Dr. Babasaheb Ambedkar Open University

(Established by Government of Gujarat)

BAOU Education for All

BBA/DBA

SEMESTER - 1

BBACC101

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Principles of Management

Message for the Students

Dr. Babasaheb Ambedkar Open (University is the only state Open University, established by the Government of Gujarat by the Act No. 14 of 1994 passed by the Gujarat State Legislature; in the memory of the creator of Indian Constitution and Bharat Ratna Dr. Babasaheb Ambedkar. We Stand at the seventh position in terms of establishment of the Open Universities in the country. The University provides as many as 54 courses including various Certificate, Diploma, UG, PG as well as Doctoral to strengthen Higher Education across the state.

On the occasion of the birth anniversary of Babasaheb Ambedkar, the Gujarat government secured a quiet place with the latest convenience for University, and created a building with all the modern amenities named 'Jyotirmay' Parisar. The Board of Management of the University has greatly contributed to the making of the University and will continue to this by all the means.

Education is the perceived capital investment. Education can contribute more to improving the quality of the people. Here I remember the educational philosophy laid down by Shri Swami Vivekananda:

> ***"We want the education by which the character is formed, strength of mind is Increased, the intellect is expand and by which one can stand on one's own feet".***

In order to provide students with qualitative, skill and life oriented education at their threshold. Dr. Babaasaheb Ambedkar Open University is dedicated to this very manifestation of education. The university is incessantly working to provide higher education to the wider mass across the state of Gujarat and prepare them to face day to day challenges and lead their lives with all the capacity for the upliftment of the society in general and the nation in particular.

The university following the core motto 'स्वाध्यायः परमम् तपः' does believe in offering enriched curriculum to the student. The university has come up with lucid material for the better understanding of the students in their concerned subject. With this, the university has widened scope for those students who
are not able to continue with their education in regular/conventional mode. In every subject a dedicated term for Self Learning Material comprising of Programme advisory committee members, content writers and content and language reviewers has been formed to cater the needs of the students.

Matching with the pace of the digital world, the university has its own digital platform Omkar-e to provide education through ICT. Very soon, the University going to offer new online Certificate and Diploma programme on various subjects like Yoga, Naturopathy, and Indian Classical Dance etc. would be available as elective also.

With all these efforts, Dr. Babasaheb Ambedkar Open University is in the process of being core centre of Knowledge and Education and we invite you to join hands to this pious *Yajna* and bring the dreams of Dr. Babasaheb Ambedkar of Harmonious Society come true.

Prof. Ami Upadhyay
Vice Chancellor,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

Dr. Babasaheb Ambedkar Open University

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PRINCIPLES OF MANAGEMENT

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SEMESTER-1 CORE
PRINCIPLES OF MANAGEMENT
BLOCK 1

Authors' Name: Dr. Khushbu Jadav , Assistant Professor, Dr.BAOU, Ahmedabad
Dr. Krunal Soni, Associate Professor, GSFC University, Vadodara
Mr. Devang Mehta, Assistant Professor, Christ College, Rajkot

Review (Subject): Dr. Swati Doshi, Associate Professor and Head, Christ College Rajkot

Review (Language): Dr.Jainee Shah, Assistant Professor, Nirma University, Ahmedabad

Editor's Name: Prof. (Dr.) Manoj Shah
Professor and Director,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

Publisher's Name: Dr. Ajaysinh Jadeja
Registrar,
Dr. Babasaheb Ambedkar Open University
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UNIT-1 INTRODUCTION TO MANAGEMENT

1.1 Introduction

Management is a process and a universal process, by which an organisation realises its objectives in a planned way. Modern management thinkers agree that management is a distinct process. People who perform management can be designated as managers, members of management, or executive leaders.

Management is the art of securing maximum prosperity with a minimum of effort. Wherever there is an organised group of people working towards common goals, some type of management becomes essential. It has been rightly said that 'anything minus management amounts to nothing'. In the words of Koontz and O'Donnel, "There is no more important area of human activity than management since its task is that of getting things done through others." Its role is to co-ordinate, integrate and bring together the various elements of business (7m's of business v/z money, men, material, machinery, management method, and market) for achieving business objectives. These objectives are earning of adequate profits, supplying better and cheaper goods and services to consumers, and providing employment opportunity to community. Management is now being recognised as a crucial economic resource of a country. How the various elements of business are handled depends upon the ability of managers.

Management is essential in group activity. Group activity is not peculiar to business, it is equally true of government, military, schools and colleges, etc. Whenever group activity exists, efficient management becomes necessary to realise the objectives of the group with minimum expenditure of time, money and effort. In other words, management helps in the transformation of various types of resources into ultimate goals or objectives, i.e. maximisation of profits or service to mankind.

1.2 Meaning And Definitions

- **Meaning**

Different people seem to have different ideas concerning the meaning of the term "Management". Many people consider management as to command others. To many others management is nothing more than checking the clerical works and putting signature here and there. Some say it is an art of getting things done. Some others say it is a full-fledged science. Management is all these, and much more. Management, in its true sense, is what management does. It is an activity like walking, reading, swimming or running. As a process, management is concerned with allocating inputs of an organisation (physical and human resources) by typical managerial functions (planning, organising, directing and controlling) for the purpose of achieving some stated objectives viz., output of goods and services desired by its customers.

- **Definitions**

Management helps in doing and also getting things done through others. It is a process which helps in optimum utilization of human, material and financial resources so as to attain the organizational goals and objectives.

Some of the definitions by famous management thinkers are given below:

1) According to F.W. Taylor "Management is an art of knowing what is to be done and seeing that it is done in the best possible manner."
2) According to Koontz and Weihrich "Management is the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish the selected aims."
3) According to Henri Fayol "Management is to forecast, to plan, to organize, to command, to co-ordinate and to control the activities of others."
4) According to John F. Mee "Management may be defined as the art of securing maximum results with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public the best possible service.
5) According to George R. Terry "Management is a distinct process consisting of planning, organising, actuating, and controlling performed to determine and accomplish the objectives by the use of people and resources."
6) According to Lawrence A. Appley "Management is the development of people and not the direction of things management is personnel administration."
7) According to Joseph Massie "Management is defined as the process by which a co-operative group directs action towards common goals."
8) According to James L. Lundy "Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective."
9) According to Harold Koontz "Management is the art of getting things done through and with people in formally organized groups. It is the art of creating an environment in which people can perform and individuals could co-operate towards attaining of group goals. It is the art of removing blocks to such performance, a way of optimizing efficiency in reaching goals."

1.3 Management Concepts

Management which was traditionally viewed as an act of managing the men in a tactful manner is no longer restricted to getting things done through them, rather it involves all kinds of activities that identify and determine objectives of the organisation and blend the environment in such a manner that the objectives of an organisation are achieved in the required time with minimum utilization of the resources.

In other words, management is an art of securing maximum prosperity with minimum of efforts. It is the management of the organisation that determines its success story. "An organisation succeeds not due to fact that it is long established or because it is big, but because there are men and women in it who live, it, sleep it, dream it and build great future plans for it." The word management has been used in varied contexts each serving a different aspect of the organisation.

1. Management as a Process:

It refers to all that a manager does. It includes all activities starting from setting up of objectives to taking up of steps which ensure the attainment of these objectives. It comprises of all functions which transform resources into products & services to satisfy consumer's need. Its features are as follows:

i. Continuity: Management is an ongoing and a never ending process that starts with the inception of an idea and culminates at the end of the process. The task of manager doesn't finish even after performing last function of management i.e. controlling.
ii. Integration: All functions of management are performed for integrating the human & non-human resources for attainment of goals.
iii. Universal nature: The principles of management are applicable to all types of enterprises whether small units or big units as MNC's.
iv. Social orientation: Management deals with human beings. A manager directs, coordinates & controls the activities of human beings for productive relationship for achieving organisational objectives.
v. Interactive process: Various functions are interwoven i.e. two or more can be performed at a time. While planning for goals, the standards for that are also laid down.

2. Management as an Activity:

According to Harold Koontz, "Management is the act of getting things done through and with people in formally organised groups."

i. Informative activities i.e. to have regular and continuous communication.
ii. Decisional activities i.e. take number of decisions as allocation of resources, recruitment and selection; fix production targets, quality standards, etc.
iii. Interpersonal activities i.e. involves the activities for getting work done, keep liaison with outside world, maintain healthy relations.

3. Management as a Group:

It refers to those who carry activities of management. It comprises of CEO, departmental manager, sectional officers and supervisors. In a company, shareholders are the real owners, and are scattered throughout country, so affairs are managed by number of persons employed in it. Its characteristics as group effort brings out quality products, improves economic and social life of a company as well as country.

4. Management as a Discipline:

i. It is a body of knowledge, a practice and a discipline.

ii. It includes financial management, personnel management, and marketing management.
iii. It is an organised body of knowledge.
iv. It can be learnt through teaching and training.
v. Its study produces qualified professionals.
vi. Code of conduct and ethics for management personnel are being considered.
vii. Associations of management and body of managerial personnel are also being formed.

5. Management as a philosophy

Management as a philosophy may be defined as the set of fundamental principles that underlie the formation and the subsequent operation of a business enterprise.

1.4 Nature of Management

The nature of management can be described as follows:

1. Multidisciplinary:

Management is multidisciplinary in nature. By multidisciplinary it means that though management is a separate discipline but it freely draws ideas and concepts from such disciplines as psychology, sociology, anthropology, economics, ecology, statistics, operation research, history, etc. Management integrates the ideas and concepts taken from these disciplines and presents novel concepts which can be put into practice for managing the organisations.

2. Dynamic nature of principles:

A principle is a fundamental truth which establishes cause and effect relationships of a function. Management has framed various principles based on integration and supported by practical evidences. However, these principles are extremely dynamic in nature and they undergo change with the changes in the environment in which an organisation exists. Thus, the principles of management are not constant but keep on changing constantly.

3. Management principles are relative not absolute:

Management principles are relative and not absolute and they should be applied according to the need of the organisation. The choice of the principle can be made according to the conditions prevailing in organisation and adequate allowance must be made for the changing environment.

4. Management, Science or Art or Profession:

Management is an amalgamation of science as well as art. Management possesses all the features of a profession although with certain limitations.

5. Universal application of management:

Management is a universal process. However, the principles of management are not universally applicable but are to be modified according to the needs of the situation.

Thus, the nature of management clearly indicates that it is multidisciplinary phenomenon; its principles are flexible, relative and not absolute. It is both science and art, it can be taken as a profession and finally it is universal.

1.5 Management As Science or Art or A Profession

❖ **Management as Science**

To qualify as a Science, Management needs to stand true to various criteria which make any field scientific. Below are qualities of Management that prove that it is a type of Science.

1. Universal acceptance

Scientific principles are universally accepted principles and can be applied across all situations, locations, and times. For example, Newton's law of motion applies to every object in motion irrespective of its location and state. Similarly, Management as well comprises specific fundamental principles that are accepted worldwide. For instance, the principle of unity of command applies to all organizations, large and small.

2. Cause and effect relationship

In Science, every cause results in an effect. This phenomenon is known as causality. To put it simply, every event occurs due to reason. For instance, rusting of iron is due to the reaction between iron and oxygen in the presence of water molecules. Similarly, Management follows the same rule. Every action has consequences, like if employees are not treated well, then productivity will degrade. Conversely, an organization can attain increased productivity if the workers are given a bonus and satisfactory remuneration.

3. Experimentation and observation

Science is all about facts and logic and deduces results through experimentation and observation. The principles of Management have been formed along the same lines. For instance, equal work opportunities and fair remuneration for the work are known to improve one's productivity at work. This idea was derived through scientific observation.

4. Test of validity and predictability

Every scientific principle and law is tested for validity and can be verified at any given point in time, and it shall provide a similar result each time. Likewise, one can test the principles of Management and expect the same results every time.

Consider two companies A and B. Let’s say, company A has one boss who administers that company’s operations, whereas company B has two bosses and they both try to manage the organization as per their judgment. An experiment will show that company A performs better with one superior to direct all. Subsequently, the answer to the question ‘is Management an Art or Science’ is Science if not both. But in reality, Management can act as both.

❖ **Management as an Art**

To qualify as Art, Management needs to adhere to some basic traits of Art. Such traits associated with Management are given below:

1. Skilful application

Art is personalized, and the style of every artist is different. Each artist has a different perspective, style, and a different approach to a job. Likewise, one can successfully manage their organization only with their skills. Here, one’s approach to the tasks at hand will be different from another, and hence Management can be considered an Art.

2. Creativity

Every Artist is creative, and similarly, managers need to show creativity and innovation in the decisions they make for their business to stand out and gain a competitive edge. Hence, creativity and innovation in Management help managers take unique yet effective decisions.

3. Practical & Theoretical Knowledge:

Art supports and believes the importance of theoretical knowledge and hence most of the Art classes, whether it is music, painting, or dance also carry theoretical papers for students to study. And evidently, practical knowledge forms the basis of Art. In Management, the significance of theoretical and practical knowledge is not new. With a theoretical understanding of Management principles and their subsequent practice, managers can perform better in managing their organizational goals.

4. Practise

An artist becomes seasoned with years of practice and dedication towards their work. Management as Art speaks the same terms. Managers have to go through this trial and error method before they can become seasoned managers who can make appropriate decisions.

5. Target-oriented

An artist never works on their piece of Art without any goals in mind; goals make them more focused and act accordingly for its fulfilment. The same holds for Management. A manager must set objectives and work towards achieving them to become proficient in their endeavour. From the above speculations, it can be derived that Management as an Art and Science is a plausible claim.

❖ **Management as a Profession**

Management can be carried off as a Profession by individuals who have gained proper education and graduated the relevant tests. Students are taught essential concepts of Management and need to pass particular exams so that they can work as a manager in future. They also need to qualify for an entrance examination to get enrolled in an institution for an educational degree. Further, they can work as professionals and manage various activities in an organization. With the learnt principles of Management, they put their knowledge to a test and use various tried and tested methods and innovative ways to achieve effective Management.

1.6 Scope of Management

The scope of management is too wide to be covered in a few pages. It is very difficult to precisely state the scope of management. However, management includes the following aspects:-

i. Economic Resource
ii. Subject-matter of Management
iii. Functional Areas of Management
iv. Management is an Inter-Disciplinary Approach
v. Management is an Agent of Change

1) Economic Resource

Business Economics classifies the factors of production into four basic inputs, viz. land, labour, capital and entrepreneur. By the use of all these four, basic production can be done. But to turn that into a profitable venture, an effective utilization of man, money, material, machinery and methods of production has to be ensured. This is guaranteed by the application of management fundamentals and practices. The better is the management of an enterprise; the higher is its growth rate in terms of profit, sales, production and distribution. Thus management itself serves as an economic resource.

2) Subject-matter of Management

Management is considered as a continuing activity made up of basic management functions like planning, organizing, staffing, directing, and controlling. These components form the subject matter of management.

3) Functional areas of management

❖ **Management covers the following functional areas:-**

- Financial Management: Financial management includes forecasting, cost control, management accounting, budgetary control, statistical control, financial planning, etc.

- Human Resource Management: Human Resource Management covers the various aspects relating to the employees of the organization such as recruitment, training, transfers, promotions, retirement, terminations, remuneration, labour welfare and social security, etc.

- Marketing Management: Marketing management deals with marketing of goods, sales promotion, advertisement and publicity, channels of distribution, market research, etc.

- **Production Management:**

  Production Management includes production planning, quality control and inspection, etc.

- Material Management: Material management includes purchase of materials, issue of materials, storage of materials, maintenance of records, materials control, etc.
- Purchasing Management: Purchasing management includes inviting tenders for raw materials, placing orders, entering into contracts, etc.

4) Management is an Inter-Disciplinary Approach

Though management is regarded as a separate discipline, for the correct application of the management principles, the study of commerce, economics, sociology, psychology, and mathematics is very essential. The science of management draws ideas and concepts from a number of disciplines making it a multi-disciplinary subject.

5) Management is an Agent of Change

Technology advancements, evolving customer needs, and new competition all influence business dynamics across industries. With constant change, a change management strategy is critical for organizations to evolve, grow, and succeed. These leaders, known as change agents, extend the reach of the entire change project team, helping to secure employee buy-in, allocate resources, extend the project scope, improve communication, and tackle any cause of change resistance.

1.7 Characteristics of Management

The important characteristics of management are as follows:

1. Purposive activity:

The purpose of management is always to achieve certain predetermined objectives. The tasks of management are directed towards effectiveness (i.e., economy in the use of resources).

2. Group activity:

Management is a group activity. An organized group of people work together towards a common goal. It is teamwork. It coordinates the efforts of organizational members to achieve certain predetermined objectives.

3. Integrating activity:

Management integrates human efforts with non-human resources (like materials, machines, technology, financial resources, etc.). It seeks to harmonize human and non-human resources to achieve predetermined objectives.

4. Continuous activity:

There is always a continuous need of the solution of problems and improvements in the business. The cycle of management continues to operate so long as there is an organization.

5. Distinct Process:

Management is a distinct process performed to accomplish predetermined objectives. It is quite distinct from its various functional activities, techniques, and procedures. It consists of various functions, such as planning, organizing, staffing, directing, coordinating, motivating, and controlling.

6. Rational process:

Management deals with the achievement of some clearly defined objectives. Group efforts are directed to achieve a predetermined objective. Management organizes plans, directs, and controls an enterprise for the purpose of earning satisfactory profits. Therefore, it is a rational process.

7. Universal process:

The principles and techniques of management are universal in character. They are equally applicable in all types of organizations, such as business, social, religious, educational, cultural, sports, military, etc. Therefore, wherever there is human activity, there is management.

8. Social process:

Management aims at the optimum utilization of scarce resources for the benefit of the community as a whole. The effort of human beings have to be directed, coordinated, and regulated by the management in order to achieve the desired results. In this sense, management is regarded as a social process.

9. Goal-oriented:

All management activities have to be goal-oriented and result-oriented. Effective management is always ‘management by objectives.’ Management is concerned with the establishment and accomplishment of some definite goals.

10. Human activity:

Management is related with human activities. It is the function of getting things done through people. Managerial techniques are used by human beings as tools to achieve predetermined organizational goals.

11. Pervasive:

Management is pervasive in the sense that it is relevant for all organizations, irrespective of the size (small or large), nature (economic, social or political), and location (in rural or urban areas). Moreover, management is applicable at all levels of the organization.

12. Hierarchy of authority:

Management is the authority to make and enforce rules. In other words, it is a rule-making and rule-enforcing body. It is bound together by a web of relationships between superiors and subordinates. There is a chain of authority distribution and the responsibility is always present with the authority.

13. Dynamic function:

Management is a dynamic function, which is to be performed continuously. Policies and procedures of management are quickly changed to cope with the changing business environment.

14. Decision-making function:

Management involves decisions relating to various aspects of an enterprise. All managerial functions are settled by managers with the tool of decision-making.

15. Management as a profession:

Management is a well-defined body of knowledge and requires formal training for new entrants. It consists of principles, techniques, and laws that can be taught as a separate discipline. Therefore, it is recognized as a profession.

1.8 Importance of Management

Management is the art of securing maximum prosperity with a minimum of effort. Wherever there is an organised group of people working towards common goals, some type of management becomes essential. It has been rightly said that ‘anything minus management amounts to nothing’. In the words of Koontz and O’Donnell, “There is no more important area of human activity than management since its task is that of getting things done through others.”

In the case of business enterprise, management is all the more important, because “no business runs on itself, even on momentum, every business needs repeated stimulus which can only be provided by management.” According to Peter F. Drucker, “Management is a dynamic life giving element in an organisation. In its absence the resources of production remain resources and never become production.”

1. Achievement of Group objectives

It is the management which makes the people realise the objectives of the group and direct their efforts towards the achievement of these objectives. It brings the human and material resources together to mobilise the people for achievement of the objectives of the organisation.

2. Optimum utilisation of resources

No business activity can be undertaken without the five factors of production viz., land, labour, capital, enterprise and management. The four factors may prove ineffective in the absence of the fifth-the management. It is the management which makes optimum utilisation of resources possible. In the words of Urwick and Brech, “No ideology, no ism, no political theory can win greater output with less efforts, only sound management.”

3. Minimisation of Cost

In the present days of increasing competition, only those business enterprises can survive which can produce quality goods at the lowest of costs. Through better planning, sound organisation and effective control, management enables a concern to reduce costs and enables an enterprise to face cut-throat competition.

4. Increased Profits

Profits can be increased in any organisation either by increasing the sales revenue or reducing cost. To increase the sales revenue is beyond the control of an organisation. Management by reducing costs increases its profits and provides opportunities for future growth and development.

5. Smooth running of business

Management ensures efficient and smooth running of business through better planning, sound organisation, effective control and the various tools of management.

6. Provides Innovation

Management provides new ideas, imagination and visions to the organisation. It encompasses various activities and stages, including ideation, idea evaluation and selection, development and prototyping, commercialization, and ongoing improvement. It involves creating an environment that encourages and supports innovation, as well as establishing processes and structures to effectively manage and drive innovation initiatives.

7. Change of growth

An enterprise operates in a changing environment. Management moulds the enterprise in such a changing environment. It moulds not only the enterprise but also alters the environment itself to ensure the success of the business.

In order to meet the challenge of automation and the complexities of advanced technology also there is a need for the development of management.

8. Social obligations

Management is beneficial not only to the business enterprises but to the society as a whole. It raises the standard of living of the people by providing good quality products and services at the lowest possible cost. It also makes the optimum use of scarce resources and promotes peace and prosperity in the society.

9. Significant role to play in developing economy

Management has to play a more vital role in the developing countries like India, where productivity is low and the resources are limited. It has been rightly said, “There are no under-developed countries. There are only under-managed ones.”

1.9 Advantages of Management

1. Attainment of goals

Management aims at efficiency and effectiveness of the business. By efficiency we mean conducting business activities at a low cost and within the given means. It requires one to perform tasks in the best way possible, while investing the least possible input (labor, material, and time). This is made possible through the efforts of the manager.

2. In times of crisis:

When the business is functioning smoothly with all employees working efficiently, one does not realize the need for management. The role of the manager comes into play especially when a business is facing difficulty. Managers are expected to anticipate problems and deploy necessary organizational changes and tools to either prevent disaster or to mitigate its impact, at the same time planning on how to steer the company back to health.

3. Brings perpetuity

If there are no clear parameters regarding decision-making, the continuity of the organization cannot be assured. It is normal that as time goes by, new members are hired and others retire and leave the organization. Yet it is left to management to ensure that there is some sense of continuity in the organization.

Modern organizations have technical as well as administrative systems and procedures which ensure desired quality on a constant basis. This technique guarantees continued existence in a global competition. In addition, managers have contingency plans that make certain that the company is not left in the lurch when key members decide to leave.

4. Importance of a team:

Were it left up to individuals to plan and organize separately it would lead to drastic results. For this reason, management takes the responsibility to direct and channel group efforts to achieve common organizational goals and objectives.

5. Works toward economy and efficiency:

Businesses need managers for smooth functioning of the organization. A manager’s responsibilities include coordinating and monitoring the efforts of the work force and estimating whether it comes up to the standards of the organization. When there is deficit, the manager endeavours to help the employees execute their work more effectively.

6. Vital for achieving economic growth:

Management is a key factor in the creative and well-organized use of accessible resources. It is possible that a country can have substantial work force and natural resources which would take into account abundant skilled labour, and ample capital but still be relatively poor because of the lack of competent managers who would organize these resources to work constructively together in the production and distribution of useful goods and services.

By generating wealth, managers ensure a boost to the national income, and this in turn, raises the standard of living. The result of this is guaranteed economic growth.

1.10 Levels of Management

On the basis of authority and responsibility, we can identify three levels of management in the organizational hierarchy, namely:

1. Top level management
2. Middle-level management
3. Lower level management.

1. Top Level Management:

It is the highest level in the managerial hierarchy and the ultimate source of authority in the organization. This level consists of the Board of Directors, the Chief Executive Officer (i.e., Managing Director) and the General Manager. The main tasks of top-level management include the following:

- To formulate a plan for the entire organization covering all areas of operations;
- To set the organizational goals and decide on the means to achieve those goals;
- To frame policies and make plans to achieve these objectives;
- To set up an organizational structure and create various positions therein;
- To lay down guidelines for the departmental heads;
- To assemble the resources (men, materials, machines, money, methods, etc.);
- To provide overall leadership;
- To review the work of executives and evaluate their performance;
- To exercise control on various activities by reviewing overall operating results;
- To relate the organization to the external environment;
- To decide upon matters for the survival and growth of the organization;
- To make decision regarding distribution of profits and others incomes;
- To coordinate various subsystems of the organization;
- To maintain liaison with external parties.

2. Middle Level Management:

It consists of various functional managers (such as production manager, purchase manager, marketing manager, public relation officer, research and development officer, etc.) and administrative officer. These executives are mainly concerned with the overall functioning of their respective departments. The main tasks of middle-level management include the following:

- To establish a link between top management and lower management;

- To establish departmental objectives and to decide on the means to achieve goals;
- To prepare departmental plans covering all activities of the departments;
- To transmit orders, suggestions, policy decisions, and instructions to lower level;
- To settle various problems and forward suggestions to the upper level;
- To achieve coordination between the different parts of the organization;
- To build up efficient workforce by giving reward according to merit;
- To inspire operating managers towards better performance;
- To motivate subordinates to achieve higher productivity;
- To explain and interpret policy decisions to the lower level;
- To coordinate the activities of various work units at lower level;
- To collect reports on performance to be intimated to the top management.

3. Lower Level Management:

This level consists of superintendent, supervisors, and foremen. They directly guide and control the performance of the rank and file workers. This level is also called 'operating management'. They issue orders and instructions to operative employees and guide them in their day to day activities.

The main tasks of lower-level management include the following:

- To make a plan for day to day activities and assign jobs to subordinates;
- To arrange materials, machinery and tools for smooth operations;
- To assist the subordinates by explaining the procedures of work;
- To ensure the work of requisite quantity and quality as scheduled;
- To supervise and guide the work of operatives;
- To report the problems faced by workers to the middle-level management;
- To maintain close personal contacts with workers for ensuring discipline & teamwork;
- To communicate the grievances and suggestions of workers to higher authorities;
- To evaluate operating performance and send reports to the higher authority.

1.11 Functions of Management

There are certain basic operations or functions in the work of the manager. We can isolate that work which a person performs. All managers carry out managerial functions to achieve the desired results. Management process is the sum total of several inter-related activities. These activities or elements are known as the functions of management.

The best way to analyse the management process is in terms of what a manager does. The functions of management emphasize the managerial "whole" in organization. As managing is a dynamic activity, it includes two kinds of functions which are common to all managerial jobs. A brief description of these functions is given below:

1. Planning:

Planning is the primary and crucial function of management. It is the determination of how to achieve an objective – deciding what is to be done and when to do it. It is looking ahead and preparing for the future. It is the process by which a manager anticipates the future and discovers alternative courses of action. It determines the direction of the management. Planning involves the following:

1. Determining the firm's objectives to be achieved.
2. Establishing planning assumptions.
3. Formulating policies, procedures and rules.
4. Determining alternative courses of action.
5. Evaluating the alternative courses and selecting the right type of action.
6. Formulating derivative plans to support the basic plan.
7. Numbering plans by budgeting.

Planning can range from the general to the specific. Strategic planning deals with the strategies, policies and programmes to achieve long-range goals. The operational planning deals with day-to-day affairs carried out by lower-level managers.

2. Organizing:

Planning is concerned with where to go; organizing is the vehicle used to get there. Organizing is the process by which the structure and allocation of jobs are determined. To organize a business is to provide it with everything useful to its functioning- raw materials, tools, capital, and personnel. Organizing provides the formal structure through which work is defined, subdivided, and coordinated. Organizing consists of the following sub-functions:

1. Identifying and analysing the activities for the achievement of objectives.
2. Grouping of similar activities to create departments.
3. Assigning of the activities to various groups and departments.
4. Defining and delegating the responsibility and authority.
5. Establishing relationship among individual jobs.

3. Staffing:

In staffing, a manager recruits and selects suitable personnel for manning the jobs. It is the function of determining and meeting the manpower requirements of an enterprise. It is concerned with the management of human resources.

Some writers consider staffing to be a part of the organizing function. Because every managerial activity requires competent individuals, staffing transcends the other management functions.

4. Directing:

The third basic function of management is directing. This is also termed leading or actuating. While planning tells us what to do and organizing tells us how to do it, directing tells us why the employees should want to do it. Directing is concerned with guiding and leading people. It consists of supervising and motivating the subordinates towards the achievement of set goals. It entails interpersonal relationships. Direction initiates action and puts the enterprise into motion. To direct others, the manager needs the following sub-functions:

1. Communication: Exchanging ideas and information in order to create mutual understanding.
2. Command: Issuing orders and instructions to subordinates.
3. Motivation: Inspiring employees to work with zeal.
4. Leadership: Influencing people to accomplish set task goals.
5. Supervision: Overseeing of subordinates at workplace with a view to guide and regulate their efforts.

5. Controlling:

Controlling is evaluating the performance and applying corrective measures so that the performance takes place according to plans. It is reviewing the performance of the employees in the light of the targets and goals.

Controlling involves the following:

(a) establishing standards of desired performance
(b) measuring the actual performance
(c) comparing the performance against the established standards
(d) taking action to correct performance that does not meet those standards.

Controlling exists at every managerial level. It operates on everything, activities, resources, and persons.

6. Co-ordinating:

Some experts consider co-ordination as a separate and dynamic function of management. Koontz and O'Donnell regard it the "essence of managership". It is an integral part of all other functions. To co-ordinate is to harmonize all the activities, decisions and efforts of an organization so as to achieve the unity of action. It is blending the efforts of all employees or an efficient running of an organization.

7. Decision Making:

Terry says that "Managers are paid to make decisions and act on them." Simon treats decision making as being the same as managing. When a manager plans, organizes, directs, or controls, he is making decisions. Thus, it is the gist of all functions of management.

Decision making is the process by which a course of action is consciously chosen from available alternatives. Decision making is inherent in every managerial function. It is the process of generating and evaluating alternatives and making choices among them.

1.12 Role of A Manager

The role of a manager is a set of behaviours that are associated with the task of managing. Using these roles, managers accomplish the basic functions of management just discussed: planning and strategizing, organizing, controlling, and leading and developing employees. Mintzberg was one of the first and most enduring writers to describe the role of the manager. He observed what managers did during the day by shadowing them. He grouped the roles into three categories: interpersonal roles, informational roles, and decisional roles. Since managing is an integrated activity, Mintzberg emphasized that these roles are seldom distinct. In most cases, visiting clients involves two or more roles at once.

Managers make decisions in every role they play, function they perform, and skill set they rely on. Making a decision means choosing between alternatives. The decision-making process begins with the identification of a problem or an opportunity. Typically, managers make two types of decisions: programmed and non-programmed. Throughout an organization, routine situations that occur frequently trigger programmed decisions. Many organizations, for example, need to hire new personnel from time to time. Consequently, most companies have established and follow standard recruitment and selection procedures.

A) Interpersonal Roles

Under this category are behaviours and responsibilities related to employee and stakeholder interactions. The manager can accomplish organizational goals through these interactions. Both within and outside of their organizations, people spend a lot of time in interacting with each other. They include peers, subordinates, superiors, suppliers, customers, government officials, and community leaders. Understanding interpersonal relationships is an important aspect of all these interactions. According to studies, managers spend over 80 percent of their time interacting with people. Among these interactions are three key interpersonal roles:

a) Figurehead: Managers are responsible for performing tasks related to social, symbolic, or legal matters. As a representative of the organization, you do not make decisions. Figureheads are also responsible for motivating their teams to accomplish goals and tasks.

b) Leader: Every manager's job involves motivating and encouraging their employees. Additionally, he must endeavour to reconcile their individual needs with the organization's goals. Leadership is ensuring the performance and responsibilities of your team, your department, or even your entire organization.

c) Liaison: The role of a manager as a liaison entails cultivating contacts outside his vertical chain of command to gather information that will benefit his organization.

B) Informational Roles

To accomplish objectives, managers use this category for generating, receiving, or sharing knowledge with employees and colleagues at higher levels. Managers become sources of information concerning a variety of organizational issues due to their interpersonal contacts.

a) Monitor: Managers constantly monitor and scan the environment, internal and external, collecting and studying information about their organization and the outside environment that affects it. Several methods can be used to do this, including reading reports and periodicals, contacting liaison contacts, and hearing gossip, hearsay, and speculation.

b) Disseminator: Managers who disseminate information pass some of their privileged information to subordinates who otherwise would not have access to it. Here you can communicate potentially useful information to your colleagues and your team.

c) Spokesman: Managers are responsible for providing information and satisfying a variety of groups and individuals within the organization.

C) Decisional Roles

Managers in this category are responsible for using the information they gain to make strategic business decisions. A manager must make decisions and solve organizational problems based on the information they receive about the environment.

a) Entrepreneur: As entrepreneurs, managers face dynamic technological challenges and are continuously improving their units. The company is always on the lookout for new ways to improve and expand its products. A feasibility study is initiated, capital for new products is secured as needed, and employees are consulted for suggestions on how to improve the organization. Through suggestion boxes and meetings with R & D personnel and project managers, this can be achieved.

b) Disturbance Handler: In this role, a manager must work like a firefighter. There will be unanticipated problems such as a strike could occur, a major customer could go bankrupt, a supplier might renege on a contract, etc. A manager must take charge when an organization or team encounters unexpected obstacles. Mediating disputes within the organization is also important.

c) Resource Allocator: In this role, the manager must divide work and delegate authority to subordinates. A manager must determine which subordinates will be responsible for which duties. The best way to allocate organizational resources will also need to be determined. Allocating financial resources and assigning staff and other organizational resources are all part of this process.

d) Negotiator: Managers spend a great deal of time negotiating. It may be possible for the company chairman to negotiate a new strike issue with the union leaders, and the foreman to speak to the workers about grievances, etc. A manager’s role is important since it is their responsibility to guide and lead an organization or team towards its goals. In addition to managing resources, they play a critical role in decision-making. Furthermore, they foster a positive company culture by motivating and mentoring employees. A manager’s role helps to ensure that an organization’s strategic objectives are aligned with its operational efficiency and effectiveness. Any organization’s success and growth depends on managerial roles.

1.13 Difference between Administration and Management

Management and administration are two terms that seem to be quite similar to each other. However, they are completely different from one another with respect to their functionality as well as usage or applicability. Management basically refers to the actions carried out to implement the plans and objectives that have been determined by the administration. Administration is essentially involved in identifying the plans, objectives and critical policies of an organization. The points of difference between Administration and Management are as follows:

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.
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
Focus	Management is primarily concerned with planning, organizing, directing, and controlling resources to achieve organizational goals.	Administration focuses on establishing policies, guidelines, and procedures to ensure the smooth operation of the organization.

Scope	Management is a broader term that encompasses various functions such as planning, organizing, staffing, leading, and controlling.	Administration is a narrower term, often associated with the implementation of policies, rules, and regulations set by the management.
Decision-Making	Managers make strategic decisions related to setting goals, formulating plans, and allocating resources.	Administrators make decisions related to implementing policies, procedures, and guidelines set by the management.

❖ **EXERCISE**

Q-1 Multiple Choice Questions:

1. Management is _________________

a. Art, Science, math
b. Art, Science, Profession
c. Art, social Science, and Profession
d. Art, Science, and commerce

Ans. B

2. Management can be termed as a creative as well as a ____________ process.

a. Continuous
b. Democratic
c. Technical
d. None of the above

Ans. A

3. At which level of organization Management exists?

a. Top
b. Middle
c. Lower
d. All of the above

Ans. D

4. Principles of Management are made by ________________

a. Rule of thumb
b. Customer experience
c. Observation and experimentation
d. Laboratory experiments

Ans. C

5. Principles of Management are made by ________________

a) Formal group
b) Business

c) Government
d) Organised group effort
Ans. D

6. Management, as a distinct institution is_________________-
a) Very old
b) The outcome of industrial revolution
c) Hardly a century old
d) As old as civilization
Ans. C

7. Literally, management means managing men_________________
a) Tactfully
b) Carefully
c) Properly
d) Strictly
Ans. A

8. Management, in essence, is the management of______
a) Tasks
b) Men
c) Things
d) Activities
Ans. B

9. Management is needed at________
a) Operative level
b) Middle level
c) Top level
d) all levels.

Ans. D

10. Management is____________
a) A science
b) An art
c) An art as well as science
d) None of these
Ans. C

11. Management is_______________
a) Pure science
b) Social science
c) Natural science
d) None of these
Ans. B

12. In india, professionalisation of management is slow because of_________
a) Family-based indian business
b) Psychological resistance
c) Both of these reasons
d) None of these reasons.
Ans. C

13. Administration is largely the task of_____________

a) Top management
b) Operative management
c) Middle management
d) Lower management
Ans. A

14. The following is not an objective of management___________-

a) Earning profits
b) Growth of the organisation
c) Providing employment
d) Policy making
Ans. D

15. Policy formulation is the function of__________---

a) Top level managers.
b) Middle level managers,
c) Operational management.
d) All of the above
Ans. (a)

16. Which of the following management functions are closely related___________?

a) Planning & organizing
b) Planning & staffing
c) Planning & control
d) Staffing & control
Ans. C

17. The planning function of management is performed by

a) Top management
b) Middle management
c) Lower management
d) All of these
Ans. D

18. The directing function of management embraces the activities of

a) Providing leadership
b) Supervising subordinates
c) Issuing order to subordinates
d) Guiding and teaching the subordinates
e) All of these
Ans. E

19. Which of the following is not true about management?

a) Management is an inexact science
b) Management is situational in nature
c) Management is only an art
d) Management is a social process
Ans. C

20. The use of different disciplines implies that management is:

a) Inter-disciplinary

b) A profession
c) An art and a science
d) Situational
Ans. A

Q-2 Long Questions:

1) Give Meaning and Definitions of Management.
2) Write the Management Concepts in brief.
3) Explain the Nature of Management.
4) How Management as Science or Art or a Profession. Give your views.
5) Explain the Scope of Management.
6) What are the Characteristics/Features of Management? Explain.
7) Write about Importance of Management.
8) What are the Benefits of Management?
9) What are the Levels of Management? Explain in brief.
10) Describe the Functions of Management.
11) Explain the Role of a Manager.
12) Difference between Administration and Management.

Q-3 Short note:

1) Advantages of Management
2) Inter-disciplinary approach of Management
3) Management as a profession with Examples

UNIT-2 EVOLUTION OF MANAGEMENT THOUGHTS

2.1 Early Management Approach

2.2 Classical Approach

2.3 How throne Experiments

2.4 Modern Approach in Classical Approach

2.5 System and Contingency Approach

2.1 Early Management Approach

Today's managers have access to an amazing array of resources which they can use to improve their skills. But what about those managers who were leading the way forward 100 years ago?

Managers in the early 1900s ***had very few external resources to draw upon to guide and develop their management practice***. Through the years, Fayol began to develop what he considered to be the 14 most important principles of management.

Fayol's principles are listed below:

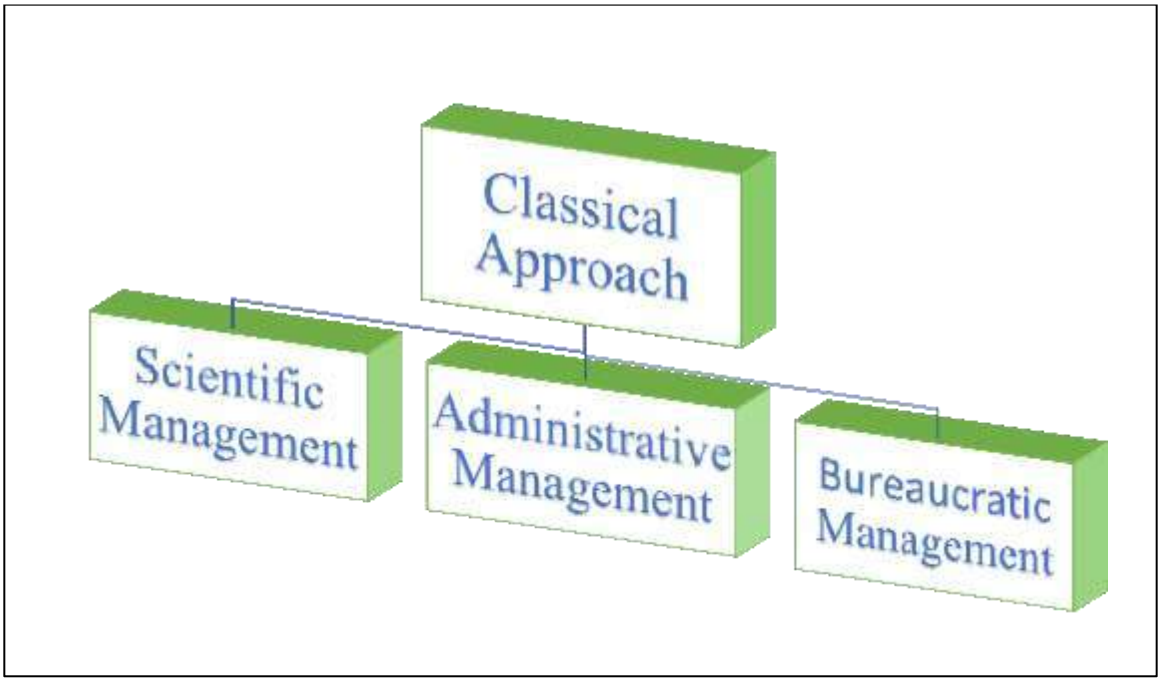
- **Division of Work** – When employees are specialized, output can increase because they become increasingly skilled and efficient.
- **Authority** – Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.
- **Discipline** – Discipline must be upheld in organizations, but methods for doing so can vary.
- **Unity of Command** – Employees should have only one direct supervisor.
- **Unity of Direction** – Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.
- **Subordination of Individual Interests to the General Interest** – The interests of one employee should not be allowed to become more important than those of the group. This includes managers.
- **Remuneration** – Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.
- **Centralization** – This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.
- **Equity** – Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate.
- **Stability of Tenure of Personnel** – Managers should strive to minimize employee turnover. Personnel planning should be a priority.
- **Initiative** – Employees should be given the necessary level of freedom to create and carry out plans.
- **Esprit de Corps** – Organizations should strive to promote team spirit and unity.

Fayol's six primary functions of management, which go hand in hand with the Principles, are as follows:

- Forecasting
- Planning
- Organizing
- Commanding
- Coordinating
- Controlling

2.2 Classical Approach

The Classical Approach to management thought is one of the earliest schools of thought in the field of management. It emerged during the late 19th and early 20th centuries and sought to bring a systematic and scientific approach to managing organizations. The classical approach is often associated with the works of management pioneers such as Frederick Taylor, Henri Fayol, and Max Weber. This approach can be divided into three main sub-schools: Scientific Management, Administrative Management and Bureaucratic Management.



(Sources: https://ebooks.inflibnet.ac.in)

1. Scientific Management approach

The Scientific Management approach, also known as Taylorism, is a key component of the classical management thought. It was developed by Frederick Winslow Taylor in the late 19th and early 20th centuries.

Key principles and features of the Scientific Management approach include:

- **Time and Motion Studies:** Taylor and his followers conducted meticulous time and motion studies to analyse the most efficient way to perform each task. They studied the sequence of motions involved in completing a task and sought to eliminate unnecessary movements to save time and effort.
- **Standardization of Work:** The approach emphasized developing standardized methods and procedures for performing tasks. By creating a

consistent and uniform process, organizations could minimize variability in output and achieve higher levels of efficiency.

- **Task Specialization:** Scientific Management advocates breaking down complex tasks into simpler and more specialized components. This division of labour allows workers to become highly skilled at specific tasks, leading to increased efficiency.
- **Incentive Systems:** Taylor introduced the concept of differential piece-rate payment systems. In this system, workers who exceeded a certain level of performance were paid higher piece rates than those who performed at standard levels. This was meant to motivate employees to strive for greater productivity.
- **Scientific Selection and Training:** Managers were encouraged to scientifically select and train employees based on their skills and suitability for specific tasks. This ensured that the right people were assigned to the right jobs, further enhancing efficiency.
- **Clear Division of Responsibilities:** Managers were tasked with planning and organizing work processes, while workers were responsible for executing tasks according to established methods. This clear division of responsibilities aimed to reduce conflicts and streamline operations.
- **Functional Foremanship:** Taylor proposed separating the roles of planning and executing tasks by introducing functional foremen. This meant having specialists responsible for specific aspects of the work, such as production planning, quality control, and worker discipline.
- **Elimination of Waste:** Scientific Management sought to eliminate waste in all its forms, including time, effort, materials, and resources. The goal was to achieve maximum output with minimum input.

2. Administrative Management

Administrative Management is another important component of the classical management approach, developed by Henri Fayol in the early 20th century. Unlike the Scientific Management approach that primarily focuses on optimizing work processes and tasks, Administrative Management focuses on the overall structure and management of organizations. Fayol's ideas provided a comprehensive framework for managing organizations effectively and efficiently. His principles of management laid the groundwork for administrative theory and are still considered relevant in modern management practices.

Key principles and concepts of Administrative Management include:

- **Division of Work:** Similar to the principle in Scientific Management, Administrative Management advocates for dividing work into specialized tasks. Fayol believed that specialization increases efficiency and expertise in particular areas.
- **Authority and Responsibility:** Fayol emphasized that authority and responsibility should go hand in hand. Managers should have the authority to give orders, but they should also be accountable for the outcomes of those orders.

- **Discipline:** Fayol emphasized the need for discipline within organizations. He believed that employees should follow established rules and guidelines to maintain order and harmony in the workplace.
- **Unity of Command:** This principle states that each employee should have only one direct supervisor to avoid confusion and conflicting instructions.
- **Unity of Direction:** Fayol proposed that similar activities with the same objectives should be grouped under a single plan. This ensures coordination and avoids conflicting goals within the organization.
- **Subordination of Individual Interest to General Interest:** This principle suggests that the interests of the organization should take precedence over the interests of any individual employee or group.
- **Remuneration:** Fayol recognized the importance of fair compensation to motivate employees and ensure their commitment to the organization.
- **Centralization and Decentralization:** Fayol discussed the balance between centralizing decision-making at the top and decentralizing decision-making to lower levels of the organization. The appropriate level of centralization depends on the organization's needs.
- **Scalar Chain:** This principle refers to the hierarchical structure within an organization. Communication and authority should flow along a clear chain of command.
- **Order:** Organizing resources and activities in a structured manner to achieve efficiency and coordination.
- **Equity:** Treating employees with kindness and justice to maintain a positive work environment.
- **Stability of Tenure:** Minimizing employee turnover to retain experienced staff and maintain organizational stability.
- **Initiative:** Encouraging employees to take initiative and exercise creativity in their work.
- **Esprit de Corps:** Fostering team spirit and a sense of unity among employees.

3. Neo Classical Approach

The Neo-Classical Approach, also known as the Behavioural Approach, is a development that emerged as a response to and refinement of the Classical Approach to management. While the Classical Approach, with its two main branches of Scientific Management and Administrative Management, focused primarily on task efficiency, organization structure, and formal processes, the Neo-Classical Approach introduced a greater emphasis on understanding the human aspects of management and the social dynamics within organizations.

Here's how the Neo-Classical Approach built upon the Classical Approach:

- **Human Relations Movement:** One of the key components of the Neo-Classical Approach is the Human Relations Movement. This movement was initiated by researchers such as Elton Mayo and his colleagues at the Hawthorne Studies. They conducted experiments at the Western Electric

Hawthorne Works in Chicago to explore the impact of various factors (such as lighting, work hours, and breaks) on employee productivity.

- **Focus on Employee Needs and Motivation:** Unlike the Classical Approach, which often treated employees as replaceable cogs in a machine, the Neo-Classical Approach emphasized the importance of understanding employee needs and motivations. Researchers like Abraham Maslow and Frederick Herzberg introduced theories that highlighted how factors like job satisfaction, recognition, and personal growth contribute to employee motivation and performance.
- **Participation and Decision-Making:** The Neo-Classical Approach encouraged greater employee involvement in decision-making processes. It recognized that employees have valuable insights and ideas to contribute, and involving them in decisions related to their work can lead to increased commitment and a sense of ownership.
- **Informal Organizations:** The Neo-Classical Approach recognized the existence and significance of informal networks and relationships within organizations. These informal structures can have a substantial impact on how work gets done and how employees interact.
- **Team Dynamics and Leadership:** The Neo-Classical Approach introduced a focus on effective teamwork and leadership. It emphasized the role of leadership in fostering positive relationships, communication, and collaboration among team members.
- **Motivation Theories:** The Neo-Classical Approach introduced theories like Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory, and McGregor's Theory X and Theory Y. These theories provided insights into understanding what drives employees and how to create environments that promote their well-being and performance.
- **Psychological and Social Factors:** The Neo-Classical Approach recognized the importance of psychological and social factors in influencing employee behavior, job satisfaction, and performance. This marked a departure from the more mechanistic view of workers in the Classical Approach.

2.3 Howthrone Experiments

The Hawthorne Experiments were a series of studies conducted at the Western Electric Hawthorne Works in Chicago between the 1920s and 1930s. These experiments are often associated with the Human Relations Movement, which is a part of the Neo-Classical Approach to management.

Here's an overview of the key phases of the Hawthorne Experiments and their implications:

- **Illumination Experiments:** The experiments began with a study of how lighting levels affected worker productivity. Researchers expected to find a direct correlation between increased lighting and increased output. However, they observed that worker productivity increased regardless of whether lighting was increased or decreased. This phenomenon, known as the "Hawthorne Effect," indicated that the mere fact of being studied or given attention led to improved performance.

- **Relay Assembly Test Room Studies:** In this phase, researchers manipulated various working conditions, including rest breaks, work hours, and piece-rate wages, to understand their impact on productivity. The most important finding was that productivity increased when employees were given a degree of autonomy and allowed to have some control over their work conditions.
- **Bank Wiring Observation Room Studies:** This phase focused on the informal social dynamics within the workplace. Researchers observed that the social interactions among workers, their relationships, and group norms had a significant influence on productivity. The informal social structure played a role in shaping attitudes, motivation, and behaviour.

Implications of the Hawthorne Experiments for the Classical Approach:

- **Human Factors:** The experiments highlighted the importance of human factors in influencing productivity. This challenged the notion that productivity was solely determined by technical and task-related factors, as emphasized by the Classical Approach.
- **Worker Attitudes and Motivation:** The experiments demonstrated that employee attitudes, motivations, and group dynamics played a crucial role in determining their performance. This led to a greater recognition of the need to consider human factors in designing work processes.
- **Social Context:** The experiments revealed the impact of social interactions and informal relationships on productivity. This shifted attention from focusing solely on the formal organizational structure to recognizing the influence of informal groups.
- **Holistic Approach:** The experiments contributed to the development of a more holistic approach to management that considered the emotional, social, and psychological aspects of work.

2.4 Modern Approach in Classical Approach

It seems like you might be referring to the integration of modern management practices within the context of Classical Approach. While Classical Approach to management, including Scientific Management and Administrative Management, laid the foundation for modern management practices, subsequent developments and theories have led to the incorporation of new approaches and ideas. Here are some ways in which modern management practices have been integrated with the principles of Classical Approach:

- **Total Quality Management (TQM):** TQM is a modern approach that emphasizes the continuous improvement of products, processes, and services to achieve customer satisfaction and organizational effectiveness. While the Classical Approach focused on efficiency and standardization, TQM integrates quality control, employee involvement, and customer focus.
- **Lean Management:** Lean management focuses on minimizing waste, optimizing processes, and improving efficiency. This approach aligns with the Classical Approach's emphasis on efficiency and the elimination of waste. However, lean management also integrates concepts like employee empowerment, continuous improvement, and value stream mapping to enhance organizational performance.

- **Agile and Scrum:** In software development and project management, Agile and Scrum methodologies have gained prominence. These approaches emphasize flexibility, collaboration, and iterative development.
- **Matrix Organizations:** Matrix organizational structures combine elements of functional and divisional structures to facilitate better communication and collaboration across departments.
- **Employee Empowerment:** Modern management practices emphasize empowering employees by giving them more autonomy and decision-making authority. While the Classical Approach often had a top-down approach to decision-making, modern management integrates employee involvement and empowerment to harness their expertise and creativity.
- **Strategic Management:** The Classical Approach laid the groundwork for formal planning and organizational structure. Modern strategic management takes this a step further by incorporating strategic thinking, environmental analysis, and alignment of organizational goals with external opportunities and threats.
- **Information Technology and Digital Transformation:** The integration of technology has revolutionized management practices. Modern organizations use technology for data-driven decision-making, process automation, and communication. This shift aligns with the principles of Classical Approach by optimizing processes and enhancing communication, but it does so with modern tools and capabilities.

2.5 System and Contingency Approach

System Approach and Contingency Approach are two important modern management perspectives that have evolved beyond the classical management theories. These approaches provide a broader and more adaptable framework for understanding and addressing the complexities of organizational management.

System Approach: System Approach views organizations as complex and interconnected systems composed of various components that interact and influence each other. This approach emphasizes the interdependence of different parts of an organization and how changes in one part can affect the entire system. Key concepts of the System Approach include:

- **System Elements:** Organizations are seen as a collection of interrelated components, such as people, processes, structures, technology, and environment.
- **Interdependence:** Changes in one part of the organization can have ripple effects on other parts due to the interdependence of components.
- **Input-Output Process:** Organizations receive inputs (resources) from the environment, process them internally, and produce outputs (products, services) that go back into the environment.
- **Feedback Loops:** Organizations use feedback loops to monitor and adjust their activities in response to changes in the environment or internal processes.

The System Approach provides a holistic view of organizations and emphasizes the importance of understanding the interactions and relationships among various elements.

Contingency Approach: This is also known as Situational Approach, it recognizes that there is no one-size-fits-all solution in management. It suggests that the effectiveness of management practices depends on the specific circumstances or contingencies, such as the organization's size, structure, culture, technology, and external environment. Key concepts of the Contingency Approach include:

- **Fit between Structure and Situation:** There is no universally optimal organizational structure or management style. The most effective approach varies based on the specific situation.
- **Adaptation:** Organizations must adapt their practices to align with the unique challenges and opportunities they face.
- **Environmental Influence:** External factors, such as market conditions and regulatory changes, influence the appropriate management approach.

The Contingency Approach encourages managers to analyse the specific context and to make decisions that suit the situation rather than relying on rigid, predetermined methods.

UNIT-3 PLANNING

3.1 Introduction

Planning is the first as well as most crucial function of management and is considered as a foundation to all other functions of management. It is symbolic to 'looking ahead' as it is a process of chalking out future plan of action to be followed. In simple sense, it is an act or process of making plans such as – objectives, policies, procedures, and strategies.

A plan may be defined as detailed course of action designed today to do something in future. Thus, planning is an intellectual attempt by a manager to anticipate the future for better organisational performance. Planning is a primary management function which every organisation has to undertake irrespective of its size, nature and origin. Being the starting point in managerial functions, broadly speaking, planning is concerned with determining various courses of action in the light of organisational objectives and premises and then selecting the best possible alternative.

3.2 Meaning and Definition of Planning

As a function of management, planning has been defined by various authors.

- According to Koontz and O'Donnell "Planning is deciding in advance what to do, when to do, how to do and who is to do it. It is bridging the gap from where we are to where we want to go."
- According to Alford and Beatt "Planning is the thinking process, the organised foresight, the vision based on fact and experience that is required for intelligent action."
- According to Louis A. Allen "Management planning involves the development of forecasts, objectives, policies, programmes, procedures, schedules and budgets."
- According to Tlieo Haimann "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 achieve a consistent, coordinated structure of operations aimed at the desired results."

- According to Urwick "Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guesses."
- According to Weihrich and Koontz "Planning is an intellectually demanding process; it requires that we consciously determine courses of action and base our decisions on purpose, knowledge and considered estimates.

3.3 Features of Planning

There are number of ways available to complete a certain job. Planning chooses any one of the best alternatives out of the available ones. Economy and certainty are considered while selecting the best alternative. Thus, the features of planning are briefly discussed below:

1. Primary Planning:

The functions of management include planning, organising, staffing, directing and controlling. Eminent writers may add other new ones to these functions or those which have not been included in these functions. Anyway, writers unanimously accept that planning is the primary function of all the other functions. The reason is that the manager wants to achieve the pre-determined.

2. Planning contributes to objectives:

There is a close connection between objectives and planning. Planning is based on the objectives. If there is no link between planning and objectives, the former will only be a mental exercise and of no use. Planning contributes to the attainment of objectives.

3. Planning is an intellectual activity:

Planning includes the selection of the best alternative available and thinking before selection of the best alternative. It involves the ability to foresee mishaps in future which might affect the smooth functioning of an organisation. So, planning is an intellectual activity.

4. Planning results in higher efficiency:

Planning efficiency is measured in terms of input and output ratios. Planning leads to maximum output with minimum expenditure. This input and output relationship is not only determined by money, labour hours and production units but also by the degree of satisfaction available to the individual as well as the group. The high degree of human satisfaction motivates the workers to produce more within the specified time.

5. Planning is a continuous process:

Planning does not come to an end with the establishment of a business concern. Planning in other functions is also required. After the establishment of a business concern, certain decisions are taken. Planning is necessary to implement the decisions. A number of decisions are taken during the life time of the business concern. So, planning is necessary throughout the running of the business concerned as a continuous process.

6. Planning is flexible:

While planning, any one of the available alternatives is selected. Planning selects the best alternative based on certain assumptions. If the assumptions are proved wrong, the selected alternative tends to be an incorrect one. There is a possibility of a dead log in the functions of the management. Planning has one more alternative to suit future situations.

7. Unity and Consistency:

Every department manager resorts to planning at different times. The planning is related to the achievement of objectives. In other words, managerial actions of different managers are unified in order to achieve the objectives. Policies and procedures of the organisation provide a basis for the consistency of executive behaviour and action in matters of planning.

8. Planning is common to all or Universal (Pervasive):

Planning is the basic function of managers at various levels of an organisation. The exercise is carried out by all three levels of managers, the upper, middle, and lower. However, the nature, type and scope of planning are not the same at each managerial level. In most organisations upper- level and some middle level managers spend more time developing strategic, broad/directional, long-range and single-use plans for the organisation. Planning work is done by every person who is working in a business unit. He may be a managing director or a foreman. Being of a higher place, the planning for a managing director is to frame the policies and procedures to be adopted. Being at a lower place, planning for a foreman is to allocate the work to his subordinates. So, planning is common to all.

9. At all managerial functions:

Planning is found at all levels of management. Top management looks after strategic planning. Middle management looks after administrative planning and the lower level management looks after operational planning.

10. Co-ordination:

Planning co-ordinates various business activities; without planning, nothing can be co-ordinated.

11. Considering limiting factors:

Every plan is formulated after considering the limiting factors. The limiting factors may be money, skilled labour, quality materials, plant and machinery.

3.4 Importance of Planning:

Planning is the first and foremost essential activity in all organisations. It helps in determining and achieving the objectives of the organisation. The sound planning is important condition for effective management. It helps the organization in the following ways:

1. Making objectives clear:

It makes objectives clean, clear, and specific, it also serves as guide for deciding what action should be taken in present and future conditions.

2. Planning provides direction:

Planning helps the organisation to keep on the right path. It provides definite direction to manager to decide what to do and when to do it.

3. It reduces risk and uncertainty:

It helps organisation to predict future events and prepare to take necessary actions against unexpected events. It is helpful in assessing and meeting future challenges. As per the view of Peter F. Drucker, “Planning enables a manager to affect rather than accept the future”.

4. Planning is economical:

As per the views of Koontz and O’ Donnell, “Planning substitutes jointly directed effort against uncoordinated, piecemeal activity, an even flow of work for an uneven flow, and deliberate decisions for snap judgments”. The effective plans coordinate organisational work for them to be economical.

5. Planning provides the basis for control:

Planning provides the standard against which the actual performance can be measured and evaluated. There is nothing to control without planning and without proper control. Plans serve as yardsticks for measuring performance.

6. Planning facilitates decision making:

Planned targets serve as the criteria for the evaluation of different alternatives so that the best one may be chosen with the help of planning hasty decisions and random actions can be avoided.

7. Planning improve efficiency of operations:

It is rational activity that leads to efficient and economical operations, planned action is always better than unplanned. Planning makes the task of managing more efficient and effective. It helps to minimize the cost of operations and improves the competitive strength of an organisation.

8. Planning improves morale:

If the role of employee is clear with well-defined goals, then the employee feels highly motivated to contribute his full potential towards accomplishment of objectives. Planning improves the behavioural climate in the organisation and reduces the friction between departments.

9. Effective Co-ordination:

According to Koontz and O' Donnell; "Plans are selected courses along with the management's desires to coordinate group action." The effective coordination integrates the physical and human resources between departments.

10. Planning encourages innovation and creativity:

Planning compels the managers to be creative and innovative all the time. It forces managers to find out new and improved ways of doing things in order to remain competitive and avoid the threats in the environment.

3.5 Steps in Planning Process

It is difficult to specify the steps in the planning process for all organisations because of their differences in size and complexity. Nevertheless, it is possible to suggest some important steps for effective planning. The processes which are applicable to the most types of plans are discussed below:

Step-1 Establishing objectives:

Planning is an intellectual process which an executive carries out before he does any job with the help of other people. But while planning, the question which must arise in the mind of the executive is "what is the objective of doing the job?" So, the first step in planning is the determination of objectives. Objectives provide direction to various activities in the enterprise. Planning has no utility if it is not related to objectives. The establishment of objectives can, at times, be more important than the objectives themselves since their establishment emphasizes how various people and units fit into the overall organisation framework.

The formalisation of this process can also be used to motivate individuals to achieve objectives which they have helped to establish. Objectives clarify the tasks to be accomplished. Overall objectives define what is to be accomplished in general terms. The derivative objectives focus on more details, that is, what is to be accomplished, where action is to take place, who is to perform it, how it is to be undertaken, and when it is to be accomplished.

Step-2 Collection of information and forecasting:

Sufficient information must be collected in order to make the plans and sub plans. Necessary information includes the critical assessment of the current status of the organisation together with a forward look at the environment that is anticipated. The assessment of external environment may consider the strong and weak points of the organisation. Collection of information and making forecasts serve as an important basis of planning.

Step-3 Development of planning premises:

This step involves making assumptions concerning the behaviour of internal and external factors mentioned in the second step. It is essential to identify the assumptions on which the plans will be based. Assumptions denote the expected environment in the future and are known as planning premises. Again, forecasting is important in premising. It helps in making realistic assumptions about sales, costs, prices, products, technological developments, etc. in the future.

The assumptions along with the future forecasts provide a basis for the plans. Since future environment is so complex and uncertain, it would not be realistic to make assumptions in greater details about every environmental factor. It is advisable to limit premising to those factors which are critical or strategic to the planning process.

Step-4 Search of alternatives:

Usually, there are several alternatives for any plan. The planner must try to find out all the possible alternatives. Without resorting to such a search, he is likely to be guided by his limited imagination. At the time of finding or developing alternatives, the planner should try to screen out the most unviable alternatives so that there are only a limited number of alternatives for detailed analysis. It may be noted that determination of alternative plans can be a time consuming task because objectives which have been established initially may be found to be inflexible. It is also possible that the assumptions need revision in the light of the changed circumstances.

Step-5 Evaluation of alternatives:

Once alternative action plans have been determined, they must be evaluated with reference to considerations like cost, long-range objectives, limited resources, expected payback, risks, and many intangible factors to select the satisfactory course of action. Many quantitative techniques are available to evaluate alternatives.

The manager may take the help of these techniques to reach the most objective result. The best possible alternative may be chosen by the manager after detailed analysis. Sometimes, evaluation of available alternatives may disclose that two or more courses are advisable and so the concerned manager may decide to choose two or more alternatives and combine them to suit the requirements of the situation.

Step-6 Selection of plan and development of derivative plans:

The final step in the planning process is to select the most feasible plan and develop derivative plans. The plans must also include the feedback mechanism. The hierarchy of plans must be both integrated and flexible to meet the changing internal and external environment. The derivative plans are required to support the basic or overall plans because the latter cannot be executed effectively unless they are supported by the derivative or sub-plans.

The derivative plans are developed within the framework of the basic overall plan. For instance, if an airline decides to acquire a fleet of new planes, it will be followed by the development of a host of derivative plans dealing with the employment and training of various types of personnel, the acquisition of spare parts, installation of maintenance facilities, scheduling, advertising, financing and insurance.

3.6 Types of Plans

Planning is a pervasive function of management; it is extensive in its scope. So, all managers across all levels participate in planning. However, the plans made by the top level manager will differ from the ones that lower managers make. Plans also differ from what they seek to achieve and what methods will be used to achieve them. So let us look at the types of plans that managers deal with.

1. Objectives
2. Policy
3. Procedure
4. Rules
5. Program
6. Methods
7. Budget

1. Objectives

This is the first step in planning the action plan of the organization. Objectives are the basics of every company and the desired objective/result that the company plans on achieving, so they are the endpoint of every planning activity.

- Objectives should be framed for a single activity in mind.
- They should be result oriented. The objective must not frame any actions.
- Objectives should not be vague; they should be quantitative and measurable.
- They should not be unrealistic. Objectives must be achievable.

This obviously is the next type of plan, the next step that follows objectives. A strategy is a complete and all-inclusive plan for achieving said objectives. A strategy is a plan that has three specific dimensions.

- establishing long-term objectives
- selecting a specific course of action

- allocating the necessary resources needed for the plan

Forming strategy is generally reserved for the top level of management. It actually defines all future decisions and the company's long-term scope and general direction.

2. Policy

Policies are generic statements, which are basically a guide to channelize energies towards a particular strategy. It is an organization's general way of understanding, interpreting and implementing strategies. Like for example, most companies have a return policy or recruitment policy or pricing policy, etc.

Policies are made across all levels of management, from major policies at the top-most level to minor policies. The managers need to form policies to help the employees navigate a situation with predetermined decisions. They also help employees to make decisions in unexpected situations.

3. Procedure

Procedures are the next type of plan. They are a stepwise guide for the routine to carry out the activities. These stepwise sequences are to be followed by all the employees so the activities can be fulfilled in an organized manner.

The procedures are described in a chronological order. So when the employees follow the instructions in the order and completely, the success of the activity is much guaranteed.

Take for example the procedure of admission of a student in a college. The procedure starts with filling out an application form. It will be followed by a collection of documents and sorting the applications accordingly.

4. Rules

Rules are very specific statements that define an action or non-action. Also, rules allow for no flexibility at all, they are final. All employees of the organization must compulsorily follow and implement the rules. Not following rules can have severe consequences.

Rules create an environment of discipline in the organization. They guide the actions and the behaviour of all the employees of the organization. The rule of "no smoking" is one such example.

5. Program

Programmes are an in-depth statement that outlines a company's policies, rules, objectives, procedures, etc. These programmes are important in the implementation of all types of plan. They create a link between the company's objectives, procedures and rules.

Primary programmes are made at the top level of management. To support the primary program all managers will make other programs at the middle and lower levels of management.

6. Methods

Methods prescribe the ways in which specific tasks of a procedure must be performed. Also, methods are very specific with detailed instructions on how the employees must perform every task of the planned procedure. So managers form the methods to formalize routine jobs. Methods are very important types of plan for an organization. They help in the following ways:

- give clear instructions to the employees, removes any confusion
- ensures uniformity in the actions of the employees
- standardizes the routine jobs
- acts as an overall guide for the employees and the managers

7. Budget

A budget is a statement of expected results the managers expect from the company. Budgets are also a quantitative statement, so they are expressed in numerical terms. A budget quantifies the forecast or future of the organization.

There are many types of budgets that managers make. There is the obvious financial budget that forecasts the profit of the company. Then there are operational budgets generally prepared by lower-level managers. Cash budgets monitor the cash inflows and outflows of the company.

3.7 Types of Planning

1) Strategic Planning

Strategic planning is the high-level plan of an organization's journey. It involves crafting a roadmap to achieve long-term goals and aspirations. Senior executives spearhead this process, analyzing market trends, envisioning the future, and setting the overall direction.
Top leadership, such as CEOs and senior managers, shape strategic plans and make it. For example, creating a five-year expansion plan, entering new markets, or diversifying product lines; strategic planning aligns efforts, providing a clear vision that guides decision-making and resource allocation. It empowers an organization to proactively respond to industry shifts.

2) Operational Planning

Operational planning translates strategic vision into actionable tasks. It outlines short-term activities needed to achieve strategic goals. Lower managers play a key role by breaking down objectives into specific tasks, assigning responsibilities, and setting timelines. Lower managers and department heads develop operational plans. For example, designing a marketing campaign, optimizing production processes, or managing inventory levels; operational planning ensures day-to-day activities are executed efficiently, contributing to the organization's overall strategy.

3) Tactical Planning

Tactical planning is like a playbook for a sports team. It's about making specific, short-term moves to score points and win the game. In business, it's all about the specific details of a business. Think of this type of planning as breaking down the big goals from strategic planning into smaller, achievable actions. Tactical planning tells us exactly what to do, like a game plan for success.

4) Contingency Planning

Contingency planning is like having a backup plan for when things go wrong. It's preparing for unexpected twists and turns, much like having a spare tyre in your car. This type of planning is all about being ready for surprises. It's like having a fire escape plan in case of emergencies. It helps a company respond to unexpected challenges effectively.

3.8 Advantages and Disadvantages of Planning

In today's chaotic environment, planning more than a few months in advance may seem futile. Progress, however, is rarely made through random activity. Planning does provide benefits that facilitate progress even when faced with uncertainty and a constantly changing environment.

Advantages of Planning:

1) **Planning provides a guide for action.**

   Plans can direct everyone's actions toward desired outcomes. When actions are coordinated and focused on specific outcomes they are much more effective.

2) **Planning improves resource utilization.**

   Resources are always scarce in organizations, and managers need to make sure the resources they have are used effectively. Planning helps managers determine where resources are most needed so they can be allocated where they will provide the most benefit.

3) **Plans provide motivation and commitment.**

   People are not motivated when they do not have clear goals and do not know what is expected of them. Planning reduces uncertainty and indicates what everyone is expected to accomplish. People are more likely to work toward a goal they know and understand.

4) **Plans set performance standards.**

   Planning defines desired outcomes as well as mileposts to define progress. These provide a standard for assessing when things are progressing and when they need correction.

5) **Planning allows flexibility.**

   Through the goal-setting process, managers identify key resources in the organization as well as critical factors outside the organization that need to be monitored. When changes occur, managers are more likely to detect them and know how to deploy resources to respond.

6) **Planning provides directions:**

   Planning precedes every other managerial function like organizing, staffing, directing and controlling. To accomplish the objectives, logically planning should be the first step. By stating clear objectives in advance how work is to be done planning provides direction for action.

Thus, the objectives act as a guide for deciding what action should be taken and in which direction. All departments and individuals in the organization work in coordination. In absence of planning, departments and employees would be working in different directions then there are chances that the organization would not be able to achieve its desired goals.

7) Planning reduces the risks of uncertainty:

There is a continuous change in the environment and the organization has to work in synchronization with these changes. There are two types of possible changes, tangible and intangible forms. Intangible changes are changes in attitude, values, etc. while tangible changes can be seen in the form of technology.

Planning is an activity which enables a manager to look ahead and anticipate changes. By deciding in advance the tasks to be performed, planning lays the path to deal with changes and uncertain events. It should be noted that the changes or events cannot be eliminated but they can be anticipated in advance and correct managerial responses to them can be developed.

8) Planning improves employee morale:

During planning both the goals and awards are decided. Hence the employees, tend to accomplish the goals in order to get the rewards within the stipulated period. They are inspired to work more and better to get the reward.

- **Disadvantages of Planning**

Planning provides clear benefits to organizations, but planning can also harm organizations if it is not implemented properly. The following are some drawbacks to planning that can occur:

1) **Planning prevents action:** Managers can become so focused on planning and trying to plan for every eventuality that they never get around to implementing the plans. This is called “death by planning.” Planning does little good if it does not lead to the other functions.

2) **Planning leads to complacency:** Having a good plan can lead managers to believe they know where the organization is going and how it will get there. This may cause them to fail to monitor the progress of the plan or to detect changes in the environment. As we discussed earlier, planning is not a one-time process. Plans must be continually adjusted as they are implemented.

3) **Plans prevent flexibility:** Although good plans can lead to flexibility, the opposite can also occur. Mid- and lower-level managers may feel that they must follow a plan even when their experience shows it is not working. Instead of reporting problems to upper managers so changes can be made, they will continue to devote time and resources to ineffective actions.

4) **Plans inhibit creativity:** Related to what was said earlier, people in the organization may feel they must carry out the activities defined in the plan. If they feel they will be judged by how well they complete planned tasks, then creativity, initiative, and experimentation will be inhibited. Success often comes from innovation as well as planning, and plans must not prevent creativity in the organization.

5) **Planning is expensive:**
When plans are drawn up huge costs are involved in their formulation on account of time and money. Detailed plans require scientific calculations to verify facts and figures. A huge cost is incurred in meetings, discussions, and professional fees. At the same time, no returns or benefits can be guaranteed.

6) **Planning is a time-consuming process:**

Sometimes plans to be drawn up taking so much of time that there is not much time left for their implementation. It is prudent not to make haste before putting something through the final stages of execution. In other words, planning is a time-consuming process.

7) **Planning may lead to misdirection:**
Planning rests on anticipating events. Success and failure are all dependent on forecasting correctly. If future events are misjudged or proper alternative is not chosen, it may lead to misdirection for the organization and may lead to huge losses.

3.9 MBO (Management by Objectives)

Meaning:

Management by Objectives (MBO) is a strategic approach to enhance the performance of an organization. It is a process where the goals of the organization are defined and conveyed by the management to the members of the organization with the intention to achieve each objective.

3.9.1 Steps in Management by Objectives Process

1. Define organization goals:

Setting objectives is not only critical to the success of any company, but it also serves a variety of purposes. It needs to include several different types of managers in setting goals. The objectives set by the supervisors are provisional, based on an interpretation and evaluation of what the company can and should achieve within a specified time.

2. Define employee objectives:

Once the employees are briefed about the general objectives, plan, and the strategies to follow, the managers can start working with their subordinates on establishing their personal objectives. This will be a one-on-one discussion where the subordinates will let the managers know about their targets and which goals they can accomplish within a specific time and with what resources. They can then share some tentative thoughts about which goals the organization or department can find feasible.

3. Continuous monitoring performance and progress:

Though the management by objectives approach is necessary for increasing the effectiveness of managers, it is equally essential for monitoring the performance and progress of each employee in the organization.

4. Performance evaluation:

Within the MBO framework, the performance review is achieved by the participation of the managers concerned. Performance evaluation is the process by which a manager or consultant examines and evaluates an employee's work behaviour by comparing it with preset standards, documents the results of the comparison, and uses the results to provide feedback to the employees to show where improvements are needed and why. Performance evaluation is that part of the performance assessment and management process in which an employee's contribution to the organization during a specified period of time is assessed. Performance evaluation is the assessment of an individual's performance in a systematic way.

5. Providing feedback:

In the management by objectives approach, the most essential step is the continuous feedback on the results and objectives, as it enables the employees to track and make corrections to their actions. The ongoing feedback is complemented by frequent formal evaluation meetings in which superiors and subordinates may discuss progress towards objectives, leading to more feedback.

6. Performance appraisal:

Performance reviews are a routine review of the success of employees within MBO organizations. Performance appraisal is a systematic process that measures an employee's performance against a preset group of job requirements. The process is also called employees' appraisal, performance review, and performance evaluation.

An efficient performance appraisal approach is crucial for effective management and creating a positive workplace, as managers can find a reliable way to assess how employees stick to their job requirements. A good strategy should be unbiased to help managers better evaluate job performance and allow employees to recognize their strengths and weaknesses for future growth and development.

3.9.2 Advantages of Management by Objectives

1) **Alignment with team goals:** MBO helps to align the goals of individual employees' goals with the team's goals, which helps ensure that everyone is working towards the same objectives.

2) **Employee Engagement:** By involving employees in the objective-setting process, MBO helps to increase employee engagement and motivation. When employees feel like they have a say in the goals they are working towards, they are more likely to be committed to achieving them.

3) **Performance Measurement:** MBO provides a framework for measuring and evaluating employee performance against specific, measurable objectives. This helps managers identify areas where employees excel and areas where they may need additional support or development.

4) **Accountability:** MBO holds employees accountable for achieving their objectives, which helps to create a culture of responsibility and accountability within the team.

5) **Improved Communication:** By regularly monitoring progress towards objectives and providing feedback, management by objectives helps to enhance communication between managers and employees. This can help to build stronger working relationships and promote collaboration and teamwork.

3.9.3 Disadvantages of Management by Objectives

1) **Time-Consuming:** Implementing an MBO process can be time-consuming, particularly in the initial stages when objectives are being set, and action plans are being created. This can be a challenge for teams already stretched for time and resources.

2) **Resistance to Change:** Employees may resist the MBO process, particularly if they feel it is imposed on them without input. This can lead to low levels of engagement and resistance to the objectives set.

3) **Overemphasis on Objectives:** In some cases, focusing on achieving specific objectives can lead to employees neglecting other important aspects of their job. This can create a narrow focus that may be counterproductive in the long run.

4) **Emphasis on Measurement:** The emphasis on measurement in the MBO process can sometimes lead to an overreliance on quantitative data and neglect of qualitative factors that may be equally important.

5) **Unrealistic Objectives:** Employees may become demotivated or discouraged if objectives are set too high or unrealistic. This can lead to low morale and reduced performance.

❖ **Exercise**

Q-1 Long Questions:

1) What is planning? Explain its Features.
2) Write the Importance of Planning.
3) What are the Steps in Planning Process? Explain.
4) Explain the Types of Plans.
5) Describe the Types of Planning.
6) Explain the Advantages and Disadvantages of Planning.
7) Write a note on MBO (Management by Objectives).

Q-2 True or False:

1) A plan may be defined as detailed course of action designed today to do something tomorrow. **True**
2) According to Urwick "Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guesses." **True**
3) Planning chooses any two of the best alternatives out of the available ones. **False**
4) Planning efficiency is measured in terms of input and output ratios. **True**
5) In the management by objectives approach, the most essential step is the continuous feedback on the results and objectives. **True**
6) Detailed plans require scientific calculations to verify facts and figures. **True**
7) Policies are very specific statements that define an action or non-action. **False**

Q-3 Give answers in brief:

1) A note on Budget
2) Difference between Operational Planning and Strategic Planning
3) How Planning is important in Management?

UNIT-4 ORGANIZING

4.1 Introduction, Concept and Meaning

Once the manager defines what needs to be done in the process of planning the next issue that comes before the management is who will do it and how it will be carried out. These needs to be answered as there are so many persons working together in a particular task and they are related in some sort of authority responsibility. Hence, this aspect is taken up by the organisation in form of organising, which involves analysis of activities to be performed by various persons or groups working under some divisions, departments, or sections in order to achieve organisational objectives. The term organising and organisations are used interchangeably but technically, they are different. Thus, before going into detail and dealing with various issues of organising, it is apt to clarify the difference between the term organisation and organising.

The term organisation is used in various ways and in each way, the user uses it with a specific reference. There are various authors who have made an effort to clarify the term organisation, and they have come to conclusion that the organisation is used in the following ways with or without prefix or suffix:

- as an entity
- as a group of people
- as a structure
- as a process

The term organisation as an entity refers to any organisation with legal existence, for instance, a partnership firm, our company, or any other organisation. When it is used as a group of people, it may be defined as either an entity or any formal or informal group of people or organisation come into existence to satisfy their social needs. Organisation is a structure prescribes the relationship among individuals in the position that they hold. There are so many different types of structures available which clarifies the authority responsibility under which people are put. These structures will be discussed in detail further in this chapter. Lastly, organisation is referred as a process wherein instead of the term organisation it is used as organising. The term organising here consists of the following elements viz., Departmentation, linking departments, defining authority responsibility and prescribing authority relationships.

Definition

- "Organisation is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationship for the purpose of enabling people to work most effectively together in accomplishing objectives."-L. Allan -"An organisation consists of people who carry out differentiated tasks which are coordinated to contribute organisation's goals."G. Dessler-"Organisation is the form of every human association for the attainment of common purpose."Mooney and Reiley-"An organisation is the rational coordination of the activities or rules of a number of people for achievement of some common explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility."-E. H. Schein

4.2 Principles of Organization

1. **Division of Work**

   The division of work is one of the finest and most important principles of the term organisation. It forms the basis of an organisation. There would not be any organisation with does not have division of work. It is pervasive and hence significant principle. Under division of work, the entire work of the business organisation is divided into many departments, divisions, or sections. The work of every division is further divided into sub-works. In this way, each individual has to do with some repeated work, which makes the person and expert in course of time.

2. **Specialization**

   Another important principle of organisation is specialisation. Specialisation comes from the possession of division of work. Each work needs a specialist to complete in an effective way hence every organisation expresses the law of specialisation. Generally, each area of specialisation are interrelated and integrated through coordination among the departments in various activities.

3. **Coordination and communication**

   Once the work is divided among various employees, it is very important that there exists coordination between the work and the people. It is very essential in order to achieve common goals. In case if there is no coordination, it will create havoc in the organisation and the organisation will not be able to achieve the goals in specified time. Further good communication is also essential for the smooth flow of information and understanding in order to achieve excellence in performance. The line of authority should offer of forward and downward communication in order to avoid confusion.

4. **Delegation**

   Delegation is again very much important when it comes to management. Generally, it is the lowest competent level, which works while the higher level only makes decision and delegates the objectives. Hence, authority and responsibility needs to be delegated right down to the lowest possible level to carry out the work effectively. If proper delegation is not done, it will create problems of responsibility and accountability. Thus the manager needs to be very clear when the delegate the tasks. Communication is also very important when it comes to delegation.

5. Ensure Flexibility

In today's era it is very much important that the organisation is flexible enough to incorporate all the environmental changes happening in the economy. In order to achieve growth and expansion without dislocation, the organisation needs to be adaptable to changing circumstances. At any point of time, it should not be rigid or inelastic which hinders the growth of organisation. Hence, organisation should be flexible in their approach in every area.

6. Authority – Responsibility

Authority-responsibility clarifies the principle of scalar chain or chain of command. The line of authority flows from top to bottom level and the chain of command at any point of time should not be broken. As far as possible, it should be short in order to achieve effective implementation.

4.3 Features of Organizing

Organizing is a key management function that involves arranging resources and tasks in a structured manner to achieve organizational goals. Here are the primary features of organizing:

1. **Specialization and Division of Labour**:
   - Organizing allows for the division of work into specific tasks and responsibilities, enabling employees to specialize in certain areas. This specialization increases efficiency and productivity.
2. **Coordination**:
   - Effective organizing ensures that all activities within an organization are well coordinated. This alignment helps in reducing conflicts, overlaps, and gaps in work, leading to smooth operations.
3. **Hierarchy**:
   - Organizing involves establishing a clear hierarchy or chain of command. This hierarchy defines the levels of authority and responsibility within the organization, ensuring that each employee knows their role and whom to report to.
4. **Authority and Responsibility**:
   - Organizing clearly defines the authority given to individuals to carry out specific tasks and the responsibility associated with those tasks. It ensures that those in charge have the power to make decisions while being accountable for the outcomes.

5. **Departmentalization**:
   - This feature involves grouping related tasks and activities into departments, such as marketing, finance, human resources, etc. Departmentalization helps in better management and focus within specific areas of the organization.
6. **Delegation**:
   - Organizing involves delegating tasks and responsibilities to subordinates. Delegation helps in distributing the workload and empowering employees to make decisions within their areas of responsibility.
7. **Flexibility**:
   - A well-organized structure should be flexible enough to adapt to changes in the environment, market conditions, or organizational needs. Flexibility ensures that the organization can respond effectively to new challenges and opportunities.
8. **Resources Allocation**:
   - Organizing involves allocating resources, such as personnel, finances, and materials, to different tasks and departments. Proper resource allocation ensures that all parts of the organization have the necessary inputs to function effectively.
9. **Communication Channels**:
   - Organizing establishes clear communication channels within the organization, ensuring that information flows smoothly between different levels and departments. Effective communication is crucial for coordination and decision-making.
10. **Unity of Command**:
    - This principle ensures that each employee reports to only one supervisor, reducing confusion and conflicts in instructions and work assignments.
11. **Span of Control**:
    - Organizing defines the number of subordinates that a manager can effectively supervise. The span of control affects how closely a manager can monitor and guide employees' performance.

These features collectively contribute to the efficient functioning of an organization, helping it achieve its goals in a structured and systematic way.

4.4 Need and Importance of Organizing

Organizing is a fundamental function of management that is crucial for the success of any organization. Here is why organizing is both needed and important:

1. Clarity of Roles and Responsibilities

- **Need**: Without organizing, there would be confusion and overlap in roles, leading to inefficiency.
- **Importance**: Clearly defined roles and responsibilities ensure that each employee knows what is expected of them, reducing duplication of effort and enhancing productivity.

2. Efficient Resource Utilization

- **Need**: Resources (human, financial, material) are limited and need to be used optimally.
- **Importance**: Organizing helps in the proper allocation and utilization of resources, ensuring that they are used where they are most needed and can be most effective.

3. Coordination and Collaboration

- **Need**: In the absence of organizing, different parts of the organization might work in isolation, leading to misalignment and conflict.
- **Importance**: Organizing facilitates coordination among different departments and teams, promoting collaboration and ensuring that everyone works towards common organizational goals.

4. Effective Communication

- **Need**: Poorly organized structures can lead to communication breakdowns, misunderstandings, and inefficiencies.
- **Importance**: A well-organized structure establishes clear communication channels, ensuring that information flows smoothly throughout the organization.

5. Adaptability to Change

- **Need**: Organizations operate in dynamic environments where change is constant, requiring flexibility and quick adaptation.
- **Importance**: Organizing allows the organization to adapt to changes in the external environment, such as market trends, competition, and technology, by restructuring or reallocating resources as needed.

6. Delegation and Empowerment

- **Need**: A lack of organizing can lead to managers being overwhelmed with tasks that could be handled by others.
- **Importance**: Organizing enables effective delegation, empowering employees by giving them the authority to make decisions within their roles. This boosts morale and allows managers to focus on strategic issues.

7. Goal Achievement

- **Need**: Without organizing, efforts might be scattered, leading to inefficiencies and a failure to achieve organizational objectives.
- **Importance**: Organizing aligns resources and efforts with the organization's goals, ensuring that all parts of the organization work together to achieve common objectives.

8. Minimizing Conflicts

- **Need**: Disorganized structures often lead to misunderstandings and conflicts among employees over responsibilities and authority.
- **Importance**: Organizing clearly defines the chain of command and the scope of responsibilities, reducing conflicts and ensuring smooth functioning.

9. Increased Efficiency and Productivity

- **Need**: Disorganization can result in wasted time, resources, and effort.
- **Importance**: By systematically arranging tasks and resources, organizing helps in streamlining processes, reducing waste, and improving overall efficiency and productivity.

10. Foundation for Growth and Expansion

- **Need**: As organizations grow, the complexity of operations increases, necessitating a well-structured organization.
- **Importance**: Organizing provides a solid foundation for scaling up operations, accommodating growth, and expanding into new markets or product lines.

11. Risk Management

- **Need**: Unorganized processes are more prone to risks and errors.
- **Importance**: Organizing helps in identifying potential risks and implementing controls to mitigate them, thereby safeguarding the organization from potential losses.

12. Job Satisfaction

- **Need**: Employees in disorganized environments often experience stress and dissatisfaction due to unclear roles and chaotic workflows.
- **Importance**: Organizing creates a more structured and stable work environment, leading to higher job satisfaction and employee retention.

In summary, organizing is vital for the smooth operation, efficiency, and success of an organization. It ensures that resources are used effectively, roles are clearly defined, and the organization can adapt to changes while working towards its goals.

4.5 Process of Organizing

Process of organizing involves effective delegation of authority and making people responsible and accountable for the task allotted to them. Let us discuss how the manager can undertake this:

1. **Identifying Work**

   It is but obvious that it is the first step in the process of organizing. In order to distribute work or tasks, the first thing is to identify which or what tasks are there which needs delegation. This should happen at every level of management, right from top to bottom. The degree of delegation will be more at the bottom than at the top. Identification of work helps in avoiding duplication, miscommunication and wastage of time and effort.

2. **Grouping Work**

   Once the work across the organization is identified, the next thing is that to check whether there are any similar tasks or activities, which can be performed together or in a group or can, they are grouped under one head or department. If yes, then these need to group under a specific division or department. This makes it more systematic and accountability can be very easily ascertained. Grouping of work actually depends on the size of organization, volume of work, number of tasks, complexity of work, etc.

3. **Establishing Hierarchy**

   The next step in the process of organizing is to establish hierarchy among various positions or individuals in the company. Technically, horizontal and vertical relationships among the working people needs to be established so that they operate effectively and answers to the right person or subordinate. This helps establishing sound reporting system and effectiveness in conducting various activities.

4. **Delegation of Authority**

   Authority is nothing but a right given to an individual based on the work allotted and position hold. With authority, the individual gets freedom to make certain decisions, of course, the corresponding responsibility also accompanies. Once a person receives authority, he can make certain decisions regarding work and can operate without any intervention. Hence, the senior managers must delegate the work to the next level managers and so on. Delegation of authority in today's era is necessary, as centralization cannot get you more benefits if the firm operates on a large scale.

5. **Coordination**

   At last, the manager needs to make sure that all the work which is delegated to various employees and groups are being operated in a well-coordinated manner. If there is lack of coordination, there will be chaos and conflicts among employees and it will lead to duplication of work and efforts. The manager must ensure all the departments carry out their work in a harmonious manner. Ultimately, they need to work in the achievement of the overall objective of the organization.

4.6 Organization Structure and Chart

In layman's term, structure is any pattern or some sort of arrangement in which various parts or components are interrelated or interconnected with each other. The term organisation structure is nothing but pattern of relationships among various people existing in the organisation. It specifies relationship of people in activities and position that they hold.

When it comes to designing organisation structure, the managers need to adapt formal aspect or approach. However, in actual practice, the total pattern of interaction is not governed by formally prescribed structure but some of the interactions emerge through informal ways. Thus, the term organisation structure can be formal as well as informal. However, when it is used in the corporate world, it needs to be formal, which specifies authority responsibility and accountability of the people involved. Of course, informal organisation structure also helps in attaining organisational goals and hence cannot be ignored.

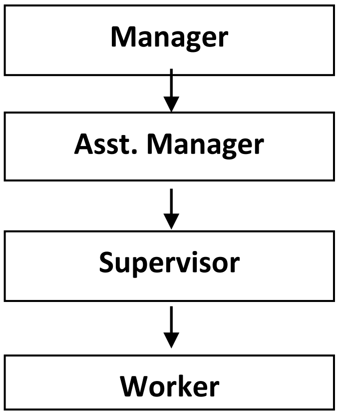
Designing organisation structure is considered a matter of choice among large number of alternatives. There are various choices available before the managers but he or she needs to take into consideration various factors, which affect the organisation and then derive a sustainable structure, which can stand every situation faced by organisation. From this point of view, managers must be aware of various alternatives that are available to form a structure, which suits the organisational requirements, they are briefly discussed below:

1. Line organisation structure
2. Line and staff organisation structure
3. Functional organisation structure
4. Project organisation structure
5. Matrix organisation structure

Line Organization Structure

Line organisation structure is also known as scalar, military or vertical organisation structure. This is one of the oldest forms of organisation structure available, which so many firms over the years have adopted. The concept of line organisation holds that there is a downward process of delegating authority and responsibility from top level to bottom level. There must be single head, which commands everything. It is vertical form of organisation structure because it flows from top to bottom in a straight line, which is unbroken. It means the subordinate receives the instructions from the immediate superior and no one else. There is hardly any scope for the reverse transmission of the information.

The line organisation structure is not suitable for the large organisations because it cannot fulfil the requirements of large organisations. However, it is quite suitable to small-scale organisations where the number of subordinates is quite small.

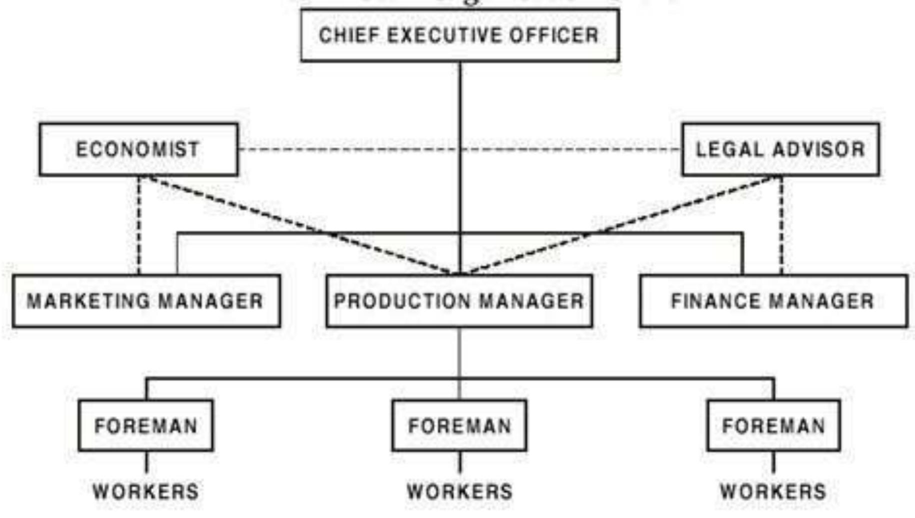


Line and Staff Organization Structure

Line and staff organisation structure is also a simple structure, which is derived from the first one, but the only difference between them is that in line and staff, staff specialists are added which will advise managers to perform their duties. This particularly is done when the work of an executive increases and the performance requires the services of the specialists which cannot be done by the front line managers. The staff positions are purely advisory in nature. They only recommend but they have no authority to take any decision on behalf of the Department. The staff specialists could be for a particular department or could be for the whole organisation.

This structure can be followed in large organisation where specialisation of activities is required because it offers many opportunities for specialisation. When

Line and Staff Organisation Chart



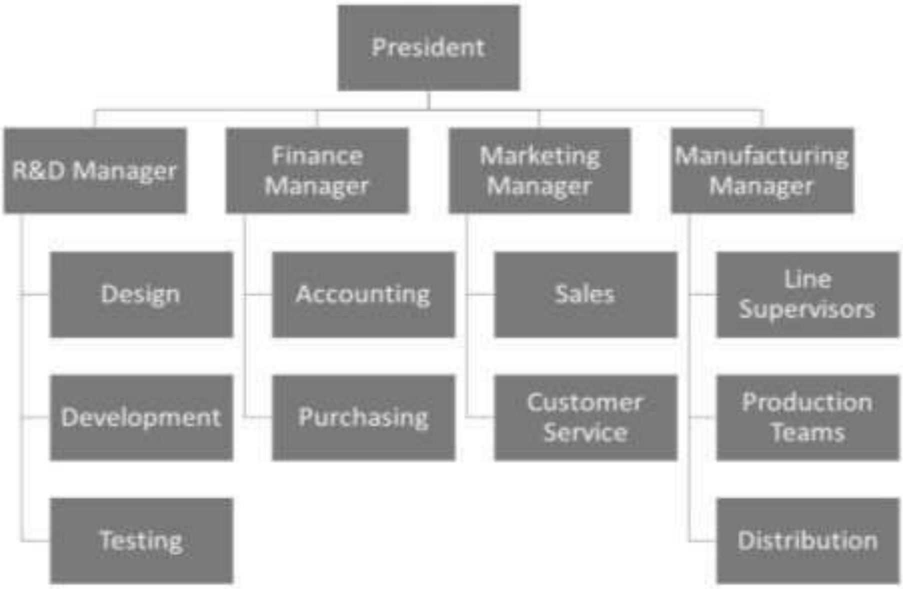
***Note:** Straight lines represent **line** and broken lines represent **staff**.*

employed in the large organisations, its success depends upon the degree of our money that is maintained among various departments and personnel, the clarity in line authority and interpersonal contacts of executives particularly in line and staff positions.

Functional Organization Structure

One of the most widely used organisational structures in various organisational units is the functional organisation structure. This type of structure emerges from the idea that the organisation generally performs functions in various departments or divisions in each of these divisions are departments require some sort of an authority to carry out its operations. Functional structure is created by grouping the activities based on functions required to perform for achievement of the organisational goals. For instance, production department, marketing department, finance department, accounts department et cetera.

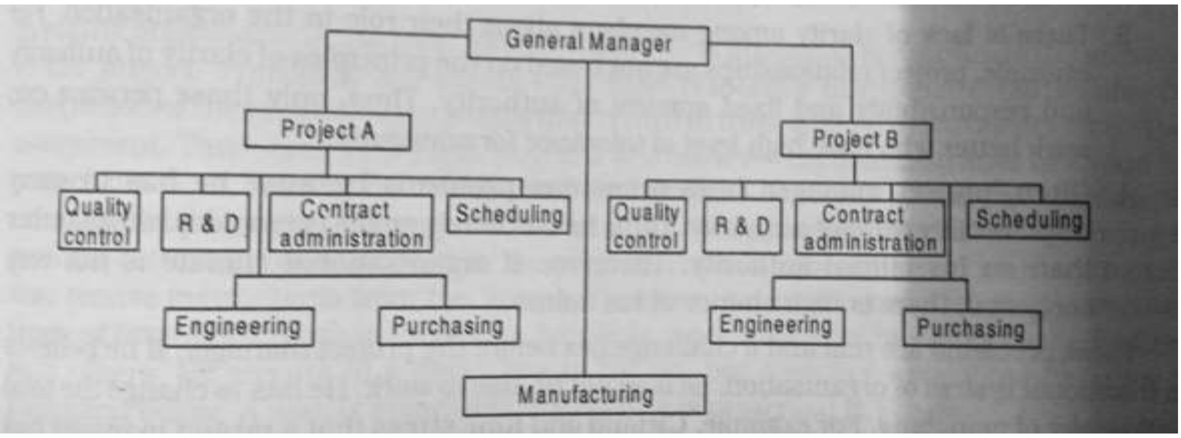
Project Organization Structure



The above discussed structures have been labelled as traditional structure as there has been a new invention in the organisation structure or rather we would say there is a revolution in the way organisation structures are framed keeping in mind various requirements that comes up with increasing complexity in the environment. There are so many structures evolved, for which project organisation structure and matrix organisation structure have become quite popular. The underlying idea behind this type of structure is that the environment keeps on changing and the activities of the organisation have become limited to or other committed to a project basis. The stability the structure have gone off due to changing environment and organisation needs to be dynamic and flexible when it comes to changing the hierarchy level in the organisation.

The project organisation structure appears like a divisional structure where the divisions of the departments are created on a relatively permanent basis when the project is supposed to continue for a long time and for departments are relatively permanent in nature. In order to design project structure, appointment of project manager becomes significant who is responsible for completion of the project. Project manager will coordinate the activities of the project; decides upon what is to be done, how is to be done and when is to be done. People from various functional departments will be drawn to perform the task in a particular project.

This type of organisation structure is suitable for projects like building a bridge, roads, housing colonies, et cetera. The frequency of the project is low. The project will be relatively unique and complex and calls for high degree of interdependence among the tasks.

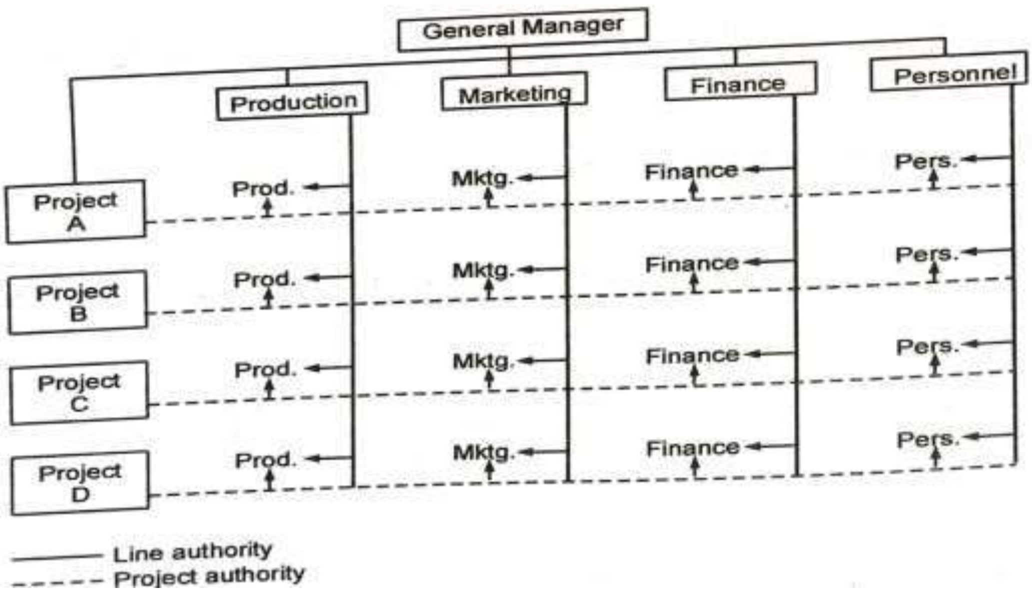


Matrix Organization Structure

Matrix organisation is not the conventional one and essentially, it violates the unity of command. It is actually a two dimensional structure which emanates directly from two-dimensional authority. It is a simple merger of project structure and functional organisational structure. Unlike project organisation structure, here the manager is not assigned a complete responsibility for the task. Instead of that, he shares the responsibility of achieving the task with the other members of the organisation. This is suited for the organisation that has large number of small projects at the disposal, so that when the project is complete the resources and the people are directed to the other projects.

Appointment of the project manager is done to oversee the work of the project and coordinate the activities of the project. Personnel are drawn from the respective departments and once the project is complete, they can go back to their own original departments and wait for the assignment. Therefore, these personnel receive instructions from two bosses one from the Department and one from the project manager. This sometimes may create confusion, chaos as one of them is permanent boss, and the other is temporary, also keeps on changing,

Matrix structure is suitable for manufacturing activities like aerospace, chemicals, pharmaceutical et cetera. In service sector, it is more suitable in banking,



insurance et cetera, while it is also suitable in various government organisations, namely hospitals, government agencies and universities.

4.7 Factors affecting Organization Structure

The structure of an organization is influenced by several factors that determine how it is designed and how it operates. Here are the key factors affecting organizational structure:

1. Size of the Organization

- **Impact**: Larger organizations typically require more complex structures to manage the increased number of employees, divisions, and operations. This may involve multiple levels of hierarchy, departmentalization, and specialized roles. Smaller organizations may operate effectively with simpler, flatter structures.

2. Nature of the Business

- **Impact**: The type of business (e.g., manufacturing, service, retail) greatly influences the organizational structure. For example, manufacturing firms might have a more hierarchical structure with distinct departments for production, quality control, and supply chain, whereas a service-oriented business might have a more flexible structure to adapt to customer needs.

3. Business Strategy

- **Impact**: The organization's goals and strategies influence its structure. A company focusing on innovation may adopt a more flexible, decentralized structure to encourage creativity, while a cost-leadership strategy might favour a more centralized, hierarchical structure to control costs.

4. Technology

- **Impact**: The technology used within an organization affects how work is organized. Advanced technology can enable flatter structures with fewer managerial levels, as it facilitates communication and coordination across different parts of the organization. In contrast, organizations relying on traditional technologies might maintain more rigid, hierarchical structures.

5. External Environment

- **Impact**: Organizations operating in dynamic, rapidly changing environments may adopt more flexible and adaptable structures to respond quickly to changes. In contrast, those in stable environments might have more rigid and formalized structures.

6. Geographical Dispersion

- **Impact**: Organizations with operations spread across multiple locations or countries may need a divisional structure to manage different geographical regions effectively. This allows for better local responsiveness and management.

7. Company Culture

- **Impact**: The values, beliefs, and norms of an organization influence its structure. A culture that emphasizes teamwork and collaboration might lean towards a flatter, more team-oriented structure, while a culture focused on hierarchy and control might support a more traditional, top-down structure.

8. Regulatory and Legal Requirements

- **Impact**: Legal and regulatory requirements can dictate certain structural elements, such as the need for specific compliance departments or reporting structures. This is particularly relevant in heavily regulated industries like finance and healthcare.

9. Leadership Style

- **Impact**: The leadership approach within an organization can shape its structure. A more authoritarian leadership style might lead to a centralized structure with clear chains of command, while a participative leadership style might encourage a flatter, decentralized structure.

10. Human Resources

- **Impact**: The skills, experience, and preferences of the workforce can influence organizational structure. A highly skilled and autonomous workforce might thrive in a more decentralized structure, whereas less experienced employees might require a more structured, hierarchical environment.

11. Stage of Organizational Development

- **Impact**: Organizations at different stages of growth (start-up, growth, maturity, and decline) often require different structures. Start-ups might have flat, flexible structures to encourage innovation, while mature organizations may adopt more formalized, hierarchical structures to manage complexity.

12. Customer Needs and Preferences

- **Impact**: Organizations that prioritize customer satisfaction may structure themselves in a way that enhances responsiveness and customer service. This might involve creating specialized customer service departments or adopting a matrix structure to integrate different functions.

13. Globalization

- **Impact**: Global operations may necessitate a structure that accommodates diverse markets, cultures, and legal environments. This often leads to the adoption of a global or transnational structure that balances centralization for strategic decisions with local autonomy for operational decisions.

14. Cost Considerations

- **Impact**: The need to control costs can influence the structure, pushing organizations toward leaner structures with fewer management levels, or outsourcing certain functions to reduce expenses.

15. Innovation and Product Development

- **Impact**: Organizations focused on innovation may adopt a structure that supports rapid development and cross-functional collaboration, such as a matrix or project-based structure.

Understanding these factors is crucial for designing an organizational structure that aligns with the organization's goals, environment, and resources, ensuring efficiency and effectiveness in achieving its objectives.

4.8 Formal and Informal Organizations

Organisation is right across the world can be of two types formal and informal. Existence of both is sometimes inevitable for any country as both of them are capable of doing well for the economy. In a country like India informal organisation runs parallel to formal organisation and sometimes in a better way. There are lot of differences between formal and informal organisations right from the purpose towards the execution of the tasks. Depending on the usage, complexity, degree of involvement, et cetera, the existence of formal and informal organisation would rely. As discussed above organisation could be a group of people, could be an entity or a structure. Hence when we say formal and informal organisation, it may be formal group of people or informal group of people, it may be formal entity established to achieve certain goals or informal, entity which has no name on the legal books and it can be a formal structure designed by authority responsibility or it could be just as informal structure when everybody performs their tasks to achieve a common objective.

However, a major point of difference between a formal and informal organisation is that the formal organisational structure is created intentionally, while informal organisation is created without any committed process of creating it. Formal organisations create scalar chain of communication and command with superior subordinate relationships while all of these may or may not be there in the informal organisation.

Formal and informal organizations are two types of structures that exist within any organization or group. They have distinct characteristics that differentiate them.

Formal Organization:

1. **Structured and Defined:**
    - Formal organizations have a clear structure and hierarchy. Roles, responsibilities, and relationships are explicitly defined.
2. **Officially Established:**

- These are created deliberately by the management to achieve specific goals. They follow official policies, procedures, and rules.

3. **Clear Objectives:**
    - The objectives of a formal organization are well defined, and all activities are directed towards achieving these goals.
4. **Authority and Accountability:**
    - Authority is officially sanctioned, and employees are accountable to their supervisors or managers.
5. **Chain of Command:**
    - There is a clear chain of command, with decision-making authority residing at the top levels of the hierarchy.
6. **Communication:**
    - Communication in formal organizations typically follows a vertical, top-down approach, where instructions flow from the top management to subordinates.
7. **Regulation and Control:**
    - Formal organizations are governed by formal rules, regulations, and policies that control employee behaviour.
8. **Stability:**
    - Formal organizations tend to be more stable because of their defined structures and procedures.

Informal Organization:

1. **Unstructured and Spontaneous:**
    - Informal organizations arise spontaneously without any official sanction or structure. Relationships are based on personal interactions rather than formal roles.
2. **Based on Social Interactions:**
    - These organizations are formed naturally based on personal connections, friendships, and social needs.
3. **No Clear Objectives:**
    - Unlike formal organizations, informal organizations do not have specific objectives or goals. They primarily serve to satisfy social and psychological needs.

4. **No Formal Authority:**
    - There is no formal authority or hierarchy in informal organizations. Influence is based on personal traits, respect, or charisma.
5. **Flexible and Adaptive:**
    - Informal organizations are flexible and can adapt quickly to changes. They do not follow rigid rules or procedures.
6. **Horizontal Communication:**
    - Communication is usually horizontal, with members sharing information and ideas freely among themselves.
7. **Social Norms:**
    - Behaviour in informal organizations is guided by social norms, values, and unwritten rules rather than formal regulations.
8. **Dynamic:**
    - Informal organizations are dynamic and can change rapidly as relationships and social dynamics evolve.

4.9 Interaction between Formal and Informal Organizations:

- **Mutual Influence:**
    - Informal organizations often influence the functioning of formal organizations by affecting employee morale, motivation, and behaviour. Conversely, the structure of the formal organization can also affect informal relationships.
- **Complementary Roles:**
    - While formal organizations provide structure and efficiency, informal organizations contribute to employee satisfaction and creativity by fulfilling social and emotional needs.

Both formal and informal organizations play crucial roles in the overall functioning of a business or any organized group, and understanding their dynamics is essential for effective management. **Importance/Significance**

Both formal and informal organizations are integral to effective functioning of any workplace or group. Their importance lies in the unique roles they play in achieving organizational objectives, maintaining employee satisfaction, and fostering a productive work environment.

4.9 Importance of Formal Organization:

1. **Achieving Organizational Goals:**
    - Formal organizations are designed with specific goals in mind. They provide a clear structure that directs all activities toward achieving these objectives, ensuring that resources are utilized efficiently.
2. **Defined Roles and Responsibilities:**
    - In a formal organization, each individual knows his or her role and responsibilities. This clarity helps in avoiding confusion, reducing overlap of work, and ensuring accountability.
3. **Consistency and Stability:**
    - The rules, policies, and procedures that govern a formal organization create consistency in operations. This stability is crucial for long-term planning and sustaining the organization over time.
4. **Efficient Decision-Making:**
    - The hierarchy in a formal organization ensures that decision-making authority is clearly defined. This allows for efficient and timely decisions, as responsibilities are well distributed among the leadership.
5. **Legal and Regulatory Compliance:**
    - Formal organizations ensure that all operations comply with legal and regulatory standards. This helps in maintaining the organization's legitimacy and protecting it from legal issues.
6. **Performance Evaluation:**
    - Formal structures facilitate the setting of clear performance standards. Employees can be evaluated against these standards, which help in identifying areas for improvement and recognizing achievements.
7. **Resource Management:**
    - The structured nature of formal organizations aids in effective resource management, ensuring that financial, human, and physical resources are allocated and used optimally.

4.10 Importance of Informal Organization:

1. **Enhancing Employee Morale:**
    - Informal organizations help in building camaraderie and a sense of belonging among employees. These social interactions can boost morale and create a more pleasant work environment.

2. **Facilitating Communication:**
    - While formal communication channels may be rigid, informal networks allow for quicker and more open exchange of information. This can help in resolving issues faster and fostering innovation.
3. **Promoting Creativity and Innovation:**
    - Informal groups often encourage creative thinking as employees feel more comfortable sharing ideas in a less structured environment. This can lead to innovative solutions and improvements in organizational processes.
4. **Social Support and Conflict Resolution:**
    - Informal organizations provide social support to employees, helping them cope with stress and workplace challenges. They also play a role in resolving conflicts informally before they escalate.
5. **Adaptability:**
    - Informal organizations are more flexible and can adapt quickly to changes. This adaptability can be crucial in times of organizational change or crisis, helping the organization to respond effectively.
6. **Influencing Organizational Culture:**
    - The norms and values that develop within informal organizations contribute to the overall organizational culture. This culture can have a significant impact on employee behaviour, productivity, and loyalty.
7. **Bridge Between Management and Employees:**

Informal organizations often act as a bridge between management and employees, facilitating a better understanding of employee needs and concerns. This can lead to more effective management practices and a more engaged workforce.**Limitations**

Both formal and informal organizations have their limitations, which can affect the efficiency, effectiveness, and overall functioning of an organization. Understanding these limitations helps in managing and mitigating potential issues that arise within the workplace.

4.11 Limitations of Formal Organization:

1. **Rigidity and Inflexibility:**
    - Formal organizations often operate under strict rules, procedures, and hierarchical structures. This rigidity can stifle creativity, hinder innovation, and make it difficult to adapt to changing circumstances.
2. **Bureaucratic Delays:**
    - Decision-making in formal organizations can be slow due to the multiple layers of hierarchy. This bureaucratic process can lead to delays in response times, reducing the organization’s ability to act quickly.

3. **Lack of Personal Motivation:**
    - The focus on roles, responsibilities, and formal authority can sometimes overlook individual motivation and personal development. Employees may feel like cogs in a machine, leading to disengagement and reduced morale.
4. **Communication Barriers:**
    - Formal communication often follows a top-down approach, which can lead to misunderstandings, information bottlenecks, and a lack of feedback from lower-level employees. This can create a disconnection between management and employees.
5. **Resistance to Change:**
    - The structured nature of formal organizations can breed resistance to change. Employees and managers alike may become accustomed to the status quo and be reluctant to embrace new ideas or processes.
6. **Limited Employee Interaction:**
    - The focus on formal roles and tasks can limit opportunities for social interaction and team bonding, which are essential for building a positive work environment and fostering collaboration.
7. **Impersonal Relationships:**
    - Formal organizations often prioritize efficiency over personal relationships, which can lead to a lack of camaraderie and trust among employees. This can hinder teamwork and reduce overall job satisfaction.

4.12 Limitations of Informal Organization:

1. **Lack of Structure:**
    - Informal organizations lack defined roles, responsibilities, and a clear hierarchy. This can lead to confusion, inefficiency, and challenges in coordinating efforts toward organizational goals.
2. **Potential for Groupthink:**
    - Informal groups may develop a tendency toward groupthink, where dissenting opinions are discouraged in favour of maintaining harmony. This can stifle creativity and lead to poor decision-making.
3. **Resistance to Formal Authority:**
    - Informal organizations can sometimes challenge or undermine formal authority, especially if informal leaders hold more influence than official managers do. This can create conflicts and disrupt organizational harmony.

4. **Difficulty in Regulation:**
    - Since informal organizations are based on personal relationships and social norms, they are difficult to regulate or control. This can lead to behaviour that goes against organizational policies or goals.
5. **Spread of Rumours and Misinformation:**
    - Informal communication networks are prone to the spread of rumours and misinformation, which can lead to misunderstandings, conflicts, and a negative impact on employee morale.
6. **Cliques and Exclusion:**
    - Informal organizations can lead to the formation of cliques, where certain groups of employees become exclusive. This can create divisions within the workplace, leading to feelings of isolation among those who are not part of these groups.
7. **Inconsistent Influence:**
    - Influence in informal organizations is based on personal traits, respect, or charisma, rather than formal authority. This inconsistency can lead to power imbalances and favouritism, affecting fairness and equity in the workplace.

Difference between Formal and Informal Organization

Formal Organization	**Informal Organization**
Establishment of defined goals and objectives	Based on beliefs and assumptions
Creation of policies and procedures	Gets affected by perceptions and attitudes
Job analysis	More role of value system and group norms
Established communication channels	Existence of informal leaders
Proper delegation of authority	Mixed bag of feelings (joy, fear, anger, etc.)

❖ **Exercise**

- **Descriptive Questions**

1. What is organizing? Discuss its definition and features.
2. What is organizing? Discuss various principles of organizing.
3. Discuss the concept of organizing. Also discuss the importance of organizing in corporate firm.
4. Explain in detail the process of organizing.
5. What is organization structure? Discuss various factors affecting organization structure.
6. Explain Functional organization structure.
7. Explain Line organization structure. How it is different Line and Staff organization structure.

8. Project organization structure is a unique invention for that firm, which takes up the work of building various infrastructure projects on a regular basis. Discuss the concept and usefulness of project structure.
9. Write a note formal and informal organization. Also, discuss difference between the both.
10. Discuss the features of formal and informal organization.
11. Explain the limitations of formal and importance organization.

- **Short Notes**
  1. Formal and informal organization
  2. Project organization structure
  3. Line organization structure
  4. Importance of informal organization
  5. Concept of matrix organization structure
  6. Features of formal organization
  7. Characteristics of informal organization

- **Multiple Choice Questions**
  1. Organization is also known as…
     a. An entity
     b. A group of people
     c. A structure
     d. All of the above
  2. Find the odd one out with reference to formal and informal organization.
     a. Based on belief
     b. Affected by perception
     c. Establishment of defined goals
     d. Mixed feelings
  3. Which one of these is/are not the principle/s of organization?
     a. Division of work
     b. Specialization
     c. Coordination
     d. Delegation
     e. Both A & C
     f. A, B, C, and D
  4. Do staff specialists have authority to make decisions in line and staff structure?
     a. Yes
     b. No
     c. Can't say
     d. Subjective matter
  5. Which of the following violates the unity of command?
     a. Line organization structure
     b. Function organization structure
     c. Project organization structure
     d. Matrix organization structure

BBA
SEMESTER-1 CORE
PRINCIPLES OF MANAGEMENT
BLOCK: 2

Authors' Name: Dr. Dhaval Pandya , Assistant Professor, Dr. BAOU, Ahmedabad
Mr. Devang Mehta, Assistant Professor, Christ College, Rajkot
MS. Bijal Raval, Assistant Professor, Dr.BAOU, Ahmedabad

Review (Subject): Dr. Swati Doshi, Associate Professor and Head, Christ College Rajkot
Dr. Jasmin Padiya, Associate Professor, GLS University, Ahmedabad

Review (Language): Dr.Jainee Shah, Assistant Professor, Nirma University, Ahmedabad

Editor's Name: Prof. (Dr.) Manoj Shah
Professor and Director,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

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Gujarat,India.

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UNIT-5 STAFFING

5.1 Introduction

In this competitive world we require to do lots of new creation in our organization as well as in every segment. All organization achieves its objectives with the combined efforts of various people and with the use of various resources. That's why management is the process of getting the work done from the human resources by the use the non-human resources. Management is essential part of human life. The success of an organization depends on having the right numbers of staff, with the right skills and abilities. One of the most suitable structures of activities and job positions are designed efforts should be made to hire the right type of people on right place to assign the various job positions; that function is known as staffing.

Hence, business runs with the people, by the people and through the people.

5.2 Concept and Definition of Management

Management is the art of getting things done through and with the people in formally organized groups. **(Harold Koontz)**

Management is a process of planning, organizing, actuating and controlling to determine and accomplish the objectives by the use of people and resources. **(George R Terry)**

All organizations are made up of people who perform various functions and hold various positions that are created by the organization for the purpose of attainment of organizational goals and objectives. Luther Gulick states seven functions of management under the "**POSDCORB**" which stands for **Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting.**

So manager is the one who gets things done through others. He prepares plan, builds an organization, does recruitment activities and arrange training to the employees, direct them and motivate too.

5.3 Meaning of Staffing

- Staffing is the backbone of any organization.
- An organization may succeed only if it has trained staff in each and every department.
- Staffing is an individual function of bringing in and training the people and maintaining favorable condition of work. We can say that the management functions for employing and developing human resources for carrying out various managerial activities of an organization.
- Staffing refers to placement of right person in the right jobs. Staffing includes selection of right persons, training those needy persons, promotion of the best persons, retirement of old persons, performance appraisal of employees, and appropriate remuneration of person.
- Thus staffing is regarded as a unique and very important function because it is only through human force that all other resources of the organization are utilized optimally.

Recruitment

- Selection of the best qualified from those who seek the job.
- Training those who need further instructions to perform their work effectively or to qualify for promotion.
- Performance appraisal, since it serves as the basis for job change or promotion
- Administration of compensation plans, since it is important factor in both getting and holding qualified people.
- Staffing maintains harmony in the organization.
- Staffing is concerned with the selection, placement, growth, and development of people in an organization.
- It is a truth that human resource is one of the greatest for every organization because in any organization all other resources like- money, material, machine, etc. can be utilized effectively and efficiently by the positive efforts of human resource.
- "Our assets walk out of the door each evening, we have to make sure that they come back next morning"- (**as stated by Narayana Murthy former, CEO of INFOSYS.)**

- **Definitions of Staffing:**

“Staffing is concerned with obtaining and maintaining satisfied employees”- **George Terry**

“Staffing is the function by which manager builds an organization through recruitment, selection, and development of individuals as capable employees”**- Dalton Mc. Farland**

“Managerial function of staffing is defined as filling positions in the organizational structure through identifying workforce requirements, inventorying the people available, recruitment, selection, placement, promotion, appraisal, compensation, and training of needed people” -**Koontz O Donnell**

“Staffing relates to the recruitment, selection, development, training, compensation of subordinate managers” - **Haimann**

5.4 Staffing as a part of Human Resource Management (HRM)

Staffing function deals with people, this plays an important role in success of an organization. As per the different departments we have to require people with their expertise and effective working skills. As an organization grows, the number of people employed increases and a separate human resource department is formed which consists of specialists and experts in dealing with people. Human resource management involves procuring, maintaining, and appraising competent and satisfied workforce to achieve the goals of organization efficiently and effectively.

5.5 Features/Nature of Staffing:

- **Management Function:**

  Staffing is an important management function that assigns people at different posts to run the organization. Staffing is a universal and very important function. It is the responsibility of every manager. In large scale and small scale organizations managerial functions may be different. In large scale organizations, there exists normally a staff department. But this staff is designed in the organization only for advises and helps the managers in performing the staffing function effectively.

- **Pervasive Function**:

  People are the most important asset that converts inputs into outputs. People are appointed at all levels-top level, middle level and low level and in all functional areas production, finance and marketing, etc. Staffing ensures that right persons are appointed at the right job so that organization can efficiently achieve its objectives. As we know in large organizations there is different human resource department that handle activity regarding designing effective organizations. The manager of human resources is responsible for the recruitment, selection, training, and appraisal of his subordinates.

- **Continuous Function**:

  Staffing is a continuous managerial function. People join and leave the organizations for various reasons. Department and organizations grow and, therefore, need for people keeps arising. Staffing is a three way process hiring, developing and maintaining.

- **Concerned with people:**

  Staffing is difficult because it deals with people. Functions of staffing, recruitment, selection, training and appraisal of subordinate of all departments are performed by managers at all levels. Staffing function is difficult to perform if right kind of people will not be selected for the particular task, it may lead to many problems in the organizations.

- **Deals with Active Resources:**

  Staffing deals with people who are most important resources that convert inactive resources into raw materials to productive outputs. Even though we have latest technology or machinery to use, we need a person that can understand that function and use that appropriately.

5.6 Importance of Staffing:

As we come to know without human resources we can't achieve our goal easily and effectively. In competitive environment only the right kind of people can hope to survive and flourish.

- Human resources is the most important and productive asset of the organization which carries out the managerial functions and productive activities of various department.
- Appropriate managerial staffing is that all positions in the organizations are occupied by the right person who is competent and able to discharge their assigned responsibility in proper way.
- If staffing function is designed in proper way, managers assign leadership to individuals so it can satisfy their personal goals along with the organization.

- Staffing helps in discovering and obtaining talented and competent individuals for various jobs.
- Staffing helps to ensure optimum utilization of human resources by avoiding over staff.
- Staffing provides the continuous viability and growth of the business through the development of efficient and effective executives.
- Managerial training programms assure availability of qualified and trained staff.
- Managerial appraisal assures more specific management results.
- If we have well trained staff our plans and deviations in actual performance will be reduced. So appropriate staff will help managers in controlling various organizational functions.
- Staffing helps to place the right person, with the right knowledge, at the right place and the right time to perform the organizational activity efficiently.
- In competitive world every enterprise faces tough time because of competition from national and international competitors.
- Use of the latest technology, hiring of right type of person is necessary. Only right person can be procured, developed, and maintained for new jobs only if the management performs its staffing in proper way.

5.7 Factors affecting Staffing:

Staffing is a dynamic function that is affected by many internal as well as external factors.

5.7.1 Internal Factors:

- **Size of the Organization:**

  Staffing activities of small scale organization and large scale organization are always different, because the objectives and their visions are different and have limitations too. So sometimes we cannot attract some highly talented or that type of person whose requirements and expectations are high from the organization or a particular company. So the size of the organization determines its staffing practices.

- **Goodwill and Reputation of the Organization:**

  Goodwill is the value of the reputation of a firm built over time with respect to the expected future profits over and above the normal profits. A well-known or established firm earns a good name and fame in the market, create Good trust with the customers and also has more business connections too rather than a newly setup business, so has to face many problems to survive in market.

- **Past Staffing Activities:**

  Past Staffing activities of any organization have a major impact on its future staffing activities. The fairness and transparency of the staffing activities in the past indicate the consistency of the organizational practices and also the culture of the organization.

- **Growth plans of the Organization:**

  Growth plans and business plan directly affect the manpower requirement of any organization. It's difficult to retain existing good staff and provide them financial incentives and attractive compensations so it will be with us for long time. For new candidates we have to create that type of policies, strategy and atmosphere as well as arrange some training and development programms for them.

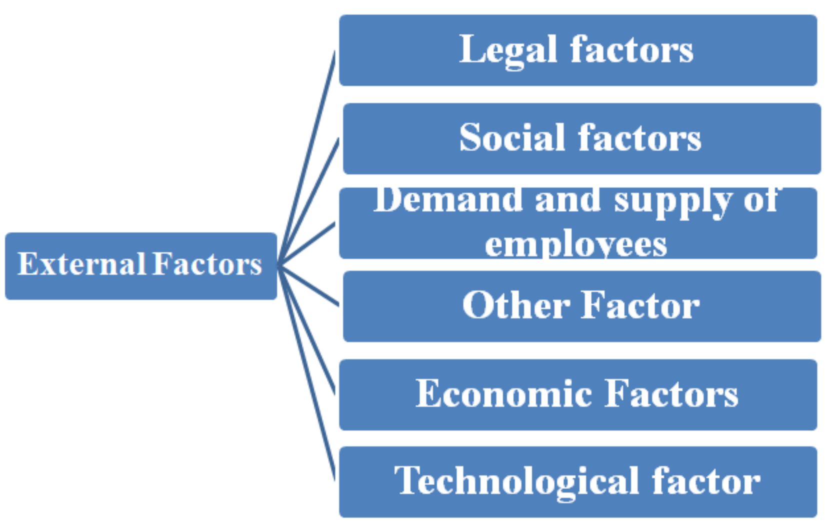
- **Organization Culture:**

  Different organizations have different culture which impact on Staffing process. Organization culture can impact the success of new hires, salary and perks of employees and turnover ratio. Suitable organizational culture gives more positive impact on employees.

- **Organization Product Line:**

  The number of products in a product line is called the product line depth. There are Different products manufactured by organization. Every product requires different set of skills inemployees.

5.7.2 External Factors:



- **Legal factors:**

  There are various laws that affect the staffing policy of an organization. The Minimum Wages Act would ensure that the Personnel hired is paid a minimum wages as a compensation. The Equal Employment Opportunities Act would ensure that people from various classes and gender get equal opportunities for securing job. The Factories Act, 1948 prohibits employment of women in any part of a factory for pressing cotton in which a cotton opener is at work.

- **Social factors:**

  Social factor can affect the employment of women or children if they are hired in the workplace. In India we know that women are not allowed to work in factories during night shifts. In other companies it is normal.

- **Demand and Ssupply of Eemployees:**

  Nowadays lots of competitions are there in markets, so the supply of unskilled or skilled and the demand for employees' decision is very hard. In our country where supply of skilled employees is huge employee welfare programmes, training programmes would be given less importance.

- **Economic Factor:**
  Economic conditions can limit a company's recruitment budget, which can affect how they hire new employees. During an economic downturn, companies may need to reduce their spending on advertising, external recruitment agencies, and hiring events.

- **Technological Factor:**
  Technological advancements can create demand for new roles and make others obsolete. Technology has had a significant impact on the staffing industry, affecting the way employers recruit and select candidates, and how staffing services are delivered.

- **Other Factors:**

  It is known that many other factors like technological, political factor, and unpredictable situations like pandemic Covid 19 occurred where we were helpless. So many employees lose their jobs and their family members too. At that time creating new job opportunities for some prospect candidates in many reputed organizations due to loss of lives of many competent human resources.

5.8 Elements of Staffing

Staffing Process involves the following elements:

❖ **Human Resource Planning:**

"Manpower planning is the process by which a firm ensures that it has the right number of people and right kind of people, at the right time, doing things for which they are economically most useful" - **Adwin B. Geisler**

Human resource planning is the process of determining and assuring that the organization will have an adequate number of qualified people, available at the proper times, performing jobs which meet the needs of enterprise and which provide satisfaction for the individuals involved.

Human resource planning is designed to ensure that personnel requirement will be consistently and appropriately met. The first step in the staffing process is to estimate the requirement of employee. While estimating the number and type of human resources required, the specific needs of the jobs to be filled should be kept in mind.

The basic elements of manpower planning may be considered, such as:

- Forecasting the future needs of manpower.
- Developing the sound recruitment and selection procedure.
- Proper utilization of available manpower.
- Controlling and reviewing the manpower costs.

❖ Recruitment:

Recruitment can be defined as the process of identifying the sources for prospective candidates and to stimulate them to apply for the job. The Human resources are the most important assets of an organization.

"Recruitment is process of searching for prospective employees and stimulating them to apply for jobs in the organization."-**Flippo**

"Recruitment is the process of attracting potential employees to the company"-**Dalton E. Mc Farland**

"Recruitment is the development and maintenance of adequate manpower resources. It involves the creation of a tool available upon whom the organization can draw when it needs additional employees"**- Dale S. Beach**

There are two sources of recruitment:

1. Internal source

2. External source

1. Internal Source:

- **Notice Boards:**
  Job vacancies are put on the notice board so candidates can see and apply for that particular post.

- **Transfer:**
  It involves the shifting of an employee from one job to another. At the time of transfer, it is ensured that the employee to be transferred to the new job, new place with new capability to perform new task. In fact transfer does not involve any drastic change in the responsibilities and status of the employee.

- **Promotion:**
  It leads to shifting an employee to a higher position depending upon their experience and qualifications. Promotion involves reassignment of duties to the employee for better future prospects.
  "Promotion is an advancement of an employee to a better job"-means in terms of greater responsibilities, greater skills, higher status and higher pay".- **Myers**

2. External Source:

The external source of recruitment includes employees working in other organizations, job seekers registered with employment exchanges, students from reputed educational institutes etc.

- **Advertisement:**
  The post may be advertised in local and national newspapers. Advertisement can also be done in trade journals.

- **Colleges and Universities:**
  Mostly universities maintain a register of employment in order to help students. One has to know about the recruitment from colleges.

- **Employment Exchange:**
  Government has already setup a department to provide the requirement staff to any concerned. The employment exchange will be informed of all the description of the job, so that they can send proper candidate for proper job. It's important to register their self at employment exchange.

- **Professional Organization**:
  The specific institution requires trained staff as well as those who are very efficient in their particular task. They recommend the names of candidates having good experience.

- **Media:**
  Sometime Radio and Television announce list of the candidates along with specific qualifications.

- **Factory Gate Recruitment:**
  A notice is placed on notice board at appropriate time, job seekers assemble outside the premises of the organizations.

- **Ex-Employees, Friends, Relatives:**
  As per their relatives, friend and ex-employee's conversation or suggestions they can apply for opening vacancies.

- **Circular Letter:**
  It is also seen that sometimes the management writes circular letter or places the information on the notice board, so anyone can apply for that post.

- **Selection:**

Selection is the process of finding right individuals who can most successfully perform the job from qualified candidates. In selection processes out of all the candidates find out perfect suitable candidates as per organization requirement. The candidates who are not suitable for that post are eliminated. In that process there are various stages where candidates are shortlisted for another round of interview till a suitable person is selected. To meet this goal, the company obtains and assesses information about the applicants in terms of age, qualification, experience, skill, etc. Selection process steps can differ from one to other organizations.

- **Preliminary Interview:**

  In this selection process it is first step where initial screening is done. It is very important stage where documentation is verified. It also helps the interviewer to ask questions related to his professional profile. The candidates are generally told about job specifications and the skills required for it. This process screens the most obvious exceptions.

- **Screening of Applications:**

  Now a day's application forms of almost all organizations can be downloaded from the website or may be provided by company. The application form asks for basic information like qualifications, experience and skills. Screening committee checks the test details or application details and they come to know about more suitable candidates.

- **Selection Tests:**

  In that selection tests are device to check the area of knowledge candidates have for that particular jobs. These tests are very specific as they enable the management to bring out right type of people for the jobs. As per the process of selections candidates also face some other test too.

  Intelligence tests, aptitude tests, proficiency tests and area of knowledge tests have to be taken before selection for particular jobs.

- **Selection Interview:**

  After passing the selection tests candidate have to give final interview in that process of selection interview took by the higher authorities. Interview is face to face interaction with higher authorities. They want to check that person's ability, how that person will be taking organizational vision and goal on effective side. They give complete picture about the organization and job structure to the candidates.

- **Checking of References:**

  Mostly in Job application form we have to provide them two or three references from which they come to know about our past company or organization behavior with subordinates. Once the candidate's interview is over, the references mentioned are checked by the hiring department.

- **Medical Tests:**

  After selection in final interview candidates has been approved for the job, his physical fitness is examined through medical specialists. If the report says that he or she is medically fit for the job they are then finally selected. In case there is a problem with the fitness, the candidates are given reason for rejection.

- **Final Selection:**

  Candidates who have cleared all selection procedure are recommended for appointment for particular posts. After that approval of job offer is made to the candidates. If the candidates accept the offer letter, appointed by issuing an appointment letter with all terms and conditions of employment.

❖ **Placement:**

Placement is posting people to jobs which match their abilities. After selecting a candidate; he should be placed on a suitable job. Placement is the actual posting of an employee to a specific job. The placement decisions are to be taken by the managers after matching the requirement of a job with the qualification of the candidates. After selecting employee, it is responsibility of human resource management to place them on suitable job. A misplaced employee remains dissatisfied and may leave the job as early as he gets another opportunity.

❖ **Induction and Orientation:**

New employee is introduced to the job and the organization. Introduction helps in removing fears, creating a good impression and acting as a valuable source of information.

Armstrong defines it as -"The process of receiving and welcoming an employee when he first joins a company and giving him the basic information he needs to settle down quickly and start work"

- **Training and Development:**

  Training and development refer to the process of helping employees to acquire more knowledge of the job and to learn or sharpen the needed skills, attitudes and values associated with efficient work, skills and knowledge of new or existing employees, Development focuses on the general improvement of the overall personality of the employee. For new employee who is often raw hands, training makes them well-skilled in the complications of their jobs.

  Advantages of Training:

  - In enriches the quality of personnel and the quality of their working life, in conjunction with other conditions of their service.
  - It broadens their perspectives and problem solving abilities.
  - It improves their relations with their jobs and prepares them for upward mobility.
  - It helps in reducing employee absenteeism and turnover.
  - Trained people need less supervision. They become capable of self –direction and self-control.
  - It improves their level of motivation and job satisfaction.

- **Performance Appraisal:**

  Performance appraisal is a formal exercise in which organization evaluates its employee, in terms of contribution made towards achieving organizational objectives and goals on time. After employees are trained and settled into their jobs one of the functions to be performed is performance appraisal. Performance Appraisal or evaluation is the process of deciding how employees do their jobs. Apart from appraising and assessing performance maintaining human resource is equally important. It helps to analyze and reveal the cause of good and poor employee performance and enable to improve performance of an employee.

- **Exercise**

- **Detailed Questions**

1) Explain the meaning and definition of Staffing and features of Staffing.
2) Discuss the process of Selection.
3) Discuss the Importance of Staffing.
4) Explain the factors affecting on staffing.

- **Short Questions**

1) Define the term Staffing.
2) Define Recruitment.

3) Define Human Resource planning

4) Explain internal factor affecting staffing.

5) Explain external factor affecting staffing.

- **Write Short Notes**

1) Nature of Staffing

2) Importance of Staffing

3) Placement

4) Training & Development

5) Induction & orientation

MCQ

1.'Infosys recruits candidate from Kirorimal College' is an example of _______________method of one of the sources of recruitment.

(a) Campus recruitment

(b) Direct recruitment

(c) Employment exchange

(d) Labor contractors

Answer. Campus recruitment

2.Which test is helpful in assessing the individual's capacity for learning new skills?

(a) Aptitude test

(b) Personality Test

(c) Interest test

(d) Trade test

Answer. Aptitude test

3.Workforce analysis is a part of

(a) Recruitment process

(b) Selection process

(c) Training and development process

(d) Estimation of manpower requirement

Answer. Estimation of manpower requirement

UNIT-6 DECISION MAKING

6.1 Introduction

6.2 Meaning and Definition

6.3 Nature of Decision Making

6.4 Importance of Decision Making

6.5 Process of Decision Making

6.6 Guidelines for decision-making

6.7 Types of Decisions / Decision Making

6.1 Introduction

Decision-making is a fundamental aspect of daily life and a key element of management in organizations. It involves choosing the most suitable action from a range of options by taking into account available resources, potential outcomes, and individual preferences. The process typically includes identifying the situation, gathering and analysing relevant information, assessing advantages and disadvantages, and selecting the best course of action. Whether decisions are made through careful analysis or intuition, they have a significant impact on everyone involved.

6.2 Meaning and Definition

Effective decision-making, requires thoroughly evaluating all possible outcomes and selecting the most advantageous one, is critical to success in both personal and professional contexts, as well as within organizations. On the other hand, poor decisions can result in losses and damage reputations. Therefore, developing a systematic approach to decision-making is crucial for achieving positive results.

Further, decision-making is a fundamental cognitive process through which individuals and organizations navigate choices and determine a course of action. It involves selecting the best option from a set of alternatives based on the evaluation of available information, potential outcomes, and the alignment of these outcomes with specific goals or objectives. The concept of decision-making is central to human activity, as it influences every aspect of personal life, business operations, and governance.

Definitions

"Decision-making is the selection based on some criteria from two or more possible alternatives"

– George R. Terry

"A decision is an act of choice, wherein an executive form a conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from several possible alternatives"

– D.E. Mc. Farland

6.3 Nature of Decision Making

The nature of decision-making encompasses several key characteristics and elements that define how decisions are made and how they will affect. Here is an overview:

1. Complex and Multidimensional

Decision-making often involves complex, multifaceted issues that require considering multiple factors and perspectives. Decisions can affect various aspects of an individual's or organization's operations and can involve numerous variables and potential outcomes.

2. Goal-Oriented

The primary purpose of decision-making is to achieve specific goals or objectives. Whether in personal life or in business, decisions are typically driven by the desire to fulfill certain needs, solve problems, or capitalize on opportunities.

3. Involves Uncertainty

Decisions are made under conditions of uncertainty and risk. Decision-makers often have to deal with incomplete information, unpredictable future events, and the possibility of unforeseen consequences.

4. Requires Evaluation

Effective decision-making involves evaluating alternatives and their potential impacts. This evaluation process typically includes analyzing the benefits and drawbacks of each option, considering the potential risks, and weighing how each alternative aligns with the decision-making criteria.

5. Influenced by Biases and Emotions

Human decision-making is not purely rational; it is often influenced by cognitive biases, emotions, and personal preferences. Biases such as overconfidence, confirmation bias, and anchoring can affect the objectivity of the decision-making process.

6. Rational or Intuitive

Decisions can be made through a rational, systematic approach that involves careful analysis and logical reasoning. Alternatively, decisions can be intuitive, based on gut feelings, instincts, or past experiences. The choice of approach often depends on the context, the complexity of the decision, and the available information.

7. Structured or Unstructured

Decision-making can be structured or unstructured. Structured decision-making involves a formal process with defined steps, often using decision models or frameworks. Unstructured decision-making is more informal and may rely on personal judgment or spontaneous choices.

8. Trade-offs

Decision-making often requires trade-offs between competing factors, such as cost vs. benefit, short-term vs. long-term gains, or individual vs. group interests. These trade-offs need to be carefully balanced to make the most effective choice.

9. Dynamic and Iterative

The decision-making process can be dynamic and iterative. New information or changing circumstances may require revisiting and revising decisions. Continuous feedback and learning from past decisions can improve future decision-making.

10. Ethical and Social Considerations

Decisions can have ethical and social implications. Decision-makers must consider the impact of their choices on others, including issues of fairness, justice, and social responsibility.

The nature of decision-making reflects a complex interplay of goals, uncertainties, evaluations, biases, and trade-offs. Understanding these characteristics can help individuals and organizations develop more effective decision-making strategies, along with balancing rational analysis with intuitive insights and considering both short-term and long-term effects.

6.4 Importance of Decision Making

Decision-making is crucial in various aspects of life and work, and its importance can be understood through several key points:

1. Achieving Goals

Effective decision-making helps individuals and organizations achieve their goals and objectives. By making informed choices, one can direct efforts and resources towards desired outcomes, whether they are personal milestones, business targets, or strategic objectives.

2. Problem Solving

Decision-making is fundamental to solving problems. It involves identifying issues, evaluating possible solutions, and selecting the best course of action. This process is essential for addressing challenges and overcoming obstacles effectively.

3. Resource Management

Proper decision-making ensures optimal use of resources, including time, money, and manpower. By making informed decisions, one can allocate resources efficiently and avoid wastage, contributing to overall productivity and success.

4. Risk Management

Decision-making helps in assessing and managing risks. By evaluating potential risks and their impacts, decision-makers can take steps to mitigate adverse effects and make choices that balance risk with potential rewards.

5. Strategic Planning

In organizational contexts, decision-making is crucial for strategic planning. It involves setting long-term goals, developing strategies, and making decisions that align with the organization’s vision and mission. Effective strategic decision-making can lead to competitive advantage and sustainable growth.

6. Adaptability and Innovation

Good decision-making supports adaptability and innovation. It enables individuals and organizations to respond to changes in the environment, seize new opportunities, and adapt strategies to evolving circumstances. This flexibility is essential for staying relevant and competitive.

7. Building Relationships

Decision-making can affect relationships and interpersonal dynamics. In personal and professional settings, decisions affect how people interact and collaborate. Making fair, transparent, and considerate decisions can build trust and strengthen relationships.

8. Reputation and Credibility

For organizations, effective decision-making is crucial for maintaining a good reputation and credibility. Consistently making sound decisions enhances the organization’s reliability and fosters positive perceptions among stakeholders, customers, and the public.

9. Personal Growth

On an individual level, decision-making is integral to personal growth and development. Making choices and learning from their outcomes contributes to self-improvement, increased confidence, and better judgment in future situations.

10. Efficiency and Productivity

Efficient decision-making improves overall productivity. Quick and effective decisions streamline processes, reduce delays, and enhance performance. In both personal and organizational contexts, this leads to more efficient operations and better results.

In short, decision-making is vital because it drives goal achievement, problem solving, resource management, risk assessment, strategic planning, adaptability, relationship building, reputation management, personal growth, and efficiency.

Whether in personal life, business, or other contexts, the ability to make well-informed decisions significantly affects its success.

6.5 Process of Decision Making

The process of decision-making involves a series of steps that guide individuals and organizations in selecting the best course of action among various alternatives. Here is a detailed look at each step in the decision-making process:

1. Identify the Decision Requirement

- **Recognize the Need for a Decision**: This step involves realizing that a choice must be made. It often arises from a problem, an opportunity, or a change in circumstances that requires action.
- **Define the Problem or Opportunity**: Clearly articulate the nature of the decision. Understand what needs to be addressed and why it is important.

2. Gather Information

- **Collect Relevant Data**: Gather information pertinent to the decision. This could include quantitative data, qualitative insights, historical records, expert opinions, and market research.
- **Identify Sources**: Determine where and how to obtain the necessary information. This may involve consulting reports, conducting surveys, or analysing previous experiences.

3. Identify Alternatives

- **Generate Options**: Develop a list of possible courses of action. Brainstorming sessions, creative thinking, and consulting with others can help in generating a broad range of alternatives.
- **Consider Feasibility**: Evaluate the practicality of each alternative based on resources, constraints, and potential impacts.

4. Evaluate Alternatives

- **Assess Pros and Cons**: Analyse the advantages and disadvantages of each option. Consider factors such as cost, benefits, risks, and alignment with goals.
- **Use Decision Criteria**: Apply criteria relevant to the decision-making process. This might include financial metrics, strategic fit, ethical considerations, or customer impact.

5. Make the Decision

- **Select the Best Alternative**: Based on the evaluation, choose the option that best meets the criteria and aligns with the objectives. This choice should balance benefits with risks and align with strategic goals.
- **Consider Stakeholders' Input**: If applicable, involve stakeholders in the decision-making process to ensure their perspectives and concerns are considered.

6. Implement the Decision

- **Develop an Action Plan**: Create a detailed plan for executing the chosen alternative. This plan should include steps, timelines, resources, and responsibilities.
- **Communicate the Decision**: Inform all relevant parties about the decision and the implementation plan. Clear communication helps ensure that everyone is aligned and understand their roles.

7. Monitor and Review

- **Track Progress**: Monitor the implementation of the decision to ensure that it is proceeding as planned. This involves checking that milestones are met and any issues are addressed promptly.
- **Evaluate Outcomes**: Assess the results of the decision against the expected outcomes. Determine whether the decision achieved the desired goals and identify any unintended consequences.

8. Learn and Adjust

- **Reflect on the Process**: Analyse what worked well and what could be improved in the decision-making process. Learning from each decision helps refine future decision-making.
- **Make Adjustments**: If necessary, adjust the decision or implementation plan based on feedback and results. Adaptation ensures continued alignment with objectives and improved outcomes.

The decision-making, thus, as a process is a structured approach that involves recognizing the need for a decision, gathering and analysing information, identifying and evaluating alternatives, making a choice, implementing the decision, and monitoring the results. By following these steps, individuals and organizations can make more informed, effective decisions that are aligned with their goals and objectives. This process helps manage risks, optimize resources, and achieve desired outcomes while learning and adapting over time.

6.6 Guidelines for decision-making

Making effective decisions requires a systematic approach and adherence to certain guidelines to ensure that the choices made are well informed and lead to desirable outcomes. Here are some key guidelines for making effective decisions:

1. Defining the Problem

- **Identify the Issue**: Clearly understand what needs to be decided. Avoid vague definitions and ensure that the problem or opportunity is well articulated.
- **Set Objectives**: Establish clear goals and objectives that the decision should achieve.

2. Gather Relevant Information

- **Collect Data**: Gather accurate and relevant information from reliable sources. This includes quantitative data, qualitative insights, and expert opinions.
- **Assess Information Quality**: Evaluate the reliability and completeness of the information. Be cautious of biases and ensure that the data supports informed decision-making.

3. Consider All Alternatives

- **Generate Options**: Explore a broad range of alternatives before narrowing down choices. Creative brainstorming and input from diverse sources can help in generating viable options.
- **Evaluate Feasibility**: Ensure that each alternative is practical and feasible given the available resources and constraints.

4. Evaluate Alternatives Thoroughly

- **Analyse Pros and Cons**: Assess the advantages and disadvantages of each option. Consider the potential impact on all stakeholders.
- **Use Decision Criteria**: Apply specific criteria such as cost, benefit, risk, and alignment with strategic goals to evaluate each alternative objectively.

5. Assess Risks and Uncertainties

- **Identify Risks**: Recognize potential risks associated with each alternative. Evaluate how these risks might affect the decision and how they can be mitigated.
- **Consider Uncertainties**: Account for uncertainties and uncertainties in the decision-making process. Use probability assessments where applicable.

6. Make an Informed Choice

- **Weigh the Evidence**: Balance the benefits and drawbacks of each alternative. Choose the option that best meets the criteria and aligns with the overall goals.
- **Consider Stakeholders' Perspectives**: Take into account the views and interests of stakeholders who may be affected by the decision.

7. Develop an Action Plan

- **Create a Plan**: Develop a detailed plan for implementing the chosen alternative. This plan should include steps, timelines, responsibilities, and resources required.
- **Allocate Resources**: Ensure that necessary resources are allocated to support the implementation of a decision.

8. Communicate Effectively

- **Inform Stakeholders**: Clearly communicate the decision and its rationale to all relevant parties. Effective communication helps in aligning everyone involved and managing expectations.

- **Provide Clear Instructions**: Offer detailed instructions and guidance for implementation to avoid misunderstandings and ensure smooth execution.

9. Monitor and Evaluate

- **Track Implementation**: Monitor the progress of the decision's implementation. Check that the plan is being followed and address any issues that arise.
- **Assess Results**: Evaluate the outcomes against the expected results. Determine whether the decision achieved the desired goals and identify areas for improvement.

10. Learn from Experience

- **Reflect on the Process**: Analyse what worked well and what did not in the decision-making process. Use this reflection to improve future decision-making.
- **Adjustment**: Be prepared to make adjustments based on feedback and results. Adapt the decision or implementation plan to better meet objectives and address unforeseen challenges.

Effective decision-making involves clearly defining the problem, gathering and evaluating relevant information, considering all alternatives, assessing risks and uncertainties, making an informed choice, and implementing the decision with a clear action plan. Effective communication, monitoring, and learning from experience are also crucial to ensure that decisions lead to successful outcomes and continuous improvement. By following these guidelines, individuals and organizations can enhance their decision-making processes and achieve their goals more effectively.

6.7 Types of Decisions / Decision Making

Decision-making can vary significantly depending on the context, complexity, and urgency of the decision. Here are the primary types of decision-making approaches:

1. Rational Decision-Making

Rational decision-making is a systematic and logical approach where decisions are made based on a thorough analysis of all available information. This method involves identifying the problem, generating and evaluating alternatives, and selecting the option that maximizes benefits while minimizing risks. It emphasizes objective criteria and thorough analysis to arrive at the most effective solution. This approach is often used in complex and high-stakes situations where decisions have significant consequences.

2. Intuitive Decision-Making

Intuitive decision-making relies on gut feelings, instincts, and personal experience rather than formal analysis. This approach is often used in situations where time is limited or when there is a lack of complete information. Intuitive decisions are based upon subconscious processing and pattern recognition, drawing on experiences to guide choices. While it may lack the rigor of rational analysis, intuitive decision-making can be effective in familiar or routine situations where quick judgment is required.

3. Collaborative Decision-Making

Collaborative decision-making involves input from multiple individuals or groups to reach a consensus. This approach is used when decisions affect various stakeholders and require collective input to ensure that diverse perspectives are considered. Collaborative decision-making can enhance buy-in and support for the decision but may also be time-consuming and require negotiation and compromise among participants. It is often used in team settings, organizational planning, and community-based decisions.

4. Decisive Decision-Making

Decisive decision-making is characterized by a quick and assertive approach. It is used in situations where prompt action is needed, and the decision-maker must make a choice swiftly, often with limited information. This approach is common in crises or when immediate decisions are required to address urgent issues. While it may not involve extensive analysis, decisive decision-making focuses on taking action and moving forward promptly.

5. Strategic Decision-Making

Strategic decision-making involves long-term planning and considering how decisions align with broader organizational goals and objectives. This approach takes into account the overall direction and vision of the organization, and decisions are made with a focus on achieving long-term success and competitive advantage. Strategic decision-making involves assessing market trends, internal capabilities, and external factors to make choices that support the organization's strategic goals.

6. Tactical Decision-Making

Tactical decision-making focuses on short-term actions and operational aspects. It is concerned with implementing strategies and managing day-to-day activities to achieve specific objectives. This approach involves making decisions that affect the execution of plans and the efficiency of operations. Tactical decisions are often more detailed and immediate compared to strategic decisions and are aimed at addressing current needs and challenges.

7. Participative Decision-Making

Participative decision-making involves engaging individuals at various levels of an organization in the decision-making process. This approach values input from employees or stakeholders who are directly affected by the decision. By involving these individuals, participative decision-making can improve the quality of decisions, increase engagement, and foster a sense of ownership and commitment to the outcomes.

8. Evidence-Based Decision-Making

Evidence-based decision-making relies on empirical data, research, and evidence to guide decisions. This approach emphasizes using reliable and relevant data to inform choices and reduce reliance on intuition or anecdotal evidence. Evidence-based decision-making is often used in fields such as healthcare, policy-making, and business analysis, where data-driven insights can lead to more effective and accurate decisions.

Each type of decision-making approach has its strengths and is suited to different contexts. Rational decision-making is thorough and analytical, intuitive decision-making is quick and experience-based, collaborative decision-making involves multiple perspectives, and decisive decision-making focuses on prompt action. Strategic and tactical decision-making address long-term and short-term goals, respectively, while participative and evidence-based decision-making emphasize involvement and data-driven insights. Understanding these types can help individuals and organizations choose the most appropriate approach for their specific needs and circumstances.

❖ **Exercise**

- **Descriptive Questions**
  1. What is decision making? Discuss its nature or features.
  2. Discuss the concept and importance of decision making
  3. What is decision making? Explain the concept of decision making in detail.
  4. Discuss various guidelines for making effective decisions.
  5. Explain the concept of decision-making. Also, explain various types of decisions.

- **Short Notes**
  1. Nature of decision making
  2. Types of decisions
  3. Importance of decisions
  4. Five best guidelines for effective decision making
  5. Rationale v/s Intuitive decision
  6. Collaborative and Participating decision making

- **Multiple Choice Questions**
  1. Which of the following best describes the rational decision making approach?
     a. Making decisions based on gut feelings and instincts
     b. Choosing the option that requires the least amount of time

c. **Systematically analysing information and evaluating alternatives to select the best option**
d. Selecting the alternative that is most popular among stakeholders

2. In which decision-making approach are multiple stakeholders involved to reach a consensus?

a. Intuitive decision making
b. Decisive decision making
c. **Collaborative decision making**
d. Strategic decision making

3. Which type of decision-making is characterized by quick action in response to immediate issues?

a. Rational
b. Evidence based
c. **Decisive**
d. Participative

4. What is a key feature of evidence based decision-making?

a. Relying on personal intuition and past experiences
b. **Using empirical data and research to guide choices**
c. Making decisions based on stakeholder opinions
d. Choosing the option with the lowest cost

5. Which decision-making approach focuses on long-term planning and aligning choices with broader organizational goals?

a. Tactical decision-making
b. Participative decision-making
c. **Strategic decision-making**
d. Intuitive decision-making

6. Which step involves gathering accurate and relevant information to support decision-making?

a. Define the problem clearly
b. Evaluate alternatives thoroughly
c. **Gather relevant information**
d. Develop an action plan

7. What should be done after making a decision to ensure its effectiveness?

a. Identify risks and uncertainties
b. **Track implementation and assess results**
c. Communicate effectively
d. Consider stakeholder perspectives

- **Fill in the blanks**

1. The first step in the decision-making process is to __________ the decision requirement by recognizing the need for a decision and clearly defining the problem or opportunity.

Answer: Identify

2. In the "Gather Information" step, it is crucial to __________ relevant data from sources such as historical records, expert opinions, and market research.

Answer: Collect

3. During the "Identify Alternatives" phase, you should __________ a list of possible courses of action and evaluate their feasibility based on resources and constraints.

Answer: Generate

4. The "Evaluate Alternatives" step involves analyzing the __________ and disadvantages of each option and applying relevant decision criteria to determine the best choice.

Answer: Pros

5. Once a decision is made, the next step is to __________ the decision by developing an action plan, communicating it to relevant parties, and ensuring proper implementation.

Answer: Implement

UNIT-7 DIRECTING

7.1 Introduction:

As we know in functions of management Direction represents one of the most essential functions. It deals with human relations. In every organization once plans have been laid down means planning, the structure has been designed means organization, then selection for individual for various job profiles means staffing, then direction starts. Directing is continuously occurring in all functions and life cycle stages of any organisation. Directing is generally referred to as techniques that are involved in inspiring, counseling, and leading individuals to accomplish broader organisational goals. Success of an organization in accomplishing its goals significantly depends on the nature and atmosphere of cooperating among individuals and formal informal groups. People, as individuals as well as group member individuals, form organized effort. It is they who provide an organization an enduring competitive edge over its competitors and determine its stability to survive and grow in a dynamic environment. Directing is the managerial function of guiding, motivating, leading and supervising the subordinates to accomplish desired objectives or Goal. Assigning the right person on right place for right task is not enough; the more important is that the people must be directed in proper way or towards the attainment of organizational objectives. Employees tend to become inactive, dull and inefficient if not provided proper direction. A manager can never stop directing, guiding, teaching, watching and supervising subordinates.

7.2 Meaning and Definition

- **Meaning**

Direction is, in fact, the heart of management-in-action. Planning and organizing provide foundation to the organisation and direction initiates action by its workforce towards achievement of its goals. The process through which this integration is achieved is called directing or actuating. Having appointed the workforce, managers ensure that they work to achieve the organisational standards of performance and in the course of doing so, satisfy their personal wants as well as their needs. They act as mechanism for achieving organisational and individual goals. They act as agents who influence the behavior of employees to achieve the organisational goals and also to ensure that organization's plans and policies satisfy the interests of workforce. Managers, thus, direct employees' behavior towards organisational and individual or group goals. A manager's most important job is to direct the efforts of employees. Directing is the process of integrating people with the organisation so as to obtain their zealous cooperation for the achievement of goals of the organisation. It is the interpersonal aspect of management which deals with guiding, influencing and motivating the employees.

Direction is essentially concerned with organize and integrate human efforts to accomplish the goals of the organisation. It provides necessary guidance and inspiration to the employees to contribute their efforts to organisational goals.

- **Definition**

"Directing is a managerial function that involves the responsibility of managers for communicating to others what their roles are in achieving the company plan".-**Pearce and Robinson**

"It is getting all the members of the group to want and to strive to achieve objectives of the enterprise and of the members because the members want to achieve these objectives".-**Terry and Franklin.**

"Directing is the guidance, the inspiration the leadership of those men and women that constitute the real core of responsibilities of management"- **Urwick and Breach,**

"Directing is the executive function of guiding and overseeing subordinates"-**Koontz O'Donnell**

"Directing concerns the total manner in which a manager influences the action of his subordinates. It is the final action of manager in getting others to act after all preparations have been completed"-**J.L.Massie**

"Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, Corresponding procedures, seeing that mistakes are corrected, providing on the job Instructions and of course, issuing orders".-**Earnest Dale**

7.3 Nature of Directing:

Direction is the heart and soul of management. It is the direction which provides motive force to the whole managerial functions. Planning, organizing, and staffing are concerned only with the preparation for work performance and it is the direction which alone stimulates the organisation and its staff to execute the plans. Hence, it is also called management-in-action.

1) Pervasive Function
2) Executive Function
3) Human Factor
4) Dynamic and Continuous
5) Creative Activity
6) Delegate Function
7) Flows from Top level to Bottom level
8) Facilitates Co-Ordination
9) Dual objectives
10) Psychological Factor

1) Pervasive Function:

The meaning of directing is not only a function of management but exists in all organisational functions. The superior subordinates are embedded with principles of guidance and inspiration. Managers at all levels and in all functional areas direct their subordinates. Top managers guide middle and lower level manager, who further direct supervisors and workers.

2) Executive Function:

That function is carried out by all executives and managers at all levels. In execution, top level managers to bottom level managers execute new strategy and plans. Direction is an important function of management. Without direction, management functions may come to standstill. It is through direction that management initiates action in the organisation.

3) Human Factor:

Direction is the managerial function that deals with the people. It is the process to motivate people to achieve the goal. It is important to create harmonious relationship between people. It seeks to achieve orderly arrangement of group efforts to provide unity of action in the terms to achieve organizational common goal. It is related to subordinates that's why we can say its human factor. It is more important and very tough because it is complex and unpredictable too.

4) Dynamic and Continuous:

Direction is a continuous activity as it continues lifelong in an organization. It is a continuous process. As long as work is in progress, the direction has to continue. The superior has to direct the activities of subordinate's regularity. It is a process continually provides motivation to get the orders or instructions executed. It is dynamic activity.

Whenever any plan changes, the techniques of direction will also change. Nowadays with changing time; we should also change our techniques and plans to direct them.

5) Creative Function:

Direction makes things happen and converts plans into performance. It is the process around which all performance revolves. Without direction, human factor in the organisation become inactive and consequently physical factors become useless.

6) Delegate Function:

In any organization directing is so complex. The manager has to assign task to the appropriate only then and then only that task will complete on time rather assign that to non experience person. On the one hand, it aims at getting things done by subordinates and, on the other, to provide superiors opportunities for some more important work which their subordinates cannot do.

7) Flows from Top level to Bottom level:

Direction initiates at the top level in the organisation and flows to bottom through the hierarchy. It indicates that a subordinate is to be directed by top management only. Higher authority or manager directs his subordinates as to how and when they have to perform various duties assigned to them. This becomes necessary, as without his direction, human factors in the organisation become inactive, consequently making physical factors useless. Directing generally follows hierarchy from top to lower management; hence, every employee in a managerial position will exercise accountabilities to the subordinates.

8) Facilitates Co-ordination:

Every individual has to adjust and facilitate with subordinates, every person has different quality and the different view for particular work. Superior assigns individual task and coordinates with them. They can be easily and efficiently achieved as along with their organizational goal too. Directing serves as the connecting and starting links between the different function of management like planning, organizing, staffing, etc. While working in the organisation, subordinates become part of the informal groups. The behavior of a person is different as an individual and as a member of the group. It is, therefore, essential that managers understand the importance and nature of group behavior in order to direct effectively.

9) Dual objectives:

Direction helps to achieve dual objectives of an organization. Dual objectives means managers and subordinates have different objectives. How effectively subordinates complete their given task and organization goal. Managers have their different objectives regarding individuals as well as organizational vision and goal. Managers have opportunities to prove leadership.

10) Psychological Factor:

Psychological factor is important to find out the employees' potential. It is more important to consultations and discussions with the employee about what he actually wants from the organization. Managers can take better idea about proper direction for employees. The consultations and discussion with the superiors, subordinates and work culture in the organization. For better direction, managers also can take review about particular employees and their conceptual skills, human skills as well as technical skills.

7.4 Importance of Directing

1) **Initiate Action:**

   A good plan may have been prepared, a sound organization may have been developed and a team of efficient workers may be employed. Guidance clarifies other managerial duties such as preparation, coordination, and recruiting. Some management functions are made obsolete without supervision. But without direction, planning, organizing and staffing become ineffective.

2) **Creates Motivated Workplace:**

   Employees are motivated to work effectively and efficiently, through the process of directing. Direction helps staff to work more effectively. Staffs are aided in this endeavour by attractive rewards, a healthy working environment, advice and counseling, and so on. Employees are expected to realize that their success is the one thing that assures the company's existence. They have no future unless they voluntarily engage. The ultimate goal is for the employees to become more productive. As a consequence, direction helps everyday men to achieve exceptional things. The superior who directs the activities of subordinates inspires individual to follow given orders and instruction whole-heartedly.

3) **Give Guidance and Instruction:**

Every Guidance and Instruction must be reasonable, clear and complete. Assigning the appropriate task and giving them proper guidance regarding task helps achieve goal on time. In organizations appropriate structural assigning tasks and given different responsibility and leadership to achieve goal on time. Bifurcation of the task is also important in organization.

4) **Effective Communication:**

Communication is an important part of direction in organization. Effective communication with all levels of management can help to improve manual understanding. In the organisation, the success depends upon effective communication between superior and his subordinates. A superior, through downward communication, passes to his subordinates orders, ideas about work, etc., and through upward communication from his subordinates, he knows how his subordinates are working. Thus, effective communication both ways makes direction effective.

5) **Proper Coordination:**

Directing designs at continuous supervision of employees' activities. Two ways communication is a hard in direction. The manager will explain the plans and processes to the employees, as well as the expected results on particular time. From the top level, management may provide sufficient feedback. Employees should be encouraged to honestly and publicly discuss their opinions with their employer. It achieves coordination by ensuring that people work according to planned activities in a coordinated and integrated manner. Direction helps in coordination among various operations of the enterprise. The coordination is so important in effective directing.

6) **Effective Utilization of Resources:**

Effective utilization of resources can be helpful for both employees and managers. It ensures that employees have enough work to make their role possible and successful way, on the other side of the scope it can also stop overworking and exhaustion providing a more balanced work life overall. To produce desired results from all these functions planning, organizing, staffing, etc., the directing function is not easy. Through directing, other managerial functions are initiated and actuated. And without effective directing, managerial functions remain less effective. If managers and employees cooperate with each other and work in harmony, it promotes skills of the employees and develops managers to assume responsibilities of higher levels in the organisation.

7) **Increase Productivity:**

Through the direction, managers encourage and influence employees to contribute to the best of their capability for the achievement of organisational objectives as well as their personal. This facilitates organisational success and growth. Because managers guide their subordinates regularly and motivate them to complete the task, directing promotes worker’s efficiency. As a result of these actions, the organisation achieves the best results.

8) **Effectively Integrated Efforts :**

Directing integrates employee's efforts in such a way that every individual effort contributes to organisational performance. The activities and works of the employees across an organisation are integrated towards achieving the objectives designed by management. All the activities of the organization are integrated by directing, it leads to efficiency and effectiveness in the organisation. From the top management design strategy can be effective to achieve goal. A leader can convince his subordinates that group efforts will help to achieve organisational goals.

9) **Helps to accept Changes:**

Directing can help to introduce changes in an organisation. Changes can be introduced and managed effectively with the help of directing. Through directing the manager provides leadership and effective communication with subordinates as to convince them regarding the positive side of change. They may be taken into confidence; mostly, people in an organisation avoid changes. Effective communication, supervision, motivation and guidance help to employees to carry out tasks at the workplace. For example, the introduction of a new method of doing a particular task in a factory is resisted by workers, but when managers explain the purpose, guide and provide them training and rewards appraisal too, it can be easily accepted by the workers.

10) **Ensures Goal Achievement:**

Directing helps an organization to create good balance between organization and personal achievements or goal. People work hard to complete given task and after achievement expect rewards or appraisal too. Every individual in the organisation has some potentiality and capability which, in the absence of proper motivation, leadership, communication all elements of direction may not be used appropriate way. Direction provides the way to be used these capabilities and also it helps in increasing these capabilities.

11) **Reduce Workplace Conflict:**

Additionally setting a standard of good communication will have a positive impact on the way employees communicate with each other. Many conflicts can be avoided by employees being on the same page about what they are doing. Manager should make process easy for employees to file a formal complaint, if necessary. There should be a process for them to follow so that they are comfortable making a complaint. Creating good atmosphere where employees are encouraged to work together promotes employee engagement. Employers, managers, and supervisors must remain neutral and treat employees fairly to avoid workplace conflicts.

7.5 Principles of Directing:

Directing people at work is a complex function. It is more of an art. Directing is a complex function in management as we know. However, the efficiency of direction can be improved if the following principles are kept in view by-managers.

1) Principle of Communication :

A good system of communication between the superior and subordinates helps to achieve mutual understanding. In organization proper feedback is important from the subordinates. Systematic flow of communication between the higher authority and his subordinates is essential for coordination. Communication is important in direction function. Two-way communication gives the employee a chance to express their feelings and be employee helper to know the feeling of the employee. Misunderstanding can be removed through communication.

2) Individual Contribution:

Directions are designed at getting maximum contribution from employees by using their talent in appropriate way to getting the best results on time. Objectives of an organisation are achieved at the optimum level only when every individual in the organisation makes a maximum contribution. Therefore managers should try to get the maximum possible contribution from each subordinate. It is the duty of the managers to explore and find out the hidden talents of the employees from the organization. Employees can mostly contribute more and more than their present performance and direction helps in enhancing their contribution.

3) Unity of Command :

An employee should get orders and instructions from one superior only, that is, all directions, orders and instructions should come from one boss. If one individual receives instructions from more than one higher authority, there will be confusions, conflicts, disorders and indiscipline in the organization; and the subordinate may not be able to accomplish the instructions of any of them.

4) Direct Supervision:

Face to face direction is also important. Direction becomes more effective when there is a direct personal contact between a supervisor and his subordinates. Such direct contact improves the morale and commitment of employees. Therefore, wherever possible direct supervision should be used.

5) **Effective Leadership :**

Effective leadership is one of the important principles of directing. Managers should have a good leadership quality to influence the subordinates and make them work according to their wish. Good leadership establishes cooperation, co-ordination & confidence in the work force. Direction should provide leadership for guiding employees in their work and also timely solution to the problems faced by them. When employees face problems in carrying out their tasks, managers provide them the necessary counseling and guidance.

6) **Effective Motivation:**

Managers should know how to motivate employees different employees have their different opinion for motivation. It can be monetary rewards, promotions, Job enrichments. Cooperation of subordinates can be secured if they are ready to act for the organisation voluntarily. People will volunteer themselves for the accomplishment of goals if they are properly convince and motivated. Direction should be such that it inspires the employees to contribute fully towards the well being of the organisation. If employees got proper atmosphere and supports from higher authority they can easily work efficiently.

7) **Unity of Direction:**

Unity of Direction is more important in Direction. The one who has already assign work from Top level management. Different Departments have their different opinion and techniques to handle their employees and motivate them. An employee may get orders from one Senior only. That is, he works under one head. For instance, all activities related to marketing must be headed by marketing manager and those related to personnel should be headed by the personnel manager. This avoids duplication of actions and instructions and results in optimum use of insufficient resources.

8) **Harmony of Objectives:**

Direction should bring harmony between the individual and organizational objectives. Directing function must have resolve conflicts between personal goal as well as organizational Goal. Manager should try to bring harmony between individuals, groups and the organization. Directing is regarded as essential in personnel management as it helps all the members to satisfy their personal goals through organizational goals.

9) **Informal Organization:**

Creating informal groups to support and strengthen the formal organization. Within every formal organization, there exists an informal group or organization. The manager should identify those groups and use them to communicate information assigning tasks. There should be a free flow of information among the seniors and the subordinates as an effective exchange of information are really important for the growth of an organization.

10) **Principle of Follow Up:**

Good Direction is a Continuous process till the organization exists in the market. As per this principle, managers are required to monitor the extent to which the policies, procedures, and instructions are followed by the employees. Direction is necessary, so the management should watch whether the employees follow the orders and whether they face difficulties in carrying out the orders or instructions. If there is any problem in implementation, then the suitable modifications can be made.

7.6 Elements of Directing

There are four major elements of Directing Communication, Supervision, Motivation and Leadership .Now we shall discuss the nature and significance of each of these components.

Communications:

Communication is fundamental to the existence and survival of humans as well as to the organization. Communication is a process of creating and sharing ideas, information, views, and facts, feelings from one place, person or group to another. Communication is the key to the Directing function of management. A manager must communicate his directions effectively to the subordinates to get the work done from them properly. It refers to an act of transferring facts, ideas, feeling, etc. from one person to another and making him understand them. A manager has to continuously t guides and also at the same time, monitors his subordinates about what to do, how to do, and when to do various things. Communication is very essential to know their reactions. To do all this it becomes essential to develop effective telecommunication facilities. Therefore, the essential feature is to communicate with itself can be called by developing mutual understanding inculcates a sense of cooperation which builds an environment of coordination in the organization. A manager may be highly qualified and skilled but if he does not possess good communication skills, all his ability becomes irrelevant.

Motivation:

Motive is derived from the Latin word, Move're, meaning, to move. Motivation is a very important factor affecting human behavior. Motivation is affected by various psychological factors such as perception, learning and personality. The term motivation can be referred to as that process which excites people to work for the attainment of the desired objective. Among the various factors of production, it is only the human factor which is dynamic and provides mobility to other physical resources. Motivation is the act or process by which the needs and desires of a person move him towards some action. Motivation can be defined as the driving force within the individual that propels him or her towards a behavior or action. In normal word we can say for a particular work for own self as well as others to motivate means motivation.

Leadership:

The term leader emerges from leadership. An individual possessing attributes leadership is known as leader. While discussing about leadership, it is important to understand leader follower relationship. Only through this leadership skill, a manager can develop trust among his subordinates. Therefore it leads to guide and provide overall counseling to subordinates in the best way for achieving their objectives and also for the organization. Many times, the success of an organisation is attributed to the leader, but due credit is not given to the followers. Their skills, knowledge, commitment, willingness to cooperate, team spirit etc., make a person an effective leader. It is said that followers make a person, a good leader by acceptance of leadership. Therefore, it is to be recognized that both leader and follower play key role in leadership process.

Supervision:

Supervision means observing the work of subordinates with authority. It is an important part of directing function of every manager. Supervision means observing the subordinates at work to see that they are working according to plans and policies of the organisation and keeping the time schedule and to help them in solving their working problems. Supervision involves actual translation of plans into action. They should provide guidance and instructions to the operative employees. Managers at the top management the activities of middle level managers, who supervise the activities of lower level managers who finally supervise the conduct of non-managers, that is employees or workers of the organisation. The management acts as a link between managers and the employees. Directions given by managers at the top reach the workers through supervisors. The workers grievances or complaints reach the higher levels through supervisors.

7.7 Meaning and Definition of Supervision

- **Meaning of Supervision**

  Supervisor is a representative of management and a key figure from the point of view of employees. Supervision is an important aspect of the directing function. It involves the managerial task of observing the subordinates at work to ensure that they are working according to plans and policies of the organisation, keeping the time schedule. Supervision also includes helping subordinates to resolve their work problems. The person who supervise and how assigning task can be done on time or not. He is responsible for issuing orders and instructions, laying down work methods and procedures and initiating action. He is primarily responsible for the successful performance of work on the operating level. He is a man in the middle because he represents both management and workers. He has to keep the workers in good spirits. Motivation is one of his important functions. The supervisor's overall role is to communicate organizational needs, wants employees' performance, provides guidance, support, identify development needs, and manage the reciprocal relationship between staff and the organization so that each thing is important.

- **Definition of Supervision**

"Supervision is achieving the desired results by means of intelligent utilization of human talent" -**GR TERRY**

"Guiding and directing efforts of employees and other resources to accomplish stated work outputs."- **Terry and Franklin**

"Supervision as the day-to-day relationship between an executive and his Immediate assistant and covers training, directing, motivation, coordination, maintenance of discipline, etc." - **Newman and Warren**

Supervisors perform all the basic functions of management, namely, planning organizing, directing and control. More specifically, we are responsible for securing accomplishment of work in accordance with the standards of performance.

Supervisor:
A supervisor is a person who is primarily in-charge of a section and its employees, and responsible for both the quantity and quality of production, for the efficient performance of equipment, and for the employees in his charge and their efficiency, Training and morals at work .The manager or departmental heads on the performance of his selection. Some people consider role as that of a Behavior analyst who analyze and interpret human behavior through the work has been done by them. Supervision is concerned with instruction, guidance and inspire to workers towards better performance.

7.8 Role and Function of supervisor

- To determine individual job assignment.
- To give orders and instructions.
- To ensure proper working conditions.
- To instruct the working methods and Procedures.
- To inspire the workers for efficient Performance.
- To maintain discipline in the work Place.
- To communicate managerial decisions to workers.
- To convey workers' suggestions to management.
- To maintain team work.
- To attend to grievances of subordinates.
- To provide guidance to workers.
- To take corrective action, if necessary.
- To recommend promotion or pay increases for workers.

- To treat subordinates as friends.
- To encourage workers' participation in decision-making.
- He is concerned with the planning of day-to-day operations at the place of work.
- While communicating the intention of managers to subordinates, supervisor performs all managerial functions of planning, organizing, staffing and controlling the activities workers.
- Supervisor is holding a middle position, between management and workers. If intentions of both the parties are agreeable to each other, there is no problem.
- in case the intentions of either party are not acceptable to the other party, the supervisor has to act wisely and intelligently to convince the two parties for an amicable agree
- Supervisor motivates workers to work hard and to improve their productivity. For this, he praises the workers and recommends to promote or to pay increases.
- The supervisor listens to the grievances and complaints of his subordinates.
- Supervisor explains how to use safety devices and lays down safety standards at the work
- Supervisor evaluates the work performance of his subordinates in the light of his standards.

7.9 Effective Supervision

- **Knowledge of Rules & Regulations:**

  Supervisor should understand the full information about the organisation that is rules and regulation, byelaws, policies and procedures. The knowledge of the policies, principles, plans, programmes, rules, regulations, and procedures of the entire organisation, etc. are of significant to improve the effectiveness of a supervisor. It's desirable for a supervisor to possess a working knowledge of labor laws, Company Acts, Contract Acts, Compensation Act, etc.

- **Technical Knowledge:**

  A supervisor must have technical competence. He must have good knowledge of machine equipment, materials, tools, operational processes, plant-layout, location and ability to judge, power to convince, self confidence, creativity, maturity, etc. As the organisation becomes fully computerized environment, every supervisor would have the technical knowledge such as computing skills, electronic communication skill etc.

- **Honesty:** Supervisor should develop morality among the subordinates. Without honesty, no supervisor could achieve their organisational goals.
- **Ability to listen:** Supervisor is not only instructing their subordinates always, but also he has to hear the information given by subordinates for the welfare of the organisation.

- **Ability to talk well:** Supervisor should have the ability to communicate his subordinates for the better achievement of organizational objectives.
- **Managerial Knowledge:** The supervisor must have managerial vision to comprehend company policies and practices in their proper perspective. He should keep himself aware of changes in such policies and procedures
- **Communication Skill:** A supervisor has to issue instructions and orders continuously to his subordinates. Therefore, le must have perfect clarity in communication. He must have ability to tell, to listen and to understand the workers properly.

7.10 Direction and Supervision

Sometimes, confusion arises between direction and supervision. The basic reason For such a confusion is the context in which the term supervision is used. Therefore, two terms direction and supervision different in terms of context and content. The term supervision is used in two ways. First, it is used as an element of direction and, therefore, every manager in the organisation performs the function of supervision irrespective of his level in managerial levels. In this context, supervision involves guiding the efforts of others to achieve stated objectives. Thus, the scope of supervision is much more limited as compared to that of direction which includes motivating and leading employees and communicating with them, besides guiding them. Second, the term supervision is used to denote the functions performed by supervisors a class of personnel between management and operatives. When supervision is used in the context, it includes all supervisory functions which include planning, organizing, staffing, directing, and controlling with varying emphasis on different functions. Thus, it becomes much wider than directing particularly at supervisory level.

❖ **Exercise**

- **Detailed Questions**

1) Explain the Meaning and Definition of Directing and nature of Directing.
2) Explain the Importance of Directing in management.
3) Discuss the Principle of Effective Directing in management.
4) Discuss the Elements of Directing in details.
5) What is supervision? Explain the effective supervision.

- **Short Questions**

1) Define the term Directing.
2) Define Communication.
3) Define Motivation.
4) Explain Leadership.

5) Explain the direction and supervision.

- **Write Short notes**

1) Role and Function of Supervisor
2) Importance of Directing
3) Effective supervision

- **MCQ**

1) **_____** is the process of influencing the behaviour of people by making them strive voluntarily towards the achievement of organisational goals.
   (a) Supervision
   (b) Communication
   (c) Leadership
   (d) Motivation

Answer: Leadership

2) While other functions prepare a setting for action, name the function that initiates the action in the organisation.
   (a) Planning
   (b) Organizing
   (c) Staffing
   (d) Directing

Answer: Directing

3) Which of the following statements is true about directing?
   (a) Directing is necessary at planning stage.
   (b) Directing is needed at every level of management in each department.
   (c) Directing is initiated at lower level of management.
   (d) Directing is the least important function of management.

Answer. Directing is needed at every level of management in each department

UNIT-8 CONTROLLING

8.1 Introduction

Controlling is a management function that involves directing a set of variables towards predetermined objectives. It is the process of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established. Controlling helps to seek planned results from the subordinates, managers and at all levels of an organization. It measures the progress towards the organizational goals, brings any deviations, and indicates corrective action.

Controlling is necessary, for even the very best can be improved. Control implies information combined with action. It is a process of directing a set of variables towards predetermined objectives. Controlling consists of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established.

Controlling ensures that there is effective and efficient utilization of organisational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions. For making people act, different types of the methods like planning, organising, staffing, leading, etc. are used. But after the people start acting, generally the result that is obtained seems to be a mere waste. Now, the role of the management of the organisation is very critical and should be performed very carefully.

The primary role of management is to ensure that the results produced are exactly in accordance with the objectives, and that none of them are wasteful or useless in nature. This responsibility of the organisation's management is commonly referred to as 'controlling'.

Controlling is a very useful managerial function or tool because it guarantees that actions correspond to expected results through the use of appropriate feedback mechanisms. This process also includes fixing any time deviations to guarantee that the results are delivered on time and at the expected cost. One very important point that should be kept in mind is that for having the control, it is very necessary to plan the things, i.e., without the planning, control cannot be obtained.

The major reason behind this is that if we will not know about the things that are to be achieved, the resources that are available, the various things that are to be taken care of, etc. then it will not be possible to carry on with the process in a controlled manner.

So now, it can be said that planning is very much needed both at the personal level as well as at the organisational level as it acts as a mental discipline and plays a very major role in the process of the controlling. But one very important thing that should be taken care of is that planning that is done for controlling the process should be done very carefully and should not be vague in nature, i.e., should be very meaningful so that it can help in the establishment of the controlling standards.

Control or controlling techniques are nothing new to business. They are as old as the business itself. Controlling is necessary, for even the very best can be improved. Control implies information combined with action. It is a process of directing a set of variables towards predetermined objectives.

Managerial function of control implies measurement and correction of the performance of subordinates in order to make sure that enterprise objectives and the plans devised to attain them are accomplished. Process of control ensures that what is done is what was intended. Thus, control is the function of management which comes at the end but is never ending. It is a function to be exercised at each level of management and not related to the top management only.

Controlling consists of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organisational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions.

8.2 Meaning and Definition

- **Meaning:**

Controlling means the management of the organization is responsible for deciding predetermined standards and making sure that performance of the employees match with the standards set by the management and in case if the performance of employees does not match with standards then taking required corrective measures.

The role of the management of an organization is to make sure that the goals of the organization are achieved as planned and on time. Out of the many functions of management, the control function is one of the most important functions of the organization. Controlling means giving instructions to employees and making sure that the instructions are being followed as desired by the management.

- **Definition:**

According to Brech, controlling is a systematic exercise which is called as a process of checking the actual progress or performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.

Controlling is a systematic exercise which is called a process of checking actual performance against the standards or plans to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.

Controlling is one of the important functions of management that enables an organisation to measure and rectify the irregularities in the organisational performance. Controlling helps management to limit errors in work. It also ensures standardised work with minimum or no wastage of resources and individual efforts.

According to Henry Fayol, in an undertaking, control consists of verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established

8.3 Nature/ Features of Controlling

Controlling is a universal function that is required in almost every field as it helps in better utilisation of resources of an organisation. It is needed in educational institutions, the hospitality sector, defence forces, business organisations, etc. The figure shows the characteristics of controlling:

- It is a managerial function
- It is continuously Process
- It is a pervasive function
- It is goal-oriented
- It is a flexible process
- It is forward-looking

1. It is a managerial function: The top-level executives are not the only ones who exercise control; but managers, supervisors, departmental heads or leaders also control their subordinates. It is the duty of managers to control subordinates and team members for accomplishing goals. Managers should take necessary actions when they see deviations from the planned objectives.

2. It is continuously process: Controlling is a regular process. The executives and managers have to keep the track of the processes and the work done on a continuous basis. It an on-going process that consists of constant revision and evaluation of standards according to the change in a business environment.

3. It is a pervasive function: Managers at every level within the organisational structure exercise different controlling methods. The nature of control may differ at the top, middle, and bottom levels. People at the top-level require controlling for making policies and setting organisational objectives.

4. Managers at the middle and bottom levels exercise control for implementing those policies and plans at the lower level. Operational control is exercised at a lower level. It is the control exercised on workers to ensure that work is performed on a regular basis.

5. It is goal-oriented: The main motive behind controlling every action and process is to achieve the desired objective. The main motive behind controlling at every level of management is to achieve goals. Therefore, controlling is a goal-oriented process. Controlling is needed to keep all the functions moving on the right track. Controlling helps organisations to take timely corrective actions in case of any exigencies.

6. It is a flexible process: The process of controlling involves change in plans or standards as per the changes in the business environment. It is not a rigid process and it helps in coordinating other functions of management. It is a dynamic process that involves a change in plans or standards because of uncertainties in the business environment.
7. It is forward-looking: Control is always forward-looking. Controlling helps managers to look for alternatives by learning from previous mistakes or experiences. Work done in the past is already gone and thus, cannot be controlled. Measures can be taken to control future activities only.
8. Past performance can provide the base for controlling future results. Managers must learn from past performance in order to find out the reasons behind a particular outcome. Corrective actions must be taken to ensure that present and future work are not adversely affected

8.4 Importance of Controlling

1) Decentralization of authority

Since managers at every level of an organization have to exercise control, the controlling process leads to decentralization. This, in turn, enables middle and lower level managers to have some autonomy in making decisions. An organization that distributes authority at every level always works smoothly and efficiently.

2) Increasing managerial abilities

By enabling all managers to possess the autonomy to make decisions, controlling enhances their managerial abilities. With these skills, managers can further their organization’s goals by adapting to diverse situations and problems. Furthermore, this also helps managers grow and develop at an individual level by giving them new experiences.

3) Using resources effectively

The most important function of controlling is to compare actual performances with expected results. This, in turn, helps managers understand where they are lacking and how they can improve their performances. Using this knowledge, managers can use all available resources optimally and prevent their wastage.

4) Facilitating coordination

In every business organization, managers and employees always have to coordinate and work with each other collectively. Controlling improves this coordination by basically demarcating all activities and efforts into fixed boundaries. It brings together all the resources of an organization and enables its personnel to work together with unified efforts.

5) Structuring human behaviour

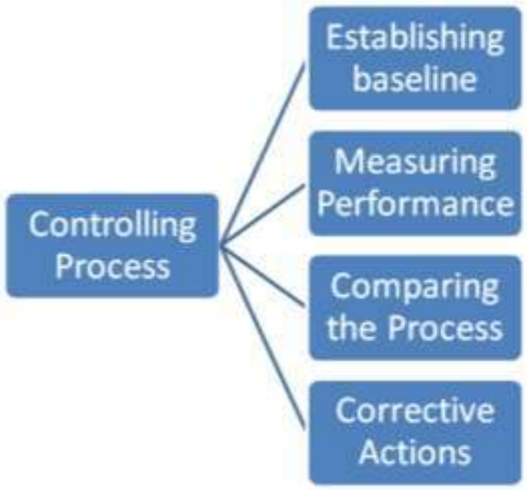
Since all organizations have to depend on humans for functioning, they need to regulate human behaviour of their employees. Controlling rationalizes this human behaviour and prevents employees from behaving arbitrarily and badly. It basically does so by providing for sanctions in case employees do not prescribe to expected standards of behaviour. For example, managers often take disciplinary action against employees who take unauthorized leaves.

6) Achieving efficiency and effectiveness

A good control system can always greatly boost an organization's efficiency and effectiveness. It generally does this by identifying deficiencies in an organization's functioning and suggesting improvement measures. Managers use control to achieve their targets in this manner.

8.5 Control Process

1. Establishing standards
2. Measuring performance
3. Comparing the actual performance against the set standards
4. Taking corrective action



1) Establishing standards

Standards refer to the plans or targets that are established by an organisation to work in the right direction. These standards are also considered as the criteria for judging employees' performance. Standards can be established in the form of profitability standards, market position standards, product leadership standards, social responsibility standards, etc.

Standards are of two types: 1) Measurable 2) tangible standards:

These standards are measurable and can be expressed in the form of cost, output, expenditure, time, profit, etc. Non-measurable or intangible standards: These standards are non-measurable like manager's performance, changes of workers, employees' attitudes, etc.

2) Measuring performance

The next stage in the process of controlling is to measure the actual performance of men and machines. Controlling helps managers to analyse and judge the performance with the help of tools like statistical data, audits, special reports, and analysis.

It is important for managers to regularly monitor, evaluate, and keep a track of the work and activities performed by their subordinates for taking corrective measures, if required.

3) Comparing the actual performance against the set standards

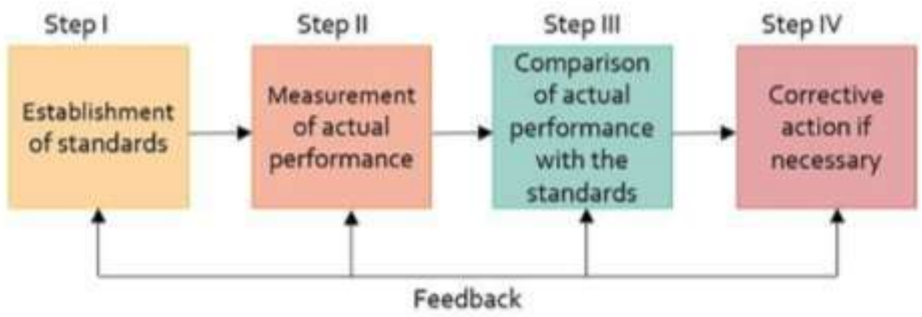
Managers have the responsibility of comparing the actual performance of workers with the pre-determined targets that help to identify irregularities. The deviation identified is the gap between the actual performance and set standards.

It is the responsibility of the manager to find the extent and reason for the deviations. Managers need to judge if the actual performance is according to the preset plans. If the deviations in the performance are critical and major, then necessary measures must be taken to find out the cause of the deviation. If the deviations are minor hen organisations can ignore them. The reasons for deviations could be incorrect planning, Bad coordination, Ineffective communication, Wrong implementation of plans.

4) Taking corrective action

Once the discrepancies between actual performances and pre-determined goals have been identified, then it is necessary to take corrective measures. Managers need to implement corrective actions by changing or modifying ways or plans.

The corrective action done on time can prevent loss, mistakes and reduction in quality. Corrective measures should also follow the procedure for establishing new standards.



Feedback in control process involves the following aspects.

- Measuring the variable being controlled and comparing it with a target value.
- Calculating the error based on the difference between the actual and desired value.
- Manipulating an input to the system to minimize the error.
- Evaluating the process or system's performance and implementing corrective actions to align outcomes with objectives.
- Constantly comparing the actual behaviour of a system to its desired behaviour and applying corrective actions to drive the system back to its target.
- Using feedback signals to calculate the difference between the output and the required value.

8.6 Characteristics of an Effective control system

1. Accuracy:

Effective controls generate accurate data and information. Accurate information is essential for effective managerial decisions. Inaccurate controls would divert management efforts and energies on problems that do not exist or have a low priority and would fail to alert managers to serious problems that do require attention.

2. Timeliness:

There are many problems that require immediate attention. If information about such problems does not reach management in a timely manner, then such information may become useless and damage may occur. Accordingly controls must ensure that information reaches the decision makers when they need it so that a meaningful response can follow.

3. Flexibility:

The business and economic environment is highly dynamic in nature. Technological changes occur very fast. A rigid control system would not be suitable for a changing environment. These changes highlight the need for flexibility in planning as well as in control. Strategic planning must allow for adjustments for unanticipated threats and opportunities.

Similarly, managers must make modifications in controlling methods, techniques and systems as they become necessary. An effective control system is one that can be updated quickly as the need arises.

4. Acceptability:

Controls should be such that all people who are affected by it are able to understand them fully and accept them. A control system that is difficult to understand can cause unnecessary mistakes and frustration and may be resented by workers. Accordingly, employees must agree that such controls are necessary and appropriate and will not have any negative effects on their efforts to achieve their personal as well as organizational goals.

5. Integration:

When the controls are consistent with corporate values and culture, they work in harmony with organizational policies and hence are easier to enforce. These controls become an integrated part of the organizational environment and thus become effective.

6. Economic feasibility:

The cost of a control system must be balanced against its benefits. The system must be economically feasible and reasonable to operate. For example, a high security system to safeguard nuclear secrets may be justified but the same system to safeguard office supplies in a store would not be economically justified. Accordingly the benefits received must outweigh the cost of implementing a control system.

7. Strategic placement:

Effective controls should be placed and emphasized at such critical and strategic control points where failures cannot be tolerated and where time and money costs of failures are greatest.

The objective is to apply controls to the essential aspect of a business where a deviation from the expected standards will do the greatest harm. These control areas include production, sales, finance and customer service.

8. Corrective action:

An effective control system not only checks for and identifies deviation but also is programmed to suggest solutions to correct such a deviation. For example, a computer keeping a record of inventories can be programmed to establish “if-then” guidelines. For example, if inventory of a particular item drops below five percent of maximum inventory at hand, then the computer will signal for replenishment of such items.

9. Emphasis on exception:

A good system of control should work on the exception principle, so that only important deviations are brought to the attention of management, in other words, management does not have to bother with activities that are running smoothly. This will ensure that managerial attention is directed towards error and not towards conformity. This would eliminate unnecessary and uneconomic supervision, marginally beneficial reporting and a waste of managerial time.

8.7 Types of Control

1. Strategic Control

Managers want to know if the company is headed in the right direction and if current company trends and changes are keeping them on that right path. To answer this question requires the implementation of strategic control. Strategic control involves monitoring a strategy as it is being implemented, evaluating deviations, and making necessary adjustments.

Strategic control may involve the re-assessment of a strategy due to an immediate, unforeseen event. For example, if a company’s main product is becoming obsolete, the company must immediately reassess its strategy.

Implementing a strategy often involves a series of activities that occur over a period. Managers can effectively monitor the progress of a strategy at various milestones, or intervals, during the period. During this time, managers may be provided information that helps them determine whether the overall strategy is unfolding as planned.

Strategic control also involves monitoring internal and external events. Multiple sources of information are needed to monitor events. These sources include conversations with customers, articles in trade magazines and journals, activity at trade conferences, and observations of your own or another company’s operations.

2. Operational Control

Operational control involves control over intermediate-term operations and processes but not business strategies. Operational control systems ensure that activities are consistent with established plans. Mid-level management uses operational controls for intermediate-term decisions, typically over one to two years. When performance does not meet standards, managers enforce corrective actions, which may include training, discipline, motivation, or termination.

and affects smaller units or aspects of the organization, such as production levels or the choice of equipment. Errors in operational control might mean failing to complete projects on time. For example, if salespersons are not trained on time, sales revenue may fall.

3. Tactical Control

A tactic is a method that meets a specific objective of an overall plan. Tactical control emphasizes the current operations of an organization. Managers determine what the various parts of the organization must do for the organization to be successful in the near future (one year or less).

For example, a marketing strategy for a wholesale bakery might be an e-commerce solution for targeted customers, such as restaurants. Tactical control may involve regularly meeting with the marketing team to review results and would involve creating the steps needed to complete agreed-upon processes.

- Tactics for the bakery strategy may include the following:
- building a list of local restaurants, hotels, and grocery stores
- outlining how the bakery website can be used to receive orders
- personally visiting local executive chefs for follow-up
- monitoring the response to determine whether the sales target is met

Thus, strategic control always comes first, followed by operations, and then tactics.

8.8 Techniques of Controlling

Controlling is the last and important function of managerial process. The purpose of controlling is to bring the actual performance to predetermined standards. For this an organisation has to adopt an effective controlling technique.

In present competitive scenario, it is important for an organisation to have such a system of control because of cut-throat competition from competitors. Hence, it is the need of an hour to adopt an effective system of controlling for enhancing the profitability by reducing the costs to the minimum.

There are a number of controlling techniques available for an organisation. The techniques can be classified under two major categories:

a. Traditional Techniques

b. Modern Techniques

a. Traditional techniques include;

- Personal Observation
- Setting examples

- Plans and policies
- Organisation charts and manuals
- Disciplinary system
- Statistical data
- Written instructions
- Special reports and records
- Operational audit
- Financial statements
- Break-even analysis
- Cost Accounting and Cost Control
- Budgets and budgetary control

b. Modern Techniques include;

- Return on investment
- Management audit
- Management information system
- Zero base budgeting
- PERT/CPM

- **Traditional Techniques of Controlling**

Following are the traditional techniques of controlling:

- **Personal Observation**

Personal observation is the oldest and most important controlling techniques. Under this technique, managers or superiors personally visit the work place irregularly and observe the performance of employees. They check if the work is going as per plans or not. If any discrepancy is found, they give instructions on the spot immediately. Personal observation technique results into first hand evaluation of work. But control through this technique is time consuming and may not be applicable in all situations.

- **Setting Examples**

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

- **Plans and Policies**

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

- **Organisation Charts and Manuals**

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

- **Disciplinary System**

Disciplinary system comprising punishments, criticism, disciplinary actions, etc. act as an important tool of control. It acts as a negative control tool. Where employees commit mistakes repeatedly and mistakes are crucial, strict disciplinary action is taken by the managers. This technique of control should be used by managers carefully as it results into fear in the minds of employees. It can cause reduced morale also.

- **Statistical Data**

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

- **Written Instructions**

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

- **Special Reports and Records**

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

- **Operational Audit**

Audit is an effective controlling tool. Operational audit refers to audit of internal operations of the organisation. The organisation conduct internal audit with the help of some specialised internal staff or may also hire the services of external audit team. Internal audit gives a review of overall working of the organisation. It depicts whether organisational policies, plans, procedures, etc. are being adopted by the employees in their day to day work or not. Thus internal audit provides an internal check over the operations of the employees and hence improve their efficiency.

- **Financial Statements**

Financial statements comprise profit and loss account and balance sheet. These statements show the true picture of the organisation in the form of working and financial position of the business. These statements also act as controlling technique. For example, the comparison and analysis of statements of different time periods reveal the trends in performance and depict the present position of the enterprise. This comparison and analysis can be used for controlling the financial position of the concern.

- **Break-Even Analysis**

Break-Even analysis is a widely used technique of controlling. It is used to find out break-even point where the total cost is equal to total revenue, i.e. the point of no loss no profit. This point is used to identify the number of units of a product that must be sold to generate enough revenue so as to cover costs.

Any production above this point will yield profits. This technique basically shows relationship between cost-volume-profit. With the help of this technique managers examine the impact of increase or decrease of units sold, and increase or decrease in price or costs on the amounts of profits. Break-even analysis is done either mathematically or graphically.

The formula to calculate break-even point is as follows:

$$Break\ Even\ Point\ \frac{Total\ Fixed\ Cost}{Contribution\ per\ unit}$$

- **Cost Accounting and Cost Control**

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

- **Budgets and Budgetary Control**

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

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

Budgeting is the process of making budgets. Budgets are prepared for various operations of the organisation, like, sales budget, production budget, financial budget, overheads budget, personnel budget, etc.

Budgetary control is a technique to use budgets for controlling activities. Budgetary control is the process of establishing various budgets for different operations of the concern for the future period, and then actual results are recorded.

The actual figures are compared with the budgeted one and discrepancies are found out and remedial actions are taken.

- **Modern Techniques of Controlling**

The modern techniques of controlling are as follows:

- Return on Investment (ROI)

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

Following is the formula to calculate ROI:

ROI = Net Profit / Total Investment

ROI is used to evaluate the efficiency of an investment. The managers can compare ROI between two or more periods of the organisation or of the two or more other organisations to draw certain conclusions regarding the efficiency. Higher ROI reflects higher performance as compared to concerns with lower ROI.

However, while doing comparisons over period, it should be considered that value of money differs in different periods. Hence, time value of money can be incorporated. Secondly, while comparing with other organisations, the terms used in ROI i.e. what components are included in profits and investments and in which units. On the basis of such calculations, mangers control the activities of their own organisation.

- Management Audit

Management audit evaluates the performance of various management functions and processes. This audit intends to examine and review the management policies and actions on the basis of certain objective standards. It is a comprehensive audit which reviews all the aspects of management.

Management audit is a systematic and independent review activity within an organisation which appraises the operations of all the departments. The objective of management audit is to help all managerial levels to perform their responsibilities effectively by providing them objective analyses, appraisals, recommendations regarding the activities reviewed. Management audit usually contains the following steps:

a. The first step of management audit is to identify the objectives of the organisation. Objectives of organisation should be clearly defined.
b. The overall objectives of the organisation are divided into various targets and plans for various segments.
c. The organisational structure is also evaluated to check whether it can achieve the overall objectives and targets effectively. The managers also identify each functional area as a responsibility centre.
d. The performance of each responsibility centre is examined. It is compared with the objectives and targets.

e. Pragmatic course of action is suggested on the basis of above examination. Motivation system is also devised to provide incentives to various personnel as per the results of management audit.

Management audit is result oriented. Management audit helps to assess the performance or progress of various mangers and accordingly, a suitable incentive system can also be linked to it. The performance is evaluated by relating inputs like man-hours, materials, wages, etc. with outputs like quantity, return, etc. Hence, the thrust of management audit is on results. The management audit acts as an important tool of management control if undertaken properly.

- **Management Information System (MIS)**

In present age of information technology, Management Information System or MIS is an important technique for providing quick information to the management. MIS provides all necessary information to the managers and superiors at different levels to help them to discharge their functions like planning, organising, decision making and controlling properly.

MIS is a scientific way of collecting, organising, processing, and storing and communicating information to various levels of management so that decisions can be taken by the managers in time. MIS helps in increasing efficiency of the organisation by providing timely, accurate and relevant information for doing various operations of the organisation.

The importance of having an effective MIS also lies in the presence of changing economic, political, social and technological conditions. Timely information helps the organisations to take advantages of various opportunities available outside and to overcome threats by taking proper actions in time.

MIS also provides internal information relating to various activities and also shows the manner of utilisation of resources in the organisation. It shows the performance of various resources. The information relating to idle time, labour turnover, wastages etc. can also help the managers to control various costs. In present information scenario, it is very important to have an effective management information system in the organisation. It will be very difficult to manage and control the operations without an effective MIS.

- **Zero Base Budgeting (ZBB)**

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

ZBB starts with a base taken as zero. In this technique, all activities are analysed in terms of their needs and costs. In the budget, every expense has to be justified in the presence of prevailing conditions. Unlike conventional budgeting, where previous year inefficiencies can enter, zero base budget starts from scratch and is prepared every time. Following are the steps involved in the process of zero base budgeting:

a. Determination of the objective of budgeting: the first step of ZBB is to determine the objective of budgeting very clearly. Objective may be to reduce cost; it may be accomplished by cutting down salaries, or by dropping an unprofitable product or project. Hence, objective of budgeting should be clearly defined at the first instance.
b. Determination of Scope of application: scope of application of ZBB is decided. ZBB can be applied to whole organisation or to some specific areas.
c. Development of Decision Units and Decision Packages: In next step, decision units are developed and for each decision unit, decision packages are determined. A decision unit is that for which cost benefit analysis can be done so as to arrive at a decision regarding continuing or discontinuing any particular unit. A decision package involves ranking of all activities in order of their importance based on cost benefit analysis.
d. Allocation of resources: Finally, resources are allocated according to ranking of decision packages to have optimum results.

Ranking of projects on the basis of cost benefit analysis help the management to eliminate the unnecessary expenditures. Hence, management uses ZBB as a controlling technique to achieve organisational objectives in an efficient manner.

- **PERT/CPM**

The project management techniques, PERT (Programme Evaluation and Review Technique) and CPM (Critical Path Method) are useful for managerial functions like planning, scheduling and controlling. These techniques help the mangers in completing the projects on schedule. Presently, organisations are involved in various projects which are very large in size and take more time. Companies make use of these networking techniques to schedule the complex projects which involve many activities. Though the two techniques differ slightly, but both are based on same principles.

PERT/CPM is a tool used to plan, schedule and control large projects consisting of a number of independent activities and with uncertain completion time. In this technique, a network diagram is prepared that shows the sequence of activities needed to complete a project and time and cost associated with each activity.

Hence, the purpose is to identify critical activities which are essential to perform and complete the project and to identify the time (least possible) and cost associated with each activity. Thus, these techniques not only help in planning but also help managers to monitor and control the progress of the project, find out any obstacles and provide proper resources to complete the project as per schedule. The major limitation of PERT and CPM technique is that they cannot be effectively applied in manufacturing operations as the main focus of these techniques is on time and not on quality which is a key factor in manufacturing.

8.9 Advantages and Limitations of Controlling

The following are the advantages of control system:

1. Basis for Future Action

Control provides basis for future action. The continuous flow of information about projects keeps the long range planning on the right track. It helps in taking corrective action in future if the performance is not up to the mark. It also enables management to avoid repetition of past mistakes.

2. Helps in Decision-making

Whenever there is deviation between standard and actual performance the controls will help in deciding the future course of action. A decision about follow up action is also facilitated.

3. Facilitates Decentralization

Decentralization of authority is necessary in big enterprise. The management cannot delegate authority without ensuring proper controls. The targets or goals of various departments are used as a control technique. If the work is going on satisfactorily then top management should not worry.

The 'management by exception' enables top management to concentrate on policy formulation. Various control techniques like budgeting, cost control, pre action approvals allow decentralization without losing control over activities.

4. Facilitates Co-ordination

Control helps in co-ordination of activities through unity of action. Every manager will try to co-ordinate the activities of his subordinates in order to achieve departmental goals. Similarly, Chief Executive will co-ordinate the functioning of various departments. The controls will act as checks on the performance and proper results will be achieved only when activities are coordinated.

5. Helps in Improving Efficiency

The control system helps in improving organizational efficiency. Various control devices act as motivators to managers. The performance of every person is regularly monitored and any deficiency is corrected at the earliest.

6. Psychological Pressure

Controls put psychological pressure on persons in the organization. Everybody knows that his performance is regularly evaluated and he will try to improve upon his previous work. The rewards and punishments are also linked with performance. The employees will always be under pressure to improve upon their work. Since performance measurement is one of the important tools of control it ensures that every person tries to maximize his contribution.

- **Limitations of Control:**

Though control is essential for better performance and maintenance of good standards, there are certain limitations also. Some of the limitations are discussed as such:

1. Influence of External Factors

There may be an effective control system but external factors which are not in the ambit of management may have adverse effect on the working. These factors may be government policy, technological changes, change in fashion, etc. The influence of these factors cannot be checked by the control system in the organization.

2. Expensive

The control system involves huge expenditure on its exercise. The performance of each and every person in the organization will have to be measured and reported to higher authorities. This requires a number of persons to be employed for this purpose. If the performance cannot be quantitatively measured then it will be observed by the superiors. The exercise of control requires both time and effort.

3. Lack of Satisfactory Standards

The performance of certain activities involving human behaviour cannot be fixed in terms of quantities. It is difficult to fix standards for activities like public relations, management development, human relations, research, etc. The evaluation of work of persons engaged in these activities will be difficult.

4. Opposition from Subordinates

The effectiveness of control process will depend upon its acceptability by subordinates. Since control interferes with the individual actions and thinking of subordinates they will oppose it. It may also increase the pressure of work on subordinates because their performance is regularly monitored and evaluated. These factors are responsible for the opposition of controls by subordinates.

❖ **Exercise:**

Q-1 Long Questions:

1. Give meaning of controlling and write the definition of controlling.
2. Explain the Nature/ Features of Controlling.
3. Describe the importance of Controlling.
4. Write in detail the Control Process.
5. Write the characteristics of an effective control system.
6. State and explain the types of Control.
7. Write the techniques of Controlling.
8. Explain the advantages and limitations of Controlling.

Q-2 MCQs:

1) **Control is exercised when ____________**
   a) When something goes wrong
   b) When efficiency is to be improved
   c) Regularly
   d) When the Management desires

2) **Corrective action is a part of________**
   a) Planning
   b) Organising
   c) Controlling
   d) All of the above

3) **'Controlling is required at all the levels of management'. Which feature of controlling is being highlighted?**
   a) Controlling is a goal oriented function
   b) Controlling is pervasive
   c) Controlling is a continuous function
   d) Controlling is both a backward looking as well as forward looking function.

4) **Planning and controlling are _____________ to each other.**
   a) Opposite
   b) Unrelated
   c) Inter related
   d) Separate

5) **In Controlling, actual performance is compared with______________**
   a) Performance of other employees
   b) Performance of previous year
   c) Planned Performance
   d) None of the above

6) **Controlling function of an organisation is_____________**
   a) Forward looking
   b) Backward looking
   c) Both a) and b)
   d) None of the above

7) **Controlling is______________**
   a) Backward looking function
   b) Forward looking function
   c) Both backward as well as forward looking function
   d) None of the above

8) **Controlling and planning are______________**
   a) Independent functions
   b) Interdependent functions
   c) Both a) and b)
   d) None of the above

9) **The main objective behind controlling is ___________**
   a) Punishing the guilty
   b) Fixing responsibility of the subordinate
   c) Ensuring conformity of performance with established standards
   d) Creating a fear for discipline

10) **Which step of controlling comes before 'Measurement of Actual Performance'?**
   a) Setting performance standards
   b) Analysing Deviations
   c) Comparing actual performance with standards
   d) Taking Corrective Action

11) **Controlling is performed at________________**
   a) Top level
   b) Middle level
   c) Supervisory level
   d) All of the above

BBA
SEMESTER-1 CORE
PRINCIPLES OF MANAGEMENT
BLOCK: 3

Authors' Name: Dr. Dhaval Pandya , Assistant Professor, Dr. BAOU, Ahmedabad
Dr. Khushbu Jadav , Assistant Professor, Dr.BAOU, Ahmedabad
Dr. Varsha Gondaliya,Assistant Professor,C.K.Pithawalla College of commerce –Management,Surat
Dr.Kamal K.Agal , Associate Professor, Dr. BAOU, Ahmedabad
Mr. Ankit Joshi, Assistant Professor, Dr. BAOU, Ahmedabad

Review (Subject): Dr. Jasmin Padiya, Associate Professor, GLS University, Ahmedabad

Review (Language): Dr.Jainee Shah, Assistant Professor, Nirma University, Ahmedabad

Editor's Name: Prof. (Dr.) Manoj Shah
Professor and Director,
School of Commerce and Management,
Dr. Babasaheb Ambedkar Open University,
Ahmedabad.

Publisher's Name: Dr. Ajaysinh Jadeja
Registrar,
Dr. Babasaheb Ambedkar Open University
'JyotirmayParisar',Opp.ShriBalaji
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Gujarat,India.

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UNIT-9 CO-ORDINATION

9.1 Introduction

Coordination is the synchronisation of individual and group efforts providing unity of action for the realisation of common goals. It is the orderly integration of unified actions of the different units of an organisation ensuring quality work, timing and a systematic set of actions for achieving the planned objectives with fewer conflicts. Coordination helps with the integration of various tasks and responsibilities of the employees of one unit with those of the other units within the same organisation. Co-ordination is the unification, integration, synchronization of the efforts of group members so as to provide unity of action in the pursuit of common goals. It is a hidden force that binds all the other functions of management.

9.2 Meaning and Definition

Coordination establishes the channel of communication between the people in different units and departments executing the tasks and activities of the enterprise. It refers to coordinating a variety of tasks and responsibilities of the entire workforce with each other and with the other units within the same organisation. It also involves connecting the organisation with the broader community externally (external stakeholders) like the suppliers, vendors, customers and many other external sources.

According to Theo Haimann**,** "Coordination is the orderly synchronizing of efforts of the subordinates to provide the proper amount, timing and quality of execution so that their united efforts lead to the stated objectives, namely the common purpose of the enterprise."

According to Brech, "Coordination is balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with harmony among the members themselves."

According to McFarland, "Coordination is the process whereby an executive develops an orderly pattern of group efforts among his subordinates and secures the unity of action in the pursuit of common purpose."

According to Mooney and Relay, “Co-ordination is an orderly arrangement of group efforts to provide unity of action in the pursuit of common goals”.

According to Charles Worth, “Co-ordination is the integration of several parts into an orderly hole to achieve the purpose of understanding”.

9.3 Need for Coordination

The organization incorporates several departments such as Human Resource, Production, Marketing, Purchase, Sales, Finance, Research, and Development. Each department has its roles interlinked to the management. Further, an organization is divided into three primary levels, namely:

- Top-level comprises managing directors and chief executives.
- Middle-level comprises directors and departmental heads.
- Lowest-level comprises manager heads, supervisors, and forepersons.

For many organizations, the primary objective of coordination is to ensure that different departments work in the same direction to accomplish the company’s goals while maximizing resources. It focuses on incorporating all the organization’s components in the overall plan and strategies for its success. Meanwhile, coordination tends to manage resources and team members reasonably such that no conflicts are arising in the organization. Like they put it, coordination comes with unity in the performance of organizational strategies.

9.4 Features of Co-ordination

Features of Coordination consist of the following features:

1) Assimilates group efforts

Coordination combines diverse business activities into a purposeful group activity, ensuring that all people work in one direction to achieve organizational goals. It provides a common to group focus effort so that the performance is as it was planned and scheduled.

2) Assures unity of action

Coordination directs the activities of different departments and employees towards achievements of common goals and brings unity in individual efforts. It performs as the binding force between departments and assures that all action is aimed at achieving the organizational goals. In an enterprise, the production department needs to coordinate its work with the sales department so that production takes place to the demand in the market.

3) A continuous process

Coordination is essential in every stage of managerial functions. Starting right from the stage of planning, it continues till controlling. It is a continuous process that is required at all levels, in all the departments till the organization continues its operation. In an enterprise, which makes shoes, first they need to come up with a good plan. Then they have to make sure that there is an adequate workforce and continuously monitor whether production is proceeding according to plans. The marketing department also needs to prepare their promotional and advertising campaigns so that they can increase their sales.

4) An all-pervasive function

Coordination is in nature. It integrates the activities of all levels and departments as they are dependent on each other to maintain balance in the organization. To achieve organizational objectives harmoniously, the purchase, production, and sales departmental efforts have to be coordinated properly.

5) The responsibility of all managers

In an organization, every manager needs to perform the function of coordination. It is equally important at all the three levels of management, i.e. top, middle and lower levels. Top-level managers need to coordinate with their subordinates to make sure that all the policies for the organization are carried out properly. Middle-level management is the one that coordinates with both the top level as well as the lower-level managers. The operational level or the lower level management coordinates the activities of its workers to ensure that work proceeds according to plans.

6) A deliberate function

Coordination is never by itself; rather it is a conscious effort on the part of every manager. Even where members of a department willingly cooperate and work, coordination gives direction to that willing spirit. Cooperation is a voluntary effort of employees to help one another. Effective coordination cannot be achieved without the cooperation of group members. Cooperation in the absence of coordination may lead to wasted effort, and coordination without cooperation may lead to dissatisfaction among employees.

9.5 Importance of Co-ordination

Coordination is important as it assimilates the efforts of individuals, departments, and specialists. The primary reason for coordination is that departments and individuals in the organization depend on each other for information and resources to perform their respective activities. Thus, managers need to reconcile differences in approach, timing, effort, or interest. At the same time, there is a need to harmonize individual goals and organizational goals. Co-ordination is the unification, integration, synchronization of the efforts of group members so as to provide unity of action in the pursuit of common goals. It is a hidden force that binds all the other functions of management.

1) Growth in size

When there is an increase in the size of the organization, the number of employees also rises. Sometimes, it becomes tough to assimilate the efforts and activities of the worker. As we know, every individual is different in their way, be it their habit of working, background, approaches to situations, and relationships with others, etc. It becomes very important to make sure that all individuals are working for a common goal of the organization. Some employees have individual goals also. Therefore, it becomes very important to harmonize individual goals and work for organizational goals through coordination to achieve organizational efficiency.

2) Functional differentiation

In an organization, activities and functions are frequently divided into departments, divisions, or sections. In an organization, there may be separate departments of finance, production, marketing, or human resources. All these departments have their objectives and working style. But all these departments and sections depend on each other. All the activities of all these departments should focus on attaining the common goal of the organization. Coordination helps to accumulate activities of this department, so that they can proceed together in a single direction instead of working as independent units.

3) Specialization

Specialization is the result of the complexities of modern technology and a variety of operations performed. Thus, there is a need for the organization to recruit a plentiful of specialists. The specialists qualify in a particular area and work accordingly. They analyse and take decisions related to their specialization for the advancement of the organization. Different specialists working in the same organization might sometimes result in conflicts among one another. Therefore, coordination is required to harmonize the conflicts and differences in way of thinking, interests, and beliefs of the specialists.

4) Accomplishing organisational goals

The controlling process is implemented to take care of the plans. With the help of controlling, deviations are immediately detected and corrective action is taken. Therefore, the difference between the expected results and the actual results is reduced to the minimum. In this way, controlling is helpful in achieving the goals of the organisation.

5) Judging accuracy of standards

While performing the function of controlling, a manager compares the actual work performance with the standards. He tries to find out whether the laid down standards are not more or less than the general standards. In case of need, they are redefined.

6) Efficient use of resources

Controlling makes it possible to use human and physical resources efficiently. Under controlling, it is ensured that no employee deliberately delays his work performance. In the same way, wastage in all the physical resources is checked.

7) Employee motivation

Through the medium of controlling, an effort is made to motivate the employees. The implementation of controlling makes all the employees to work with complete dedication because they know that their work performance will be evaluated and if the progress report is satisfactory, they will have their identity established in the organisation.

8) Ensuring order and discipline

Controlling ensures order and discipline. With its implementation, all the undesirable activities like theft, corruption, delay in work and uncooperative attitude are checked.

9) Facilitating coordination in action

Coordination among all the departments of the organisation is necessary in order to achieve the organisational objectives successfully. All the departments of the organisation are interdependent. For example, the supply of orders by the sales department depends on the production of goods by the production department.

Through the medium of controlling an effort is made to find out whether the production is being carried out in accordance with the orders received. If not, the causes of deviation are found out and corrective action is initiated and hence, coordination between both the departments is established.

9.6 Types of Co-ordination

In an organization, the efficient coordination of internal and external components helps in reducing the complexities (both internal and external). Therefore, the organization experiences an increase in productivity, easier integration of micro and macro level organizational dynamics, a better connection of roles among intra-organizational and inter-organizational groups as well as building trust among competing groups, and defining organizational tasks. Coordination is primarily of two types – internal coordination and external coordination.

Internal Coordination

Internal coordination is all about establishing a relationship between all the managers, executives, departments, divisions, branches, and employees or workers. These relationships are established with a view to coordinate the activities of the organization.

Internal coordination has two groups:
1) Vertical coordination
2) Horizontal coordination

1) Vertical coordination

In vertical coordination, a superior authority coordinates his work with that of his subordinates and vice versa. For example, a sales manager will coordinate his tasks with his sales supervisors. On the other hand, all sales supervisors ensure that they work in sync with the sales manager. Vertical coordination describes a process whereby teamwork is harnessed in an organization in order to attain success in a project. This process entails techniques put together by employees within vertical hierarchical levels to accomplish a task. Hence, the employees involved do not have to be on that same level.

2) Horizontal coordination

In horizontal coordination, employees of the same status establish a relationship between them for better performance. For example, the coordination between departments heads, supervisors, co-workers, etc. In other words, in internal coordination, an employee either reports vertically to the supervisor and/or the subordinates and horizontally to the colleagues and/or co-workers. Horizontal coordination is achieved amongst activities of people of different departments working at the same level. It is “the linking of activities across departments at similar levels. It links the activities of four primary departments’ production, finance, personnel and sales”. The need for horizontal coordination arises when departments depend upon each other for information or products. When information is transacted across departments, departmental managers share their views on the same problem and arrive at innovative ideas and thoughts to deal with the situation.

- **External Coordination**

As the name suggests, external coordination is all about establishing a relationship between the employees of the organization and people outside it. These relationships are established with a view to having a better understanding of outsiders like market agencies, public, competitors, customers, government agencies, financial institutions, etc. Usually, organizations entrust a Public Relations Officer (PRO) with the responsibility of establishing cordial relationships between the employees of the organization and outsiders.

9.7 Techniques of Co-ordination

Co-ordination is a continuous process and it is done at all levels of management. Managers use a variety of techniques in the business organisation to achieve co-ordination. Co-ordination can easily be achieved if managerial functions are properly designed and executed. Thoughtful and proper design of managerial functions is the key to successful co-ordination.

Almost all managerial functions directly affect co-ordination, for example planning, organisation, depart mentation, supervision, leadership and control. Policies and procedures should be co-ordinated while planning the objectives and goals of the business concern. If the policies and procedures are in consistent with objectives, it will create problems to the business concern.

Therefore, there should be clear-cut and effective delegation of authority and specified relationships to avoid many conflicts and misunderstanding. This promotes co-ordination. It is the duty of top executives to create various departments based on various functions and establish relationship between various departmental heads, managers, executives and subordinates.

People, leadership and supervision, too, promote co-ordination which ultimately results in team spirit and honest effort for achieving ultimate objectives. Control techniques also help the organisation towards achieving common objectives of the organisation as well. The co-ordination can be achieved if manager starts co-ordination efforts of unifying, blending and harmonizing from the very early stage of planning and continues to the last stage of controlling.

1) Self-Coordination

Self-coordination involves functioning of each department in such a way that each department coordinates with other departments. Each department, section, or individual affects others and is also affected by others. Therefore, if these departments, sections, or individuals adopt a method of working which facilitates others, self-coordination is achieved. This can be done by better horizontal communication.

However, mere communication does not work unless there is a proper organizational climate in which each one sees the integration of his objectives with organizational objectives and also the benefits of his department with others.

2) Committees

Committee is a body of persons entrusted with discharge of some functions collectively as a group. The role of a committee is significant in achieving horizontal coordination, that is, coordination of efforts of functional, divisional, or territorial units. Committee ensures that problems which arise out of relationships among various units can be solved by group decisions.

Group decision making provides opportunities for free discussion and exchange of ideas, problems, proposals, and solutions. This creates better understanding of each other which helps in coordination.

3) Leadership

If coordination cannot be achieved by mere exercise of authority, managers can use leadership to bring coordination among their subordinates. Leadership is the process of influencing and supporting others to work willingly and enthusiastically to achieve desired results. It persuades the people working in groups to keep group interests above their personal interests. Thus, many conflicting situations can be overcome by inducing people to work in harmony by exercising leadership.

4) Chain of Command

In an organization, the chain of command is the most important technique of coordination, particularly vertical coordination. Vertical coordination is required to synchronize the work allocated to several management levels in the organization. It ensures that the various levels act according to organizational prescriptions.

A manager can achieve vertical coordination by using his authority and issue orders and instructions to his subordinates to act in a coordinated way. He can define the authority of his subordinates, their functions, and timing of performance of these functions. This process can go down the organization. However, role of chain of command in achieving vertical coordination is limited.

5) Goals and Objectives

Planning involves determination of targets and time-schedules for the interdependent departments. If each department is handed a task to be completed within a given period, coordination will be much easier. Particularly so, if the interdependent departments are engaged in widely divergent activities with different time and goal orientations in which case enforcing coordination by means of rules and procedures, or by hierarchy, may not be effective enough.

6) Liaison or Relationship Roles

Growth of interactions and volume of information exchanged between any two or more departments may make it necessary to establish a liaison or linkage role-strategy between them. Accordingly, any one or more persons may be assigned the duty of resolving issues between any two or more interdependent departments. Any person(s) performing the liaison role will necessarily face conflicting performance-expectations from the interdependent departments. This will naturally create stress situations for him. Moreover, all liaison persons may not be equally competent to handle all the problems between interdependent departments.

7) **Hierarchy**

Any shortcoming of coordination by means of rules and procedures may be made good by crafting a chain of command where a common supervisor has authority to monitor and control the interaction between individuals and departments concerned. The only limitation of coordination by means of use of hierarchy is that it may leave little time for the common supervisor to attend to his own area of responsibility, particularly if the time and the goal orientation of the interdependent subordinates are different.

8) **Rules and Procedures**

Establishment of specific rules and procedures as regards different activities and the people performing them, is by far the simplest method of coordination. The rules and procedures serve as guidelines in respect of the action to be taken in a given situation to minimize interaction between individuals and groups of individuals on this account.

An important advantage of coordination through rules and procedures is that while individuals and groups may change, the rules and procedures will be relatively permanent. But the main drawback of rules and procedures is that they can be useful only where interdependent activities are predictable and it is easy to secure individual and group response.

9) Effective Communication

Effective communication is the key to proper coordination. The channels of communication used in the enterprise should be reliable so that they are able to create proper understanding in the minds of the receivers. Personal contacts should be encouraged as it is the most effective means of communication for achieving coordination.

10) Depart mentation

Depart mentation facilitates co-ordination in a better way than other techniques. It is one of the important means of dividing the large scale business concern into smaller administrative units. Depart mentation is done on the basis of functions products, customers, territories and so on. As these departments are interdependent, co-ordination is automatically established.

9.8 Principles of Co-ordination

Coordination refers to the process of organizing and aligning the actions and activities of individuals or groups in order to achieve a common goal or objective.

There are several principles that can be helpful in coordinating the actions of individuals or groups effectively. These are the main principles of coordination:

1. Principle of Direct Contact
2. Coordination at Early Stages
3. Principle of Continuity
4. Principle of Dynamism
5. Principle of Timing
6. Principle of Reciprocal Relationship

1) Principle of Direct Contact

The principle of direct contact states that Coordination can be achieved by direct contact among people whose activities are to be coordinated. Such contact can be established through the provision of an effective communication system. Direct contact helps in bringing agreement on work methods, actions and achievement of ultimate objectives. It helps to wither away the controversies and misunderstandings among organisational members as well as external parties. The principle of direct contact is based on the theme that Coordination is better achieved through mutual understanding and not by force order or coercion.

2) Coordination at Early Stages

Coordination can better be achieved if it is attempted at the early stage of the work cycle that is at the planning stage. At the stage of planning such as objective setting, strategy and policy formulation, etc., Coordination can be sought from organisational members. This may be done through their participation in the decision-making process. When members are involved in the decision-making process, they realise how their work performance affects other members of the organisation. This happens because participative decision-making enables members to commit and agree on various issues. Conflict and in congruency are reduced which are major hurdles to effective coordination.

3) Principle of Continuity

The principle of continuity states that coordination should be treated as a continuous process; it should be taken on a regular basis. Coordination should be treated as a never-ceasing and never-ending exercise of all managers and in all functions.

4) Principle of Dynamism

The principle of dynamism states that coordination does not work on the basis of rigid and fixed basis but on a dynamic basis. Dynamism is required because changes occur in external factors, which necessitate changes in the organisation and its processes including coordination. When organisational changes take place, many old organisational practices do not remain workable. This is true for coordination too.

5) Principle of Timing

The principle of timing involves that various organisational units and members should synchronise the timing of their work performance. One member of the organisation facilitates the working of another if he synchronises the timing of his work with the working of another. For example, in an assembly work, the different stages of the work are interrelated in such a way that a subsequent stage can be undertaken only when the earlier stage has been completed. In such a case, Coordination of timing at different stages is important.

6) Principle of Reciprocal Relationship

A reciprocal relationship exists between two or more parties in which each party affects the functioning of others and in turn, is affected by others. In the organisational context, various departments may have reciprocal relationships though the amount of reciprocity may not be equal in the reciprocal relationship.

If a department is affected by some functions of another department but the former does not have control over these functions, the problem of coordination arises. In this situation, the functions and the way of performing such functions are altered in such a way that these affect others positively. For example, the level of production in the production department may be decided in consultation with the marketing department so that the optimum level of production is maintained.

9.9 Obstacles in Co-ordination

Generally, management does not have any defined functions, yet coordination is a critical part of the process. A team's coordinated activities must be brought together, integrated, and timed perfectly to achieve a single goal. It is the underlying force that connects all of management's other duties. Coordination, the core management tasks such as planning, organizing, staffing, leading, and regulating are all carried out. As a result, coordination cannot be separated from management, as creating harmony between individuals' efforts toward collective goals is critical to management success.

The core of management is coordination, which is implicit and fundamental in all of management's duties. To achieve the same goal, departments must work together in a coordinated fashion to ensure that their efforts are aligned. Management is held together by the power of this one function. Planning, organizing, staffing, directing, and managing are some of the core duties of an organization's management team, which aims to achieve optimum coordination. Because management is only successful if it can establish harmony among its personnel and departments, coordination is not a distinct management job.

The major purpose of coordination in many businesses is to guarantee that all of the company's divisions work together to achieve the company's objectives while utilizing the company's resources. It focuses on integrating all of the organization's components into its success's overarching strategy and tactics. As a result of coordination, the organization's assets and staff members are kept in check, and disputes are avoided. When it comes to carrying out organizational strategies, coordination and unity go hand in hand, as they put it. Coordination might be difficult to achieve in some settings or due to certain issues.

The following are the main obstacles in co-ordination:

- To develop cohesion, the company's goals have to be clearly articulated. The organization's expectations of each employee and department must be clear. The company's top management must clearly state the company's goals as a whole. There must be a connection between all of its strategies, and they must be structured to work together. Only then can the organization function as a whole.
- One of the most crucial aspects of effective organizing is the division of labour. It would not be easy to manage the company's activities if the duties are not allotted to employees based on their abilities and qualifications.
- Coordination will be problematic if a lack of clarity exists about the level of codification, the span of control, degree of centralization, etc., and operations are not adequately departmentalized.
- The lines of authority have to be delineated to accomplish coordination. Authority must be allocated. Individuals must be aware of what their superiors expect of them. It is necessary to hold a subordinate accountable for his work area's outcomes once he accepts power. Intersecting of jurisdiction and wasted effort should be avoided at all costs.
- Coordinating an organization is impossible without well-developed communication networks that allow two-way communication to occur smoothly. It is widely accepted that the most efficient way to achieve coordination is through direct interaction between parties. The records and reports provide accurate and timely information to different organizations' groups.
- The gulf between upper and lower level employees will widen due to the knowledge gap. As a result, the company is unable to effectively coordinate its efforts.
- In a huge company, many people work together and communicate regularly. Ideally, they should communicate effectively and work together as a team. Misunderstandings often occur among co-workers, making it difficult to maintain effective communication.

9.10 How to improve coordination

1. Create a roadmap

Teams frequently perform better when there is good coordination. It is easier for a team to function as a unit if the leader defines the team's goals at the outset. It is important that managers or team leaders create a clear plan or roadmap to increase productivity and fulfil business goals. This ensures that all team members are aware of the goals from the beginning. The components of this plan can include the team's mission, each member's tasks and responsibilities, important resources and team procedures.

2. Plan and communicate

Effective communication is important for ensuring a project's success. This does not require hours of daily phone or video calls. It is important that leaders communicate with the right teams at appropriate times. Regularly sharing notes and feedback can be an effective way to increase productivity. A competent manager is honest, articulate and empathic when discussing a team's goals. To keep the team engaged and well-coordinated, it is also important that the team leader has excellent communication skills. For example, language and cultural limitations could make a collaborative effort between two teams from different countries challenging.

3. Define individual roles in the team

It is important for managers to define each team member's responsibilities clearly. This is especially important if they are working with geographically dispersed teams. A team performs better when individual members have clearly defined roles depending on their skill levels and aptitude.

4. Use project management tools

Project management templates and tools improve the effectiveness of a project while increasing team productivity. Employees can manage alterations to high-impact projects by using appropriate tools. Some significant elements for the efficient operation of teams include effective client management software, an appropriate learning management system and an excellent conference system.

5. Resolve conflicts quickly

Disputes may arise between team members. Conflicts can occasionally result from a breakdown in communication or personal challenges. It is important to ensure that conflicts do not interfere with the team's productivity. Try to settle disputes by addressing the issue in the most productive way possible.

6. Reward good teamwork

Coordination becomes an incentive when companies reward people for their efforts. For frontline staff who might not feel part of the team, collaboration is even more important. Consider finding ways to recognise the accomplishments of successful teams in public, whether by bestowing an award in front of their colleagues or by publishing an article highlighting their successes. Teams that work well together are likely to continue to do so if they receive recognition.

- **Conclusion:**

Coordination in management is important as it strengthens team spirit, provides direction, exhibits leadership, fosters partnerships and produces better outcomes by avoiding waste and minimising conflicts within the company. Three types of coordination are Vertical coordination (synchronisation of activities at different levels), Horizontal coordination (occurs between employees at the same level) and External coordination (building external relationships with stakeholders, customers and competitors). Improvement in business coordination can be achieved by creating a roadmap, planning effective communication, clearly defining individual roles, using project management tools, resolving conflicts quickly and rewarding good teamwork.

Coordination in management helps employees to work together through organisation and effective planning. This helps staff perform their specific duties and achieve the objectives of the company. Coordination ensures there are fewer barriers between different functions and that the exchange of information and resources is easy and transparent between employees. Every stage of an organisation's expansion and development requires coordination. Through it, the organisation's different divisions operate in unison and in coordination. Coordination is important for avoiding waste, promoting goodwill between employees and minimising disagreements within a company.

❖ **Exercise**

Q-1 Long Questions:

1) Give meaning and definition of coordination.
2) Write the features of co-ordination.
3) Explain the importance of co-ordination.
4) Describe the types of co-ordination.
5) Explain the techniques of co-ordination.
6) Explain the principles of co-ordination in detail.
7) Explain the obstacles in co-ordination.
8) How to improve coordination? Explain in your own words.

Q-2 Fill in the Blanks.

1) ____________________ Coordination combines diverse business activities into a purposeful group activity. (**Coordination)**
2) Coordination is never by itself; rather it is a conscious effort on the part of every ____________ **(Manager)**
3) ________________does not have any defined functions, yet coordination is a critical part of the process. (**Management)**
4) A reciprocal relationship exists between __________parties. (**Two or more)**
5) When there is an increase in the size of the organization, the number of employees also ___________ (**rises.)**
6) Coordination becomes a ___________when company's reward people for their efforts. **(Incentive)**

Q-3 Short Notes:

1) Internal Coordination
2) Principle of Direct Contact
3) Different Types of Coordination

UNIT-10 AUTHORITY AND RESPONSIBILITY

10.1 Introduction

Management is system of hierarchical relationship and organising as one of the functions of management provides a structure to this system. Organizing is the backbone of management. The word 'organization' is also used widely to connote a group of people and the structure of relationships.

The principle of authority and responsibility in management emphasizes the interdependence of these two concepts in achieving organizational goals. Authority refers to power and decision-making ability, while responsibility pertains to being answerable for actions and fulfilling assigned tasks.

It is essential to strike a balance between authority and responsibility to ensure effectiveness in the organization. Excessive authority without corresponding responsibility can lead to misuse, while responsibility without sufficient authority hampers goal achievement.

Proper delegation of authority is crucial, ensuring that employees have the necessary power to perform their duties efficiently without exceeding their limits. This principle promotes a harmonious relationship between management and employees, enabling effective decision-making and accountability. Managers must understand and maintain the right balance between authority and responsibility for a productive and accountable work environment.

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

10.2 Meaning and Definition

- **Authority:**

Authority is the key to managerial functions. It is the right or the power assigned to an executive to achieve certain organizational objectives. Authority is right to direct others to get things done. Authority is a commanding force binding different individuals. It indicates the power of making decisions, giving orders and instructions to subordinates. For eg. a person may be entrusted authority regarding spending money, to assign work, making day to day plans, to issue materials, hiring employees or order merchandise etc. Without authority, a manager cannot get the work done through others.

According to Henry Fayol "Authority is the right to give order and the power to exact obedience".

Koontz and O'Donnell define authority as "the power to command, to act or not to act in a manner deemed by the possessor of the authority to further enterprise or departmental performance".

Authority enables a manager to discharge his responsibilities. If a manager does not have adequate authority, he cannot perform these functions effectively. Authority empowers an individual to take decisions and to command and to exercise control over his subordinates for execution of policies and programmes. Authority is a legal power which is possessed by a person from his superior officers and with the help of which he succeeds in getting the things done by his sub-ordinates. Authority makes possible the compliance of the orders which would merely be words in the absence if authority. Authority flows downwards. Authority is delegated from above but must be accepted from below i.e. by the subordinates.

- **Responsibility:**

Responsibility is the obligation of a subordinate to perform a duty, which has been assigned to him by his superior. This shows that the obligation is the essence of responsibility. In view of organizational set up, the superior-subordinate relationship gives rise to this responsibility as the superior is vested with the authority to get the specified work done by his subordinates.

In general, in business organizations, the authority is a result of the contractual agreement, under which the subordinate have agreed to perform certain services in return of monitory benefit. Authority flows from superior to the subordinate manager to whom certain duties are assigned and responsibility is the obligation of the subordinate to accomplish these duties. Responsibility can be discharged by a single action or it may be a continuous obligation.

10.3 Features of Authority and Responsibility

- **Characteristics of Authority:**

1. Legitimacy:

Legitimate power is called authority. To be effective, authority should always be legitimate otherwise, it will not be obeyed. Authority is vested to an individual by the virtue of his the position in the organisation.

2. Dominance:

An individual or a group which possesses authority exercises dominance over other. Authority determines superior subordinate relationship. Authority decreases as one moves down in the hierarchy.

3. Accountability:

The individual who possess authority is liable to superior for fulfilling his obligations by using such authority Accountability is the most significant characteristic of authority. Accountability ensures performance according to standards.

4. Authority flows downward:

Authority is a downward flowing concept. The lower we go down in the hierarchy, the lesser is the authority. Higher authority is enjoyed by higher organisational positions. Authority establishes superiority.

5. Delegation of authority:

Authority flows from the higher level to the lower levels. Authority can be delegated to the lower levels in the organization for sharing the work load of the superior. But one thing must be noted that even though authority can be delegated but the responsibility of performance of obligation always lies with the delegator.

6. Parity of Authority and Responsibility:

Authority should never be assigned without responsibility. Authority and responsibility should go together. Authority must be equal to Responsibility. This is also one of the fourteen principles of management advocated by Fayol. Responsibility and authority are closely linked. A manager can fulfil his responsibility only if he has adequate authority to perform that task. An employee must be clear about what is expected of him.

In the words of Theo Haimann, "Responsibility is the obligation of a subordinate to perform the duty as required by his superior". McFarland defines responsibility as "the duties and activities assigned to a position or an executive".

- **Features of Responsibility:**
  1. Responsibility is to assign duty to human beings only.
  2. Responsibility is the obligation of a subordinate to properly perform the assigned duty.
  3. It arises from superior subordinate relationship
  4. Responsibility flows upward. A subordinate is always responsible to his superior.
  5. Responsibility cannot be delegated.
  6. The person accepting responsibility is accountable for the performance of assigned duties.
  7. It is hard to fulfil responsibility without authority.

If authority is greater than responsibility, then this could result in autocratic behaviour and misuse his authority. Similarly, if responsibility is greater than authority, then this could result in frustration as discharge of responsibilities is not possible without adequate authority. For e.g. if a manager has been assigned the responsibility to purchases raw material but has not been given any authority to make the financial commitments regarding the payment of such purchases, this would frustrate the manager as he could not accomplish the desired goal effectively but would be held answerable for the act which was beyond his authority. Imbalance of authority and responsibility will hamper the achievement of the organizational goals. It may also strain the relations between management and employees.

Responsibility is the duty to perform an assigned task. Fayol held that authority flows from responsibility. Managers who have been assigned responsibility should also be given adequate authority for the discharge of their obligations.

10.4 Difference between Authority and Responsibility

The points of difference between Authority and Responsibility are as follows:

1. Authority refers to the power or right to make decisions, give orders, and enforce rules, while responsibility refers to the obligation to take care of something or someone, and to account for one's actions.
2. Authority is often granted by an organization or institution, such as a government, company, or military unit, while responsibility is often assigned by an authority figure, such as a manager or supervisor.
3. Authority allows for decision-making and action-taking, while responsibility requires accountability for decisions and actions.
4. Authority is necessary for the effective functioning of any organization or society, while responsibility is essential for achieving goals and objectives within an organization or society.
5. Authority figures have the power to make decisions and take actions that will benefit the organization or society as a whole, while individuals who are given responsibility are expected to use their authority and resources to achieve goals and objectives, and to be accountable for their actions.
6. Authority can be used to delegate tasks and assign responsibilities, while responsibility is the accountability for carrying out those tasks and fulfilling those responsibilities
7. Authority is a formal power, granted by an organization or institution, while responsibility is a moral or ethical duty, that is assigned to an individual
8. Authority gives permission to act, while responsibility requires an individual to act
9. Authority is often associated with position, rank or title, while responsibility is associated with accountability, dependability, and trustworthiness.
10. Authority is often seen as the right to command or direct, while responsibility is often seen as the obligation to answer for the outcome of actions.
11. Authority is often associated with leadership, while responsibility is often associated with management.

12. Authority is often associated with the power to make decisions and take actions, while responsibility is often associated with the accountability for the consequences of those decisions and actions.

13. Authority is often associated with the power to control, while responsibility is often associated with the accountability to the stakeholders.

14. Authority is often associated with the power to enforce rules and regulations, while responsibility is often associated with the accountability to follow those rules and regulations.

10.5 Difference between 'Authority' and 'Power'

Generally the word power and authority are used interchangeably. But there is a clear-cut difference between the two. Power is a much broader concept than authority. Koontz. et al defines Power as "the ability of individuals or groups to induce or influence the beliefs or actions of other persons or groups".

- **What is Authority?**

Authority refers to the legitimate power or right granted to an individual, position, or entity to exercise control, make decisions, and enforce compliance within a specific domain or scope. It is typically associated with formal positions within organizational structures or established systems of governance. Authority is derived from recognized rules, laws, or social norms that confer specific rights and responsibilities to individuals occupying certain positions. It represents the official capacity to give directives, make decisions, and enforce them within the framework of established rules and regulations. Authority provides individuals with the ability to guide, direct, and influence others within their designated areas of responsibility, and it is often supported by institutional legitimacy and the recognition of those who are subject to authority.

- **What is Power?**

Power refers to the capacity of managers or leaders to exert influence, make decisions, and achieve desired outcomes within an organization. It encompasses various forms and sources and plays a pivotal role in shaping relationships, driving performance, and attaining organizational objectives. Power in management can stem from different avenues, including legitimate authority granted by formal positions, the ability to provide rewards or incentives, the capacity to enforce compliance through coercion, expertise, and knowledge in a specific domain, or personal charisma and the ability to build strong connections. Successful managers recognize the different types of power and understand how to employ them effectively in different situations, ensuring ethical and responsible use of power to foster positive working environments and contribute to the overall success of the organization.

The points of difference between power and authority are as follows:

1. Right to Command: Authority is the right to command whereas power is the ability to command.
2. Right to Exercise: Authority arises out of the organisational position whereas; power is exercised by the person.

3. Positional and Legitimate: Authority is the legitimate power. Authority is associated with the position of a person in the organisation. But power is not institutional, rather it is personal. It may be acquired through any means. May it be political, monetary power or because of personal attributes.
4. Authority Increases: Authority is associated with organisational position so it increases as one goes up in the organizational hierarchy, but it need not be the case with the power.
5. Direction: Authority is a downward flowing concept, whereas power flows in all directions.

10.6 Delegation of Authority

There is a wise saying, “Nothing is impossible if you can delegate.” People who know what, how and when to delegate can achieve great results. Delegation refers to the transfer of duties/responsibilities by a superior to his subordinates along with the requisite authority to accomplish the job assigned.

One of the important features of delegation is that although the superior can delegate his authority to the subordinate for the accomplishment of desired objectives but the ultimate responsibility of the task rests with the superior. The superior cannot escape from his responsibility for non-satisfactory performance. The superior is accountable for the performance of his subordinate to his own superiors.

According to E.F.L. Brech has said, “Delegation is a process of sharing a few or all of the four elements of the management process, i.e. command, planning, co-ordination and control”. He also said that the delegation is not a question of issuing instructions but is a bringing down of the executive’s responsibility and transmission of part or all of it to other persons.

A manager alone cannot perform all the work. Delegation enlarges the capacity of a manager through sharing of workload. Without delegation organization structure becomes useless. Management of organization becomes impossible without delegation.

Delegation begins with sharing of responsibilities with the subordinates along with assigning the requisite authority so that his subordinates can perform the work effectively. The manager charges the subordinate with accountability for the work assigned and this whole process is known as delegation. Good delegation is about balancing responsibility, authority and accountability.

10.6.1 Merits of Delegation

(i) Reduces work load: A manager by delegating the authority can reduce his work load. Since he cannot handle all work by himself, he can delegate the work which can be handled by his subordinates and can concentrate on more important works. Delegation helps in concentrating on more important works.

(ii) It trains subordinates for future responsibilities: Delegation also helps in developing the personnel within the organization. It trains them for the future responsibilities as they gain experience of work related to higher position.

(iii) Effective management: Through delegation, a manager can concentrate on important works and can delegate the routine work to the subordinates.

Thus, it reduces the work load and avoids the wastage of time on less important work and concentrate on more important matters.

(iv) It develops increased sense of responsibility: Delegation of authority motivates the subordinates. They feel motivated to know that his abilities are recognized and they are trusted upon by their superiors. This improves his performance. Delegation works as a motivator for employees with higher level needs.

(v) Avoids delay: Delegation helps in taking timely decisions. The superiors can concentrate on more important matters and the less important matters can be handled by the superiors. Thus, the word load of superior gets divided and hence timely decisions could be taken.

(vi) Basis of Management Hierarchy: Delegation establishes superior-subordinate relationship which is the base for hierarchy of managers. Superiors delegate only when they have trust in subordinates. So delegation improves the relations between superiors and subordinates.

10.6.2 Difficulties in Delegation

Obstacles for delegation can be i) On the part of superiors as well as ii) on the part of subordinates. Some of the reasons for difficulties in delegating authority are as follows:

1. Lack of trust on superior: A superior may hesitate to delegate under the fear that employees will not be able to perform as efficient as he himself could.
2. Fear of better performance by the sub-ordinate: Sometimes, executives hesitate to delegate on account of the fear of losing his authority. The subordinate might be efficient and superior does not delegate fearing that he will perform better than the superior. No executive would like to delegate when he feels that his subordinate may surpass him.
3. Fear of losing control over subordinate: Executive knows that once authority is delegated they will lose the grip over their subordinates and hence hesitate to delegate.
4. Lack of time: Sometimes, the superior is too busy with his day to day work that he does not get any time to delegate.
5. Don’t know how to delegate: Delegation also becomes difficult when the superior does not know how to delegate the authority. The obstacles in delegation on part of subordinates include:
   1. Fear of criticism
   2. Absence of self confidence
   3. Difficulty in decision making
   4. Lack of information
   5. Interference by superiors
   6. Poor superior- subordinate relationship
   7. Absence of positive incentives

10.7 Obstacles in Delegation /Factors Affecting Delegation

1. Fear of losing control

Managers and leaders may be hesitant to delegate tasks due to a fear of losing control over the project or outcome. This can stem from a lack of trust in team members or a belief that they are the only ones capable of completing the task to the desired standard. As a result, they might try to watch too closely or just do everything themselves.

2. Inability to identify appropriate task

Delegating tasks can be a daunting job for some managers, especially when it comes to deciding which tasks should be delegated and which ones should remain under their direct control. Who is suitable to take on what? Does anyone actually know how to do this? Will it be faster if i just do it? You might be scratching your head wondering these things from time to time, which is preventing you from allowing your team to do their job.

3. Insufficient guidance and support

On the contrary, managers may delegate tasks without providing adequate guidance or support, leading to confusion or poor outcomes. This usually happens when, as a manager, you assume that the people around you think exactly the same way that you do.

It would be nice if we were all mind readers when it comes to things like this, but given reality, a lack of communication will lead to scanty results. In order for your team to give you the results you are expecting, you'll need to be very clear on what is required of them.

4. Reluctance to let go of "what they know best"

It's natural for people to take pride in their expertise and skills. For managers who have risen through the ranks or have been heavily involved in a particular project, there's often a belief that they "know the best."

This results in a hesitancy to delegate tasks they consider "their domain" even if it would be more efficient to do so. This mindset not only limits the potential growth of team members but can also prevent fresh perspectives and ideas that might bring innovation to the table.

5. Concerns about time consumption

One of the ironies of delegation is that it can, at times, seem like it would be quicker to complete the task oneself rather than train someone else to do it. Managers might feel that the time it takes to explain a task, oversee the initial stages, and potentially correct mistakes could be better spent just doing the task themselves.

While this might be true in the short term, in the long run, effective delegation frees up managerial time and empowers the team to handle more responsibilities independently. Avoiding delegation based on this short-term view can hinder long-term team development and operational efficiency.

10.8 Principles of Delegation

The following principles may be considered as essential for effective delegation of authority:

1. Proper Planning:

Delegation of authority should be with proper planning. The objectives to be achieved should be very clear along with the plans and functions to achieve those objectives. Only then there can be proper delegation as it would be clear as to what is required to be performed by each and every person and what authority is required to be given.

2. Reward for delivering excellent results:

Effective and successful delegation of authority must be rewarded. This will provide a proper environmental climate for fuller delegation and effective assumption of authority.

3. Select appropriate subordinate of delegation:

The subordinate selected should be capable of handling the authority assigned to him. His skills and qualification should be appropriate according to the task. This is the purpose of the managerial function of staffing, most carefully considered.

4. Maintain parity of authority and responsibility:

There should be parity of Authority and responsibility. A person cannot be held responsible for performance of certain task for which he had inadequate authority.

5. Establish accountability:

Along with authority and responsibility, accountability of the subordinate should also be established. He should be answerable for the achievement of desired results. For Example, A sales manager, charged with the responsibility of increasing sales of company's product should be given authority to hire competent salesmen, pay wages and incentives, allow concessions, within specified limits. The subordinate should be made answerable for the proper performance of the assigned and for the exercise of the delegated authority. The extent of accountability depends upon the extent of delegated authority and responsibility. He is accountable only to his immediate superior. However, with delegation, superior cannot escape from his responsibility and accountability to his own superior for performance by his subordinate. Thus responsibility and accountability cannot be delegated.

6. Ensure Unity of Command:

Unity of Command ensures that there is only superior to whom the subordinate is accountable. This is necessary to avoid confusion and friction. The principle of unity of command in management states that each employee should receive instructions and commands from only one supervisor.

7. Maintain adequate communication:

There should be free and continuous flow of information between the superior and the subordinate so that time to time relevant information may be furnished to him for decision making.

8. No interference with subordinate's authority:

The subordinate to whom authority is delegated must feel free to use his authority. He should take it as an opportunity for growth and development rather than as the fear of being punished. However superior could review progress mentor and advice but should not interfere with day to- day functioning of the subordinates.

10.9 DELEGATION PROCESS

As a first step, the manager is assigned with the responsibility to do a work. Manager should be made clear as to what is expected of him. After that, manager is granted with the authority which empowers him to fulfil is obligation. After responsibility and authority are assigned, the last step is creating accountability. Manager is made answerable for a particular activity or action. This way delegation is made.

Delegation is a critical skill for managers and leaders. It involves assigning tasks and responsibilities to team members, empowering them with the necessary authority to make decisions, and holding them accountable for their actions. Effective delegation can lead to increased productivity, professional growth, and a more focused team. Let's dive into the steps of delegation.

1. Choose appropriate task

Before you can delegate a task, you need to have a clear understanding of the specific task that needs to be done. This includes defining the desired outcome, determining the resources needed, and setting clear deadlines. Ensuring that the task is well-defined and that you have a clear vision of the final result will make it easier for your team member to complete the task successfully. Start by considering if the task is even suitable for delegation. As a manager, you should delegate work that empowers your team to develop new skills and build expertise. Analyse the duties on your plate and determine which projects align with subordinates' abilities and career goals. Once you identify a task to delegate, communicate what you want to achieve in concrete, measurable terms. Set defined parameters, benchmarks, and deadlines.

2. Choose the right person

Once you have defined the task, the next step is to choose the right person for the job. Consider the skills, experience, and workload of your team members. It's essential to assign the task to someone with the necessary expertise and capacity to complete it effectively. Keep in mind that delegating similar tasks to the same person can help build their confidence and skill set. You cannot effectively delegate responsibilities to just any team member. Take time to strategically match the perfect person to the project based on individual strengths, development needs, experience levels, and workloads.

3. Set objectives and plans

Clear communication is crucial when delegating tasks. Make sure the team member understands the desired outcome, deadlines, and any other expectations you have. Confirm understanding by asking them to explain the task back to you. Providing them with any necessary resources, training, and support will also help ensure success.

4. Implement

Empower the team member by giving them the necessary authority and decision-making power to complete the task. This will help them feel more confident and invested in the delegated task. Encourage them to come up with new ideas and solutions, fostering a sense of ownership and responsibility.

5. Monitor

Monitoring progress and providing regular feedback is essential for successful delegation. However, avoid micromanaging, as this can have negative consequences on the team member's confidence and autonomy. Instead, establish checkpoints where you can review progress and offer guidance or support as needed.

6. Review

Once the delegated task is complete, evaluate the results and provide feedback on the team member's performance. Recognize their success and offer praise for a job well done. This will help build their confidence and motivate them to take on more responsibilities in the future.

Effective delegation is a keystone of successful leadership and management. Leveraging your team's talents through strategic delegation improves productivity, builds capabilities, and boosts employee satisfaction. While it requires vulnerability and trust, mastering the art of delegation allows you to lead by example and empower your subordinates. Implementing a systematic delegation process with clear objectives, careful selection, on-going support, open communication, progress monitoring, and reflection will transform your team's performance.

10.10 Elements of Delegation

There are three elements of delegation:

1. Responsibility
2. Authority

3. Accountability

1. Responsibility:

Responsibility means the obligation of the individual for the work assigned to him. The process of delegation begins when manager passes on some of his duties to his subordinates. After a superior shares some of his duties with the subordinate, the subordinate becomes responsible to him for the work assigned, but the superior also remains responsible for the performance of that work to his own boss.

So, two types of responsibilities have been created:

- Operational responsibility: It is the responsibility of the delegatee (subordinate) to the delegator(superior)
- Ultimate responsibility: It is the responsibility of the superior to his own boss for the achievement of the goals. In this case, if the subordinate to whom responsibility has been delegated could not perform his obligation, then the superior cannot escape from his responsibility on excuse that it was not his but his subordinates' fault. Thus, responsibility is absolute and flows upwards.

2. Authority:

Authority means power to take decision. To carry on the responsibilities that have been assigned to him, every employee needs to have adequate authority. So, when responsibilities are assigned to an individual, appropriate authority is also delegated to him so that smooth performance of the responsibilities could be assured.

3. Accountability:

To be accountable means to be liable for a particular activity or action. This liability gets created because the organisation also provides authority to carry out the responsibilities. Authority may be in form of decision making for use of organisational resources etc.

Accountability is created to ensure that the employees or subordinates achieve the desired results. Performance is measured and compared with the standards under Accountability.

Like responsibility, accountability is also absolute. It cannot be passed or delegated.

A superior cannot escape from his accountability to his own superior even after delegation.

❖ **Features of Accountability:**

1. Accountability is the answerability for the expected result.

2. It cannot be delegated or passed.

3. Like responsibility, accountability also flows upward.

4. Accountability is not same as blame.

5. Authority, responsibility and accountability are Inter-related.

❖ What are authority, responsibility and accountability?

In general terms, authority is all about power. Responsibility is the commitment to fulfilling work. Accountability refers to the Responsibility to answer for duty. These terms hold deep meaning and are equally vital in management. These terms showcase the basic etiquette of management. Without authority, a manager cannot assign work to the staff and oblige them to do the work. This will lead to a mismanaged work structure with zero output. Without holding anyone accountable, an organization cannot function entirely. An individual requires to be answerable for any work. This piece is all about authority, responsibility, and accountability and how authority differs from accountability and responsibility.

It might seem easy to work in an organization but managing it? Well, that takes a lot more than just working on the tasks and submitting them on time. It needs three main factors so that an organization goes on smoothly. The three main factors that are needed to be followed are authority, responsibility, and accountability. Without these three factors, it might have been a mess inside any organization.

These three factors are also important for the employee and the superior to complete their tasks. If these factors are not exercised well, the employee will slack out and not work on their tasks and hence leading to a pile of work in no time.

authority, responsibility, and accountability are important parts of management and have distinct characteristics. However, there is a relation between these three terms but differs from each other in business terms.

❖ Authority

Authority is all about rights or powers with the managers which the organization empowers them for achieving a common organizational goal. Thus, it involves the power of assigning duties to workers and asking them to accept and pursue the assigned work. An organization can never stand without ethical assignment and detailing Authority.

According to Henry Fayol, authority is the power to give orders and garner obedience. Authority streams downwards as the board of directors provides it to executives and managers at various management levels. Authority is the power delegated by senior executives to assign duties to all employees for better functioning. Responsibility is the commitment to fulfil a task given by an executive. Accountability makes a person answerable for his or her work based on their position, strength, and skills.

❖ Responsibility

According to McFarland, responsibility is the duties or responsibilities allocated to a position or executive. Responsibility is the obligation that comes with a job. It simply means the person needs to commit to the job and complete it. It is their Responsibility to finish the task in a given time frame. Also, it shows that the Authority was well implemented and the task is completed accordingly.

Beneath this, an individual is qualified to delegate the task to associates but not to definitive Accountability. This means that even if the person has the power to transition the work, he/she will still be held responsible for the task. Responsibility flows from bottom to top and is in the form of constant obligation. Responsibility is task-specific; every individual in a team can be responsible for an assigned task to complete a project. Accountability arises after an incident has happened regarding the work. It is the way to establish ownership of the results.

❖ Accountability

McFarland defines accountability as, "the obligation of a person to register formally to their senior executives about the task to discharge the responsibility." Accountability definition in management goes, "It is all about the liability created to handover the Authority". Accountability makes an individual answerable about the task or job he/she has done.

Hence, it makes an employee answerable for the performance of the assigned work. An individual who has accepted Authority, he/she deems to approve Accountability and Responsibility at that time itself.

❖ Prerequisites of an Effective Accountability System

- For effective accountability system Responsibility should be clearly specified. An employee must know what is expected from him.
- Adequate authority should be provided to meet the assigned responsibilities
- Individual performance should be measured.
- Individual should be made answerable for his performance.
- Accountability standards should be consistently applied at all levels.

Authority, responsibility and accountability should go together for effective organisation. Authority flows downwards whereas responsibility and accountability flow upwards. Without accountability, individual cannot be held answerable for his performance. Authority Responsibility and Accountability are the three elements of delegation. Delegation enables the superior to share his authority with the subordinates. However, he himself remains accountable to his superior for the performance of the duties assigned. He cannot escape from his responsibility merely by delegating some of the powers vested in him to his subordinate. Thus, accountability is absolute.

❖ Exercise:

Q-1 Long Questions:

1) Give meaning and definition of authority and responsibility.
2) Explain the features of authority and responsibility.
3) What are the key differences between authority and responsibility?
4) What are the differences between authority and power? Explain.
5) Describe delegation of authority in detail.
6) What are the obstacles in delegation? Or explain the factors affecting delegation.
7) Explain the principles of delegation.
8) Explain in detail the process of delegation.

9) What are the elements of delegation? Explain.

Q-2 True or False:

1) It is essential to strike a balance between authority and responsibility to ensure effectiveness in the organization. **True**
2) Authority enables a manager to discharge his responsibilities. **True**
3) The superior is accountable for the performance of his subordinate to his own superiors. **True**
4) Responsibility is the obligation that does not comes with a job. **False**
5) Authority flows upwards whereas responsibility and accountability flow downwards. **False**

Q-3 Fill in the Blanks:

1) Authority Responsibility and Accountability are the three elements of __________. (Delegation)
2) Accountability makes a person ___________for his or her work based on their position, strength, and skills. (Answerable)
3) After __________ and ____________ are assigned, the last step is creating accountability. (Responsibility and authority)
4) Before delegating a task, you there should clear understanding of the (__________). Specific task
5) Without __________organization structure becomes useless. (delegation)

UNIT-11 MOTIVATION

3

11.1 Introduction

Motivation is a psychological construct that refers to the disposition to act and direct behavior according to a goal. Like most of psychological processes, motivation develops throughout the life span and is influenced by both biological and environmental factors. The aim of this chapter is to summarize research on the development of motivation from infancy to adolescence, which can help understand the typical developmental trajectories of this ability and its relation to learning. We will start with a review of some of the most influential theories of motivation and the aspects each of them has emphasized. We will also explore how biology and experience interact in this development, paying special attention to factors such as: school, family, and peers, as well as characteristics of the child including self-esteem, cognitive development, and temperament. Finally, we will discuss the implications of understanding the developmental trajectories and the factors that have an impact on this development, for both teachers and parents.

11.2 Meaning and Definition of Mativation

Motivation is an important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employees but a negative motivation will reduce their performance. A key element in personnel management is motivation.

According to Likert, "It is the core of management which shows that every human being gives him a sense of worth in face-to face groups which are most important to him….A supervisor should strive to treat individuals with dignity and a recognition of their personal worth."

❖ Definition of Motivation

According to Berelson and Steiner: "A motive is an inner state that energizes, activates, or moves and directs or channels behavior goals."

According to Lillis: "It is the stimulation of any emotion or desire operating upon one's will and promoting or driving it to action."

According to the Encyclopedia of Management: "Motivation refers to degree of readiness of an organism to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness."

According to Dubin: "Motivation is the complex of forces starting and keeping a person at work in an organization."

According to Vance: "Motivation implies any emotion or desire which so conditions one's will that the individual is properly led into action."

According to Vitiles: "Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to make in a goal-directed pattern towards restoring a state of equilibrium by satisfying the need."

According to Memoria: "A willingness to expend energy to achieve a goal or reward. It is a force that activates dormant energies and sets in motion the action of the people. It is the function that kindles a burning passion for action among the human beings of an organization."

11.3 Nature of Motivation:

Motivation is a psychological process that initiates certain actions and behaviors in an individual to achieve a specific outcome. The various forces that activate the specific behavior are due to the emotional, biological, social, and other cognitive elements.

It is the force that drives a person to behave or act in a certain manner. It is a desire or need that is generated to prompt or motivate people to satisfy their needs and steer ahead. The nature of motivation involves the following situations:

1. The person is energized due to an inner feeling which motivates him to work more.
2. There could be a motive that can result in any form of actions and behaviors.
3. An individual is prompted to do a specific work due to his/her emotions or desires.
4. The individual's balance is disturbed due to certain unsatisfied needs of a person.
5. Unsatisfied needs of an individual are fulfilled by utilizing his energies towards a specific direction.
6. The nature of motivation can have a positive or a negative impact on the behavior of the person.
7. Energies that are lying dormant in an individual are energized by directing them into certain behavior or actions.

11.4 Importance of Motivation

1. Motivation helps to improve performance level:

Motivation helps in satisfying needs of the employees and providing them satisfaction. Performance of the employees is improved with the help of motivation as it bridges the gap between the capacity to work and willingness to work. As a result, employees work with full dedication and make full use of their abilities to raise the existing level of efficiency.

2. Motivation helps in changing negative attitude to positive attitude:

Positive attitude towards the organization helps to achieve organizational goals easily. Sometimes, employees have a negative attitude towards the organization or work. Motivation helps to change this negative attitude to a positive attitude through suitable rewards, positive encouragement and praise for good work. When the workers are motivated they work positively towards the organizational goals.

3. Motivation helps to reduce employee turnover:

Lack of motivation is the main cause behind employee turnover. Employees do not think of leaving the job when they are motivated by financial and non-financial incentives. Reduction in employee turnover saves a lot of money as direct expenses (recruitment and selection costs) and indirect expenses (labor dissatisfaction) are reduced. The organizations also benefit because the skill and competence of employees continue to be available to the organization.

4. Motivation helps to reduce absenteeism:

Some of the reasons behind absenteeism are improper work environment, inadequate rewards, lack of recognition, etc., and these can be overcome or reduced if the employees are motivated properly. Proper motivation makes the work a source of pleasure, and workers do not refrain from work unless it is unavoidable.

5. Motivation helps to introduce changes smoothly:

An organization can survive and grow only when it adapts itself to the dynamic environment. Changes are generally resisted by the employees because of fear of adverse effects on their employment. This resistance can be overcome by proper motivation. Motivation helps to convince employees that proposed changes will bring additional rewards to them. As a result, they readily accept these changes.

11.5 Characteristics of Motivation

1. Motivation is an internal feeling:

It is a psychological concept and it cannot be forced on the employees. It is an internal feeling, generated within an individual, which compels him to behave in a particular manner. Feelings like needs, desires, urges, etc., influence human behavior to act in a particular manner.

2. Motivation produces goal-directed behavior:

Employees' behavior is influenced by motivation in such a way that they can achieve their goals. Motivation helps to achieve both organizational as well as individual goals. For example, if a person wants to get a promotion, then he will work harder to achieve the goals effectively and efficiently.

3. Motivation can be either negative or positive:

Motivation can be either positive in form of rewards, like additional pay, incentives, promotion, recognition, etc., or negative in the form of force, like punishment, threat of demotion, etc. Positive motivation provides incentives to an individual to achieve the goal, whereas negative motivation creates fear in the mind of individuals in order to influence their behavior to act in a desired manner.

4. Motivation is a complex process:

Humans are heterogeneous in their expectations, perceptions and reactions. A particular type of motivation may not have the same effect on all individuals as it is difficult to predict their behaviors. Therefore, motivation is a complex task.

5. Continuous process:

As human needs are unlimited, completion of one need gives rise to another, and it goes on. Therefore, motivation is a continuous process, and it does not end with the satisfaction of a particular need.

11.6 Types of Motivation

1. Intrinsic Motivation

Intrinsic Motivation is when you do something because you really like it, not because you get a reward from outside. It's about doing things for the joy or interest they bring you, not for a prize or to avoid trouble. For example, when you're intrinsically motivated, you might read a book because you love the story, solve puzzles because it's fun, or play sports because you enjoy how they make you feel, not because you want a trophy or someone's approval. This kind of motivation makes you really get into what you're doing, be creative, and keep going even when it gets tough. People who find their motivation from inside themselves often keep doing their activities even when there's no outside reward. They do it because they love it, and this can make them feel really satisfied and happy with what they're doing.

Example:

1) **Enjoying Reading:** Picking up a book because the story interests you or you want to learn, not because it's homework.

2) **Playing Music:** Spending time with your guitar or piano because it feels good and you like getting better, and not to pass a test or impress someone.

❖ **Features of Intrinsic Motivation:**

- **Doing what you Love:** The biggest thing about intrinsic motivation is that you do things because they make you happy, not for rewards like money or prizes.
- **Following your Interests:** You choose to do things that grab your attention or that you're passionate about. It's all about what you find fun and interesting.
- **Getting Really into It:** When you're doing something you're intrinsically motivated to do, you can get so focused that you lose track of time. This is when you're really into what you're doing.
- **Feeling Free:** Intrinsic Motivation is all about feeling like you're choosing to do things on your own, without anyone telling you to. This sense of choice really matters.

❖ **Advantages of Intrinsic Motivation:**

- **Better Learning and More New Ideas:** When you're motivated, you're more curious and creative. You like to try new things, which helps you learn better and come up with cool ideas.
- **Doing Better at Tasks:** People usually do a better job when they like what they're doing. They work harder and produce better results.
- **Feeling Happier:** Doing things you enjoy can make you happier and more satisfied with life. It meets important needs, like feeling free, good at what you do, and connected to others.

❖ **Disadvantages of Intrinsic Motivation:**

- **Missing Out on Rewards:** Sometimes, focusing just on what you enjoy might mean you miss out on external rewards like money, promotions, or praises, that are also important.
- **Feeling Left Out:** If your interests are very different from those around you, it might make you feel lonely or like you don't fit in, especially when others are doing things together.
- **Hard to Support and Measure:** For teachers or bosses, it can be tough to figure out how to encourage intrinsic motivation, especially when things, like grades or pay are usually what motivate people.

2. Extrinsic Motivation

Extrinsic Motivation happens when we do things to get a reward or to avoid something we don't want. It's different from intrinsic motivation, which is when we do things just because we enjoy them. With extrinsic motivation, the reason we act is for things like money, awards, praise from others, good grades, or to stay away from trouble, like being fined or getting negative comments. Basically, we're motivated by something outside of ourselves to do something, not because we find the task itself fun or rewarding. This kind of motivation is used in a lot places like jobs, schools, and sports to help people reach their goals, finish their work, or do better at something.

Example:

1. **Extra Work for More Money:** Working more hours than usual because you'll get paid extra for it.
2. **Studying Hard for Grades:** Putting in a lot of study time not because you like the subject, but because you want to get good grades.

❖ **Features of Extrinsic Motivation:**

- **Outside Rewards:** The main thing about extrinsic motivation is that it's all about getting rewards like money, prizes, or praise from others, which are not part of the activity itself.
- **Rules and Goals:** This motivation often follows rules or goals set by others. People do things to get a reward or avoid trouble, following guidelines to reach these external rewards.
- **Focus on Results:** When people are motivated by external things, they're usually trying to finish a task to get something in return, not because they like the task.

❖ **Advantages of Extrinsic Motivation:**

- **Clear Targets:** When there are rewards for doing something, it's easier to know what you're aiming for. This helps people understand what they need to do to get what they want.
- **Quick Motivation:** If there's a reward for doing something, even if it's not something you love doing, you might start it quicker. This is handy for tasks at school or work that might not be fun but need to be finished.
- **Simple to Use:** It's pretty easy to set up rewards, like bonuses at work, grades at school, or prizes for winning something.

❖ **Disadvantages of Extrinsic Motivation:**

- **Losing Interest:** If people get rewards all the time, they might start to care less about doing things just for fun. Once the rewards stop, they might not want to do the activity anymore.
- **Waiting for Rewards:** People might start to expect a reward for everything they do, which can make it hard to keep doing things without getting something in return.
- **Choosing Easy over Good:** When the goal is to get a reward, some might just do the bare minimum to get it, which can mean the work isn't done as well as it could be.

3. Achievement Motivation

Achievement motivation is all about wanting to do well, reach goals, and be successful. It's the feeling that makes people want to overcome challenges, get better at something, and take pride in doing tough tasks. People who really focus on achieving things like to set goals that are hard but possible to reach, keep trying even when things get difficult, and choose tasks that test their skills and effort. These motivated individuals usually care more about the satisfaction of finishing a goal than getting rewards like money or praise. They enjoy tasks where they can see how well they're doing and learn how to improve.

Example:

A student putting in extra study time not just to get through exams, but aiming to be the best in their class because they really want to excel in their studies; an athlete doing more than the usual training, trying to set new personal records or win big competitions, because they love their sport and want to be the best; or a worker taking on tough projects, not just for a bonus or a higher position, but to challenge themselves and grow in their job. Features of Achievement Motivation:

- **Focused on Goals:** People driven by achievement motivation have clear and challenging goals they want to reach. They make plans to achieve these goals and stick to them.
- **Keeps Going:** They don't give up easily, even when things get tough. They see setbacks as chances to learn and get better.
- **Likes a Challenge:** They prefer tasks that are just right in terms of difficulty—not too easy but not too hard either. These tasks should test their skills and require effort.

❖ **Advantages of Achievement Motivation:**

- **Doing Better:** People who want to achieve tend to do a better job because they're always aiming to reach tough goals. They work hard and keep going, which usually leads to better results.
- **Staying Strong and Not Giving Up:** Being focused on goals helps people keep going, even when things get hard. They see problems as chances to learn and don't easily quit.
- **Finding Creative Solutions:** Wanting to reach goals makes people think outside the box and solve problems in smart ways. They're always looking for new ways to succeed.

❖ **Disadvantages of Achievement Motivation:**

- **Feeling Burned Out:** Always trying to achieve more and more can lead to feeling super tired, both in your body and mind. It's important to take breaks and relax.
- **Worrying about Failing:** If you're really focused on achieving, you might start to worry a lot about not making it. This worry can make you stressed and afraid to try new things.
- **Less Time for Friends and Family:** Spending a lot of time on reaching your goals might mean you don't have much time left for the people you care about. This can make relationships tough.

4. Affiliation Motivation

Affiliation motivation is when people really want to make friends, be part of a group, and get along with others. It's all about wanting to feel connected and accepted by people around us. This motivation makes us value being part of a community, enjoying being with friends, and caring a lot about getting along well with others. People who are driven by this kind of motivation prefer to work with others rather than compete against them. They're good at noticing how others feel, really care about being liked, and worry about being left out or not fitting in.

Example:

An example of someone being motivated by wanting to make friends and connect with others is when a person who enjoys reading joins a book club. This person is looking for more than just reading books; he wants to meet people who like reading as much as he does. In the book club, he talks about books, shares his thoughts, and appreciates being around others who also enjoy reading. His main aim is to feel included and make friends in this group, showing how important it is for him to have connections with others. This shows how the need to be around others and feel part of a group can motivate people.

11.7 Features of Affiliation Motivation:

- **Making Friends:** People who really want social connections put a lot of value on friendships and being part of groups. They love feeling connected to others.
- **Worrying about Fitting In:** A big part of wanting to be close to others is worrying about being left out or not accepted. This worry can make people try really hard to be liked.
- **Liking to Work Together:** Those who are driven by this motivation prefer doing things as a team rather than competing. They're the ones who enjoy group projects and teamwork.

❖ **Advantages of Affiliation Motivation:**

- **Stronger Support Networks:** Having a strong circle of friends and family provides emotional support, help when needed, and a sense of belonging, which is especially important during tough times.
- **Better Talking and Listening Skills:** People who seek out social connections tend to get really good at communicating because they talk and listen to others often. These skills help a lot in life and work.
- **More United Teams:** Those who value being part of a group help make teams stronger and more together. They help everyone get along and work better as a team.

❖ **Disadvantages of Affiliation Motivation:**

- **Relying too much on Friends:** People might start depending too much on their friends for making decisions or feeling good about themselves, which might make them less confident on their own.

- **Worrying about being Left Out:** The strong wish to be part of a group can make people really scared of being left out, stopping them from being their true selves or trying new things.
- **Taking Criticism Hard:** Those who really want to fit in might get upset by criticism, even when it's meant to help, making it hard for them to improve.

11.8 Maslow's Hierarchy of Needs Theory

Abraham Maslow first introduced the concept of a hierarchy of needs in his 1943 paper, titled "A Theory of Human Motivation," and again in his subsequent book, "Motivation and Personality." This hierarchy suggests that people are motivated to fulfill basic needs before moving on to other, more advanced needs.

While some of the existing schools of thought at the time—such as psychoanalysis and behaviorism—tended to focus on problematic behaviors, Maslow was more interested in learning about what makes people happy and what they do to achieve that aim.

As a humanist, Maslow believed that people have an inborn desire to be self-actualized, that is, to be all they can be. To achieve this ultimate goal, however, a number of more basic needs must be met. This includes the need for food, safety, love, and self-esteem.[1]

Maslow believed that these needs are similar to instincts and play a major role in motivating behavior.[2] There are five different levels of Maslow's hierarchy of needs, starting at the lowest level known as physiological needs.

The physiological needs include those that are vital to survival. Some examples of physiological needs include:

- Food
- Water
- Breathing
- Homeostasis

In addition to the basic requirements of nutrition, air, and temperature regulation, physiological needs also include shelter and clothing. Maslow included sexual reproduction in this level of the hierarchy as well, since it is essential to the survival and propagation of the species.

11.9 Security and Safety Needs

At the second level of Maslow's hierarchy, the needs start to become a bit more complex. At this level, the needs for security and safety become primary.
People want control and order in their lives. Some of the basic security and safety needs include:

- Financial security
- Health and wellness
- Safety against accidents and injury

Finding a job, obtaining health insurance and health care, contributing money to a savings account, and moving to a safer neighborhood are all examples of actions motivated by security and safety needs.

Together, the safety and physiological levels of Maslow's hierarchy of needs make up what is often referred to as "basic needs."

❖ Love and Belonging

The social needs in Maslow's hierarchy include love, acceptance, and belonging. At this level, the need for emotional relationships drives human behavior. Some of the things that satisfy this need include:

- Friendships
- Romantic attachments
- Family relationships
- Social groups
- Community groups
- Churches and religious organizations

In order to avoid loneliness, depression, and anxiety, it is important for people to feel loved and accepted by others. Personal relationships with friends, family, and lovers play an important role, as does involvement in groups—such as religious groups, sports teams, book clubs, and other group activities.

❖ Esteem Needs

At the fourth level in Maslow's hierarchy is the need for appreciation and respect. Once the needs at the bottom three levels have been satisfied, the esteem needs begin to play a more prominent role in motivating behavior.

At this level, it becomes increasingly important to gain the respect and appreciation of others. People have a need to accomplish things, then have their efforts recognized. In addition to the need for feelings of accomplishment and prestige, esteem needs include such things as self-esteem and personal worth.

People need to sense that they are valued by others and feel that they are making a contribution to the world. Participation in professional activities, academic accomplishments, athletic or team participation, and personal hobbies can all play a role in fulfilling the esteem needs.

People who are able to satisfy esteem needs by achieving good self-esteem and the recognition of others tend to feel confident in their abilities.[3] Conversely, those who lack self-esteem and the respect of others can develop feelings of inferiority.

Together, the esteem and social levels make up what is known as the "psychological needs" of the hierarchy.

❖ Self-Actualization Needs

At the very peak of Maslow's hierarchy are the self-actualization needs. Self-actualizing people are self-aware, concerned with personal growth, less concerned with the opinions of others, and interested in fulfilling their potential.

"What a man can be, he must be," Maslow explained, referring to the need people have to achieve their full potential as human beings.

Maslow's said of self-actualization: "It may be loosely described as the full use and exploitation of talents, capabilities, potentialities, etc. Such people seem to be fulfilling themselves and to be doing the best that they are capable of doing. They are people who have developed or are developing to the full stature of which they capable."

❖ Progressing Through the Pyramid of Needs

Maslow's hierarchy of needs is often displayed as a pyramid. The lowest levels of the pyramid of needs are made up of the most basic needs while the most complex needs are at the top.

Once lower-level needs have been met, people can move on to the next level of needs. As people progress up the pyramid, needs become increasingly psychological and social.

At the top of the pyramid, the need for personal esteem and feelings of accomplishment take priority. Like Carl Rogers, Maslow emphasized the importance of self-actualization, which is a process of growing and developing as a person in order to achieve individual potential.

❖ Different Types of Needs

Maslow's hierarchy of needs can be separated into two types of needs: deficiency needs and growth needs.[4]

- **Deficiency needs**: Physiological, security, social, and esteem needs are deficiency needs, which arise due to deprivation. Satisfying these lower-level needs is important to avoid unpleasant feelings or consequences.

- **Growth needs**: Maslow called the needs at the top of the pyramid growth needs. These needs don't stem from a lack of something, but rather from a desire to grow as a person.

While the theory is generally portrayed as a fairly rigid hierarchy, Maslow noted that the order in which these needs are fulfilled does not always follow this standard progression.

For example, he noted that for some individuals, the need for self-esteem is more important than the need for love. For others, the need for creative fulfillment may supersede even the most basic needs.

11.10 Criticisms of Maslow’s Theory

Maslow's theory has become wildly popular both in and out of psychology. The fields of education and business have been particularly influenced by the theory. But Maslow's concept has not been without criticism. Chief among the long-held objections are:

- **Needs don't follow a hierarchy**: While some research has shown support for Maslow's theories, most of the research has not been able to substantiate the idea of a needs hierarchy. Wahba and Bridwell (researchers from Baruch College) reported that there was little evidence for Maslow's ranking of these needs and even less evidence that these needs are in a hierarchical order.[5]

- **The theory is difficult to test**: Other critics of Maslow's theory note that his definition of self-actualization is difficult to test scientifically.[6] His research on self-actualization was also based on a very limited sample of individuals, including people he knew as well as biographies of famous individuals who Maslow believed to be self-actualized.

Some of the more recent critiques suggest that Maslow was inspired by the belief systems of the Blackfoot nation, but neglected to acknowledge this.[7] Maslow's studied the Northern Blackfoot tribe as an anthropologist. However, this foundational basis disappeared over time, causing him to misuse the concepts he was originally there to assess.[8]

❖ Impact of Maslow's Hierarchy

Regardless of these criticisms, Maslow’s hierarchy of needs represented part of an important shift in psychology. Rather than focusing on abnormal behavior and development, Maslow's humanistic psychology was focused on the development of healthy individuals.

There has been relatively little research supporting Maslow's theory, yet the hierarchy of needs is well-known and popular both in and out of psychology. And in a study published in 2011, researchers from the University of Illinois set out to put this hierarchy to the test.[9]

What they discovered is that, while the fulfillment of the needs was strongly correlated with happiness, people from cultures all over the world reported that self-actualization and social needs were important even when many of the most basic needs were unfulfilled.

Such results suggest that while these needs can be powerful motivators of human behavior, they do not necessarily take the hierarchical form that Maslow described.

- **The Expanded Hierarchy of Needs**

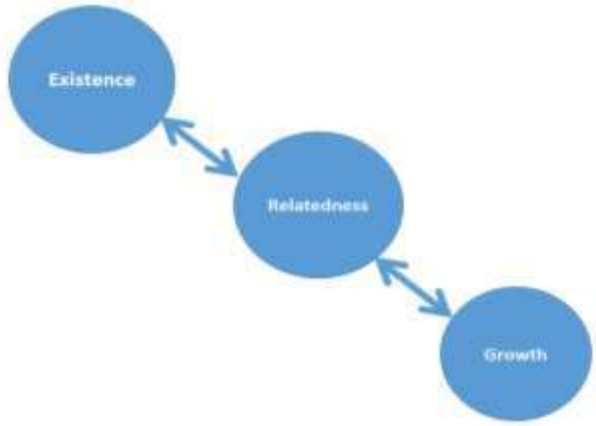
In 1970, Maslow built upon his original hierarchy to include three additional needs at the top of his pyramid, for a total of eight:

- **Cognitive needs**. These centers on knowledge. People generally want to learn and know things about their world and their places in it.
- **Aesthetic needs**. This addresses the appreciation of beauty and form. People might fulfill this need through enjoying or creating music, art, literature, and other creative expressions.
- **Transcendence needs**. Maslow believed that humans are driven to look beyond the physical self in search of meaning. Helping others, practicing spirituality, and connecting with nature are a few ways we might meet this need.

- **ERG Theory of Motivation**

To bring Maslow's need hierarchy theory of motivation in synchronization with empirical research, Clayton Alderfer redefined it in his own terms. His rework is called as ERG theory of motivation. He recategorized Maslow's hierarchy of needs into three simpler and broader classes of needs:

- **Existence needs-** These include need for basic material necessities. In short, it includes an individual's physiological and physical safety needs.
- **Relatedness needs-** These include the aspiration individuals have for maintaining significant interpersonal relationships (be it with family, peers or superiors), getting public fame and recognition. Maslow's social needs and external component of esteem needs fall under this class of need.
- **Growth needs-** These include need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need.



The significance of the three classes of needs may vary for each individual.

❖ **Difference between Maslow Need Hierarchy Theory and Alderfer's ERG Theory**

- ERG Theory states that at a given point of time, more than one need may be operational.
- ERG Theory also shows that if the fulfillment of a higher-level need is subdued, there is an increase in desire for satisfying a lower-level need.

According to Maslow, an individual remains at a particular need level until that need is satisfied.

While according to ERG theory, if a higher-level need aggravates, an individual may revert to increase the satisfaction of a lower-level need. This is called frustration-regression aspect of ERG theory.

For instance – when growth need aggravates, then an individual might be motivated to accomplish the relatedness need and if there are issues in accomplishing relatedness needs, then he might be motivated by the existence needs. Thus, frustration/aggravation can result in regression to a lower-level need.

While Maslow's need hierarchy theory is rigid as it assumes that the needs follow a specific and orderly hierarchy and unless a lower-level need is satisfied, an individual cannot proceed to the higher-level need; ERG theory of motivation is very flexible as he perceived the needs as a range/variety rather than perceiving them as a hierarchy.

According to Alderfer, an individual can work on growth needs even if his existence or relatedness needs remain unsatisfied. Thus, he gives explanation to the issue of "starving artist" who can struggle for growth even if he is hungry.

11.11 Implications of the ERG Theory

Managers must understand that an employee has various needs that must be satisfied at the same time.

According to the ERG theory, if the manager concentrates solely on one need at a time, this will not effectively motivate the employee. Also, the frustration-regression aspect of ERG Theory has an added effect on workplace motivation.

For instance – if an employee is not provided with growth and advancement opportunities in an organization, he might revert to the relatedness need such as socializing needs and to meet those socializing needs, if the environment or circumstances do not permit, he might revert to the need for money to fulfill those socializing needs. The sooner the manager realizes and discovers this, the more immediate steps they will take to fulfill those needs which are frustrated until such time that the employee can again pursue growth.

❖ **Herzberg's Two-Factor Theory of Motivation**

In 1959, Frederick Herzberg, a behavioral scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction".

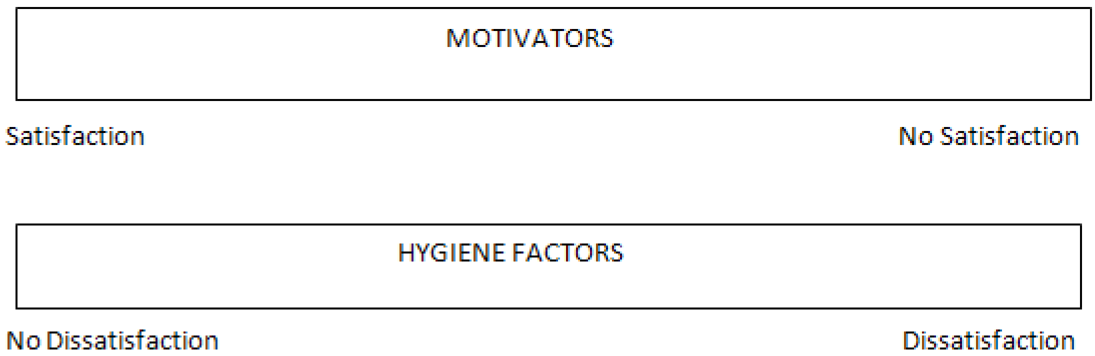


FIGURE: Herzberg's view of satisfaction and dissatisfaction

Herzberg classified these job factors into two categories-

1. **Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent/if these factors are non-existent at workplace, then they lead to dissatisfaction.

In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work.

Hygiene factors are also called as **dissatisfiers or maintenance factors** as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

- **Pay:** The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.

- **Company Policies and administrative policies:** The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
- **Fringe benefits:** The employees should be offered health care plans (mediclaim), benefits for the family members, employee help programmes, etc.
- **Physical Working conditions:** The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
- **Status:** The employees' status within the organization should be familiar and retained.
- **Interpersonal relations:** The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.

2 **Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance.

These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

- **Recognition:** The employees should be praised and recognized for their accomplishments by the managers.
- **Sense of achievement:** The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
- **Growth and promotional opportunities:** There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
- **Responsibility:** The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.

❖ **Limitations of Two-Factor Theory**

The two factor theory is not free from limitations:

1. The two-factor theory overlooks situational variables.
2. Herzberg assumed a correlation between satisfaction and productivity. But the research conducted by Herzberg stressed upon satisfaction and ignored productivity.
3. The theory's reliability is uncertain. Analysis has to be made by the raters. The raters may spoil the findings by analyzing same response in different manner.

4. No comprehensive measure of satisfaction was used. An employee may find his job acceptable despite the fact that he may hate/object part of his job.

5. The two factor theory is not free from bias as it is based on the natural reaction of employees when they are enquired the sources of satisfaction and dissatisfaction at work. They will blame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.

In **1960, Douglas McGregor** formulated Theory X and Theory Y suggesting two aspects of human behavior at work, or in other words, two different views of individuals (employees):

1. one of which is negative, called as Theory X and
2. the other is positive, so called as Theory Y

According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

❖ **Assumptions of Theory X**

- An average employee intrinsically does not like work and tries to it whenever possible.
- Since the employee does not want to work, he must be persuaded, compelled, or warned with punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style.
- Many employees rank job security on top, and they have little or no aspiration/ ambition.
- Employees generally dislike responsibilities
- Employees resist change.

❖ **Assumptions of Theory Y**

- Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.
- Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control if they are dedicated and sincere to achieve the organizational objectives.
- If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment to organization.
- An average employee can learn to admit and recognize the responsibility. In fact, he can even learn to obtain responsibility.
- The employees have skills and capabilities. Their logical capabilities should be fully utilized.
- In other words, the creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.

Thus, we can say that Theory X presents a pessimistic view of employees' nature and behavior at work, while Theory Y presents an optimistic view of the employees' nature and behavior at work.

If we correlate it with Maslow's theory, we can say that Theory X is based on the assumption that the employees emphasize on the physiological needs and the safety needs; while Theory X is based on the assumption that the social needs, esteem needs and the self-actualization needs dominate the employees.

McGregor views Theory Y to be more valid and reasonable than Theory X. Thus, he encouraged cordial team relations, responsible and stimulating jobs, and participation of all in decision-making process

❖ Implications of Theory X and Theory Y

- Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.

Many organizations are using Theory Y techniques. Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to organizational well-being.

Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization.

Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

❖ Application of Motivation Theories

A manager is interested in motivating his employees effectively, which needs specific recommendations that can be applied in practice.

The following suggestion can be given on the basis of the theories: -

- All motivation theories recognize that employees are not identical. They have different needs and personality; Managers should ensure the employees have specific goals and feedback on how well they are doing in achieving those goals.
- The motivational benefits should be aligned carefully to match people with their jobs.
- Managers need to make rewards contingent on performance. Important rewards such as pay increases and promotions should be given for the attainment of specific goals. Furthermore, managers should look for ways to increase the visibility if rewards, making them potentially more motivating.
- Employees should perceive that rewords or outcomes are equal to the inputs.
- Employees perform better for managers who care about them.

❖ Exercise

- **Long Question: -**

  Explain Motivation with the help of its Nature, importance, and characteristics.

- **Short Question: -**

  What are the types of Motivation explain with example

- **Short notes: -**

  1 Explain ERG theory of motivation
  2 Note of Herzberg's two factor theory

- **Fill the blank:**

  "Motivation is the complex of forces starting and keeping a person at work in an organization." definition was given by _________

UNIT-12	LEADERSHIP

12.1 Introduction:

12.2 Meaning and Definition

12.3 Nature of Leadership:

12.4 Importance of Leadership

12.5 Characteristics of Importance:

12.6 Factors Affecting Leadership

12.7 Principles of Leadership:

12.8 Leadership Styles:

12.9 Types of leadership theories:

❖ **Exercise**

12.1 Introduction:

Leadership is about taking risks and challenging the status quo. Leaders motivate others to achieve something new and better. Interestingly, leaders do what they do to pursue innovation, not as an obligation. They measure success by looking at the team's achievements and learning.

In contrast, management is about delegating responsibilities and getting people to follow the rules to reduce risk and deliver predictable outcomes. A manager is responsible for completing four critical functions: planning, organizing, leading, and controlling.

12.2 Meaning and Definition

"**Leadership" according to Alford and Beatty**, "is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion."

According to Chester I Barnard, "It (Leadership) refers to the quality of the behavior of the individual whereby they guide people on their activities in organized efforts".

"**Leadership" according to Alford and Beatty**, "is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion."

According to Chester I Barnard, "It (Leadership) refers to the quality of the behavior of the individual whereby they guide people on their activities in organized efforts".

Leadership is defined as the action or an act of guidance of leading a group of people or an organization. For example, - what a pastor does in his state, a commander does in the play area, the supervisor needs to do the same in his association. Leaders in varying backgrounds possess certain essential characteristics. Leaders ought to have the option to set up contact with their equivalents, manage their subordinates and guide them, intervene in clashes, resolve issues by weighing different other options, apportion scant assets appropriately and face challenges and activities.

12.3 Nature of Leadership:

1 Power to The People

There are five primary sources of power that leaders use to influence others. The first is **legitimate power**, which is the leader's position within an organization. The second is **rewarding power**, where incentives are used. Then there is **coercive power**, which is fear-based. Then there is **expert power**, which is founded on your respect others have for you.

2 Styling It Out

There are also a whole bunch of leadership styles, from autocratic through to laissez-faire. There tends to be a view that taking an autocratic approach is great, because you are the sole decision-maker, so you can take control of everything. The belief is also that being laissez-faire is really ineffective because you take such a hands-off approach. This is not the whole truth, in either case.

With power traits and leadership styles, you need to know how to shift through all of the different approaches. You're not looking to be one type of leader. You're looking for fluidity. And how do you shift through the different sources of power and leadership styles? By being aware of what they are and how they work. There is a direct correlation between the extent of your awareness and the quality of your leadership.

3 With Great Power Comes Great Responsibility

As every Marvel fan knows, with great power comes great responsibility. This means it is important to choose the sources of power and the leadership styles that suit you, your organization, and the people you're employing. This is because good leadership must be responsible leadership.

Dictators can be powerful leaders. They may be followed voluntarily, but one of their main sources of power is their willingness to use coercive influence to ensure those who do not follow voluntarily comply with their vision and purpose.

12.4 Importance of Leadership

1. Improves Communication

One of the most important duties of a leader is to facilitate communication within the workplace. Clear and concise communication is essential for any team to function correctly. Effective leaders will make it a point to keep lines of communication open at all times and create an open and inclusive environment where everyone feels comfortable sharing their ideas. By ensuring employees have a forum to voice their concerns and opinions, a leader can encourage a work culture where new ideas are welcome, and misunderstandings are avoided.

2. Creates A Better Work Environment

Leaders have a profound impact on their overall work environment. Effective leaders create an atmosphere of trust and respect, which in turn fosters creativity and collaboration. Employee morale is also higher in workplaces with strong management, leading to stronger workplace relationships. When employees feel engaged with their team and that their contributions matter, they are more likely to be motivated to go above and beyond in the workplace.

3. Improves Productivity

A successful leader makes all the difference in a team's productivity. When employees feel excited about the work they're doing, they are more likely to be productive. On the other hand, a poor leader can cause employees to become disengaged and uninterested in their work. A team that is led effectively will be more productive, efficient, and successful overall.

4. Increases Efficiency

A productive leader can help to improve efficiency by getting the most out of their team. Leaders can help improve efficiency by ensuring everyone is working towards the same goal and doing what they do best. They can provide guidance and direction while delegating tasks to make the most of everyone's strengths.

5. Decreases Mistakes

A capable leader is essential for any workplace that wants to minimize mistakes and run smoothly. This is especially important in high-pressure environments where mistakes can have serious consequences. A leader needs to be able to identify potential problems early on and quickly resolve them.

6. Motivates Employees

Good leaders know how to effectively motivate their employees. They understand that people are different and that what works for one person may not work for another. As a result, they take the time to get to know their team members and discover what works best for them. This can then create a more motivated group of employees who are excited about their own strengths and workplace contributions.

7. Sets a Good Example For Others

An effective leader knows that setting a good example is one of the best ways to inspire others. After all, people are more likely to follow someone they see as a role model. By behaving in a way that exemplifies the values and goals of their team or organization, good leaders can show others what it means to be a committed and successful member.

8. Inspires Hard Work

A great leader can instill a sense of purpose in their team. When people feel like they are working towards something bigger than themselves, they are more likely to be willing to put in the hard work required to achieve it. An effective leader knows how to tap into this sense of purpose and channel it into productive effort.

9. Creates A Strong Vision And Direction For The Future

A successful leader understands the importance of having a solid vision and how to create one that will guide their organization toward a bright future. Without a clear vision, maintaining momentum or progressing toward long-term goals can be challenging. A leader with a strong vision can create a sense of direction and purpose, helping to focus and energize an entire organization.

10. Helps Keep Employees On Track

Once the company's vision is well-articulated and understood, sound leadership is essential to keep employees focused on reaching that goal. This means clearly communicating the company's vision and objectives as progress is made and changes occur, and then providing the necessary support and resources for success.

12.5 Characteristics of Importance:

1. Decisiveness

The ability to make decisions, particularly when under pressure, is an important skill to master. When you're in a position of power, people will look to you to make the 'right' decision, so it's vital to take all relevant factors into consideration before committing to a decision – and once you've made your decision, you should be able to defend it and provide reasoning if questioned by those you're accountable to. Furthermore, the ability to review your decision as new data comes to light shows maturity in leadership.

It's equally as important not to be too proud to ask for advice with decision-making if you feel there's a stakeholder who is more knowledgeable on the area in question, although the ultimate decision will still lie with you.

2. Trustworthiness

No-one enjoys working with a leader that they feel they can't trust; therefore, it's crucial to build relationships with your team as soon as you possibly can – and this doesn't mean becoming their friend, but rather presenting yourself as a credible leader who is always transparent and equitable.

Effective ways of building trust with those you manage include being open and honest, listening to their problems without making judgement, and openly discussing the importance of trust within the team or wider organisation.

Of course, the most important thing to remember here is that your desire to build trust needs to be genuine.

3. Empowerment of others

Besides trustworthy, leaders should be trusting in equal measures. When you progress in your career and achieve a high-level position, you may feel as though you need to be perceived as the expert in all areas, but your employees are your employees for a reason – they're experts in their respective fields and, as a leader, it's important to trust that they will deliver.

Be sure to delegate to team members wherever possible and empower them to take on tasks or projects that will help them step outside of their comfort zones and grow as professionals. This will demonstrate just how much you believe in them.

4. Clear communication

Clear communication is one of the biggest keys to success within any senior management role. Having a vision and a way to achieve that vision is one thing, but it's also important to ensure you have communicated that vision clearly to your employees, so that you can all work towards the same goal.

A strong leader should use clear communication to ensure that everyone within their team or organization understands what they should be aiming for, as well as using language to motivate and inspire their employees to reach their full potential for their own benefit, as well as the organization's.

5. Resilience

Last but not least, a great leader must always be prepared to get back up each time they get knocked down; being in a position of authority does not come without its challenges, so it's crucial not to dwell on short-term failures and instead focus on the learning's you can take away for future reference.

12.6 Factors Affecting Leadership

Before we dive into the Factors Affecting Leadership, we will first define what Leadership is. Leadership is the art of guiding and inspiring individuals or groups towards a common goal. It involves the ability to influence and motivate others, fostering collaboration and achieving collective success.

Effective Leadership empowers people to reach their full potential and drives positive change within organizations and communities. Now, we will expand on the different factors that affect Leadership.

- **Internal factors**

Internal factors have a profound impact on the Types of Leadership Styles within organizations. These factors are closely tied to the company's internal workings and culture, shaping how leaders lead their teams

1) **Organizational culture:**

Organizational culture plays a pivotal role in defining Leadership styles. A supportive and empowering culture fosters participatory Leadership, encouraging open communication and collaborative decision-making. In contrast, a hierarchical culture may lead to a more autocratic Leadership style, centralizing decision-making authority with the leader.

- **Team dynamics:**

Team dynamics also influence Leadership approaches. A cohesive and aligned team might benefit from a democratic Leadership style, where collaboration and mutual respect drive decision-making. However, in teams facing conflicts, a more directive Leadership style might be necessary to restore harmony and provide clear direction.

2) **Company values:**

Company values serve as a moral compass, guiding leaders' actions. Effective leaders align their styles with these core values, inspiring trust and ethical decision-making among their team members.

3) **Communication channels:**

Communication channels significantly impact leadership effectiveness. Leaders who maintain open lines of communication and encourage feedback often adopt a democratic style, fostering an inclusive work environment. Conversely, relying on top-down communication can lead to a more autocratic approach, reducing team engagement.

4) Resource allocation:

Resource allocation decisions can also shape eadership styles. Fair and transparent resource allocation reflects a democratic Leadership approach, enhancing team ownership and commitment. However, a more centralized allocation may indicate an autocratic Leadership style, prioritizing swift decisions over team involvement.

❖ **External factors**

External factors play a crucial role in shaping the Leadership style of individuals leading organizations or teams. These factors are beyond the direct control of the leader and are often influenced by the external environment in which the organization operates. Let's dive deeper into the key external factors affecting Leadership style:

1) Economic environment:

The prevailing economic conditions significantly impact leadership styles. During times of economic prosperity, leaders may focus on growth, expansion, and innovation. They are more likely to take calculated risks and invest in new opportunities. On the other hand, in times of economic downturn, leaders may adopt a more cautious approach, emphasizing cost-cutting, efficiency, and risk management.

2) Industry trends:

Every industry experiences ongoing changes and trends that demand adaptability from leaders. Leaders need to stay abreast of the latest developments and innovations within their industry. Adapting to emerging trends and technologies is essential for maintaining a competitive edge and sustaining growth.

3) Technology advancements:

Rapid advancements in technology have transformed the business landscape. Leaders need to be tech-savvy and willing to embrace new digital tools and solutions to enhance efficiency and productivity. Technologically competent leaders can better navigate the complexities of the digital age and drive digital transformation within their organizations.

4) Competitive landscape:

The level of competition in an industry also influences leadership styles. In highly competitive markets, leaders may adopt a more aggressive approach, striving for market dominance and continuous improvement. In contrast, leaders in niche markets may emphasize relationship-building, customer service, and specialization.

5) Cultural factors:

Leaders operating in diverse cultural environments need to be sensitive to cultural nuances. Different cultures may value different Leadership attributes and communication styles. Effective leaders adapt their leadership approach to align with the cultural norms and expectations of the workforce.

12.7 Principles of Leadership:

1. Admit your mistakes:

To err is human, but some leaders are uncomfortable with the idea that their team could see them make a mistake. It can be a challenge to admit when you are wrong, but it's extremely valuable and actually important for teams to see their leaders make mistakes and admit to them. It gives them the idea that they can also make mistakes and learn from them. Seeing a boss admit to a mistake can help humanize them, and actually help employees relate to and respect them more.

Good leaders are up to the challenge—they show that it's important to own your mistakes, help fix them, learn from them, and move on. This helps them set a great example for their organization. Being unwilling to admit mistakes can lead to employees not trusting their leaders, worrying that they will get in trouble if they mess-up in any way, and a lack of responsibility that can cause huge issues for your team. Being able to admit mistakes is a valuable leadership principle.

2. Be a good listener:

Great leaders know that communication is a two-way street that starts with listening. If a leader isn't a good listener, the result will be that their team is far less likely to listen to them in return. Great leaders know that listening is key to helping them gain trust and respect of their team. Being willing to not only listen, but really hear what your team is telling you, is key to being aware of problems and how to fix them. Teams will communicate problems, concerns, ideas, and things about themselves that can help leaders know better how to inspire, motivate, and work with them.

Good listeners don't have to agree with everything they hear, but they commit to listening and working to understand it, using what they've heard to make decisions. Leaders that listen ensure teams that they validate and understand what they're going through, and even if they take the team in a different direction, they know that they were heard and understood.

3. Be innovative:

Leaders can't rest on their laurels and expect their team to be the creative machine. Innovation is a key to a successful leader. Their job is to think outside the box, be creative, and help inspire the team to do the same. Great leaders see a bigger picture and can help their team understand larger, long-term goals.

Leaders that innovate show their teams that they are current and relevant—teams want to know that their leaders understand trends and are prepared for the future. So they learn about innovation, tech trends, and utilize them in their organization regularly. This helps ensure them that they won't become obsolete. Leaders who innovate and think outside the box motivate their employees to catch the vision and utilize their creativity as well. This helps everyone be more successful.

4. Communicate:

Good leaders know that open communication is the hallmark of good leadership. Without open communication, employees have no idea what is expected of them. They will feel that they aren't cared about, that they are out of the loop, and that their manager isn't honest with them.

Communication can help clear up misunderstandings or prevent them all together. It can also help employees better understand and trust decisions that are made. It helps employees feel confident to speak to managers about issues and concerns, and encourages everyone to establish good relationships. Communication involves listening well, and speaking clearly. Good leaders use their listening skills to help them know what to say, how to motivate, and what their team needs to hear. This helps everyone get on the same page, and go for the same goals.

5. Continuously brush-up on your leadership skills:

Good leaders know that practice makes perfect. In order to continue to be a good leader every day, you must practice and work at it. This can involve reading books or articles, listening to podcasts, attending workshops, or even going back to school for another degree.

Leaders demonstrate their commitment to learning about new strategies and trends, showing their employees that they are committed to bettering themselves. This can inspire employees to also want to work on self-improvement. Good leaders are always looking for ways they can get better, connect more with their employees, and be the best leader they can be.

12.8 Leadership Styles:

1. Democratic Leadership

A democratic leadership style is where a leader makes decisions based on the input received from team members. It is a collaborative and consultative leadership style where each team member has an opportunity to contribute to the direction of ongoing projects. However, the leader holds the final responsibility to make the decision.

Democratic leadership is one of the most popular and effective leadership styles because of its ability to provide lower-level employees a voice making it equally important in the organization. It is a style that resembles how decisions are made in company boardrooms. Democratic leadership can culminate in a vote to make decisions.

Democratic leadership also involves the delegation of authority to other people who determine work assignments. It utilizes the skills and experiences of team members in carrying out tasks.

The democratic leadership style encourages creativity and engagement of team members, which often leads to high job satisfaction and high productivity. However, establishing a consensus among team members can be time-consuming and costly, especially in cases where decisions need to be made swiftly.

2. Autocratic Leadership

Autocratic leadership is the direct opposite of democratic leadership. In this case, the leader makes all decisions on behalf of the team without taking any input or suggestions from them. The leader holds all authority and responsibility. They have absolute power and dictate all tasks to be undertaken. There is no consultation with employees before a decision is made. After the decision is made, everyone is expected to support the decision made by the leader. There is often some level of fear of the leader by the team.

The autocratic type of leadership style can be very retrogressive as it fuels employee disgruntlement since most decisions would not be in the employees' interests. An example can be a unilateral increase in working hours or a change in other working conditions unfavorable to employees but made by leadership to increase production. Without employee consultation, the manager may not be fully aware of why production is not increasing, thereby resorting to a forced increase in working hours. It can lead to persistent absenteeism and high employee turnover.

However, autocratic leadership can be an effective approach in cases where the leader is experienced and knowledgeable about the circumstances surrounding the decision in question and where the decision needs to be made swiftly. There are other instances where it is also ideal such as when a decision does not require team input or an agreement to ensure a successful outcome.

3. Laissez-Faire Leadership

Laissez-faire leadership is accurately defined as a hands-off or passive approach to leadership. Instead, leaders provide their team members with the necessary tools, information, and resources to carry out their work tasks. The "let them be" style of leadership entails that a leader steps back and lets team members work without supervision and free to plan, organize, make decisions, tackle problems, and complete the assigned projects.

The laissez-faire leadership approach is empowering to employees who are creative, skilled, and self-motivated. The level of trust and independence given to the team can prove to be uplifting and productive and can lead to job satisfaction.

At the same time, it is important to keep such a type of leadership in check as chaos and confusion can quickly ensue if the team is not organized. The team can end up doing completely different things contrary to what the leader expects.

According to research, laissez-faire leadership is the least satisfying and least effective.

4. Transformational Leadership

Transformational leadership is all about transforming the business or groups by inspiring team members to keep increasing their bar and achieve what they never thought they were capable of. Transformational leaders expect the best out of their team and push them consistently until their work, lives, and businesses go through a transformation or considerable improvement.

Transformational leadership is about cultivating change in organizations and people. The transformation is done by motivating team members to go beyond their comfort zone and achieve much more than their perceived capabilities. To be effective, transformational leaders should possess high levels of integrity, emotional intelligence, a shared vision of the future, empathy, and good communication skills.

Such a style of leadership is often associated with high growth-oriented organizations that push boundaries in innovation and productivity. Practically, such leaders tend to give employees tasks that grow in difficulty and deadlines that keep getting tighter as time progresses.

However, transformational leaders risk losing track of individual learning curves as some team members may not receive appropriate coaching and guidance to get through challenging tasks. At the same time, transformational leaders can lead to high productivity and engagement through shared trust and vision between the leader and employees.

5. Transactional Leadership

Transactional leadership is more short-term and can best be described as a "give and take" kind of transaction. Team members agree to follow their leader on job acceptance; therefore, it's a transaction involving payment for services rendered. Employees are rewarded for exactly the work they would've performed. If you meet a certain target, you receive the bonus that you've been promised. It is especially so in sales and marketing jobs.

Transactional leadership establishes roles and responsibilities for each team member and encourages the work to be completed as scheduled. There are instances where incentive programs can be employed over and above regular pay. In addition to incentives, there are penalties imposed to regulate how work should be done.

Transactional leadership is a more direct way of leadership that eliminates confusion between leader and subordinate, and tasks are clearly spelled out by the leader. However, due to its rigid environment and direct expectations, it may curb creativity and innovation. It can also lead to lower job satisfaction and high employee turnover.

6. Bureaucratic Leadership

Bureaucratic leadership is a “go by the book” type of leadership. Processes and regulations are followed according to policy with no room for flexibility. Rules are set on how work should be done, and bureaucratic leaders ensure that team members follow these procedures meticulously. Input from employees is considered by the leader; however, it is rejected if it does not conform to organizational policy. New ideas flow in a trickle, and a lot of red tape is present. Another characteristic is a hierarchical authority structure implying that power flows from top to bottom and is assigned to formal titles.

Bureaucratic leadership is often associated with large, “century-old” organizations where success has come through the employment of traditional practices. Hence, proposing a new strategy at these organizations is met with fierce resistance, especially if it is new and innovative. New ideas are viewed as wasteful and ineffective, or even downright risky.

Although there is less control and more freedom than an autocratic leadership style, there is still no motivation to be innovative or go the extra mile. It is, therefore, not suitable for young, ambitious organizations on a growth path.

Bureaucratic leadership is suitable for jobs involving safety risks or managing valuable items such as large amounts of money or gold. It is also ideal for managing employees who perform routine work.

7. Servant Leadership

Servant leadership involves a leader being a servant to the team first before being a leader. A servant leader strives to serve the needs of their team above their own. It is also a form of leading by example. Servant leaders try to find ways to develop elevate and inspire people following their lead to achieve the best results.

12.9 Types of leadership theories:

There are seven main leadership theories regarding the ability and the characteristics of a good and successful leader. Depending on different situations and scenarios, the significance of these theories is changed.

- **Great Man theories of leadership**

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

- **Contingency theories of leadership**

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

- **Transformational theories of leadership**

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

- **Trait theories of leadership**

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

- **Behavior theories of leadership**

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

- **Transactional theories of leadership**

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

- **Situational theories of leadership**

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

❖ **“Key Traits for Effective Leadership”**

1. Openness and Approachability

Leaders who foster trust through open communication and honesty create a positive environment. Team members feel comfortable engaging with such leaders, knowing they can speak freely without fear.

2. Kindness

People respond well to leaders who are warm, cheerful, and prioritize others. Even in challenging situations, kindness enhances a leader’s effectiveness.

3. Consideration

When leaders show respect for team members' ideas and needs, they create a more productive and positive work atmosphere. Prioritizing others’ well-being fosters trust and loyalty.

4. Emotional Resilience

Despite the emotional fluctuations that occur during a workday, leaders are expected to maintain stability. This steadiness positively impacts the team, improving performance.

5. Creativity

Leaders who think creatively and inspire new ideas help their teams thrive. Innovative thinking is essential for solving complex challenges and achieving success.

6. Clear Communication

Effective leaders are excellent communicators, using various forms of communication to clearly express their goals and expectations. This transparency fosters trust and collaboration.

7. Integrity

Trust is built when leaders are honest, reliable, and consistent. Leaders who stand by their word and take responsibility for their actions inspire loyalty and respect.

8. Self-Awareness

Leaders must have a deep understanding of their strengths, weaknesses, and how they impact others. Self-awareness allows for personal growth and stronger leadership.

9. Empathy

Understanding and responding to the emotions and experiences of others strengthens connections between leaders and their teams. Empathy is essential for effective leadership.

10. Engagement

Leaders who actively engage with their team stay informed about projects and challenges. This hands-on approach fosters a strong team dynamic and improves productivity.

11. Sense of Humor

A well-timed sense of humor lightens the atmosphere and helps reduce stress, even in challenging situations. Leaders who can see the bright side foster a more positive environment.

12. Passion

Leaders who are passionate about their work inspire others to share in their enthusiasm. This passion motivates the team and helps communicate a clear vision.

13. Respectability

Respect is earned through actions that reflect integrity, kindness, and empathy. Leaders who live by these principles naturally command respect from their team.

14. Accountability

Effective leaders take responsibility for their actions and ensure they meet their goals. By being accountable, they foster a culture of accountability throughout the team.

15. Ethics

Ethical leaders value and protect the dignity of others. They ensure their decisions are guided by integrity and work towards the greater good of the organization and society.

❖ **Exercise**

- **Long Question:-**

1. What is leadership explain its importance, characteristics.

- **Short Question:-**

1. Explain the Principles and factors affecting leadership.

- **Short note:-**

1. Theories of Leadership
2. Leadership styles

- **Fill ups:-**

1. Power to The People is ________ of Leadership
2. __________ is internal factor of leadershi

UNIT-13 COMMUNICATION

13.1 Introduction

The role of management is to accomplish the goals of an organization. To do this, managers create a plan that defines what needs to be done, when it will be done, and how it will be done. To implement the plan, managers must convey this information to everyone in the organization. That is, they must communicate the plan to members of the organization. However, managers need to do much more than just inform people what they need to do to support the plan. They also must motivate people to support the plan, build commitment to the organization, establish rapport and collaboration, and keep everyone informed of events and actions that affect the organization.

Good Communication not only informs but also helps to create a culture that makes people feel like they belong to and want to support the organization. Communication and management are closely linked. Communication refers to the process by which information is exchanged between two or more people. Each of the management roles like, planning, organizing, leading, and controlling depends on effective Communication. Managers must be able to receive accurate information to determine plans, and they must be able to send accurate information for the plans to be implemented. When information is accurately sent and received, everyone in an organization can be informed. As we see in the earlier example, however, when information is misinterpreted or when incorrect information spreads, Communications can create significant problems in organizations.

In the words of J. Paul Leagans, the importance of Communication can be stated as "what is needed is more people saying the right things at the right time, in the right way, to be right people. This is the formula for good Communication.

The success of any Communication effort whether visual, written or spoken depends upon the skill of the communicator; it is up to him or her to stimulate the audience towards thinking and to persuade them towards action. Communication is the process by which two or more people exchange ideas, facts, feelings or impressions in ways that each gains a common understanding of the meaning, intent and use of messages. Thus, each episode of Communication has at least three phases; Expression, Interpretation and Response. If the expression by extension worker is clear, the interpretation by people will be accurate and the response will be proper. In short, it is easy to control what extensionist expresses, says or means, but difficult to control how people interpret and respond. Therefore, in extension work nothing is more important than the transfer of accurate information to people through Communication.

13.2 Meaning

The English word 'Communication' is derived from the Latin communis, which means common sense. The word Communication means sharing the same ideas; in other words, the transmission and interaction of facts, ideas, opinions, feelings or attitudes. Communication is the essence of management. The basic function of management like planning, staffing, supervision and management cannot be done effectively without effective Communication.
Communication is a Latin word which means "to share".
Communication is a two-way process which involves transferring of information or messages from one person or group to another. This process goes on and includes a minimum of one sender and receiver to pass on the messages. These messages can either be any ideas, imagination, emotions, or thoughts.
Definitions:

The below are the definitions from different authors:

1. According to G.G. Brown. "Communication is a transfer of information from one person to another, whether or not it elicits confidence. But the information transferred must be understandable to the receiver".

2. According to Fred G. Meyer "Communication is the intercourse by words, letters or messages".

3. According to Koontz and Weihrich Communication is the transfer of information from a sender to a receiver, with the information being understood by the receiver"

4. According to Terry and Franklin "Communication is the art of developing and attaining understanding between people. It is the process of exchanging information and feelings between two or more people and it are essential to effective management."

5. According to Allen Louis "Communication is the sum of all things one person does when he wants to create understanding in the mind of another. It is a bridge of meaning. It involves a systematic and continuous process of telling, listening and understanding."

6. According to Stoner and Wankel "Communication is the process by which people attempt to share meaning via the transmission of symbolic messages."

13.3 Nature of Communication

1. It is a Two-way process: - Communication is a two-way process of understanding between two or more persons, i.e. sender and receiver. A person cannot communicate with himself. Both the sender and receiver send and receive information. Individuals take turn as both speakers and listeners. It allows for

dynamic and engaged conversation. Feedback and responses are exchanged between the parties.

2. It is a Continuous process- Exchange of ideas and opinion amongst people is an on-going process in business and non-business organisations. Continuous interaction promotes understanding and exchange of information relevant for decision-making.
3. It is a Dynamic process- Communication is a dynamic process that involves more than one person. It is a cyclic process denoting continuous flow of information. Communication involves a systematic and continuous process of telling, listening and understanding. It is an on-going interaction and exchange between the sender and the receiver. Body messages are conveyed continuously in any encounter between two people, while verbal Communication is discontinuous. Communication between sender and receiver takes different forms and medium depending upon their moods and behaviour. It is, thus, a dynamic process that keeps changing in different situations.
4. It is Pervasive- Communication is a pervasive activity. It takes place at all levels i.e. top, middle, low in all functional areas, i.e. production, finance, personnel, sales, of a business organisation; means it is essential at all levels of management and in all areas of business.
5. Exchange of information between two people- A minimum of two persons i.e. sender and receiver must be present for Communication to take place. It may be between superiors, subordinates and peer group. Communication involves exchange of ideas and opinions. People interact and develop understanding for each other.
6. Means of unifying organisational activities- Communication unifies internal organisational environment with its external environment. It also integrates the human and physical resources and converts them into organisational output.
7. Verbal and non-verbal- Though words are active carriers of information, gestures can sometimes be more powerful than words. Facial expressions, sounds, signs, and symbols are the non-verbal forms of Communication.
8. Mutual understanding- Communication is effective when sender and receiver develop mutual understanding of the subject. Messages conveyed should be understood by the receiver in the desired sense.
9. Goal-oriented- Communication is goal-oriented. Unless the receiver and sender know the purpose they intend to achieve through Communication, it has little practical utility. So, sender and receiver both have goals in their mind and accordingly they communicate.
10. Foundation of management- Though Communication is a directing function, it is important for other managerial functions also. Designing plans and organisation structures, motivating people to accomplish goals and controlling organisational activities; all require Communication amongst managers at various levels.
11. A means, not an end- Communication is not an end. Effective Communication is a means towards achieving the end, that is, goal accomplishment. It eases the managerial operations by facilitating planning, organising, staffing, directing and controlling functions.
12. Human activity- Since Communication makes accomplishment of organisational goals possible, it is essential that people understand and like each other. If people

do not understand each other's viewpoint, there cannot be effective Communication.

13. Inter-disciplinary- Communication is the art of how communicators use knowledge of different fields of study like anthropology, psychology, and sociology. Making best use of these disciplines makes Communication effective. It is, thus, an inter-disciplinary area of management.

13.4 Importance of Communication

Communication is vital for connecting people, sharing ideas, and building relationships. It allows us to express thoughts and emotions, fostering understanding and empathy. Effective Communication resolves conflicts, promotes teamwork, and drives personal and professional growth. Good Communication plays an essential role in our personal and professional lives.

It enables people to express themselves clearly, understand others better, and build strong relationships. Apart from that Communication is crucial in various aspects.

1. Clear expression

Good Communication skills are an asset that lets you express your thoughts and ideas clearly and effectively. With these skills, you can confidently convey your message, ensuring that others understand your intentions and meaning without confusion or misinterpretation.

2. Active Listening

Communication is a two-way street. Effective Communication also involves active listening and understanding the needs and perspectives of others, which can help you, build stronger relationships and achieve tremendous success in both personal and professional settings. You can respond appropriately and build trust and rapport by understanding their perspectives and feelings.

3. Relationship building

Communication is the foundation of any healthy relationship. When you can communicate openly and honestly, you can express your needs, resolve conflicts, and establish strong connections with family, friends, and colleagues.

4. Conflict resolution

Misunderstandings and conflicts are a natural part of life. However, good Communication skills empower you to handle conflicts effectively. You can navigate conflicts and find mutually beneficial solutions by expressing your concerns calmly, actively listening to others, and finding common ground.

5. Positive work environment

In any workplace, possessing effective Communication skills is crucial. These skills enable you to work collaboratively and increase productivity. Communicating clearly with your colleagues and superiors can build strong professional relationships and create a positive work environment. Effective Communication involves speaking and writing clearly, listening to others, and comprehending their perspectives. It is an essential skill that can lead to success in any workplace.

6. Career advancement

Strong Communication skills are highly valued in the professional world. Clear and concise Communication allows you to share your ideas, collaborate with others, and present your work effectively. These skills enhance your chances of career advancement and professional success.

7. Diversity and inclusivity

Good Communication skills promote inclusivity and respect for diverse perspectives. Listening attentively and appreciating different viewpoints can create an inclusive environment ensuring everyone feels valued and understood.

8. Personal growth

Developing good Communication skills is an on-going process contributing to personal growth. Effective Communication helps you become more self-aware, improve emotional intelligence, and develop vital interpersonal Communication skills.

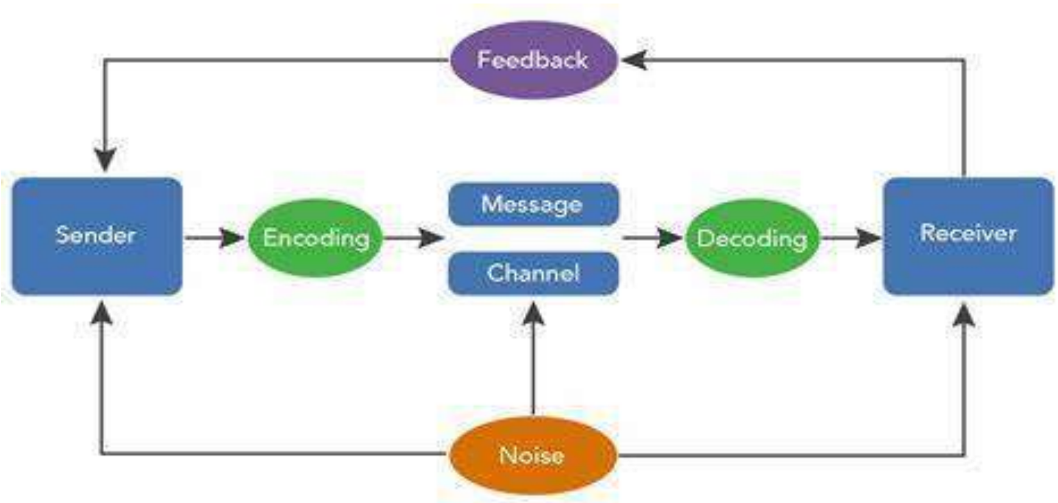
9. Overcoming barriers

In today's globalised world, Communication often involves interacting with people from different cultures and backgrounds. Good Communication skills enable you to bridge cultural and language barriers, promotes understanding and cooperation.

13.5 Communication Process

Communication at its core is the exchange and interpretation of information and meaning between individuals or groups. It involves not just transmitting words, but also conveying emotions, intentions, and context. It allows us to share our thoughts, feelings, and experiences with others.

The process of Communication can be understood as a series of interconnected steps that work together to ensure the successful transmission and understanding of a message. These steps, known as the Communication process, involve several key elements.



1) Idea/Message:

Message refers to the information that the sender is relaying to the receiver. The foundation of any Communication is an idea or message. This can take various forms, from carefully crafted words to expressive gestures. The clarity and coherence of this message directly impact the effectiveness of the Communication.

2) Sender/Encoder:

Sender is the person that is delivering a message to a recipient. The sender acts as the initiator, the individual who formulates and transmits the message. Their choice of words, tone, and non-verbal cues all play a crucial role in shaping the message's delivery. The Communication process begins with the sender, who is also called the communicator or source. The sender has some kind of information, a command, request, question, or idea that he or she wants to present to others. For that message to be received, the sender must first encode the message in a form that can be understood, such as by the use of a common language or industry jargon, and then transmit it.

3) Receiver/Decoder:

The person to whom a message is directed is called the receiver or the interpreter. Decoding is the interpretation of the message. Decoding is performed by the receiver. To comprehend the information from the sender, the receiver must first be able to receive the sender's information and then decode or interpret it. The receiver takes centre stage on the receiving end. They actively listen, process the message, and attempt to decipher its meaning based on their understanding and interpretation.

4) Channel/Medium:

The channel serves as the medium, the bridge that carries the message from sender to receiver. The medium is the means by which a message is transmitted. Text messages, for example, are transmitted through the medium of cell phones. Other common mediums of Communication include television broadcasts, radio waves, internet platforms, and face-to-face interactions. This could be a face-to-face conversation, a written email, a social media post, or even a captivating presentation.

5) Feedback:

For Communication to be truly effective, it needs a loop of feedback. This is the receiver's response, their verbal or non-verbal confirmation that the message has been received and understood as intended. The Communication process reaches its final point when the message has been successfully transmitted, received, and understood. The receiver, in turn, responds to the sender, indicating comprehension. Feedback may be direct, such as a written or verbal response, or it may take the form of an act or deed in response. Feedback in some instances, the receiver might have feedback or a response for the sender. This starts an interaction.

These five components are not isolated entities; they are intricately woven together. As the Communication process unfolds, they work in tandem, influencing and shaping each other. Understanding this interconnected web is crucial for mastering the art of Communication. The diagram below provides a visual representation of the Communication process.

So, the Communication process work as per below mentioned steps. In order to successfully communicate, it is important to understand how the process works. Below are the steps in the Communication process:

- The sender develops an idea to be sent.
- The sender encodes the message.
- The sender selects the channel of Communication that will be used.
- The message travels over the channel of Communication.
- The message is received by the receiver.
- The receiver decodes the message.
- The receiver provides feedback, if applicable.

13.6 Types of Communication

There are a various categories of Communication. The types are explained below:

1. Verbal Communication

Verbal Communication means effectively presenting your thoughts in verbal format i.e., by speaking. Verbal Communication skills are essential in the world of business. Be it a weekly meeting or presentation to stakeholders, the importance of verbal Communication is unparalleled. People always remember a person who speaks clearly, effectively, confidently, and charismatically. Words, whether spoken or written, are used in this sort of Communication to communicate a message. It falls into two categories: written and oral. Face-to-face interactions, phone calls, and presentations all fall under the category of oral Communication. Emails, letters, and text messages are all examples of written Communication.

❖ **Types of Verbal Communication**

Verbal Communication goes beyond words, sounds and languages. The need is to know the audience to talk to them better. To follow the Pyramid Principle and start with the main argument and then follow up with supporting statements. The classification of verbal Communication into four types based on audience is as follows:

I. <u>Intrapersonal Communication</u>

This is a private verbal Communication channel. In this Communication talk to yourself and articulate your thoughts. Communicating with yourself will give you more confidence and clarity in your thoughts. It will help you make up your mind, form your sentences, find suitable words and effective ways to connect with other people. This will help you gain your colleagues' trust in the workplace.

II. <u>Interpersonal Communication</u>

It is also known as one-to-one verbal Communication. This type of Communication happens between two individuals. It helps to understand thoughts clearly. Reactions, responses and verbal and nonverbal cues from the other person will help you understand whether you are being understood or not. Make sure to listen the other person intently. Communication does not just mean to talk to someone. It's also about listening. So, listen, think and then respond. Take time to think and make sure you do not offend people with your response.

III. Small Group Communication

The number of people increases in small group Communication. You move from communicating with a single participant to a few more. These small groups could be team meetings, board meetings or sales meetings. The number of participants is small enough for everyone to communicate with each other. When you attend small group meetings, be prepared with a topic to make sure you stay on track. Stay on topic and allow enough time for everyone to present their thoughts.

IV. Public Communication

It is also known as "Public speaking." Means, an individual addresses a large number of people at once. Speeches, election campaigns and presentations are a few examples of public Communication. Since the number of people in the audience is larger in this type of Communication, be sure to use words and phrases. The more prepared you are, the more confident you will feel like a public speaker.

2. Nonverbal Communication

Body language, facial emotions, and other nonverbal indicators are used in this style of Communication to communicate a message. Examples include body language, posture, and vocal tone. Even more so than verbal Communication, nonverbal Communication has the potential to be strong and successfully convey a message. The Nonverbal Communication includes the following:

1) Facial expressions
2) Gestures
3) Paralinguistic (such as loudness or tone of voice)
4) Body language
5) Proxemics or personal space
6) Eye gaze, haptic (touch)
7) Appearance
8) Artefacts (objects and images)

1) Facial Expressions

Facial expressions are responsible for a huge proportion of nonverbal Communication. Consider how much information can be conveyed with a smile or a frown. The look on a person's face is often the first thing we see, even before we hear what they have to say. While nonverbal Communication and behaviour can vary dramatically between cultures, the facial expressions for happiness, sadness, anger, and fear are similar throughout the world.

2) Gestures

Deliberate movements and signals are an important way to communicate meaning without words. Common gestures include waving, pointing, and giving a "thumbs up" sign. Other gestures are arbitrary and related to culture. Nonverbal Communication via gestures is so powerful and influential that some judges place limits on which ones are allowed in the courtroom, where they can sway juror opinions. An attorney might glance at their watch to suggest that the opposing lawyer's argument is tedious, for instance. Or they may roll their eyes during a witness's testimony in an attempt to undermine that person's credibility.

3) Paralinguistic

Paralinguistics refers to vocal Communication that is separate from actual language. This form of nonverbal Communication includes factors such as tone of voice, loudness, inflection, and pitch. For example, consider the powerful effect that tone of voice can have on the meaning of a sentence. When said in a strong tone of voice, listeners might interpret a statement as approval and enthusiasm. The same words said in a hesitant tone can convey disapproval and a lack of interest.

4) Body Language and Posture

Posture and movement can also provide a great deal of information. Different Researches on body language has grown significantly since the 1970s, with popular media focusing on the over-interpretation of defensive postures such as arm-crossing and leg-crossing. While these nonverbal Communications can indicate feelings and attitudes, body language is often subtle and less definitive than previously believed.

5) Proxemics

People often refer to their need for "personal space." This is known as proxemics and is another important type of nonverbal Communication. The amount of distance we need and the amount of space we perceive as belonging to us are influenced by several factors. Some of them are social norms, cultural expectations, situational factors, personality characteristics, and level of familiarity.

6) Eye Gaze

The eyes play a role in nonverbal Communication, with such things as looking, staring, and blinking being important cues. For example, when you encounter people or things that you like, your rate of blinking increases and your pupils dilate. People’s eyes can indicate a range of emotions, including hostility, interest, and attraction. People also often utilize eye gaze cues to gauge a person's honesty. Normal, steady eye contact is often taken as a sign that a person is telling the truth and is trustworthy. Shifty eyes and an inability to maintain eye contact, on the other hand, is frequently seen as an indicator that someone is lying or being deceptive.

7) Haptic

Communicating through touch is another important nonverbal Communication behaviour. Touch can be used to communicate affection, familiarity, sympathy, and other emotions. Haptics are any type of technology that gives you a tactile response. for example, when your phone vibrates. If you use an iPhone, you may be familiar with Haptic Touch, a feature which vibrates your phone when you long-press the screen. Haptics have been around since the 1970s, and are used in medical equipment, video games, and more. Haptics allow non-responsive surfaces like touchscreens to emulate the feeling of using real objects like buttons and dials. Haptic technology can involve vibrations, motors, and even ultrasound beams to simulate the feeling of touch.

8) Appearance

Our choice of clothing, hairstyle, and other appearance factors are also considered a means of nonverbal Communication. Different Researches on colour psychology has demonstrated that different colours can evoke different moods. Appearance can also alter physiological reactions, judgments, and interpretations. Just think of all the subtle judgments you quickly make about someone based on their appearance. These first impressions are important, which is why experts suggest that job seekers dress appropriately for interviews with potential employers.

9) Artefacts

Objects and images are also tools that can be used to communicate nonverbally. On an online forum, for example, you might select an avatar to represent your identity and to communicate information about who you are and the things you like. People often spend a great deal of time developing a particular image and surrounding themselves with objects designed to convey information about the things that are important to them. Uniforms, for example, can be used to transmit a tremendous amount of information about a person. A police officer will wear a specific uniform, and a doctor will wear a white lab coat. At a mere glance, these outfits tell others what that person does for a living. That makes them a powerful form of nonverbal Communication.

3. Communication across Cultures

People from many cultural backgrounds exchange information and ideas through this style of Communication. It can involve both verbal and nonverbal Communication, and because of the varied languages, traditions, and values of other cultures, it can be difficult. In order to foster mutual understanding and cooperation between many cultures, intercultural Communication is crucial.

4. Visual Communication

To transmit a message, this style of Communication makes use of visual components including pictures, videos, and graphics. There are several ways to employ visual Communication, including in charts, info-graphics, and advertising. It is frequently employed to simplify and enliven difficult information.

5. Interpersonal Communication

Information and ideas are exchanged between two or more persons during this style of conversation. It can take the shape of written messages, phone calls, or face-to-face interactions and can be formal or informal. Building and maintaining partnerships depend on interpersonal Communication.

6. Mass Communications

In order to reach a big audience, this style of Communication uses mass media, including television, radio, newspapers, and the internet. Information that needs to be widely disseminated is frequently done so through mass Communication, such as news updates, advertise.

7. Electronic Communication

Digital technology, including the internet, social media, and mobile devices, are used in this sort of Communication to spread a message. In recent years, digital Communication has proliferated more widely, changing the way individuals communicate and exchange information.

13.7 Barriers to Communication

1. Physical Barriers

Any form of restriction or obstacle that restricts or impedes good Communication is referred to as a physical barrier. These could include intrusive sounds, dim illumination, or a lack of personal space. For instance, it will be challenging for two people to hear and comprehend each other if they are trying to hold a conversation in a noisy, busy environment.

2. Language Barriers

When persons speak various languages or have varying degrees of fluency in a language, linguistic barriers may develop. This may make it challenging for individuals to communicate effectively and may result in misunderstandings. A non-native speaker could find it challenging to comprehend a person who exclusively speaks English, for instance, if they try to talk.

3. Cultural Barriers

People from diverse cultural backgrounds and perspectives can encounter cultural obstacles. These may consist of various traditions, convictions, and ideals. For instance, cultural differences may make it difficult for two people from different cultures to understand one another when they are trying to communicate.

4. Emotional Barriers

When people are worried or feeling emotionally raw, emotional barriers might develop. As a result, individuals could find it challenging to communicate clearly because they might be focused on their own feelings. A person could find it difficult to speak calmly and rationally with others if they are angry or disturbed, for instance.

5. Cognitive Barriers

When individuals have varying degrees of comprehension or understanding, cognitive barriers may develop. Things like a lack of information or attention are examples of this. For instance, if a person is trying to interact with someone who has a cognitive impairment, the cognitive barriers may make it difficult for them to comprehend one another.

6. Perceptual Barriers

People with various perspectives or perceptions may encounter perceptual hurdles. This can involve things like a loss of focus or comprehension. For instance, perceptual obstacles may make it difficult for two people to comprehend one another if they are trying to speak with someone who has a perceptual impairment.

7. Technological Barriers

Technological obstacles can arise when people have varying degrees of access to or expertise with technology. This can include problems like not having access to the internet or not knowing how to use specific technology. For instance, if a person is trying to interact with someone who is unfamiliar with a certain technology, they could find it challenging to comprehend one another because of the obstacles posed by technology.

8. Noise Barriers

Noise barriers to Communication refer to any external or internal factors that can interfere with or disrupt the flow of information between people. These barriers can be physical, psychological, or cultural in nature, and can impede effective Communication, leading to misunderstandings, confusion, and frustration.

9. Psychological barriers:

Noise: Sometimes when the student in the class is thinking of an India-Pakistan cricket match that is to take place that evening, what the teacher is talking may be noise to him. Alternately, any disturbance in the frequency of a radio channel can create disturbance and the audience may not be able to hear what is being broadcast.

10. Perception set differences:

Over a period of time, individuals build a certain tendency to perceive a message in a certain way. For example, some people believe what advertisements claim about a certain product as their experiences with it may be positive. Alternately, there may be others who may not believe such messages as their experiences with the same product/ service may not be satisfactory. This tendency is called perception set. Due to difference in experiences, value systems, beliefs and social realities of individuals difference in perception set will always exist due to which a message may not have the same effect on all individuals. Further, lack of trust and jealousy; may also be the reasons why a message may not have the desired effect on the audience.

11. Information filtering:

The receivers have a tendency to accept only those messages that they find are of interest to them or reinforce the notions and beliefs that they already have. They filter such information and leave out the rest thereby becoming another psychological barrier.

- ❖ **How to communicate effectively:**

A Communication is considered effective if it produces the desired results. For example, if a political leader through his speech is able to motivate the electorate to cast their votes for him, his Communication may be termed as effective. Alternately, a child tends to take the warning or instructions of his parents or teachers seriously but will not listen to a stranger. His parents' Communication to him is effective but the latter is not.

From both the examples it is clear that it is the relationship between the source and the receiver that communicates, it is this factor that decides how the meaning would be interpreted at the receiver's end. The perception of the source by the receiver or the trust factor that exists in their relationship decides how positively the receiver would respond to the source's message. Any Communication is called effective if the meaning of the message interpreted by the receiver is the same as that desired by the sender.

The effectiveness of the message would be clear from whether or to what extent any desired behavioural change is brought about in the receiver. This is also termed as feedback which can be in words and/or actions. The response that a

Communication message emanates in the receiver is termed as feedback. Feedback may be positive, negative or neutral.

When an employee continues to come late to office despite repeated reminders, it is a negative feedback as the Communication is not having the desired response on the employee. When a student makes all efforts to meet the assignment deadlines of a teacher, it is a positive feedback as it is the result of the high regard the student may have towards the teacher and hence the teacher's Communication is termed effective. The practice of clearly and meaningfully conveying information and ideas between two or more people or groups is known as effective Communication. It includes a number of crucial components, such as:

I. Active listening: This refers to giving verbal or nonverbal indicators that show you are interested and paying attention, as well as actively listening to the speaker and comprehending their message.

II. Clarity and conciseness: Using simple language and being direct and to the point are essential components of effective Communication. This makes it easier to communicate clearly and ensures that the message is understood as intended.

III. Empathy and understanding: Understanding the viewpoint of the person you are interacting with, demonstrating empathy and being conscious of their needs and feelings are other components of effective Communication. This fosters trust and fosters an environment that is conducive to effective Communication.

IV. Feedback and response: Giving comments on the message heard and reacting in a way that is appropriate and respectful are further components of effective Communication. This makes it easier to make sure the message is understood and that any misconceptions are promptly resolved.

13.8 Forms of Communication

Having known what Communication is what makes it effective and what reduces its effective capacity, it is also important to know the different forms in which this process is carried out. Though, we are exposed to each of these forms in our daily lives, we may have never paid any attention to it. There are four basic forms of Communication which are as follows.

Intra-personal Communication: This is the kind of Communication in which there is only one participant who is the sender as well as the receiver. This is also known as auto Communication or introspection. Talking to oneself is a good example for this.

Interpersonal Communication: This Communication takes place between two participants and the exchange may be formal or informal. It is the most ideal kind of Communication as the sender can get feedback instantly and as it is one to one Communication, the sender can also study the body language (gestures, postures, facial expressions etc.) of the receiver which gives ample idea of what the receiver means and whether what is said is also what is meant. Influencing and persuading the other person is also easy and there is greater scope of appealing to the receiver emotionally by means of motivating, encouraging and coordinating. It is also known as dyadic Communication.

Group Communication: This is an extension of interpersonal Communication and the exchange involves more than two people where the participants get a chance to express themselves on subjects of common interests. This Communication serves many goals like collective decision making, self-expression, and relaxation and is effective as it gives opportunity to interact directly with the receivers. One common aspect of such a Communication is that it sees the emergence of a leader who coordinates the Communication within the group.

Mass Communication: This is the Communication that takes place with the help of a mechanical device that multiplies messages and takes it to a large faceless audience simultaneously. The use of mass media like newspaper, radio, television and internet is needed in this kind of Communication. The source and the receiver are physically separated in time and space. The audience is anonymous and heterogeneous.

The feedback in mass Communication is slow, weak and delayed. Different forms of the above mentioned Communication are effective in different Communication contexts. The widest reach is of mass Communication but the most effective is interpersonal Communication. For example, to make the general public aware of a new product, advertisements and publicity are the best ways for which use of mass media is mandatory. On the other hand, for a desired change in an individual's behaviour like quitting smoking, it is more fruitful to counsel him personally, i.e. inter personal Communication would be more effective.

❖ Conclusion

In summary, clear Communication is essential in all kinds of relationships, whether they be personal or professional. It entails paying attention and speaking clearly, demonstrating empathy and understanding, and responding and giving feedback. By putting these components into practise, people and groups can strengthen their connections, communicate more effectively, and accomplish their objectives more quickly. Success in any field depends on effective Communication, which is also essential for both personal and organizational growth. As a result, it's crucial to work on your Communication skills and to remember the numerous components of good Communication in all of your contacts.

❖ KEY WORDS

- **Communication:** Exchange of facts, ideas, opinions or emotions by two or more persons in ways that each gains a common understanding of the meaning, intent and use of messages.
- **Communicator:** The source of message and initiates the process of Communication.
- **Message:** Content aspects of educational change that is assumed to be desirable in development.
- **Channels:** Physical bridges / transmission lines used for carrying messages.
- Treatment: The treatment aspect of the message deals with how to send the message through channels with maximum probability of reaching their intended destination effectively.
- **Audience:** Audiences are the intended end-users / beneficiaries of the messages.
- **Feedback:** Is the indication how well your massage has been received in a way you intended.

- **Mass Communication:** Various means by which individuals and entities relay information to large segments of the population all at once through mass media.
- **Barriers/Noise:** Anything that distorts meaning including language and perceptual differences as well as physical interference during Communication.

❖ Exercise:

Q-1 Give the answer in details.

1) Give Meaning and Definition of Communication.
2) Write on the Nature of Communication.
3) Write the Importance of Communication.
4) Describe Communication Process.
5) Explain the Types of Communication.
6) What are the Barriers to Communication?
7) Explain the forms of Communication.
8) Explain Verbal Communication.
9) Describe Nonverbal Communication.
10) Explain Group Communication and Mass Communication.

Q-2 MCQs:

1. Which of the following is NOT an element of Communication within the Communication process cycle?
   A) Channel
   B) Receiver
   C) Sender
   D) Time
2. If You need to apply for leave at work so, Which method will you use to communicate?
   A) E-mail
   B) Poster
   C) Newsletter
   D) Blog
3. By which action can senders send their messages?
   A) Gestures
   B) Speaking
   C) Reading
   D) Writing
4. Which of the following is an example of oral Communication?
   A) Newspapers
   B) Letters

C) Phone call

D) E-mail

5. What are the types of words we should use for verbal Communication?

A) Acronyms

B) Simple

C) Technical

D) Jargons

6. What does an upright (straight) body posture convey or show?

A) Pride

B) Professionalism

C) Confidence

D) Humility

7. Which of these is NOT an appropriate non-verbal Communication at work?

A) Keeping hands in pockets while talking

B) Talking at moderate speed

C) Sitting straight

D) Tilting head a bit to listen

8. Which of these are examples of positive feedback?

A) Excellent, your work has improved

B) I noticed your dedication towards the project.

C) You are always doing it the wrong way.

D) All of the above

9. Which of these is NOT a common Communication barrier?

A) Linguistic barrier

B) Interpersonal barrier

C) Financial barrier

D) Organisational barrier

UNIT-14 CORPORATE SOCIAL RESPONSIBILITY OF BUSINESS

14.1 Overview or History of Corporate Social Responsibility (CSR):

We all know about the famous quotes that "Accounting is known as a language of business" because it communicates every aspect like profit and loss and financial soundness of corporate entity. Because it is a system of recording, classifying, summarizing, analyzing and reporting of financial transaction of a corporate entity of the particular periods and it was originated in ancient time when selling and buying activity started. That's why; financial accounting is called as the first generations of accounting. Some questions are not answered or addressed by financial accounting that's why cost accounting comes into pictures. The objective of cost accounting is also limited to certain objective like ascertainment of cost per unit, cost control and cost reduction. That's why management accounting is evolved for management decision making. Then corporate social responsibility accounting comes into picture which is known as fourth generation of accounting which is related with the social welfare or social well beings of the society at cost of business as a part of responsibility.

14.2 Introduction:

From ancient civilization to modern company era CSR is a common thing but in different forms. When we talk about ancient civilization every small business, seller, or traders or anyone who was in the business of selling the goods and services is always return or buyback some part of their profit or earning to the society in the form of charity or in reform of providing some development services. In industrialization era, some factory owners also provide benefit to their employees in the form of food, cloth, house, education facility and hospital facility. In industrialization era, industrialist open a trust for providing education and hospital types of services to the society on the regular bases from some portion of their business profit. They run some hospital, college and school and bear all the expenses of daily operation. In simple words, CSR is voluntary or mandatory (for certain companies as per companies act 2013) contribution towards the social, economic and environmental development of the society.

14.3 Meaning and Definition:

As per the Companies Act, 2013 "Corporate Social Responsibility (CSR) is the Provisions in the Section 135, that provision mandate certain companies to use a specified percentage of their profit on improvement of social, economic and environment of the society. Corporate social responsibility (CSR) includes responsibility towards the different stakeholders of the society such as transparency, accountability, and ethical business transaction and practices.

Corporate Social responsibility (CSR) is a responsibility of returning something to the society in consideration of using resource of society at large. It is also known as the responsibility of welfare towards the society because business earns everything from the society and exploits the natural resources, human resources of the society. It is the moral duty or responsibility to give return to the society. Government with the help of companies act 2013 did mandate for certain types of corporate to do social responsibility, which is formally known as corporate social responsibility.

Corporate Social Responsibility (CSR) is defined as "a commitment or responsibility to improve community well-being through discretionary business practices and contributions of corporate resources"

By Philip Kotler and Nancy Lee

Corporate Social Responsibility (CSR) is defined as "it is the continuing commitment or responsibility of a business to behave ethically and contribute in the economic development of a country with the improvement of the quality of life of the employees and their families as well as of the local community and society at large."

By World Business Council for Sustainable Development

14.4 Nature of Corporate Social Responsibility (CSR):

- It is a multifaceted concept that covers various aspects of a company's operations and interactions of each stakeholder of the society. It has four interrelated factor such as economic, legal, ethical and philanthropic responsibilities.
- CSR initiatives or activities are mostly voluntary and go beyond regulatory requirements.
- CSR considers the interests and needs of various stakeholders, including employees, customers, communities, and the environment.
- CSR prefer long-term sustainability over short-term by incorporating economic, ethical, environmental and social dimensions into its main business.

- CSR contains transparent communication and reporting of transaction and outcomes for the interests of wider society.
- Each companies are accountable for actions and outcomes which maximize its positive and minimize its negative impact.
- It is guided by ethical principles and values of the society.

14.5 Types of Corporate Social Responsibility (CSR):

There are various types of Corporate Social Responsibility (CSR) activities or initiatives which are listed as under:

1. Philanthropic: The act of donating some part of their profits, resources, cash donations and in-kind to charitable trust is called Philanthropic. Philanthropy has a narrower scope in compare to CSR because it includes donations, charity, and community development only whereas the issues that affect the environment, consumers, and human rights are the part of CSR.
2. Strategic: Business strategy to drive long-term value over the short-term value which helps us to build company's reputation and image. It includes investing in sustainable technologies and practices, focusing on social and environmental needs and achieves shared goals with society.
3. Integrating: it means incorporating social values and environment suitability in product and services. It includes incorporating CSR into business operations and decision-making.
4. Environmental: it means the reduction of those types of activities which is harmful for environment and society. It includes reducing carbon footprint, promoting sustainable development or practices and conserving resources for the next generation of the society.
5. Social: it means that encouragement or promotion of the upliftment of the society at large and removes the obstacles which are hindrance in the social development such as Supporting community development, promoting diversity and inclusion of gender, equality of education and ensuring fair labor practices in the market.
6. Economic: it means that the contribution in the overall economic development of the country. It includes the contribution to economic growth, promoting entrepreneurship and woman leadership, and ensuring transparency and accountability in the corporate.
7. Governance: it means that all the corporate have strictly followed the transparency or accountability. It includes the ethical business practices, transparency, and accountability.

14.6 Scope and Applicability of Corporate Social Responsibility (CSR):

The CSR provisions apply to every company that meets any of the following criteria in the preceding financial year

- Company having a Net worth of ₹500 crores or more.

- Company having a Turnover of ₹1000 crores or more.
- Company having a Net profit of ₹5 crores or more.

In any previous financial year shall constitute a CSR Committee of the Board consisting of three or more directors, among at least one director shall be an independent director. CSR Committee formulates and recommends a Corporate Social Responsibility Policy to the board which shall indicate the activities to be undertaken by the company and CSR Committee monitor the Corporate Social Responsibility Policy of the company.

Eligible Activities of Corporate Social Responsibility (CSR): these are the following activities which is included in a company's CSR policy is provided in the Schedule VII of the companies Act 2013. These activities include the

1. Promotion of healthcare through providing hospital facility to the society.
2. Promotion of education through providing education facility to the society such as school education and college education.
3. Eradicating poverty form the society, hunger, and malnutrition and livelihood enhancement through providing better quality of food to poor people.
4. Educating society or people towards gender equality and empowering women.
5. Preservation of environmental sustainability and ecological balance through promoting ecological park or area.
6. Promoting and protecting national heritage, art, and culture at a national and international level.

The list of activities that are excluded in corporate social responsibility (CSR):

- Activities undertaken for commercial purposes and improvement and upgradation of corporate infrastructure for earning profit.
- Donations given to political parties are not considered as CSR activities.
- Expenditure on sponsoring sports and entertainment for brand value or for commercial purpose.

❖ **Compliance related to corporate social responsibility (CSR):**

Companies must spend at least 2% of their average net profits made during the immediately preceding three financial years on CSR activities. If a company fails to comply with the CSR provisions, it will be punishable with a penalty of ₹1 crore or twice the amount required to be transferred by the company to the CSR fund, whichever is less.

❖ **Examples of major CSR initiatives in India:**

1. **Reliance Industries Limited** is one of the tops CSR activities doing company in the recent years. Reliance Foundation through the ‘Sports for Development’ program impacting over 22 million youth. It emphasizes equal access to quality education by Managing 14 schools with over 14,500 students in India. The

Nutrition Gardens initiative impacting more than 20,500 families which reverses malnutrition trends in women's.

2. **SBI Limited** is one of the tops CSR activities doing company contributed 74.26 Crore as part of the Amrit Sarovar Yojana to rejuvenate seven lakes in Kolar district, Karnataka. The bank supported rural skill development with a contribution of 30.11 Crore to SBI SETI Societies and donated 32 Crore to the iTNT hub for fostering start-ups and empowering innovators.
3. **ITC Limited** is one of the tops CSR activities Covering over 1.5 lakh acres in 41 districts across 11 states, the program focused on reviving ecosystem services. Technical studies confirmed improvements in carbon stocks and floral/faunal biodiversity. The program covering 23.4 lakh acres and over 7.4 lakh farmers, aimed to de-risk farming from erratic weather and linkages were facilitated, promoting 'more crop per drop' practices.

14.7 Relationship between Business and Society:

Business and society are the part of environment. They are two side of one coin because both are required for each one other survival without society business cannot grow and without business society needs not satisfy. They are required each other existence for survival. Business satisfies the demands or needs of the society by supplying goods and services and in turn makes a profit. Society provides employees or human resources and market for selling their products. CSR is not a new concept bus it is mandatory for selected company in modern times because air, water and soil are polluted at a dangers level. This is a one types of steps that sustain resources instead of exploitations.

14.8 Benefits and criticism of corporate social responsibility CSR)

14.8.1 Benefits of CSR

1. Enhanced reputation and improves the public image: if any corporate is continuously involving in CSR activities, which is known as a positive move towards the social welfare that create a good impression or brand value in the mind of people or consumers of the society. Those types of corporates are known as a friend of nature, environment and society as a w
2. Increased customer loyalty: when corporate returned some portion or share of profit for social welfare and sustainable environment then the customer feels that corporate CSR activities are for safety and long life and in consideration customer give or prove loyalty towards product or corporate.
3. Talent attraction and retention: Many CSR activities are for the encouragement of talent and promotion of arts and culture, which encourage or promote hidden talent of society and provide a suitable platform for presenting themselves in front of people and feels proud. This types of move of corporate is a make them a good corporate citizen and builds a good impression in the mind of society.

4. Satisfies the stakeholders and enhance the performance of employees: CSR and ethical behavior of corporate and equal treatment to employees, fair consent to supplier and shareholder is the main key of satisfaction in all the stakeholders. A good corporate ethical behavior and fair treatment with all satisfy their stakeholder at the most.
5. One type of investment which Can generate more profit: for every corporate, CSR activities is an investment because it generates a brand value and trust which helpful in generating more sales and profit. Social cost of CSR activities and its burden bear by the product or shifted in the product which increase the price of product.
6. Leads to industrial peace and Long-term sustainability: CSR activities improves the standard of living of people of society because its use these types of practices which reduces the air, water and soil pollution or use of economic resources in sustainable manner.
7. Reduce the social cost and enhance the health by nonpolluting measures: CSR activities help in reducing the social cost and take the initiatives for improving the health of the people of the society. CSR activities includes the running of educational institutions, free school education to students, nonpolluting measure in manufacturing plants, free health checkup which reduces the social cost.
8. Provide moral justification and regulated by government rules, regulations, norms & control: corporate and their CSR are always in favor of government rules regulations, norms & control and in their preview. Corporate and stakeholder have mutual understanding for working each other in fair and ethical ways.

14.8.2 Challenges and criticism of CSR

1. CSR is not the special objective of any business: every corporate has some major areas or objective for which it is formed. CSR is a subsidiary objective and hence there is not specific allotment of funds and activities. CSR is not the central function hence there is a less focus of managers or executives.
2. Measuring impact is difficult and very expensive for business: it is very difficult to measure the effect and impact of CSR activities and also its cost is very huge for business. Every business has separate fund for CSR and utilized for many activities which is in the preview of CSR. It is expensive because it doesn't generate any types of revenue.
3. Balancing business objectives and managing CSR initiatives: every successful corporate maintain the balance between main objective for which it is formed and subsidiary objective which is CSR activities. Without the balance between both the objectives none of the business got successful. With the main objective every business has to take care of CSR initiatives.
4. Ensuring authenticity and addressing stakeholder expectations: the main objective of CSR initiatives is to take care of interest of every stakeholder such as employees, suppliers, creditors and shareholder, etc. the main principles of

CSR activities is that every stakeholder expect and ensure an ethical behaviors, fairness and equality.

5. Fundamental principles of business get violated: the main objective of every business is to make profit and objective of CSR activities is to give social welfare. Because of the CSR activities or social welfare business main objective of making profit by exploiting customer is to get distracted or violated. Fundamental principles of making profit are distracted through social welfare and CSR activities and slowly and gradually business making losses.
6. CSR projects will not be successful. Many times, business spares a huge funds for social welfare of CSR activities doesn't get the positive impact on people and society. This will morally impact on executives or managers and they demoralized for doing such types of things in future. Sometimes due to heavy funds project is not much successful.
7. CSR is to induce them to steal away the shareholders money: CSR is a fund specific objective and it is a part of excess profit of business which the money of real owners i.e., shareholder and hence we can say that it is a reduction of shareholders wealth in CSR activities which discourage of shareholders.

14.9 Various approaches and Models of corporate social responsibility (CSR)

1. Carroll's CSR Pyramid
2. Triple Bottom Line CSR Theory
3. Stakeholder Theory
4. Theodore Levitt's Dangers of Social Responsibility
5. Milton Friedman's Shareholder Theory of Capitalism
6. Ackerman and Bauer's Social Issues Life Cycle Model
7. Gandhi's Philosophy of Trusteeship
8. Environmental Integrity & Community Health Model.
9. Corporate Citizenship Model

1. Carroll's CSR Pyramid

According to the Carroll's CSR Pyramid, business has four responsibilities or obligations towards society:

Economic Responsibility: Every business has economic responsibility towards the society that permitted them to be created and sustained. The society expects from business to continue producing good quality of goods and services and as a result, the society allows them to generate profit. The businesses make profit by value addition and benefited all the stakeholders of the business and society. The economic responsibility is the founding responsibility of any business and has been placed at the lowest of the CSR pyramid.

Legal Responsibilities: The society has its own set of rules under which the businesses have expected to function. The businesses are expected to follow and operate within the rules and regulations of the local and national levels regulatory authority and use the fair business practices

In these legal responsibilities, important expectations of business comprise:

1. Consistent with expectations of government and law.
2. Compliance with all the federal, state, and local regulatory authority.
3. Always a law-abiding corporate citizen
4. Fulfilling all the legal obligations towards the social stakeholders.
5. Providing good quality of goods and services that at least meet minimal legal requirements.

Ethical Responsibilities: Society wants from the businesses to operate and function in an ethical way. Ethical responsibilities means that the activities, process, standards, and practices followed by the businesses need not essentially be codified or mentioned in law, but the businesses are expected to followed all the ethical practices. The ethical expectations means that values, principles, and standards considered significant by the consumers, employees, owners, and the community at large. The businesses have to follow the principles of moral philosophy such as rights and justice.

In these ethical responsibilities, important expectations of business comprise:

1. Consistent with expectations of societal mores and ethical norms.
2. Respecting the new or evolving ethical and moral norms adopted by society.
3. Not to compromise any ethical norms in order to achieve business goals.
4. Being good corporate citizens by doing morally or ethically.
5. Business integrity and ethical behavior goes beyond the mere compliance with laws.

Philanthropic Responsibilities: It means that public expects from the business to return the society. In includes the various philanthropic activities such as gifts of monetary resources, donations, community development and any discretionary contribution. It is voluntary in nature and practicing philanthropic is considered as practicing good Corporate Citizenship.

2. Triple Bottom Line CSR Theory

This theory was introduced by John Elkington in his book "Cannibals with Forks: The Triple-Bottom-Line of the 21st Century Business". This theory enlarges the traditional accounting framework to contain three dimensions i.e., Economic, Social, and Environmental. These are also referred to as the 3 P's i.e. People, Planet and Profit. According to Elkington, all the three elements should perform sustainably.

Economic Dimension or Profit elements: This theory suggest that not to make more profits but instead make continuous or sustainable profit for a long period of time. Sustainable profits can be obtained by a strategic plan that takes into account all the factors and avoid risk threats. Triple-bottom-line businesses recognize that profit is not absolutely opposed to people or planet.

Social Dimension or People: This theory suggests that if the business wants to sustainable in the long run, then started the activities that satisfy the needs of the society. According to the triple-bottom- line, it is important that the business attain social sustainability. The main aim is to prioritize the community's needs and then satisfy the societal needs to the extent possible and pays fair wages to its employees and provides safe working conditions.

Environmental Dimension or Planet: It is an important approach of this theory because its emphasis on maintaining environmental sustainability. The business should try to reduce ecological footprints and the ones that harm the environment also considered the cost. Activities that help in maintaining environmental sustainability contain reducing waste, investing in renewable energy, using natural resources more efficiently, and improving their logistics.

3. Stakeholder Theory

Stakeholder theory was introduced by Dr. F. Edward Freeman in his book, "Strategic Management: A Stakeholder Approach". Stakeholders are known as group or individual who can affect the achievement of an organization's objectives or who are affected by the achievement of an organization's objectives. The stakeholder contains the consumers, employees, suppliers, political action, local communities, the media, governmental, etc. If the company wants to be successful in the long run, then all the above mentioned stakeholders should be taken into considerations. The company cannot survive in the long run without considering all the stakeholders but may gain profits in the short run.

According to Freeman, "If you can get all your stakeholders to swim or row in the same direction, you've got a company with momentum and real power." He added that, "saying that profits are the only important thing to a company is, 'Red blood cells are life.' You need red blood cells to live, but you need so much more."

In simple words, a company needs to be aware about the all stakeholder like shareholders, workers, those who live near its factories, and the competitors etc.

Needs or functioning of various stakeholders under this theory:

Employee: In the stakeholder's theory, every employee supposed to be treated and compensated equally on the reasonable working hours. Otherwise, potential workforce will be adversely impacted.

Suppliers: In the stakeholder's theory, uppliers also expect the fair treatment and compensation from corporate and the due diligence on the part of the suppliers will also conduct their business in a fair and ethical manner.

Manufacturers: In the stakeholder's theory, the product parts are manufactured at a different location or even in a different country. It is expected by the Manufacturers that the working conditions, wages and conditions should be fair.

Environmentalists: In the stakeholder's theory, People living in society need to be assured that the environment; power; water and air will not be adversely affected due to the business or corporate. People who are affected by the local ecology should be taken into considering while planning the business.

Government Bodies: In the stakeholder's theory, government approvals for any project before its operations and various regulating agencies are required.

Community: In the stakeholder's theory, people living in the nearby neighborhoods expected to consider their concerns on every aspect and enhance or maintain their quality of life and not negatively impacted in any manner.

4. Theodore Levitt's Dangers of Social Responsibility

It is a critic of inclusion of CSR in the corporate objective. **Levitt's** argues that when CSR is included in the corporate objective then the managers responsible to make judgments on social issue to purse or not to purse. Levitt calls CSR a 'fashion accessory' of the self-interested businessmen, who does not care about the health of the business or the welfare of the society. He argues that CSR is a profitable strategy by businesses and is the practice of dressing up of profit as philanthropic.

According to Levitt, an ethical approach is to pursue CSR only when it is profitable, and admit that profit is the real motive behind any CSR activity and if the managers accept any role other than that of profit makers, they are assured to fail.

5. Milton Friedman's Shareholder Theory of Capitalism

Friedman stated this thought in his book 'Capitalism and Freedom' in 1962. He said that the social responsibility of business is to increase profits. "There is one social responsibility of business to use its resources in the best possible way to increase its profits that's called the rules of the game and involves in open and free competition without deception or fraud." Shareholders are the owners and capital provider of the organization hence the firm is socially responsible to shareholders only.

According to Friedman, corporate executive and managers actions are consensus with his social responsibility to reduce returns to stockholders. He is using their money and his actions raise the price to customers.

Friedman goes further that if a corporate executive imposes taxes on and decides on how to spend the tax proceeds. It raises the questions at both the side: principles and consequences. When principle is concerned, the businessman decides whom to tax, how much, and what purpose and he spends the proceeds. When the consequences are concerned, the corporate executive's judgment to spend the proceeds but in practice the doctrine of social responsibility is a cape for actions that are justified.

6. Ackerman and Bauer's Social Issues Life Cycle Model

Ackerman and Bauer reworked to produce a broader model called the 'Social Issues Life Cycle Model.' It includes of three stages of Social Issues Life Cycle Model:

Stage 1: The social issue is felt at a lower level. The challenges are essential to be dealt with establishing the social issue and understanding the level of political support. At this stage, the stakeholders are not properly ordered.

Stage 2: The issue is emerging and unanswered but it's significant amongst the general public increases. The core issues that identify and resolve the problem, identification with vested interest, what new competency to be developed and be made to respond. Now, Stakeholders are more systematized.

Stage 3: The problem has been characterized and the solutions have been identified. The firm can measure the economic impact of the issue. New norms or laws have been framed and which satisfy the needs of stakeholder and socially responsible corporate behavior has also been established.

Ackerman and Bauer give three stages in achieving the full integration of social issues within the firm:

In Stage 1, the executives become aware of the social issue and formulate policy. The individual shows their unwillingness to commit themselves. The new policy threatens the firm's structural framework and standard operating procedures. That why, departments adopt a wait and watch policy.

In Stage 2, the social issue has been characterized and best fit the CSR response. Now the issue is more technical hence which is directly handled the issue and by the executive and responsible to push at the ground level.

In Stage 3, is the organizational response is implemented. The problems are around managerial transformation and resource allocation. The expert takes a backseat and supports division level actions.

7. Gandhi's Philosophy of Trusteeship

The idea was propounded by Mahatma Gandhi. It comes from the belief that everything belongs to God and Gandhian philosophy bringing economic equality through non-violent. The peaceful elimination of economic disparities is possible if the rich give the extra wealth in trust for society or social welfare. In this way, the rich man is to use this wealth in the interest of the community or social services. Therefore, it is for God's people as a whole, and not for one person. If individual have more money than he becomes a trustee for God's people. The trustee is allowed to make successor of his choice but finalized by the government.

The main principle of Gandhi's Philosophy of Trusteeship is as follows.

1. It is a means of transforming the present capitalist into a democratic. It is based on the trust that human nature is never beyond reclamation.
2. It does not admit any private ownership of property and always considered that property is for society or social welfare or its own welfare.
3. It is regulated by the various legislative act of the ownership and use of wealth.
4. As per the regulated trusteeship act an individual will not use wealth for selfish satisfaction and use for the interest of society or social welfare.
5. It is proposed to fix a minimum wage rate for employees and maximum income that allowed to any person in the society. The difference of both the incomes should be reasonable, equitable and variable; so that the tendency would be towards eradication of the difference of both the incomes.
6. As per the Gandhi's philosophy of trusteeship and the economic order the character of production will be determined by social necessity and not for personal gain and profit.

8. Environmental Integrity & Community Health Model.

It is given by Redman and many corporates adopted this model in US. This model is discussing about the corporate contribution towards environmental integrity & human health. It explains about that greater expansion opportunities which is available for corporate to improve environmental integrity & human health. This will help many corporate because Healthy people can work more & earn more. CSR is always beneficial for the corporate sector because it come back to corporate in terms of increase in their productivity. That why CSR in a particular form is welcome by society.

9. Corporate Citizenship Model

Corporate Citizenship Model has four conditions to make to be a corporate citizen, a corporate firm which is given below:

1. Sustainable economic performance

2. Consistently satisfactory

3. Good Behavior

4. Ethical actions

A particular firm's commitment for making corporate citizenship requires the fulfillment of certain social responsibility and the four conditions that have to strictly follow. Every corporate use sustainable resource, followed good behavior and ethical actions.

❖ **Exercises**

1. **Answers the following MCQ.**

   1. "a commitment or responsibility to improve community well-being through discretionary business practices and contributions of corporate resources" Definition of Corporate Social Responsibility (CSR) is given by:

      A. Philip Kotler and Nancy Lee
      B. World Business Council for Sustainable Development
      C. Both
      D. None of the above

      Answers: A. Philip Kotler and Nancy Lee

   2. The CSR provisions apply to every company that meets any of the following criteria in the preceding financial year which is:

      A. Company having a Net worth of ₹500 crores or more.
      B. Company having a Net worth of ₹1500 crores or more.
      C. Company having a Net worth of ₹500 crores or less.
      D. Company having a Net worth of ₹1500 crores or less.

      Answers: A. Company having a Net worth of ₹500 crores or more.

   3. Stakeholder Theory was introduced by:

      A. Dr. F. Edward Freeman
      B. Ackerman and Bauer
      C. John Elkington
      D. none of the above

      Answers: A. Dr. F. Edward Freeman.

   4. Carroll's CSR Pyramid doesn't include:

      A. Economic Responsibilities
      B. Legal Responsibilities
      C. Ethical Responsibilities
      D. None of the above

      Answers: D. none of the above

   5. Triple Bottom Line CSR Theory does not include:

      A. Social Dimension
      B. Economic Dimension
      C. Environmental Dimension
      D. None of the above

      Answers: D. None of the above

   6. Types of Corporate Social Responsibility (CSR) includes:

      A. Philanthropic CSR

B. Strategic CSR
C. Integrating CSR
D. All of the above
Answers: D. All of the above

7. Stakeholders includes:
A. Employees
B. Shareholders
C. Suppliers
D. All of the above
Answers: D. All of the above

2. Short and long Questions:

1. Define Corporate Social Responsibility (CSR)?
2. Explain the Nature of Corporate Social Responsibility (CSR).
3. Explain the different Types of Corporate Social Responsibility (CSR).
4. Explain the Scope and Applicability of Corporate Social Responsibility (CSR).
5. Explain the Relationship between Business and Society.
6. Explain the Benefits of Corporate Social Responsibility (CSR).
7. Explain the criticism of Corporate Social Responsibility (CSR).
8. Explain the Various approaches and Models of corporate social responsibility (CSR).

3. Short notes:

1. Carroll's CSR Pyramid
2. Triple Bottom Line CSR Theory
3. Stakeholder Theory
4. Theodore Levitt's Dangers of Social Responsibility
5. Milton Friedman's Shareholder Theory of Capitalism
6. Ackerman and Bauer's Social Issues Life Cycle Model
7. Gandhi's Philosophy of Trusteeship
8. Environmental Integrity & Community Health Model
9. Corporate Citizenship Model

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યુનિવર્સિટી ગીત

સ્વાધ્યાયઃ પરમં તપઃ
સ્વાધ્યાયઃ પરમં તપઃ
સ્વાધ્યાયઃ પરમં તપઃ

શિક્ષણ, સંસ્કૃતિ, સદ્‌ભાવ, દિવ્યબોધનું ધામ
ડૉ. બાબાસાહેબ આંબેડકર ઓપન યુનિવર્સિટી નામ;
સૌને સૌની પાંખ મળે, ને સૌને સૌનું આભ,
દશે દિશામાં સ્મિત વહે હો દશે દિશે શુભ-લાભ.

અભણ રહી અજ્ઞાનના શાને, અંધકારને પીવો ?
કહે બુદ્ધ આંબેડકર કહે, તું થા તારો દીવો;
શારદીય અજવાળા પહોંચ્યાં ગુર્જર ગામે ગામ
ધ્રુવ તારકની જેમ ઝળહળે એકલવ્યની શાન.

સરસ્વતીના મયૂર તમારે ફળિયે આવી ગહેકે
અંધકારને હડસેલીને ઉજાસના ફૂલ મહેંકે;
બંધન નહીં કો સ્થાન સમયના જવું ન ઘરથી દૂર
ઘર આવી મા હરે શારદા દૈન્ય તિમિરના પૂર.

સંસ્કારોની સુગંધ મહેંકે, મન મંદિરને ધામે
સુખની ટપાલ પહોંચે સૌને પોતાને સરનામે;
સમાજ કેરે દરિયે હાંકી શિક્ષણ કેરું વહાણ,
આવો કરીયે આપણ સૌ
ભવ્ય રાષ્ટ્ર નિર્માણ...
દિવ્ય રાષ્ટ્ર નિર્માણ...
ભવ્ય રાષ્ટ્ર નિર્માણ

DR. BABASAHEB AMBEDKAR OPEN UNIVERSITY
(Established by Government of Gujarat)
'Jyotirmay' Parisar,
Sarkhej-Gandhinagar Highway, Chharodi, Ahmedabad-382 481
Website : www.baou.edu.in