willingness, openness, and ability to engage in effective communication. Emotional intelligence, self-awareness, empathy, and interpersonal skills are essential for overcoming personal barriers and fostering constructive communication.

STEPS TO OVERCOME COMMUNICATION BARRIERS

1. **Clarify Ideas before Communication:**

The person sending the communication should be very clear in his mind about what he/she wants to say. He/she should know the objective of the message and, therefore, should arrange the thoughts in a proper order.

2. **Communicate According to the Need of the Receiver:**

The sender of the communication should prepare the structure of the message not according to his/her own level or ability but should keep in mind the level, understanding or the environment of the receiver.

3. **Consult Others before Communication:**

At the time of planning the communication, suggestions should be invited from all the persons concerned. Its main advantage will be that all those people who are consulted at the time of preparing the communication plan will contribute to the success of the communication system.

4. **Be Aware of Language, Tone and Content of Message:**

The sender should take care of the fact that the message should be framed in clear and beautiful language. The tone of the message should not injure the feelings of the receiver. As far as possible the contents of the message should be brief and excessive use of technical words should be avoided.

5. **Convey Things of Help and Value to the Listener:**

The subject matter of the message should be helpful to the receiver. The need and interest of the receiver should specially be kept in mind. Communication is more effective in such a situation.

6. Ensure Proper Feedback:

The purpose of feedback is to find out whether the receiver has properly understood the meaning of the information received. In the face-to-face communication, the reaction on the face of the receiver can be understood. But in case of written communication or some other sort of communications some proper method of feedback should be adopted by the sender.

7. Consistency of Message:

The information sent to the receiver should not be self-contradictory. It should be in accordance with the objectives, policies, programmes and techniques of the organisation. When a new message has to be sent in place of the old one, it should always make a mention of the change otherwise it can create some doubts.

8. Follow up Communication:

In order to make communication effective the management should regularly try to know the weaknesses of the communication system. In this context effort can be made to know whether to lay more stress upon the formal or the informal communication would be appropriate.

Similarly, suggestions can be invited in respect of the medium of communication (oral, written and gestural) to know as to which medium would be more effective and appropriate.

9. Be a Good Listener:

It is the essence of communication that both the sender and the receiver should be good listeners. Both should listen to the each other's point of view with attention, patience and positive attitude. A sender can receive much relevant information by being a good listener.

TYPES OF COMMUNICATION

1. VERBAL COMMUNICATION:

- **Face-to-Face:** Direct interaction where individuals communicate in person, allowing for immediate feedback and clarification.
- **Telephonic:** Communication over the phone, which can be both synchronous (real-time) or asynchronous (voice message)
- **Voice Chat:** Real-time communication using voice over the internet, often through applications like Skype, Zoom, or other VoIP services.

2. WRITTEN COMMUNICATION:

- **Emails:** Electronic messages sent over the internet.
- **Letters:** Traditional written messages sent via post or courier.
- **Reports:** Detailed documents providing information, analysis, or recommendations.
- **Memorandums (Memos):** Internal documents used within organizations for communication.

3. NONVERBAL COMMUNICATION:

- **Body Language:** Gestures, facial expressions, posture, and other physical cues.
- **Eye Contact:** Conveying messages or emotions through visual contact.
- **Proxemics:** Use of space to communicate, such as personal space or spatial arrangements in meetings.

4. VISUAL COMMUNICATION

- **Charts and Graphs:** Visual representations of data or information.
- **Infographics:** Visual representations designed to present information quickly and clearly.
- **Videos and Presentations:** Use of visuals, audio, and text to convey messages, often used in meetings, lectures, or marketing.

5. DIGITAL COMMUNICATION:

- **Social Media:** Platforms like Facebook, Twitter, Instagram, etc., used for sharing information, messages, or content.

- **Instant Messaging:** Real-time text-based communication through platforms like WhatsApp, Slack, or Messenger.
- **Forums and Discussion Boards:** Online platforms where users can post messages, ask questions, or discuss topics.

6. MASS COMMUNICATION:

- **Broadcast Media:** Television, radio, and podcasts that reach a broad audience.
- **Print Media:** Newspapers, magazines, brochures, and other printed materials distributed to a wide audience.
- **Advertising:** Promotional messages delivered through various media channels to reach potential customers.

7. INTERPERSONAL COMMUNICATION:

- **One-on-One:** Direct communication between two individuals, either verbally, nonverbally, or in writing.
- **Group Communication:** Communication that occurs within a group setting, such as meetings, conferences, or team discussions.

COMMUNICATION FLOW IN AN ORGANISATION

Communication within a business can involve different types of employees and different functional parts of an organization. These patterns of communication are called **flows**, and they are commonly classified according to the direction of interaction: downward, upward, horizontal.

DOWNWARD COMMUNICATION

When leaders and managers share information with lower-level employees, it's called downward, or top-down communication. In other words, communication from superiors to subordinates in a chain of command is a downward communication. This communication flow is used by the managers to transmit work-related information to the employees at lower levels.

UPWARD COMMUNICATION

Upward communication is the transmission of information from lower levels of an organization to higher ones; the most common situation is employees communicating with

managers. Managers who encourage upward communication foster cooperation, gain support, and reduce frustration among their employees. The content of such communication can include requests, estimations, proposals, complaints, appeals, reports, and any other information directed from subordinates to superiors.

HORIZONTAL COMMUNICATION

Horizontal communication, also called lateral communication, involves the flow of messages between individuals and groups on the same level of an organization. Communication within a team is an example of horizontal communication; members coordinate tasks, work together, and resolve conflicts. Horizontal communication occurs formally in meetings, presentations, and formal electronic communication, and informally in other, more casual exchanges within the office.

DEPARTMENT OF BUSINESS ADMINISTRATION-BBA (GENERAL)

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Name of the Course: MANAGEMENT PRINCIPLES AND PRACTICE

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MODULE 5: COORDINATING AND CONTROLLING

- ✓ **Coordination-Meaning, Importance and Principles.**
- ✓ **Controlling-Meaning and steps in controlling**
- ✓ **Essentials of Effective Control system**
- ✓ **Techniques of Control (in brief)**

COORDINATION:

In management, coordination is the process of bringing together different departments and individuals to achieve a common goal. It also involves integrating activities to ensure that an organization's resources are used efficiently.

Coordination is the function of management which ensures that different departments and groups work in sync. Therefore, there is unity of action among the employees, groups, and departments. It also brings harmony in carrying out the different tasks and activities to achieve the organization's objectives efficiently.

IMPORTANCE OF COORDINATION

1. **OPTIMIZES RESOURCES:** Coordination ensures the optimal utilization of resources, including human, financial, material, and technological assets. By aligning activities, tasks, roles, and responsibilities, coordination minimizes wastage, redundancy, duplication, and inefficiencies, maximizing productivity and cost-effectiveness.

2. **PROMOTES COLLABORATION AND TEAMWORK:** Coordination fosters collaboration, teamwork, synergy, and mutual support among individuals, departments, teams, and stakeholders. By facilitating communication, sharing information, aligning efforts, and resolving conflicts, coordination enhances cohesion, unity, and collective effort towards common goals and objectives.
3. **ENHANCES EFFICIENCY AND PRODUCTIVITY:** Coordination improves efficiency, productivity, performance, and output by streamlining processes, workflows, operations, and activities. By eliminating bottlenecks, delays, obstacles, and redundancies, coordination enables organizations and teams to achieve desired outcomes more effectively, timely, and consistently.
4. **FACILITATES DECISION-MAKING:** Coordination supports decision-making processes by providing relevant information, insights, data, feedback, perspectives, and recommendations. By aligning priorities, objectives, strategies, and actions, coordination enables leaders, managers, and teams to make informed, timely, and strategic decisions that drive organizational success and competitiveness.
5. **REDUCES CONFLICTS AND MISUNDERSTANDINGS:** Coordination minimizes conflicts, misunderstandings, disputes, and tensions among individuals, departments, teams, and stakeholders. By clarifying roles, responsibilities, expectations, boundaries, and communication channels, coordination promotes harmony, trust, respect, and positive relationships within organizations and teams.
6. **ENHANCES ADAPTABILITY AND FLEXIBILITY:** Coordination improves adaptability, flexibility, responsiveness, and resilience by facilitating alignment, synchronization, and integration of activities, processes, strategies, and resources. In dynamic, complex, and rapidly changing environments, coordination enables organizations and teams to navigate challenges, seize opportunities, and adapt to evolving conditions effectively.
7. **ENSURES ALIGNMENT WITH GOALS AND OBJECTIVES:** Coordination aligns activities, tasks, initiatives, projects, and operations with organizational goals, objectives, priorities, values, and vision. By ensuring consistency, alignment, and focus, coordination enables organizations and teams to work towards shared goals, achieve desired outcomes, and fulfill stakeholders' expectations.
8. **SUPPORTS STAKEHOLDER ENGAGEMENT AND COMMUNICATION:** Coordination enhances stakeholder engagement, communication, collaboration, and satisfaction by facilitating interactions, relationships, partnerships, and networks. By connecting individuals, departments, teams, and stakeholders, coordination fosters transparency, openness, trust, and mutual understanding, enhancing stakeholders' involvement, commitment, and support.

9. **FACILITATES CONTINUOUS IMPROVEMENT:** Coordination promotes continuous improvement, innovation, learning, and development by encouraging feedback, reflection, evaluation, adaptation, and innovation. By identifying opportunities, challenges, gaps, and areas for improvement, coordination enables organizations and teams to enhance processes, practices, strategies, and performance over time.

PRINCIPLES OF COORDINATION

1. EARLY STAGE PRINCIPLE

This principle states that coordination must start at a very early stage. So, in the management process, this is very vital. Thus, it can be said that this should start at the planning stage. So, this will ensure that the best plans are made. Also, it is necessary to implement these plans successfully.

2. CONTINUITY PRINCIPLE

According to the second principle, coordination is a process that requires continuity. Thus, it means that the process should not be only a one-time process. So, the process of coordination should begin at the time the organization starts. This shall also continue until an organization exists.

3. DIRECT CONTACT PRINCIPLE

This principle believes in direct contact. It states that managers should directly contact their subordinates. Thus, it will help in building good relations for managers with their subordinates. Also, because of this principle, any misunderstanding will be avoided. Along with this, misinterpretations and disputes will be avoided between the subordinates and the managers.

4. RECIPROCAL RELATION PRINCIPLE

The actions and decisions of the people working in the organization and their departments are inter-related. Thus, the actions and decisions of one department or the person will affect other departments and people in the organization. So, before taking any decision every manager must find out the effect of that decision on the other departments. This is the principle of reciprocal relations. Thus, the coordination in the organization will be followed properly only if the principles are followed.

5. CLARITY OF OBJECTIVE PRINCIPLE

Coordination in an organization is possible only when there are clear objectives set in the organization. Everyone working in the organization should be clear about the objectives. Thus, there should not be any doubt regarding the objectives of the organization. Thus, the objective of the organization is can be achieved quickly and easily.

6. EFFECTIVE COMMUNICATION PRINCIPLE

Coordination in the organization will be achieved only if there is a presence of effective communication. So, there should be good communication present between all the different departments in an organization. Furthermore, effective communication should also be present between the manager and their subordinates as well as within the employees.

CONTROLLING

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

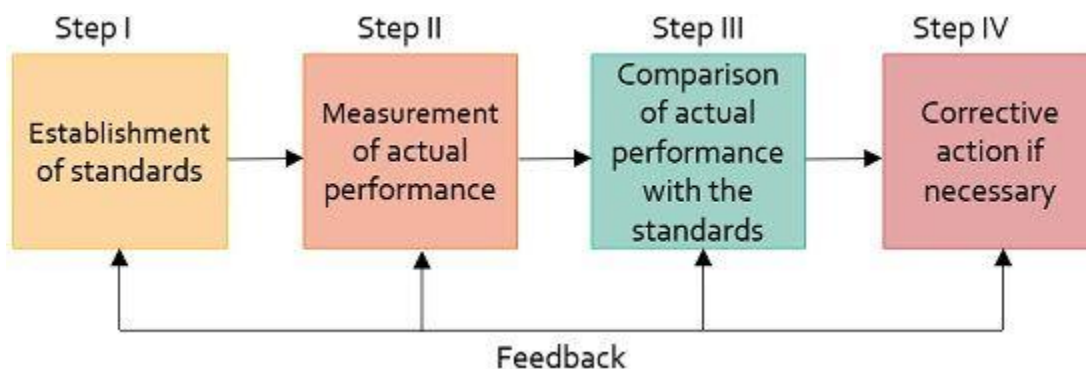
Controlling can be defined as that function of management which helps to seek planned results from the subordinates, managers and at all levels of an organization. The controlling function helps in measuring the progress towards the organizational goals & brings any deviations, & indicates corrective action.

FEATURES OF CONTROLLING

- ✓ It helps in achieving organizational goals.
- ✓ Facilitates optimum utilization of resources.
- ✓ It evaluates the accuracy of the standard.
- ✓ It also sets discipline and order.
- ✓ Motivates the employees and boosts employee morale.
- ✓ Ensures future planning by revising standards.
- ✓ Improves overall performance of an organization.
- ✓ It also minimises errors.

STEPS IN CONTROLLING OR PROCESS OF CONTROLLING

Control process involves the following steps



- **Establishing standards:** This means setting up of the target which needs to be achieved to meet organisational goals eventually. Standards indicate the criteria of performance.

Control standards are categorized as quantitative and qualitative standards. **Quantitative standards** are expressed in terms of money. **Qualitative standards**, on the other hand, includes intangible items.

- **Measurement of actual performance:** The actual performance of the employee is measured against the target. With the increasing levels of management, the measurement of performance becomes difficult.
- **Comparison of actual performance with the standard:** This compares the degree of difference between the actual performance and the standard.
- **Taking corrective actions:** It is initiated by the manager who corrects any defects in actual performance.

TYPES OF CONTROL

1. **FEEDBACK CONTROL:** This process involves collecting information about a finished task, assessing that information and improvising the same type of tasks in the future.
2. **CONCURRENT CONTROL:** It is also called real-time control. It checks any problem and examines it to take action before any loss is incurred. Example: control chart.
3. **PREDICTIVE/ FEEDFORWARD CONTROL:** This type of control helps to foresee problem ahead of occurrence. Therefore action can be taken before such a circumstance arises.

ESSENTIALS OF EFFECTIVE CONTROL SYSTEM

1. SIMPLICITY:

A good control system must be simple and easily understandable so that all the managers can apply it effectively. Complicated control techniques fail to communicate the meaning of control data to the managers.

2. OBJECTIVITY:

The standards of performance should be objective and specific, quantified and verifiable. They should be based on the facts so that control is acceptable and workable.

3. PROMPTNESS:

The control system should provide information soon enough so that the managers can detect and report the deviations promptly and necessary corrective actions may be taken in proper time. Corrective measures are of no value if those are taken too late.

4. ECONOMY:

The control system must justify the expenses involved. In other words, anticipated earnings from it should be greater than the expected costs in its working. A small organisation cannot use the expensive control technique applied in large enterprises.

5. FLEXIBILITY:

Internal goals and strategies must be responsive to the changes in the environment and the control system should be flexible enough to adapt the changing conditions or unforeseen situations. It should be adaptable to the new developments. Flexibility in control system can be introduced by making alternative plans.

6. ACCURACY:

The control system should encourage accurate information in order to detect deviations. The technique of control used should be appropriate to the work being controlled.

7. SUITABILITY:

Control must reflect the needs and nature of the activities of the organisation, The control system should focus on achieving the organisational goals.

8. FORWARD-LOOKING NATURE:

The control system must be directed towards the future. It must pay attention on how the future actions can be conformed with the plans adopted.

9. MOTIVATING:

A good control system should pay due attention to the human factor, It should be designed to secure positive action from the workers. Self-control tends to be motivated. Direct contact between the controller and the controlled also helps in making the control system motivational.

10. CORRECTIVE ACTION:

Control system must ensure corrective actions. An adequate control technique should not only detect the deviations and failures, but should also disclose where they are occurring; who is responsible for them; and what should be done to correct them.

TECHNIQUES OF CONTROL

A) Traditional

The traditional techniques are as follows:

#1 - BUDGETING

A budget is a statement reflecting an organization's future expenditures, profits, and earnings. It is an estimate of a company's future financial position. Units sold, units produced, and unit labor and material costs are a few of a budget's crucial components. Budgeting control involves comparing the actual performance with the budgeted or planned performance. Some of the types of budgets prepared by an organisation are as follows,

- **Sales budget:** A statement of what an organization expects to sell in terms of quantity as well as value
- **Production budget:** A statement of what an organization plans to produce in the budgeted period
- **Material budget:** A statement of estimated quantity & cost of materials required for production
- **Cash budget:** Anticipated cash inflows & outflows for the budgeted period
- **Capital budget:** Estimated spending on major long-term assets like a new factory or major equipment
- **Research & development budget:** Estimated spending for the development or refinement of products & processes

#2 – PERSONAL OBSERVATION

This is the easiest way for managers to control organizational activities. Managers of a business can observe the work in progress to accumulate information as first-hand information. Then, if they spot any performance gap, they correct it instantly by taking the necessary action.

#3 – BREAK-EVEN ANALYSIS

Managers utilize this method to study the relationship between volume, profits, and costs. This helps them understand the possible losses or profits at different activity levels while analyzing the organization's overall position.

#4 – STATISTICAL REPORTS

This refers to analyzing data and reports presented to an organization's managers to give them an idea regarding the business's performance in different areas. The information is presented in tables, graphs, charts, etc., enabling managers to compare with previous periods' performance easily.

MODERN TECHNIQUES

#1 – RETURN ON INVESTMENT

Also called ROI, it is a useful technique that helps determine whether the business has been able to utilize the available capital efficiently. Besides the overall organizational performance, one can gauge the performance of individual divisions or departments using this technique.

#2 – RATIO ANALYSIS

Ratio analysis is a quantitative method of gaining insight into a company's liquidity, operational efficiency, and profitability by studying its financial statements such as the balance sheet and income statement. Companies use ratio analysis to measure the organization's performance.

The most commonly used ratios used by organizations can be classified into the following categories:

- ✓ Liquidity ratios
- ✓ Solvency ratios
- ✓ Profitability ratios
- ✓ Turnover ratios

#3 – RESPONSIBILITY ACCOUNTING

This is an accounting system where the involvement of different sections, departments, and divisions is set up as 'Responsibility Centers'. These centers can be of various types, like revenue and cost centers. Every center's head is responsible for achieving the center's predetermined objective.

#4 – MANAGEMENT AUDIT

This is the systematic appraisal of an organization's management team based on performance. It aims to assess the efficiency of the management. Moreover, it plays a crucial role in improving future performance.

#5 - PERT & CPM

PERT (programmed evaluation & review technique) & CPM (critical path method) are important network techniques useful in planning & controlling. These techniques, therefore, help in performing various functions of management like planning; scheduling & implementing time-bound projects involving the performance of a variety of complex, diverse & interrelated activities.