



1.1 Functions of Management

Management is an activity consisting of process which is mainly concerned with important task of goal achievement. No business enterprise can achieve its objective until all the members of the organization work in planned and integrated way .Therefore the process of management involves the determination of objectives and putting them in action.

According to G.R. Terry ‘Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish stated objectives by the use of human beings and other resources’”

Management is considered a continuing activity made up of basic management functions which are Planning , Organising, Staffing, Directing and Controlling. The managers have to perform all these functions in order to achieve the desired organizational goals.



1.2 Planning

The first and the most important function of management is Planning. Planning involves setting objectives in advance, a goal which is to be achieved within a stipulated time. Various alternatives are formulated in order to achieve the goals. The best alternative courses of action is then selected which will help the organization to achieve its objectives. Planning is the most basic function of management. It is deciding in advance what to do and how to do when to do and by whom it is to be done. It bridges the gap between where we are and where we want to go. All the other functions of management like organising, staffing, directing, controlling are dependent on planning. Planning is related to future and is a continuous process. All the organisation have to make a concrete plan before they start business or execute any project.



1.3 Definition of Planning

According to Theo Haiimann

“Planning is deciding in advance what is to be done .When a manager plans, he projects a course of action for the future, attempting to achieving a consistent, coordinated structure of operation aimed at desired result ”.

1.4 Importance of Planning

Planning increases the efficiency of an organisation. All business organizations would like to be successful, have a goodwill in the market, have higher profits. For attaining these attributes the thinking process has to be very effective. Now let’s understand why planning is important for the organization.



1. **Planning increase efficiency** –Planning makes optimum utilization of all available resources. It helps to reduce wastage and avoids duplication of work.
2. **Planning reduces business related risks-** Planning helps to forecast the business related risk and also helps to take necessary precautions to avoid these risks and prepare for future uncertainties
3. **Planning provides direction** – Direction means to give proper information, accurate instructions and guidance to the subordinates. Planning tells us what to do, how to do and when to do . It help the organization to achieve the goals through systematic coordination of the employees.

4. **Planning encourages creativity and innovation-** Planning helps the managers to express their creativity and innovation. It brings satisfaction to the managers and eventually success to the organization.
5. **Planning helps in motivation-** 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 organisation.
6. **Planning helps in decision making** – A manager makes many different plans. Then they evaluate every course of action and choose the best strategy. So decision making is facilitated by planning.
7. **Planning helps to achieve objectives-** Without Planning each and every activity will be based on trial and error which will give rise to confusion Every organization has certain targets. Planning helps an organization to achieve their aims by avoiding overlapping, confusion and misunderstanding.
8. **Planning provides basis of control-**Planning is the first function of management. The other functions like organising, staffing, directing and controlling etc. are organized for implementing plans. Controlling records the actual performance and compares it with standards set. In case the performance is less than the standards set then deviations are ascertained and proper corrective measures are taken to improve the performance in future. Planning and controlling both are dependent on each other. Planning establishes standards for controlling. Therefore, Planning is necessary for effective and efficient functioning of every organisation irrespective of its size, type and objectives.

1.5 Steps in Planning Process

1. **Establishing verifiable goals-** The first step in planning is to determine the enterprise objectives. These are more often set by upper level managers. The objective may vary from a desired sales volume or growth rate to development of a new product.
2. **Establishing Planning Premises-** Plans are made to operate in the future. The second step in planning is to establish planning premises i.e. assumption on the basis of which plans will be ultimately formulated. Planning premises are vital to the success of planning as they supply important facts and information related to future like population trends, economic condition, production cost, government control etc.
3. **Deciding the Planning Period** –The next task is to decide the period of the plan whether it's a yearly plan or a plan which is spread over for longer span of time. Choice of planning period is decided based on time required in development of new product, time required to recover capital investment and length of commitments already made.
4. **Finding alternative course of action** – The next in planning is to search for and examine alternative course of action. For Ex-Products may be sold directly to the consumers by the company's salesman or through exclusive agencies.

5. **Evaluating and selecting a course of action-** Having searched the alternative courses, the next step is to evaluate and analyze them in the light of premises and goals and select the best alternative. This is done with the help of quantitative techniques and operations research.

6. **Implementing the Plan-** The best possible course of action has now to be implemented i.e. putting the plan into action . For this the managers have to develop derivative plans for each department. A draft version of the action plan should be communicated to inform those directly affected and gain their cooperation.

7. **Measuring and Controlling the Programme** –The process of controlling is a critical part of any plan. Managers need to check the progress of their plans i.e. follow up, so that they can take remedial action if the plan is not working as per schedule or change the original plan if it is unrealistic.

1.6 Types of Plans

1. **Objectives** - Objectives may be defined as the goals which an organisation tries to achieve. Objectives are the ends towards which the activities of the enterprise are aimed. Objectives provide direction to various activities and serve as benchmark of measuring the efficiency and effectiveness of the organization

2. **Strategies** - A strategy is a special kind of plan formulated to meet the challenge of the policies of the competitors. Strategy can be shaped by the general forces operating in an industry and the economy. The strategy must be consistent with external environment

3. **Policies** - Policies may be described as plans which are meant to serve as broad guidelines to decision making in a firm. Policies exist at various levels of the enterprise. A policy should be definite, positive and clear. A policy is a standing plan which assist decision making and should be referred as a general statement of the established rule. For example –A firm has a policy of promotion from within the organisation. If a vacancy arises; the first preference is given to existing employees.

4. **Procedure** – Procedure lays down the manner or method by which work is to be performed in a standard and uniform way. Procedure is a standing plan acting as a means of implementing a policy. For Example –Sales department lays down a policy to execute all orders within 48 hours. So a procedure has to be followed in a chronological and systematic order to fulfill the orders.

5. **Programmes** – Programmes are precise plans which need to be made to discharge a non –repetitive task. The essential ingredient of every programme are time phasing and budgeting. Specific dates should be laid down for the completion of each successive stage of a programme. For Example –An enterprise has a programme of opening 5 branches in different parts of a country so they have to allocate funds and time period for -

a) Securing the necessary accommodation b) Recruiting personnel to manage business

c) Arrange the supply of goods that are to be sold through the branches

Often a single step in a programme is set up as a project.

6. **Rules** – Rules are an explicit statement that tells the members of the organization what they can or cannot do. Rules do not allow any room for interpretation because it clearly specifies the action needed to be done in a particular situation. Rules enforce discipline. For e.g. - Use of Mobile Phone at workplace during office hours is restricted.

7. **Budgets** - Budgets are plans for future period of time containing statements of expected results in numerical terms. Budgets are very useful for an enterprise. Being expressed in numerical terms, they facilitate comparison of actual results with planned ones and serve as a control device. The important budgets are sales budget, production budget, cash budget, Revenue –Expense Budget.

2.1 Organising

After planning the next function of management is organising. Organising involves division of work among people whose efforts must be coordinated to achieve specific objectives and to implement pre-determined strategies. It is the backbone of management. After the objectives of an enterprise are determined and the plan is prepared, the next step in the management process is to organize the activities of the enterprise.

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

According to the Haiimann "Organising is the process of defining and growing the activities of the enterprise and establishing authority relationships among them. "

With reference to above definitions its clear that organising refers to the way in which the work of a group of people is arranged and distributed among group members.

2.2 Importance of Organising

The following points highlight the crucial role that organizing plays in any business enterprise-

1. **It facilitates efficient management** - Organising is necessary for the performance of other functions of management .Poor organisation may result in duplication of work and efforts.

2. **It facilitates coordination and communication** - Organisation creates a clear cut relationships between the departments and helps in laying down balanced emphasis on various activities. It also provides channels of communication and coordination of activities of different departments.

3. **It facilitates growth and diversification-** Sound organization helps in the growth and expansion of the enterprise by facilitating its efficient management .It also increases the capacity of the enterprise to undertake more activities.

4. **It ensures optimum use of resources** -Organising leads to the optimum use of all material, financial and human resources. It matches the jobs with the individuals and vice versa and ensures that job position is clearly defined. It minimizes confusion and wastage of resources.

5. **It provides for optimum use of technological innovations**-Sound organisation structure is not rigid. It is flexible and provides adequate scope for adoption of new technology.

6. **It facilitates specialization**- Organising provides a great scope for bringing specialization in every department of an enterprise through proper allocation of jobs among the employees.

Organising thus can be understood in two ways

1. Organising as a process
2. Organising as a structure

2.3 Organisation as a process

It refers to the way in which the work of a group is arranged and distributed among members to efficiently achieve the objectives. It creates a relationship of one job to another and lays down the scope of authority and responsibility. The duties are fixed in such a manner so that the work is performed with speed, accuracy and economy.

Steps in the process of organising

The process of organising involves the following steps

1. **Determination of objectives** - The purpose of the organisation must be identified. Objectives determine resources and various activities which should be done to achieve the organisational goals.
2. **Identification and grouping of activities**- If group members are to pool their efforts successfully, there must be proper division of the major activities. Each job should be accurately classified and grouped. This will avoid duplication of work.
3. **Assignment of duties**- After grouping the activities into various jobs, as per the nature of work, Similar activities should be placed under one department . Each individual should be given a particular task according to his ability and skills.
4. **Establishing relationship among individuals and group**- The activities which are performed by person holding different positions must be related. Every person in the organisation should know about his responsibility, authority and accountability so that there is coordination, among individuals and departments.

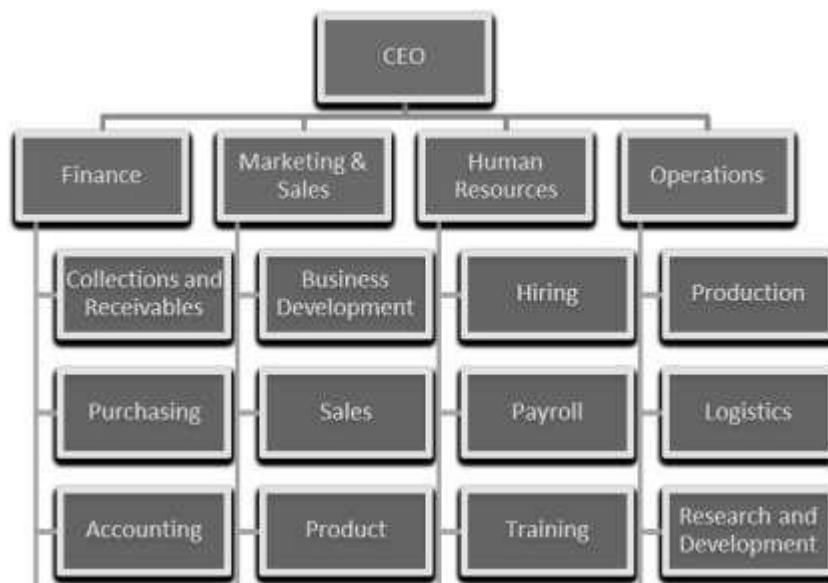
The organizing process results in organization structure with precisely defined authority and responsibilities.

2.4 Organisation Structure

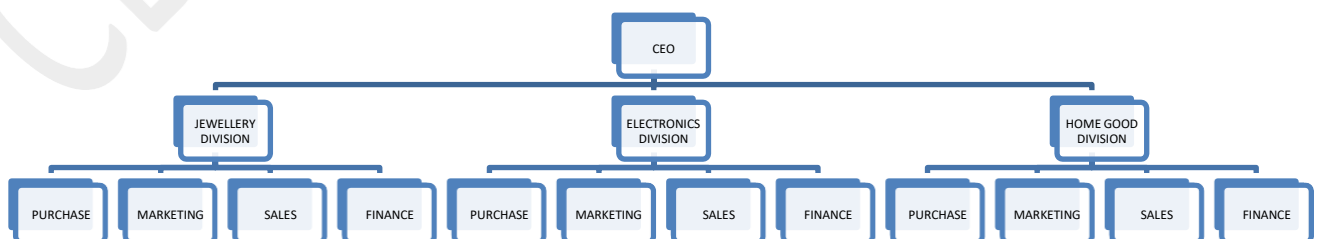
An Organisation Structure shows the authority responsibility relationship between the various positions in the organization by showing who reports whom, It lays down the pattern of communication and coordination in the enterprise. It facilitates growth of the enterprise by

increasing capacity to handle diversified situations. Organisation structure is usually shown on an organisation chart. There are basically 2 types of organization structure.

1. **Functional structure-** This type of organization structure is formed by grouping together all activities into functional department and putting each department under one head. Functional structure leads to specialization. It promotes efficiency and results in increased profits. Its suitable to organization where operations require high degree of specialization . For example –A steel manufacturing Company .has divided its structure into Manufacturing, Finance, Marketing Personnel, Research and Development, as it has diversified activities and its operation require a high degree of specialization.



2. **Divisional Structure-** Large Companies often find it to operate as one large unit under a functional organizational structure. The size of the company makes it difficult for managers to oversee operations and screen customers. To overcome this problem, most large companies are now structured as divisional organisations. Each division functions relatively autonomously because it contains most of the functional expertise under each unit. Division can be formed according to product, customers, processes or geographical division. For Example Samsung has multiproduct based division Each Product division has its own Manufacturing, Research and Development, Marketing, Finance departments.



2.5 Types of Organisation

1. **Formal organization** – Formal organization refers to a structure which is consciously designed to enable people of the organization to work together in accomplishing the common objectives. It is predetermined by top management to facilitate smooth functioning of the organization. The authority responsibility relationship created by the organization structure are to be followed by all the employees in the organisation. It is created as result of Company's rules and policies.
2. **Informal Organisation** – Informal Organisation refers to the relationship between the people in the organization based on personal likes, dislikes, emotions, attitude etc. These relationship are not in terms of procedure and regulation laid down in the formal organisation. These groups are not preplanned, they develop automatically within the organization. The membership in informal organization is voluntary. It originates as a result of social interaction.

3.1 Staffing

After planning and organizing the next function of management is 'Staffing'. It is important to have a good organization structure, but it is even more important to fill the jobs with the right people. Filling and keeping the position provided for by the organization structure with right people at the right place is the staffing phase of the management function. All the managers have a responsibility for staffing. The staffing function deals with the human elements of management. The staffing function has assumed great importance these days because of rapid advancement of technology, increasing size of organizations and complex behavior of human beings.

According to Koontz and O'Donnell, "Staffing involves manning the organization structure through proper and effective selection appraisal and development of personal to fill the roles designed into the structure."

3.2 Importance of Staffing

Staffing is people centered. Success in dealing with people will depend upon the degree to which they are perceived as making realistic contribution to the solution of management's problems. It should be remembered that every manager is expected to perform this function because he is engaged in getting things done through and with the help of people. There are various benefits of proper and efficient staffing. These are as under:

- a) **Helps in finding efficient worker**- Staffing helps in discovering talented and competent workers and develops them to work more efficiently for achievement of organizational goals.
- b) **Helps in increased Productivity** – Staffing ensures greater production by putting right man at the right job. It helps in improved organisational productivity through proper selection according to requirement
- c) **Maintains Harmony**- Staffing maintains harmony in the organisation. Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and promotions are done. This gives everyone an equal opportunity for getting better compensation which finally results in peace and harmony.

- d) **Helps in morale boosting-** Job satisfaction keeps the morale high of the employees. Through training and development programmes their efficiency improves and they feel assured of their career advancement
- e) **Helps in Optimum utilization of human resources-** Staffing helps in proper utilization of the available personnel. Manpower forecasting provides a basis for recruitment, transfer and training of employees. Shortage or surplus of manpower will be revealed by proper manpower planning.

3.3 Staffing process

Staffing function is performed by all managers at all levels. However, its scope is different in small and large organization. In large organization there is a separate department called Human Resources Department (HRD), with specialists to manage the people. Staffing is an inherent part of Human Resources Management as it is the practice of finding evaluating and establishing a working relationship with people.

Following are the steps involved in staffing process

1. **Manpower planning-** Estimation of manpower requirements in the future is the first stage in the staffing process. It is known as manpower or human resources planning. Its purpose is to make right kind of personnel available so that there is no surplus or shortage of people in any department. To determine the qualifications needed to meet the requirements of jobs, the organisation first of all has to analyse the jobs, write the jobs description and prepare job specifications.
2. **Recruitment** - Once the requirement of manpower is known, the process of recruitment starts. It is the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. It is a positive process as it attracts suitable candidates to apply for available jobs. The process of recruitment and the cost involved in it depends on the size of the undertaking and the type of persons to be recruited. The sources of recruitment can be
 - a) Internal sources (recruitment from within the enterprise)
 - b) External Sources (recruitment from outside)
3. **Selection** -The process of selection leads to employment of persons who possess the ability and qualifications to perform the jobs which have fallen vacant in the organisation. Selection is frequently described as a negative process as it eliminates all the candidates those who do not match up to the requirements of the job offered. As the employees are placed in the jobs for which they are best suited, they derive maximum job satisfaction reducing the labour turnover and increasing the overall efficiency of the organization. The candidates have to go through the whole selection process of an organization i.e. interviews, tests, medical examination etc.
4. **Placement-** The candidate selected for appointment are to be offered specific jobs. A personnel should be placed on a position where there is full use of his strength and capabilities. Proper placement reduces absenteeism and turnover.
5. **Induction and Orientation-**Induction is the process of familiarizing a new employee to the new workplace, surroundings, company's rule and regulations. Induction

programme is generally informal in case of small organization. But in large organization the orientation or induction is carried on formally so that the new employee develops a favorable attitude towards the company

6. **Training and Development-** Training is an organized activity for increasing the knowledge and skills of people for a definite purpose .Its purpose is to achieve a change in the behavior of the employees and to enable them to do their jobs better. The initiative for training usually comes from the management. Development emphasizes on growth of an individual. It's a continuous process Development helps in overall growth of the employee.
7. **Performance Appraisal-** It refers to all the formal procedures used in an organization to evaluate the employees and their contributions. It also reveals as to how efficiently the subordinate is performing his job and to know his aptitudes and other qualities necessary for performing the job assigned to him.
8. **Promotion and Transfers-** Promotion refers to being placed at a higher job position with more salary, job satisfaction and responsibility. On the basis of feedback report of employees performance they are given promotion and other opportunities Transfer means shifting of an employees from one job to another or one department to other. Transfer may take place due to change in organization structure or changes in the volume of work.
9. **Compensation-** Compensation of employees for their services is an important responsibility of any organization. Every organization must offer good wages, pay, salary and other rewards to attract and retain talented employees. Compensation to workers will vary depending upon the nature of jobs, skills required, risk involved, nature of work etc.

4.1 Directing

Directing is concerned with the initiation of organized action and stimulating people to work. It involves issuance of orders, instructions and leading and motivating the employees to execute them. Directing is the inter-personal aspect of management which deals directly with influencing, guiding, supervising and motivating the subordinates for the accomplishment of pre-determined objectives. Planning, organizing, staffing are merely preparations for doing the work but the work actually initiates through directing function.

According to Koontz and O'donnell "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise objectives."

The manager must stimulate action by giving direction to his subordinates through orders and also supervise their work to ensure that the plans and policies achieve the desired actions and results.



4.2 Importance of Directing

Direction is one of the most complex functions of management which can be learned and perfected only through long experience. It is the central point around which accomplishment of goals take place. It is also called an activity function of management because it is through direction the operation of an enterprise actually starts. It provides many benefits to an organisation which are as under –

1) Initiates action:

Direction initiates action that motivates people to convert the resources into productive outputs. It gives substance to managerial function of planning, Organising, Staffing and controlling. People learn to manage the resources in the most effective way that results in their optimum utilization.

2) Creates a Sound work environment:

If direction are issued in consultation with employees, it creates an environment of understanding where people work to their maximum potential, willingly and enthusiastically to contribute towards organizational goals.

3) Develops managers:

Managers who are personally motivated to work can also direct others to work. Managers develop their skills and competence. Motivation, leadership and communication help in bringing people together. This is beneficial for both the employees and organisation. Direction, thus, prepares future managers

4) Behavioral satisfaction:

Since direction involves human behavior and psychology, employees feel behaviorally satisfied and personally inspired to achieve organizational goals.

5) Increase in productivity:

Personally satisfied employees contribute towards output and efficiency of the organisation. Direction gets maximum out of subordinates by exploiting their potential and increasing their capabilities to work.

6) Achieves coordination

Directing aims at continuous supervision of activities. It achieves coordination by ensuring that people work towards planned activities in a coordinated manner. It integrates the action of employees that increase their understanding of mutual interdependence and their collective effort to achieve the organisational goals.

7) Facilitates control:

Coordination brings actual performance in conformity with planned performance. The controlling function is, thus, facilitated through effective direction.

8) Facilitates change:

Direction helps in introducing change in the organization structure and adapting the organization structure to external environment. People are not easily receptive to changes. Direction helps in changing attitude of people in a positive way.

9) Facilitates growth:

Organisation open to change is responsive to growth. Direction harmonizes physical, financial and human resources, balances various parts of the organization and creates commitment amongst people to raise their standards of performance.

4.3 Elements of Directing

Directing deals with inter-personal relations. It is the doing or implementing phase of management. Hence it is also called management-in-action. All the activities related to directing can be categorized into 4 different elements of directing. They are Supervision, Communication, Motivation and Leadership.



- 1) **Supervision** – Supervision is an important element of directing. It implies overseeing the work of subordinates in order to guide and regulate their efforts. Supervision is very important at the operating level of management. The Supervisor is in direct contact with the workers and acts as the link between workers and management. The purpose of supervision is to ensure that subordinates perform their tasks according to prescribed procedures and as efficiently as possible.
- 2) **Communication**- It is the process of passing information view point, facts, ideas , opinion and understanding from one person to another .It is a two way process and is complete when there is some response from the receiver of information. Communication may take several forms like order, instructions, report, suggestion etc.



- 3) **Leadership-** Leadership may be defined as the process by which a manager guides and influences the work of his subordinates. The success of every enterprise is dependent upon the quality of its leadership. For example Reliance would not have attained their present success but for the able leadership of Dhiru Bhai Ambani. A leader exercises his influence over the followers through the use of informal authority or power.
- 4) **Motivation-** Motivation means inspiring the subordinates with a zeal to do work for accomplishment of organizational objectives. A manager should make appropriate use of motivational tools to actuate the subordinates to work harmoniously towards achievement of organisational goals. Different people are motivated by different type of rewards, which can be financial incentives or non-financial incentives.

5.1 Controlling

Controlling is seeing that actual performance is guided towards expected performance .All other functions of management cannot be completed effectively without performance of the control function. It implies measurement of accomplishment against the standards and correction of deviation, if any, to ensure achievement of organizational goals. The efficient system of control helps to predict deviation before they actually occur.

According to Theo Haimann "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation."

Controlling ensures that there is effective and efficient utilization of organisational resources so as to achieve the organisational goals. Controlling has two basic purposes

- a) It facilitates coordination
- b) It helps in planning

5.2 Importance of Controlling

A Good control system provides timely information to the manager which is very much useful for taking various operations. The road signals at a road crossing illustrates the significance of

control. Road signals are necessary to ensure accident free and smooth traffic management controls are essential in any organisation for its smooth functioning.

Significance of good control system are as follows-

- 1) **Basis of future action-** Control provides the basis for future actions. It will reduce the chances of mistakes being repeated in future by suggesting preventive steps.
- 2) **Facilitates decision making-** The process of control is complete only when corrective measures have been taken. This requires taking a right decision as to what type of follow up action is to be taken.
- 3) **Facilitates discipline and order** – The existence of control system has a positive impact on the behavior of the employees. They are cautious while performing their duties as they know they are being observed by their superiors.
- 4) **Facilitates Coordination-** Control helps in Coordination of the activities of various departments of the enterprise. It provides them unity of direction.
- 5) **Facilitates motivation** – A control system is most effective when it motivates people to high performance. Since most people respond to a challenge, successfully meeting a tough standard may provide a greater sense of accomplishment.
- 6) **Effective plan Implementation-**Controlling and planning are interdependent. Control is the only means to ensure that the plans are being implemented control points out short comings of not only planning but also other functions of management. Comparison can be done through various Performance report, Personal Observation.

5.3 Controlling Process



Controlling as a management function involves following steps-

- 1) **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. It acts as a basis of evaluations of actual performance. Standards can be set in quantitative or qualitative terms. Quantitative or measurable standards can be in form of cost, output, time, profit etc. Qualitative or non-measurable standards can be in form of performance of a manager, attitude of worker improving motivational level of employees. Standards should be flexible i.e. capable of being changed according to the circumstances.

- 2) **Measurement of Performance** –This step involves measuring of actual performance of various individuals, group or units. Measurement of tangible standards is easy as it can be expressed in quantitative terms. Frequency of measurement depends on the nature of task being controlled Qualitative.
- 3) **Comparison of Actual and Standard Performance**-Comparison of actual performance with the planned targets is very important. Deviations can be defined as the gap between actual performance and the standards laid down. The manager has to find out extent of deviation and cause of deviation. The manager has to exercise control by exception. He has to target those deviation which are critical and important for business.
- 4) **Taking remedial action**-Once the causes and extent of deviation are known, the manager has to detect those errors and take remedial measures so that these deviations don't occur again. Remedial or corrective actions can be replanning of standards, classification of duties, training of workers etc.

5.4 Relation between Planning and Controlling

Planning and Controlling are closely related to each other. After a plan becomes operational, control is necessary to measure progress, to uncover deviation and to take corrective steps. It is also not possible to think of an effective control system without existence of good plans. Relationship between planning and Controlling is discussed below-

1. **Control is always based on Planning**- Every manager uses certain Standards for measuring the performance which are laid down by planning. So planning is a pre-requisite for controlling
2. **Planning without Controlling is meaningless and control without Planning is blind**- A good plan will not bring any concrete result if the management is lacking in controlling Planning identifies the goals and determines the ways to achieve them whereas control ensures attainment of goals by evaluating performance and taking corrective action.
3. **Planning and controlling are both forward looking and backward looking** -Planning is looking ahead because plans are prepared for future Controlling is looking forward because it aims to improve future performance and helps in better planning in future. Planning is looking backwards because new planning is guided by past experiences. Controlling is looking backwards as it compare actual performance with standards fixed in the past.

Conclusion

Planning must be done before the actual operation and control should follow plans during and after the actual performance. The experience gained in controlling will help improve the process of planning. Thus we can say Controlling and Planning are interdependent and interrelated.

6.1 Coordination

The management of a modern enterprise is based on the principle of specialization or division of labour. Jobs are broken down into single repetitive tasks and are entrusted to

individual either working in the same department or in different departments. To attain the desired results with so much diversification, coordination becomes necessary.

So, Coordination is the management of interdependence in work situations. Coordination leads to blending the activities of different individuals and group of individuals for the achievement of certain objectives. In an enterprise which consists of number of departments, such as production, purchase, sales, finance etc. there is a need for all of them to work in synchronisation and achieve the organizational objectives . According to Henri Fayol “Coordination harmonizes synchronizes and unifies individual efforts for better action and for the achievement of the business objectives.”

6.2 Coordination as the essence of management

Some writers in the area of administration and management consider Coordination as a separate managerial function. However, coordination might be considered as an essential part of all the managerial functions of planning, organizing, directing and controlling. It is a managerial activity which is needed at all the levels of management.

- The planning function facilitates coordination by properly integrating and interrelating the plans of various departments.
- The organisation function facilitates coordination when a manager groups and assigns the various activities to subordinates or creates departments.
- The staffing function facilitates coordination for placing right number and quality of people at various positions.
- The directing function facilitates coordination when a manager instructs, guides and motivates the subordinates.
- The control function facilitates coordination when the manager evaluates the tasks and checks whether performance is in conformity with the desired standards and takes remedial action in case of any deviation.

6.3 Importance of Coordination

When a number of people are working to carry out a task, coordination is the only method of synchronisation. Through coordination, duplication of work and excessive burden on a single department can be eliminated. The task of coordination is becoming increasingly complex and difficult. The need for coordination arises because of the following factors-

- 1) **Division of labour** – When managers divide work into specialized function or departments, they at the same time create a need for the coordination for these activities .Greater the division of labour, greater the need for the coordination.
- 2) **Growth in size** - With the growth in size of an enterprise and large employment of people, the task of integrating the activities becomes more complicated. To achieve the desired results its important to harmonise individual goals with organisation goals through coordination.
- 3) **Interdependence of units** - The need for coordination in an organisation also arises because of the interdependence of various units. Greater the interdependence of the units, the greater the need for coordination. As all the department have their own set of policies

and procedures, but to achieve the organisation goals the activities of various departments have to be coordinated.

- 4) **Growing specialization** - Modern business has become increasingly complex as various functions are to be performed by specialists. Specialisation, brings about need for more coordination because of diversity of tasks to be performed.

Key Words

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| * Motivation | * Strategies | * Objectives |
| * Policies | * Manpower Planning | * Inductions |
| * Training | * Performance Appraisal | |

SUMMARY

- **Planning** – It bridges the gap between where we are and where we want to go.
- **Importance of Planning** –
 - Increase efficiency
 - Reduces business related risks
 - Provides direction
 - Encourages creativity and innovation

- Helps in motivation
- Helps in decision making
- Helps to achieve objectives
- Provides basis of control
- **Steps in Planning Process –**
 - Establishing verifiable goals
 - Planning Premises
 - Deciding the Planning Period
 - Finding alternative course of action
 - Evaluating and selecting a course of action
 - Implementing the Plan
 - Measuring and Controlling the Programme
- **Types of Plans –**
 - Objectives
 - Strategies
 - Policies
 - Procedure
 - Programmes
- **Organising –** It involves division of work among people to achieve the desired objectives.
- **Importance of organization –**
 - Facilitates efficient management
 - Coordination and communication
 - Growth and diversification
 - Optimum use of resources
 - Provides for optimum use of technological innovations
- **Organization as a process –**
 - Determination of objectives
 - Identification and grouping of activities
 - Assignment of duties
 - Establishing relationship among individuals and group

- **Organization structure –**
 - Functional Structure
 - Divisional Structure
- **Types of organization –**
 - Formal Organisation
 - Informal Organisation.
- **Staffing –** It is concerned with planning right kind of people at right place.
- **Importance of staffing –**
 - Helps in finding efficient worker
 - Helps in increased productivity
 - Maintains Harmony
 - Helps in morale boosting
 - Helps in Optimum utilization of human resources.

- **Staffing Process –**
 - Manpower planning
 - Recruitment
 - Selection
 - Placement
 - Induction and Orientation
 - Training and Development
 - Performance Appraisal
 - Promotion and Transfers
 - Compensation.
- **Directing –** It is the process of instructing guiding motivating the people in the organization to achieve the objectives.
- **Importance of Directing –**
 - Initiates action
 - Creates a sound work environment
 - Develops managers
 - Behavioral satisfaction
 - Increase in Productivity
 - Achieves coordination
 - Facilitates control
 - Facilitates change
 - Facilitates growth.
- **Elements of Directing –**
 - Supervision
 - Communication
 - Leadership
 - Motivation.
- **Controlling –** It refers to comparison of actual performance with standards laid down and taking corrective action in case of deviation.
- **Importance of Controlling –**
 - Basis of future action
 - Facilitates decision making
 - Facilitates discipline and order
 - Facilitates coordination
 - Facilitates motivation.
- **Coordination –** It refers to synchronization and harmonization of efforts of subordinates towards achievement of common goals.
- **Importance of Coordination –**
 - Division of Labour
 - Growth in size
 - Interdependence of units
 - Growing specialization.

MODULE: 4 - LEADERSHIP, MOTIVATION & CONTROLLING

Meaning of leader

A leader's most important role is to provide clear and compelling direction. ... Leaders ensure that all followers understand, embrace, and work toward achieving those objectives. And they provide momentum, sharing and celebrating progress toward achieving company goals, setting new targets, and providing needed resources.

Leadership is an activity or set of activities, observable to others, that occurs in a group, organization or institution, and which involves a leader and followers who willingly subscribe to common purposes and work together to achieve them

Characteristics of a Leader:

1. Leadership implies the existence of followers
2. Leadership involves a community of interest between the leader and his followers
3. Leadership involves an unequal distribution of authority among leaders and group members
4. Leadership implies that leaders can influence their followers or subordinates in addition to being able to give their followers or subordinates legitimate directions

Need or importance of a good leader

1. Perfect organisation structure:
2. Directing group activities
3. Technological, economic and social changes
4. Better utilisation of manpower
5. Avoiding imbalances
6. Source of motivation
7. Helps to achieve goals
8. Developing good relations
9. Promoting the spirit of coordination
10. Fulfilling social responsibility

Characteristics of leadership

1. They are self-aware and prioritize personal development.
2. They focus on developing others.
3. They encourage strategic thinking, innovation, and action.
4. They are ethical and civic-minded.
5. They practice effective cross-cultural communication.

Types of leaders:

- **Autocratic:** Autocratic leadership, also known as authoritarian leadership, is a style of management in which one leader holds the power to make decisions without input from others.

- Democratic: Democratic leadership, also known as participative leadership or shared leadership, is a type of leadership style in which members of the group take a more participative role in the decision-making process. This type of leadership can apply to any organization, from private businesses to schools to government.
- Free-rein : Also known as laissez-faire leadership, **free-rein leadership is a type of management style where supervisors give team members freedom to complete tasks, make decisions or solve problems without interfering, unless the employees request it.**

New-age leadership styles –

- servant leadership : It means that a servant leader **focuses on the growth and well-being of employees and other stakeholders in their organization.** Servant leaders seek to help the people they serve grow as individuals. “If they are growing, then they desire to perform and achieve,”
- level-5 leadership: The five levels of leadership -- There are five levels of leadership, with five being the highest level. These levels of skills and performance are not necessarily developed in sequence, but a Level 5 leaders embody all five levels of the hierarchy.
 - ❖ **Level 5 Executive -- builds enduring greatness through a paradoxical blend of personal humility and professional will**
 - ❖ **Effective Leader -- catalyzes commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.**
 - ❖ **Competent Manager -- organizes people and resources toward the effective and efficient pursuit of predetermined objectives.**
 - ❖ **Contributing Team Member -- contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting.**
 - ❖ **Highly Capable Individual -- Makes productive contributions through talent, knowledge, skills, and good work habits.**
- Transformation leadership: In transformational leadership styles, the leader inspires his or her followers with a vision and then encourages and empowers them to achieve it. The leader also serves as a role model for the vision.
- Transactional leadership: Transactional leadership styles use "transactions" between a leader and his or her followers - rewards, punishments and other exchanges - to get the job done. The leader sets clear goals, and team members know how they'll be rewarded for their compliance. This "give and take" leadership style is more concerned with following established routines and procedures in an efficient manner, than with making any transformational changes to an organization.
- Negotiation leadership : Negotiation is the process of making joint decisions when the parties involved have different preferences. You can say negotiation to be a way of getting what you want from others in the process of making decisions.

- Moral leadership: Moral leadership refers to a leader's conduct that exemplifies strong moral values, selflessness and integrity. Decision-making in moral leadership is guided by an inherent ethical system and moral purpose. Self-disciplined, compassionate and responsible, moral leaders prefer to lead and inspire others by setting an example and establishing moral goals.
- Women leadership : Women are ethical and civic-minded, and champion diversity and issues of equality. Women leaders seek to further economic, social and political progress for all. Empowered women will improve outcomes and bring about results.

Global business leadership style:

1. Global leaders work with colleagues from other countries.
2. Global leaders interact with external clients from other countries.
3. Global leaders interact with internal clients from other countries.
4. Global leaders may need to speak in a language other than their mother tongue at work.
5. Global leaders supervise employees who are of different nationalities.
6. Global leaders develop a strategic business plan on a worldwide basis for their unit.
7. Global leaders manage a budget on a worldwide basis for their unit.
8. Global leaders negotiate in other countries or with people from other countries.
9. Global leaders manage foreign suppliers or vendors.
10. Global leaders manage risk on a worldwide basis for their unit.

McGregor's Theory, X and Theory Y:

McGregor has suggested two contrasting theories on motivation based on certain assumptions
Theory X

Theory X revolves around the traditional approach to motivation and control.

It represents traditional stereotyped and authoritarian management style. It has following assumptions:

- i. An average human being is lazy and doesn't like to work. He will avoid work if he can.
- ii. Most human beings lack ambition and thus don't want responsibility. They prefer to be directed rather than to lead.
- iii. Most human beings are self centred and indifferent to the organisational goals.
- iv. Most people are not creative to solve organisational problems.
- v. Most human beings are motivated with physiological and safety needs

These assumptions suggest that the human beings can be motivated by money and the benefits required for satisfying the physical and safety needs. According to the theory, the employees are managed by punishments and strict control. This type of motivational process can only work in the environment whereby the work is repetitive in nature and promotions are not frequent.

McGregor advocated Theory Y refuting the assumptions of Theory X as nowadays the employees don't just get motivated with money and related benefits.

Theory Y

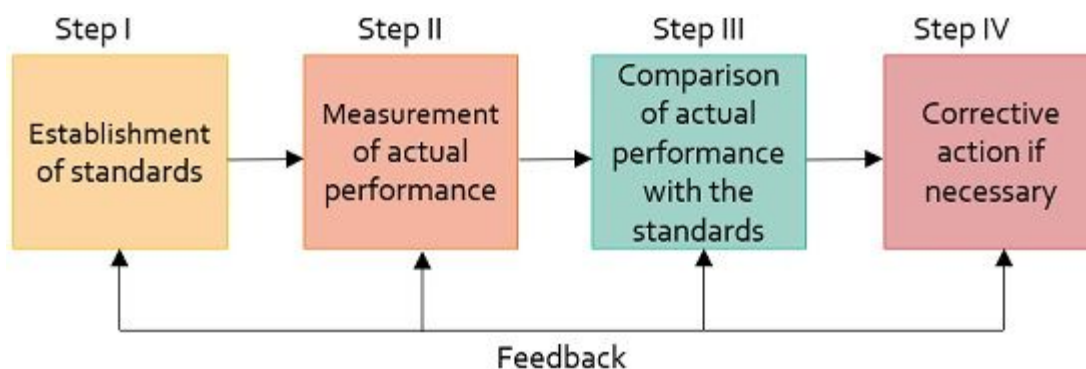
Theory Y assumes that people are not unreliable and lazy by nature. It has a positive view on employee motivation and their behaviour. The management undertakes the responsibility of helping the employees to develop and express their creative skills. The assumptions of McGregor's Theory Y are as follows:

- i. An average person doesn't dislike work rather work is natural as play.
- ii. An average human being will exert self control and direct himself for his objectives.
- iii. An average individual knows that he will be rewarded if he is committed for the objectives. And generally these rewards are higher order needs namely ego satisfaction and self-actualisation.
- iv. An average person tends to seek responsibility and is ambitious.
Imagination, creativity, and ingenuity can be used to solve work problems most of the people.
- v. Considering the present scenario of present industrial life, the intellectual potential of an average man is only partly utilized. Theory Y is more real and generally used in the organisations. In support of this theory, McGregor suggested motivational practices like decentralisation, delegation, job enlargement, participation and consultative management.

Controlling:

Meaning: Control is a primary goal-oriented function of management in an organisation. 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.

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



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

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

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

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

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.

In an ever-changing and complex environment, controlling forms an integral part of the organization.

Advantages of controlling

- Saves time and energy
- Allows managers to concentrate on important tasks. This allows better utilization of the managerial resource.
- Helps in timely corrective action to be taken by the manager.
- Managers can delegate tasks so routinely chores can be completed by subordinates.

Principles of controlling:

- **Principle of Reflection of Plans** - Planning and controlling go hand in hand. If any entity has a proper plan then it is much easier to make a control system for that entity. Overall, a proper plan means the control will be more effective. It is the basic principle of control. The principle of reflection of plants plays a predominant role in the organization for its growth in terms of quality and quantity. Planning and controlling are like side by side of a coin. This principle helps to reflect all the plants that were designed in the first stage of the organization.
- **Principle of Prevention** - There is a concept named as prevention is better than cure. This will apply to the control function as well. Hence, control does not always focus on the improvement

but also on solving the problems as well. It is another important principle of control that helps to prevent the negative aspects of the firm at the initial stage. From the ancient days as we believed prevention is better than cure, this principle helps to realize defects in the beginning and also tries to find remedies for them. Feedforward control is a famous technique used in the principle of prevention.

- Principle of Future Directed Control - Control is a function which looks forward. With the help of relevant information controls can be directed towards the future and can help in making things much better.
- Principle of Efficiency of Control - It is very necessary and important that there needs to be efficiency in the approaches and techniques of the system of control.
- Principle of Action - Control function will only be justified only when there will be remedial action to take. Pointing out the drawbacks will not be enough. There is a need to take action as well to make the management effective and efficient. Every task cannot be made with a plant design on paper. It should take a physical form and put it into action. Then only we can move forward either in Life or in work. This principle of action is also an extension of finding out defects and deviations. It helps to take necessary remedial actions for the findings.
- Principles of Standards - There are predetermined standards which are already being set up by the company and that needs to be achieved by the workers.
- Principles of Assurance of Objectives - Just by detecting the deviations in the work, the company's objectives can be achieved on a quick and more efficient and effective basis.
- Principle of Organizational Suitability - For having an efficient and effective control, the business organisation structure must be well integrated and clear. It is the most important principle of control in management. Every organization needs to choose a set of principles that are suitable for that particular organization because every organization may vary from its type, size, methodologies, etc.
- Principle of Responsibility:- Apart from the principles of control, responsibility is the basic duty that should be owned by every employee from a lower level to a higher level of the organization for its smooth and safe growth. It was also helpful in gaining name and fame for the organization.
- Principle of Exception:- This principle majorly concentrates on minor exceptional cases that may deviate slightly from the standards stated at the beginning of the organization. It also takes care that these exceptions may not disturb or affect the growth of the organization.
- Principle of Critical Points:- Each organization plays several critical points because of various factors. At that time, the principles of control in management help the managers to pay more attention to these critical points, whether they are expected or unexpected.
- Principle of Future-directed Control:- This principle of control is completely contrasted to the above principle, which is the feedback principle. It is simply known as the feed-forward principle. Along with the low-level employees, planning and controlling the action, the high-level employees will forecast and monitor the activities going on in The firm, and it takes care of all the activities that need to move smoothly without any deviations or disturbances.

- Principle of the Standard:- Every organization has a set of standards that need to be obeyed and followed by all levels of the organization. These should be productive and qualitative, for example, punctuality, delegating work, reporting to the required people, etc., all these Commander standards should be transparent and specific to their organization.
- Principle of Objective:- It is the most common principle of control. Because every organization's motive is to achieve its objective either monetary benefit or fame or any other, this principle always monitors the works for the final objective. It also controls all the deviations and looks after the remedies facilitated to that particular deviation.

Limitations of controlling:

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

Major Techniques of control - Ratio Analysis, ROI, Budgetary Control, EVA, PERT/CPM

Meaning of ratio analysis: Ratio analysis is referred to as the study or analysis of the line items present in the financial statements of the company. It can be used to check various factors of a business such as profitability, liquidity, solvency and efficiency of the company or the business.

Advantages of Ratio Analysis are as follows:

- Helps in forecasting and planning by performing trend analysis.
- Helps in estimating budget for the firm by analysing previous trends.
- It helps in determining how efficiently a firm or an organisation is operating.
- It provides significant information to users of accounting information regarding the performance of the business.
- It helps in comparison of two or more firms.

ROI(Return on Investment)

Return on investment (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of **return** on a particular investment, relative to the investment's cost.

Budgetary control:

The advantages of budgetary control are as follows:

1. Budgetary control aims at maximisation of profits through careful planning and control.
2. Budgeting provides a planned approach to business affairs. This eliminates the element of uncertainty and prevents the company from being caught napping.
3. It coordinates the activities of various departments and functions of the business.

PERT AND CPM

CPM stands for **Critical Path Method**, while **PERT stands for Program Evaluation and Review Technique**. The PERT system manages unpredictable activities, while the CPM system manages predictable ones. The PERT is related to the events, but the CPM is related to the activities as well.

1. PERT uses event oriented Network.
2. Estimate of time for activities is not so accurate and definite.
3. It is used mostly in research and development projects, particularly projects of nonrepetitive nature.
4. The probabilistic model concept is used.
5. PERT is basically a tool for planning.
6. In PERT, it is assumed that cost varies directly with time. Attention is therefore given to minimize the time so that minimum cost results. Thus in PERT, time is the controlling factor.

Limitations of PERT

- In PERT, it is assumed that all the activities involved in the project are known in advance.
- The assumption that a project can be sub-divided into a set of predictable and independent, activities may not hold true always.
- PERT emphasizes only on time and not the costs.
- PERT is based on time estimates and there may be error in estimating time.
- For active control of a project, PERT requires frequent updating and revising of calculations. It is an expansive and time consuming exercise, which requires highly trained personnel.

CPM (Critical Path Method)

Critical Path Method or CPM is an algorithm used for planning, scheduling, coordination, and control of activities in a project. Here, it is assumed that the activity duration is fixed and certain. CPM is used to compute the earliest and latest possible start time for each activity.

The advantages of the Critical Path Method (CPM) are mentioned below:

- CPM figures out the activities that can run parallel to each other. It helps the project manager in identifying the most critical elements of the project.
- CPM gives a practical and disciplined base which helps in determining how to reach the objectives.
- CPM is effective in new project management. It can strengthen a team's perception if it is applied properly.
- CPM provides a demonstration of dependencies which helps in the scheduling of individual activities. It shows the activities and their outcomes as a network diagram.
- CPM gives a fair and concise procedure of documenting of project. It helps in determining the slack time.
- An explicit and clear approach of communicating project plans, schedules, time, and cost performance is developed.

- CPM is extensively used in the industry. It helps in optimization by determining the project duration.

Disadvantages of CPM –

Various Demerits of Critical Path Method (CPM) are mentioned below:

- The scheduling of personnel is not handled by the CPM.
- In CPM, it is difficult to estimate the completion time of activity.
- The critical path is not always clear in CPM.
- For bigger projects, CPM networks can be complicated too.
- It also does not handle the scheduling of resource allocation.
- In CPM, a critical path needs to be calculated precisely.