POM

BBA-I-SEMESTER

UNIT - I
DEFINITION OF MANAGEMENT

PETER F DRUCKER: "Management is an organ; organs can be described and defined only through their functions."

MC FARLAND: "Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, direct, maintain and operate purposive organisation through systematic, co-ordinate co-operative human effort."

HENRY FAYOL: "To manage is to forecast and plan, to organise, to compound, to co-ordinate and to control."

F.W. TAYLOR: "Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way."

THE AMERICAN MANAGEMENT ASSOCIATION: "The art of getting things done through other people."

Nature of Management:

Peter Drucker is against bureaucratic management and he emphasized the management with creative & innovative characteristic. Main object of management is lead towards innovation. It includes development of new ideas with old one for betterment of organization. For that he treated management as a profession & as a discipline. As a discipline management has its own tools, skill & techniques for achievement of goals. He has also explained management as a practice rather than science. Management is result oriented. He emphasized that manager should not have only technical skills but conceptual skills also. He must understand social & cultural requirements of an organization

PRINCIPLES OF MANAGEMENT

HENRY FAYOL has set forth the principles of management on the basic of his own experience in the mining company:

DIVISION OF WORK:

Division of work makes a man specialist. The reason is that division of work helps to specialise is an activity which increases the output with perfection. Besides, it avoids waste of time. According to Henry Fayol, division of work is applied to both technical and managerial kinds of work

Authority and responsibility:

Management is getting things done by others. A superior gives direction to his sub-ordinates to perform the job. Then the super-visor may exercise his authority. The post he holds invests him with this authority. Authority is closely connected with responsibility. Responsibility is shouldered whenever authority is exercised. Responsibility is essential to perform a job correctly.

Discipline:

According to Koontz and O'Donnell, "Discipline is the respect for agreements which are directed at achieving obedience, application, energy and the outward marks of respect. According to Henry Fayol, discipline is essential in all levels of management people. Discipline is obtained through judicial application of penalties.

Unity of command:

A subordinate has only one superior. If not so, the sub-ordinate does not perform any job perfectly. In other words, each subordinate is responsible to only one superior.

Unity of direction:

The business activities are grouped on anyone of the bases, normally on functional basis. The activities of a group are assigned to a person who is said to be a manager. This manager is expected to look after all the activities of a particular group

Subordination of individual interest to group interest:

An individual has own interest. At the same time, the organisation has its own interest. Here, the interest of an organisation is termed as group interest. Henry Fayol expected the reconciliation of the individual interest with group interest. In no way, the individual interest should dominate the group interest.

Remuneration of personnel:

According to Henry Fayol, employees should be given fair and reliable remuneration. The employees should get satisfaction out of their wages. The wages are determined on the basis of the work done by the employee and the wages payable are similar to those of other companies. Besides, the payment of wages should be made without any delay.

Centralization:

Everything increases the importance of superior's role in centralization, while everything decreases the importance of superior's role in decentralization. In small firms, authority is centralized. In large firms, authority is decentralized. **But,** the centralization or decentralization of authority depends upon the personal character of the superior, his morality, reliability of resourcefulness and the like.

Sclar chain:

According to Henry Fayol, "Scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks." The communication flows from top to bottom. For example, A is the superior and has three subordinates in the order B, C and D. If A wants to communicate anything to D, it should be passed via B and C. Likewise, If D wants to communicate anything to A, it should be passed via C and B. This is called scalar chain

Order:

The principle of right place for everything and for everyone should be followed by the management. It is applied to both material and men. The material should be kept in order in the place where it is necessary. The personnel are selected scientifically and assigned duties according to their qualifications and ability.

Equity:

Equity refers to a combination of fairness, kindness and justice. All the employees of the organisation are treated equally by the managers. The application of equity requires goodness and experience of managers. Besides, it requires loyalty and devotion from subordinates.

Stability of tenure of personnel:

The security of job is an essential one. Insecurity of job results in the higher labour turnover. It increases the administration expenses. Unless and otherwise an employee has committed a mistake, no employee should be removed from service. The development of any organisation depends solely on the sincerity of labouerers.

Initiative:

A manager should have the conceiving and executing initiative. It will have psychological effect over the subordinates. The subordinates are free to express their views or opinions in the execution of the work. Henry Fayol suggests that managers can take decisions after getting suggestions from the subordinates. Initiative is the keenest satisfaction of an intelligent man with experience.

Esprit De Corps:

This means union is strength or team spirit. All the employees of the organisation are put together as a team in order to achieve the objectives of the organisation.

Functions of Management

Management in some form or another is an integral part of living and is essential wherever human efforts are to be undertaken to achieve desired objectives. The basic ingredients of management are always at play, whether we manage our lives or business. Management is a set of principles relating to the functions of planning, organizing, directing, and controlling, and the applications of these principles in harnessing physical, financial, human and informational resources efficiently and effectively to achieve organizational goals.

Management is essential for an organized life and necessary to run all types of organizations. Managing life means getting things done to achieve life's objectives and managing an organization means getting things done with and through other people to achieve its objectives.

There are basically five primary functions of management.

They are:

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Controlling

The controlling function comprises coordination, reporting, and budgeting, and hence the controlling function can be broken into these three separate functions. Based upon these seven functions, Luther Gulick coined the word **POSDCORB**, which generally represents the initials of these seven functions i.e. P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

But, **Planning, Organizing, Staffing, Directing** and **Controlling** are widely recognized functions of management.

Planning

Planning is future-oriented and determines an organization's direction. It is a rational and systematic way of making decisions today that will affect the future of the company. It is a kind of organized foresight as well as corrective hindsight. It involves the predicting of the future as well as attempting to control the events. It involves the ability to foresee the effects of current actions in the long run in the future.

Peter Drucker has defined planning as follows:

"Planning is the continuous process of making present entrepreneurial decisions systematically and with best possible knowledge of their futurity, organizing systematically the efforts needed to carry out these decisions and measuring the results of these decisions against the expectations through organized and systematic feedback".

An effective planning program incorporates the effect of both external as well as internal factors. The external factors are shortages of resources; both capital and material, general economic trend as far as interest rates and inflation are concerned, dynamic technological advancements, increased governmental regulation regarding community interests, unstable international political environments, etc.

The internal factors that affect planning are limited growth opportunities due to saturation requiring diversification, changing patterns of the workforce, more complex organizational structures, decentralization, etc

Organizing

Organizing requires a formal structure of authority and the direction and flow of such authority through which work subdivisions are defined, arranged and coordinated so that each part relates to the other part in a united and coherent manner so as to attain the prescribed objectives.

According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”.

Thus the function of organizing involves the determination of activities that need to be done in order to reach the company goals, assigning these activities to the proper personnel, and delegating the necessary authority to carry out these activities in a coordinated and cohesive manner.

It follows, therefore, that the function of organizing is concerned with:

1. Identifying the tasks that must be performed and grouping them whenever necessary.
2. Assigning these tasks to the personnel while defining their authority and responsibility.
3. Delegating this authority to these employees.
4. Establishing a relationship between authority and responsibility.
5. Coordinating these activities.

Staffing

Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels. It involves the process of recruiting, training, developing, compensating and evaluating employees and maintaining this workforce with proper incentives and motivations. Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel.

According to Kootz& O’Donnell, “Managerial function of staffing involves manning the organization structure through the proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”.

This function is even more critically important since people differ in their intelligence, knowledge, skills, experience, physical condition, age and attitudes, and this complicates the function. Hence, management must understand, in addition to the technical and operational competence, the sociological and psychological structure of the workforce.

Directing

The directing function is concerned with leadership, communication, motivation, and supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals.

The **leadership** element involves issuing of instructions and guiding the subordinates about procedures and methods.

The **communication** must be open both ways so that the information can be passed on to the subordinates and the feedback received from them.

Motivation is very important since highly motivated people show excellent performance with less direction from superiors.

Supervising subordinates would lead to continuous progress reports as well as assure the superiors that the directions are being properly carried out.

Controlling

The function of control consists of those activities that are undertaken to ensure that the events do not deviate from the pre-arranged plans. The activities consist of establishing standards for work performance, measuring performance and comparing it to these set standards and taking corrective actions as and when needed, to correct any deviations.

According to Koontz & O'Donnell, "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished".

The controlling function involves:

a. Establishment of standard performance.
b. Measurement of actual performance.
c. Measuring actual performance with the pre-determined standard and finding out the deviations.
d. Taking corrective action.

All these five functions of management are closely interrelated. However, these functions are highly indistinguishable and virtually unrecognizable on the job. It is necessary, though, to put each function separately into focus and deal with it.

THE TOP 3 LEVELS OF MANAGEMENT

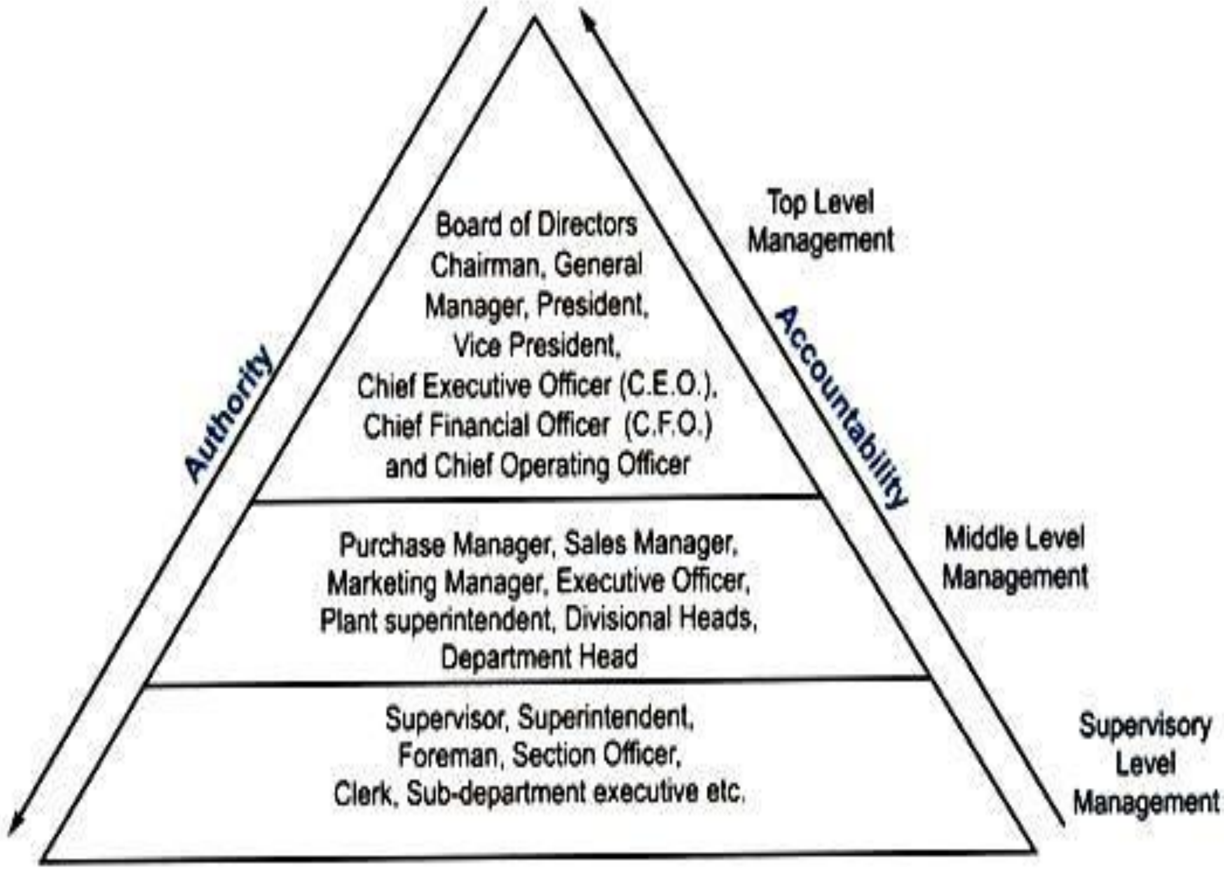
This article provides information about the top levels of management!

As we have already learnt that management does not refer to a single individual but it refers to a group of persons. In companies large number of persons are employed and placed at different places to perform different managerial activities.

To carry on these activities these employees are given necessary authority and responsibility. This grant of authority results in creation of chain of authority. This chain is divided into three levels which result in creation of three levels of management.

The main levels of management are:

1. Top level management
2. Middle level management
3. Supervisory level, operational or lower level of management



Levels of Management

1. Top Level Management:

Top level management consists of Chairman, Board of Directors, Managing Director, General Manager, President, Vice President, Chief Executive Officer (C.E.O.), Chief Financial Officer (C.F.O.) and Chief Operating Officer etc. It includes group of crucial persons essential for leading and directing the efforts of other people. The managers working at this level have maximum authority.

Main functions of top level management are:

a. Determining the objectives of the enterprise. The top level managers formulate the main objectives of the organisation. They form long term as well as short term objectives.
b. Framing of plans and policies. The top level managers also frame the plans and policies to achieve the set objectives.
c. Organising activities to be performed by persons working at middle level. The top level management assigns jobs to different individuals working at middle level
d. Assembling all the resources such as finance, fixed assets etc. The top level management arranges all the finance required to carry on day to day activities. They buy fixed assets to carry on activities in the organisation.
e. Responsible for welfare and survival of the organisation—Top level is responsible for the survival and growth of the organisation. They make plan to run the organisation smoothly and successfully.

f. Liaison with outside world, for example, meeting Government officials etc. The top level management remains in contact with government, competitors, suppliers, media etc. Jobs of top level are complex and stressful demanding long hours of commitment towards organisation.
g. Welfare and survival of the organisation.

2. Middle Level Management:

This level of management consists of departmental heads such as purchase department head, sales department head, finance manager, marketing manager, executive officer, plant superintendent, etc. People of this group are responsible for executing the plans and policies made by top level.

They act as a linking pin between top and lower level management. They also exercise the functions of top level for their department as they make plans and policies for their department, organise and collect the resources etc.

Main functions of middle level management are

a. Interpretation of policies framed by top management to lower level. Middle level management act as linking pin between top level and lower level management. They only explain the main plans and policies framed by top level management to lower level.
b. Organising the activities of their department for executing the plans and policies. Generally middle level managers are the head of some department. So they organise all the resources and activities of their department.
c. Finding out or recruiting/selecting and appointing the required employees for their department. The middle level management selects and appoints employees of their department.
d. Motivating the persons to perform to their best ability. The middle level managers offer various incentives to employees so that they get motivated and perform to their best ability.
e. Controlling and instructing the employees, preparing their performance reports etc. The middle level managers keep a watch on the activities of low level managers. They prepare their performance appraisal reports.
f. Cooperate with other departments for smooth functioning.
g. Implementing the plans framed by top level.

3. Supervisory Level/Operational Level:

This level consists of supervisors, superintendent, foreman, sub-department executives; clerk, etc. Managers of this group actually carry on the work or perform the activities according to the plans of top and middle level management.

Their authority is limited. The quality and quantity of output depends upon the efficiency of this level of managers. They pass on the instruction to workers and report to the middle level management. They are also responsible for maintaining discipline among the workers.

Functions of lower level management are:

a. Representing the problems or grievances of workers before the middle level management. The supervisory level managers are directly linked with subordinates so they are the right persons to understand the problems and grievances of subordinates. They pass these problems to middle level management.

b. Maintaining good working conditions and developing healthy relations between superior and subordinate. The supervisory managers provide good working conditions and create supportive work environment which improve relations between supervisors and subordinates.
c. Looking to safety of workers. Supervisory level managers provide safe and secure work environment for workers.
d. Helping the middle level management in recruiting, selecting and appointing the workers. The supervisory level managers guide and help the middle level managers when they select and appoint employees.
e. Communicating with workers and welcoming of their suggestions. The supervisory level managers encourage the workers to take initiative. They welcome their suggestions and reward them for good suggestions.
f. (F)They try to maintain precise standard of quality and ensure steady flow of output. The supervisory level managers make sure that quality standards are maintained by the workers.
g. (G)They are responsible for boosting the morale of the workers and developing the team spirit in them. They motivate ‘the employees and boost their morale.
h. Minimising the wastage of materials.

FEATURES OR CHARACTERISTICS OF MANAGEMENT

From a critical analysis of the above definitions, the following features or characteristics of management evolve:

1. Art as well as science:

Management is both an art and a science. It is an art in the sense of possessing of managing skill by a person. In another sense, management is the science because of developing certain principles or laws which are applicable in a place where a group of activities are co-ordinated.

2. Management is an activity:

Management is the process of activity relating to the effective utilisation of available resources for production. The term 'resources' includes men, money, materials and machine in the organisation.

3. Management is a continuous process:

The process of management mainly consists of planning, organising, directing and controlling the resources. The resources (men and money) of an organisation should be used to the best advantages of the organisation and the objectives to be achieved. The management function of any one alone cannot produce any results in the absence of any other basic functions of Management. So, management is a continuous process.

4. Management achieving pre-determined objectives:

The objectives of an organisation are clearly laid down. Every managerial activity results in the achievement of objectives fixed well in advance.

5. Organised activities:

Management is a group of organised activities. A group is formed not only in a public limited company but also in an ordinary club. All the organisations have their own objectives. These objectives will be achieved only by a group of persons. These persons' activities should be organised in a systematic way to achieve the objectives. The objectives cannot be achieved without any organised activities.

6. Management is a factor of production:

The factors of production includes land, labour, capital and entrepreneurs. Here, land refers to a place where production is carried on. Labour refers to the paid employees of the organisation who are working in different levels as skilled, unskilled, semi-skilled, manager, supervisor and the like. Capital refers to the working capital as in the form of cash, raw materials and finished goods and fixed capital as in the form of plant facilities and production facilities. These land, labour and capital could not realise the organisation's goals. The organisation goals are achieved only when these are effectively co-ordinated by the entrepreneur. An individual can do such type of job as in the case of small businesses. In the case of big sized business units, co-ordination job is done by the management. So, management is also treated as one of the factors of production. According to Peter F. Drucker, "Whatever rapid economic and social development took place after World War II, it occurred as a result of systematic and purposeful work of developing managers and management. Development is a matter of human energies rather than of economic wealth and the generation of human energies is the task of management. Management is the mover and development is a consequence".

7. Management as a system of activity:

A system may be defined as a set of component parts working as a whole. Authority may be defined as a right to command others for getting a particular course of organisational work done.

Individuals are the foundation stones of the management. An individual has some goals as a member of the organisation. There may be a conflict between his own goals and the management's expectations from that individual. Such conflict is resolved by the management by ensuring balance between individual goals and organisational expectations.

Authority is vested with many persons to take decisions and influence the behaviour of the subordinates. The very purpose of using the authority is to check and control behaviour of the sub-ordinates. The sources of authority rest with superiors as given in the organisation chart and social norms. The utilisation of authority is based on the personality factors of the user and the behaviour of a person over whom it is used.

8. Management is a discipline:

The boundaries of management are not exact as those of any other physical sciences. It may be increased by the continuous discovery of many more aspects of business enterprise. So, the management status as a discipline is also increased in the same manner.

9. Management is a purposeful activity:

Management is concerned with achievement of objectives of an organisation. These objectives are achieved through the functions of planning, organising, staffing, directing, controlling and decision-making. The organisational objectives are clearly defined and explained to every employee

10. Management is a distinct entity:

Management is distinct from its functional activities. The functions have the nature of "to do" but the management has the nature of objectives.

Management as a science, arts and profession

Some authors regard management as science because there are well tested and experimented principles of management, some authors describe management as an art because more practice is required in management and some authors consider that management is going towards the paths of profession. To conclude whether management is science, art or profession, we must understand the features and meanings of science, art and profession and compare them with management meaning and features.

Management as a Science:

Science can be defined as a systematic and organised body of knowledge based on logically observed findings, facts and events.

Science comprises of exact principles which can be verified and it can establish cause and effect relations.

Main characteristics/features of science are:

1. Systematic body of knowledge:

In science organised and systematic study material is available which is used to acquire the knowledge of science. Like science in management also there is availability of systematic and organised study material. So first feature of science is present in management

2. Scientific principles are derived on the basis of logical and scientific observations:

The scientists perform logical observation before deriving any principle or theory. They are very objective while doing the observations. But when managers are observing they have to observe human beings and observation of human being cannot be purely logical and objective.

Some kind of subjectivity enters in the observations so this feature of science is not present in management. All the scientific principles have same effect, wherever we try them whereas effect of management principles varies from one situation to other.

3. Principles are based on repeated experiments:

Before developing scientific principles scientists test these principles under different conditions and places. Similarly, managers also test and experiment managerial principles under different conditions in different organisations. So this feature of science is present in management.

4. Universal Validity:

Scientific principles have universal application and validity. Management principles are not exact like scientific principles so their application and use is not universal. They have to be modified according to the given situation. So this feature of science is not present in management.

5. Replication is possible:

In science replication is possible as when two scientists are undertaking the same investigation working independently and treating the same data under the same conditions may desire or obtain the identical or exactly same result.

But in management managers have to conduct research or experiments on human beings. So if' two managers are investigating the same data, on different sets of human beings they will not get identical or same result because human beings never respond in exactly identical manner. So this feature of science is also not present in management.

Management as an Art:

Art can be defined as systematic body of knowledge which requires skill, creativity and practice to get perfection.

The main features of art are:

1. Systematic body of knowledge/Existence of theoretical knowledge:

In every art there is systematic and organized study material available to acquire theoretical knowledge of the art. For example, various books on different ragas are available in music. In management also there is systematic and organised body of knowledge available which can help in acquiring managerial studies. So this feature of art is present in management also.

2. Personalised application:

In the field of art only theoretical knowledge is not enough. Every artist must have personal skill and creativity to apply that knowledge. For example, all musicians learn same ragas but they apply these ragas according to their personal skill and creativity which makes them different.

In management also all managers learn the same management theories and principles, but their efficiency depends on how well they use these principles under different situations by applying personal skills and creativity so this feature of art is also present in management.

3. Based on Practice and creativity:

The artist requires regular practice of art to become more fine and perfect. Without practice artists lose their perfection. Art requires creative practice, i.e., artist must add his creativity to the theoretical knowledge he has learned. Same way with experience managers also improves their managerial skills and efficiency. So this feature of art is also present in management.

Management: Both Science and Art:

Management is both science as well as art. Like science it has systematic and well-organised body of knowledge and like art it requires personal skill, creativity and practice to apply such knowledge in the best possible way. Science and art are not in contrast to each other; both exist together in every function of management.

Management as a Profession:

Profession can be defined as an occupation backed by specialised knowledge and training, in which entry is restricted.

The main features of profession are:
Well defined Body of knowledge:

In every profession there is a practice of systematic body of knowledge which helps the professionals to gain specialised knowledge of that profession. In case of management also there is availability of systematic body of knowledge.

There are large numbers of books available on management studies. Scholars are studying various business situations and are trying to develop new principles to tackle these situations. So presently this feature of profession is present in management also.

1. Restricted Entry:

The entry to a profession is restricted through an examination or degree. For example a person can practice as Doctor only when he is having MBBS degree.

Whereas there is no legal restriction on appointment of a manager, anyone can become a manager irrespective of the educational qualification. But now many companies prefer to appoint managers only with MBA degree. So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

2. Presence of professional associations:

For all the professions, special associations are established and every professional has to get himself registered with his association before practising that profession. For example, doctors have to get themselves registered with Medical Council of India, lawyers with Bar Council of India etc.

In case of management various management associations are set up at national and international levels which have some membership rules and set of ethical codes, for example, AIMA in New Delhi, National Institute of Personal Management at Calcutta etc., but legally it is not compulsory for managers to become a part of these organisations by registration. So presently this feature of profession is not present in management but very soon it will be included and get statutory backing also.

3. Existence of ethical codes:

For every profession there are set of ethical codes fixed by professional organisations and are binding on all the professionals of that profession. In case of management there is growing emphasis on ethical behaviour of managers. All India Management Association (AIMA) has devised a code of conduct for Indian managers. But legally it is not compulsory for all the managers to get registered with AIMA and abide by the ethical codes.

So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

4. Service Motive:

The basic motive of every profession is to serve the clients with dedication. Whereas basic purpose of management is achievement of management goal, for example for a business organisation the goal can be profit maximisation.

But nowadays only profit maximisation cannot be the sole goal of an enterprise. To survive in market for a long period of time, a businessman must give due importance to social objectives along with economic objectives. So presently this feature of profession is not present but very soon it will be included.

PIONEER OF MANAGEMENT

HENRY FAYOL (1841-1925)

Henry Fayol was a French industrialist. The observation of Henry Fayol on the Principles of Management was brought out in French language in 1916. Later, it was published in English language in 1949. The Principles of Management of Henry Fayol were known to the world only after 1949 letter the publication of his Management Thoughts in English.

He joined as an engineer in 1860 a mining company and became the Chief Managing Director of the same company because of his outstanding abilities. In the year 1918, he retired from the company. From 1918 to 1926, Henry Fayol worked hard to popularise his principles of management. Besides, he delivered two lectures in 1900 and 1908 on management.

FREDERICK WINSLOW TAYLOR (1856-1916)

F.W. Taylor was born in 1856. He started his career as an apprentice in Philadelphia in 1875. In 1878, Taylor joined Midvale Steel Company in U.S.A., as a machine shop labourer and became a supervisor. Finally, he became the Chief engineer in 1884 after gaining experience as time clerk, lathe gang boss, assistant foreman, master mechanic and chief draftsman. He had got M.E. degree (Master of Engineering) through evening course in 1883. Next, Taylor joined Bethlehem Steel Company, where he served from 1898 to 1901.

F.W. Taylor had observed the work performance of managers and workers. According to Taylor, they follow the traditional method of work and they do not have the concept of systematic performance of task. Besides, Taylor found that greater output was possible through systematization and standardization of methods of doing work. The techniques of managements are identified by Taylor through trial and error method. Nobody except F.W.Taylor devotes any attention to finding the exact nature of the work to be done or the best way of doing it.

MARY PARKER FOLLETT (1868-1933)

Mary Parker Follett was born in 1868 in Boston, USA. She studied political Economy, Politeal Science, Law and Philosophy. She got degree from Cambridge College. She is considered to be a pioneer of management thought in the field of Human Relations. She gave importance to the professional nature of management. She believed that psychology plays an important role in human activity. So, her writings mainly dealt with the application of psychology in management. She had no personal direct experience in managing a business.

GEORGE ELTON MAYO (1880-1949)

The human civilization had entered the machine age after industrial revolution. Maximum output is emphasized during the machine age. Nobody considers human relations i.e. the relationship between employers and the employees to be significant. They lead to exploitation of workers and they do not care to fulfil the psychological needs of workers. The productivity is affected by the desires, attitudes and feelings of the workers. George Elton Mayo was the first person to look into the matter of human relations emphasizing the importance of desires, attitudes and feeling of the workers.

Hawthrone Experiments get credit for the change in the outlook of the management towards workers. Hawthorne Experiments were conducted by George Elton Mayo and his colleagues. Hawthrone Experiments are an important landmark in the history of the Human Relations Movement.

PRINCIPLES OF SCIENTIFIC MANAGEMENT

F.W. Taylor has given the principles of Scientific Management. They are briefly explained below:

1. Science not rule of thumb:

It means the replacement of old method of doing work scientifically. The nature of work performed by each worker should be clearly determined. It includes the allotment of fair work to each worker, standardization in work, adoption of differential piece rate of payment system and the like.

2. Harmony in group action:

F.W. Taylor has emphasized peace and friendship in group action. In other words, dissatisfaction of any worker is to be avoided in the group action. The dissatisfaction is eliminated through scientific selection, training and strategic placing of workers

3. Co-operation:

There should be a cooperation between management and workers and vice versa. Workers should help the management to get larger profits, better quality products and lower cost of production Management should give fair wages to workers recognize the performance of work and acknowledge the indispensability of workers in raising productivity. Then, better co-operation will be achieved. According to Taylor substitution of war for peace, hearty and brotherly co-operation for discontentment and strife replacement of suspicious watchfulness with mutual confidence of becoming friends instead of enemies result in co-operation. Mutual understanding and change in thinking are the factors necessary for cooperation.

4. Maximum output:

Maximum output is achieved through division of work and Assumption of responsibility by the management and workers jointly. Maximum output results in the increasing profit to the management and wages and bonus to the workers management should provide standard materials, tools and working conditions to perform the work economically and efficiently

5. Improvement of workers:

Under Scientific Management, all the workers should be given opportunity to improve to the fullest extent possible. It is necessary for the development of the company. Workers are scientifically selected and provided with the job training, no, the management should find out the physical, educational and psychological requirements of each job and find suitable persons to each job. Systematic training can shape the workers in relations to the job assigned to them.

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Henry Fayol concentrated on top management, it is known from his book 'General and Industrial Management'. Management plays a very important part in the government undertakings of all undertakings, large or small, industrial, commercial, political, religious or any other. As such, in every concern, there is a management function to be performed. The management functions and organisational functions are different. The management functions include planning. Organising, staffing, directing and controlling. But organisational functions include purchase, sales, production and accounting.

CLASSIFICATION OF BUSINESS ACTIVITIES

Henry Fayol classified all the business activities into six functions. They are:

1. Technical activities relating to production.
2. Commercial activities relating to purchase of basic raw materials and other resources, selling of products and exchange.
3. Financial activities relating to identification and utilisation of available funds.
4. Security activities relating to the steps taken to protect the property of enterprise and persons.
5. Accounting activities relating to the recording and maintain of accounts, stock taking and preparation of cost sheets, balance sheets and statistical data.
6. Managerial activities relating to planning, organising, commanding, co-ordinating and controlling.

Henry Fayol believed that the successful functioning of any business depends open the performance of the above six functions.

ELEMENTS OF MANAGEMENT

Henry Fayol made a difference between principles of management and elements of management.

According to him, the following are the elements of management:

1. Planning.
2. Organising.
3. Commanding.
4. Co-ordination.
5. Control.

Commanding is nothing but direction. So, commanding means guiding and supervision of sub-ordinates in order to achieve specified objectives or goals. He also termed the elements of management as functions of management.

QUALITIES OF A MANAGER

Henry Fayol identified the managerial qualities of a Manager which are given below.

1. Physical (health, vigour and address)
2. Mental (ability to understand and learn, judgement, mental vigour and adaptability)
3. Moral (energy, firmness, willingness to accept responsibility, initiative, loyalty, tact and dignity)
4. General Education (general acquaintance with matters not belonging exclusively to the function performed)
5. Special knowledge (peculiar to the function, be it technical, commercial, financial, managerial etc.)
6. Experience (knowledge arising from work proper)

HAWTHORNE EXPERIMENTS

Hawthorne experiments were conducted at the Hawthorne plant of the Western Electric Company in Chicago from 1924-1932. These Experiments were conducted by **Prof. Elton Mayo**, F.J. Roethlisberger Whitehead, Dickson and their colleagues. The results of these experiment have been published into six volumes. They are the Human Problems of Industrial Civilization, The Social Problems of an Industrial Civilization, The Industrial worker, leadership in a Free Society, Management and worker and Management and morale.

The Hawthorne plant was manufacturing a telephone system bell. Nearly 30,000 employees worked during this experiment period. The objective of the experiment was to find out the behaviour and attitudes of employees under better working condition. The benefits of pension and medical allowance were available to the employees. Besides, the management arranged recreational facilities. Even though, the employees derived job satisfaction. The productivity of the employees was not up to the expectations. So, in 1924, the management requested National Academy of Sciences to investigate the reasons for dissatisfaction of employees and decrease in productivity. On this basis, Prof. Elton Mayo and his team conducted researches in four phases.

They are

1. Illumination Experiments. (1924- 27)
2. Relay Assembly Test Room Experiment. (1927- 28)
3. Mass Interviewing Programme. (1928-30)
4. Bank Wiring Observation Room Experiments. (1931- 32)

UNIT - II
PLANNING -INTRODUCTION

Planning is essential in every walk of life. Each and every person has to frame a plan to proceed in his schemes. A person whether he is engaged in business or not, has framed a number of plans during his life. The plan period may be short or long. According to Arnold Toynbee, "One of the characteristics of being human is that he makes plan."

Planning is the first and foremost function of management. All eminent writers have said that the planning function precedes all other managerial functions. Effective planning facilitates early achievement of objectives, which depends upon the efficiency of the planner. A planner is a person who frames a plan to put his schemes into practice.

The planner can develop his efficiency by preparing himself to face the future developments.

MEANING

Planning is an intellectual process of thinking resorted to decide a course of action which helps achieve the predetermined objectives of the organisation in future.

F.W. Taylor had pointed out in his report on Scientific Management, that planning is separated from execution. Separate plans are prepared for various departments; then, the top executive of the organisation takes steps to co-ordinate the various departmental plans.

CHARACTERISTICS OF PLANNING

The following are the characteristics of planning

1. Planning is looking into the future.
2. Planning involves pre determined line of action.
3. Planning discovers the best alternative out of available many alternatives
4. Planning requires considerable time for implementation.
5. Planning is a continuous process.
6. Planning object is to achieve pre determined objectives in a better way
7. Planning integrates various activities of organisation.
8. Planning is done for a specific period.
9. Planning not only selects the objectives but also develops policies, programmes a procedures to achieve the objectives.
10. Planning is required at all levels of management.
11. Planning is an interdependent process which coordinates the various business activities.
12. Planning directs the members of the organisation.
13. Growth and prosperity of any organisation depends upon planning.

STEPS IN PLANNING PROCESS

The planning process differs from one plan to another and one organisation to another. Given below is a planning process which may be treated as commonly acceptable.

1. Analysis of External Environment:

It is necessary to consider the external environment of an organisation. The term external environment includes socio-economic conditions and political conditions prevailing in a country. Socio-economic condition refers to classification of society on the basis of income, age, class, living conditions, aspirations, expectations and the like. These factors are not controllable ones. But, every organisation has to prepare the plan according to the changing trends in the external environment.

2. Analysis of internal environment:

It can be otherwise called as Resource audit. Resource audit means an analysis of the strength and weaknesses of an organisation. Due consideration is made on the availability of resources, profitability, plant capacity, available manpower, communication effectiveness and the like.

3. Determination of objectives:

The objectives of an organisation are pre-planned. Objectives specify the results expected. Once the organisation's objectives are determined, the section-wise or department-wise objectives are planned at the lower level. Defining the objectives of every department is very essential one; then only clear-cut direction is available to the departments. Control process is very easy if the objectives are clearly defined

4. Determining planning premises and constraints:

Planning is forward look. Therefore, planning is based on forecasting. Forecasting means the assumption of and anticipation of certain events. It implies a calculation of how certain factors will behave in future. The planning must consider the likely behaviour of these factors. In this sense these constitute the planning premises.

Generally, forecasting is made in the following ways

1. What will be the market force? Market force refers to demand, supply, buying capacity and the like.
2. The expectation of volume of sales.
3. What kind of products are to be sold and in what price?
4. What would be their manufacturing costs?
5. What would be the tax policy and economic policy of the Government?
6. The expectation of technology change in production
7. How is the finance raised for expansion and/or modernisation of the business

5. Examination of alternative courses of action:

An action may be performed many ways but a particular way is most suitable to the organisation. Hence, the management should find alternative ways and examine them in the light of planning premises.

According to Koontz and O'Donnell, "There is seldom a plan made for which reasonable alternatives do not exist. Moreover, before weighing alternatives and reaching a decision one is wise to search for alternatives that may not be immediately apparent. Quite often an alternative does not immediately prove to be the most profitable way of undertaking a plan."

6. Weighing alternative course of action:

All the alternatives are not suitable to an organisation. Each alternative has its own strong and weak points. So, there is a need for weighing all the alternatives to determine the best alternative.

7. Selection of the best alternative course of action:

The selection of the best alternative is based on the weighing of various alternatives. A course of action is determined according to the circumstances prevailing. No partiality is shown while selecting the best alternative.

8. Establishing the sequence of activities:

The determined course of action is adopted for each section or department, product, for a quarter, month, week, etc. Finally the manager should draft a final plan in definite terms.

9. Formulation of action programmes:

The term action programme includes fixing time limit for performance, allocation of work to individuals and work schedule. These are necessary to achieve the objectives within the specified period.

10. Determining secondary plans:

Secondary plans flow from the primary or basic plan. The preparation of a secondary plan is necessary to expedite the achievement of the basic plan. For example, Once a basic plan of sales is decided upon, a number of secondary plans could be prepared. Here, the secondary plan includes production schedule, purchase plant and machinery, purchase of raw material, consumable stores, selection, training and placement of personnel and the like.

11. Securing participation of employees:

The successful execution of any plan depends upon the extent of participation of employees. So, the management should involve employees in planning through communication, consultation and participation

12. Follow-up and evaluation:

There should be a system of follow-up. The management should watch how the planning is being done. The shortcomings of planning can be identified through a follow-up action and rectified then and there. The continuous evaluation of planning is also necessary it means that the actual performance is compared with the planning and the corrective action is taken if there is any deviation

METHODS OF PLANNING

(Types of planning, components of planning or elements of planning)

According to the usage and nature of planning, the methods of planning are divided into the following categories:

1. Objective plans:

Objectives are treated as basic plans. These basic plans are necessary for all types of planning operation. The entire management activity is geared upon only through the formulation of objective plans. Objectives not only dominate the planning activity but also play an important role in the managerial work of organising, directing and controlling.

2 Standing Plans:

Standing plans include policies and procedures and they are liable to repetitive action. An action may be divided into two categories, Le repetitive and non-repetitive actions

Standing plans provide a ready guideline for solving recurring problems. Standing plans will be of no use if the problems do not recur in an organisation. Special problems are not solved with the help of standing plans but solved in a different way. Standing plans limit the freedom of manager for ensuring integrated and co-operative action. The reason is that the manager should adopt policies and procedures in action.

3. Master Plans:

Master Plan covers the complete course of action along with consideration of time and strategy. Small plans are added together in an orderly way to speed up the course of action. In terms of scope, plans may be either broad or detailed in character. If the plans are prepared function-wise, plans may be concerned with production, sales, purchase and similar activities.

FORECASTING

Many of us confuse planning with forecasting. Planning is entirely different from forecasting. Forecasting is nothing but the guessing of the future course of events correctly. It is basically a technique of anticipating events related to future. Planning is a wider term which includes forecasting. Forecasting is a part of planning and is based on the past experience. According to Haimann, "In fact, the success of a business depends in large measure upon the skill of management in forecasting and preparing for future events."

According to Mc Farland, "Forecasts are predictions or estimates of the changes, if any, in characteristic economic phenomena which may affect one's business plans." Louis A Allen, "Forecasting is a systematic attempt to probe the future by inference from known facts.

DECISION MAKING

INTRODUCTION

Decision-making is also one of the functions of the management. The management executive takes a number of decisions every day. They are not able to discharge their duties without taking any decisions. A decision may be a direction to others to do or not to do. Thus, a decision may be rational or irrational. There are a number of alternatives available to the management. The best one is selected out of the available alternatives

Best decision-making is necessary for effective functioning of management. The success of management depends upon the quality of decision. If the manager fails to take correct decision, he may not extract any work from his subordinates and may not find a way to finish his work also. Some of the decisions are taken emotionally. This should be avoided with great care. Emotional decision lends to a lot of confusion. So, the decision-making is an important work of the superiors

DEFINITION

Manely H. Jones, "It is a solution selected after examining several alternatives chosen because the decider foresees that the course of action he elects will be more than the others consequences." to further his goals and will be accompanied by the fewest possible objectionable

Andrew Szilagyi, “Decision-making is a process involving information, choice of alternative actions, implementation, and evaluation that is directed to the achievement of certain stated goals."

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

TYPES OF DECISIONS

Some of the decisions are discussed below

1. Programmed decisions:

They are otherwise called routine decisions are structured decisions the reason is that these types of decisions are taken frequently and they are repetitive in nature. This decision is taken within the purview of the policy of the organisation. Only lower level management takes programmed decision and has short-term impact Granting over time work, placing purchase order (for materials) etc., are some of the examples of programmed decisions. There is a clear cut procedure to take programmed decisions. The decision-maker need not ask anything from the Personnel Manager or Board of Directors while taking programmed decisions.

2. Non-programmed decision:

They are otherwise called strategic decisions or basic decisions or policy decisions or unstructured decisions. This decision is taken by top management people whenever the need arises. A careful analysis is made by the management before taking a policy decision. The management may publish its policy in small book which is known a policy manual. Policy decision involves heavy expenditure to management starting a new business, whether to export or not, acquisition of a business etc. are some of the examples of non-programmed decisions. This decision has a long-term impact on business, a slight mistake in the policy decision is bound to injure the entire organisation.

3. Major decision:

Major decision relates to the purchase of fixed assets with more value. The purchase of land and building is an example of major decision. This decision taken by the top management.

4. Minor decision:

Minor decision relates to the purchase of current assets with less value. Purchase of pencil pen, ink, etc., are some of the examples of minor decision. This decision is taken by lower level management people.

5. Operative decision:

A decision which relates to day-to-day operation of an organisation is known as operative decision. This type of decision is taken by middle level management people normally. The reason is that they are working at supervisory level and have a good knowledge of the operations. The time of payment of overtime wages is fixed by middle level management people. It is an example of operative decision.

6. Organisational decision:

The decision maker takes a decision and implements it for effective functioning of organisation and it is called organisational decision. He takes this decision on his authority and capacity

7. Personal decision:

The decision-maker takes a decision for his personal life which is known as personal decision He implements this decision in his home and sets right his personal life. This decision does not reflect the functioning of an organisation. The decision maker is not a member of an organisation while taking a personal decision.

8. Individual decision:

Confusion exists regarding the difference between individual decision and personal decision. They are not one and the same. The decision-maker member of an organisation while taking an individual decision. He can implement it in the organisation. He is delegated with authority to take individual decision. He considers policy and situation prevailing in an organisation while taking individual decision

9. Group decision:

A committee is formed by the top management for specific purposes. Here, the top management feels that no individual can take effective decision solve a problem. The top management fixes the time within which the committee is expected to submit its report with concrete decisions.

10. Departmental decision:

Here, the decision-maker is department head or department manager. He takes a decision to run the department. Department decision has no impact on other departments this decision is implemented within the concerned department itself.

11. Non-economic decision:

Non-economic decision refers to a decision which does not incur any expenses. These types of decisions are taken at all levels of management decision which relates to setting right the morale behaviour of workers is termed as non economic decision

12. Crisis decision:

A decision is taken to meet unexpected situations. There is no possibility and time for the decision-maker for getting through investigation while taking a crisis decision. It may be otherwise called spot decision. The reason is that whenever a need arises, the decision maker has to take a decision without wasting a second.

13. Research decision:

A decision is taken after analysing the pros and cons of a particulate matter. There is no pressure on the decision-maker to take such a decision. Research decision requires a lot of information. The quality of research decision fully depends upon the availability of reliable information.

14. Problem decision:

A decision is taken to solve a problem. The problem may be an expected one or unexpected one. Besides, they arrived decision does not create any more problem to the organisation.

15. Opportunity decision:

This pertains to a decision taken to make use of the advantages available to the company or organisation. The advantage may be increasing the turnover, introducing a new product, building of another similar unit to avoid competition etc.

16. Certainty decision:

Here, the term certainty refers to accurate knowledge of the outcome from each choice. For example, ascertaining how much profit will be maximised by introducing a new product or increasing the selling price and the like. There is only one outcome for each choice. The decision-maker himself knows the outcome and consequences of choice

17. Uncertainty decision:

The outcome is not accurate or several outcomes are possible whenever a decision is taken. The reason is that the decision-maker has incomplete knowledge and he does not know the consequences. For example, while marketing a new product, the decision (amount of profits) depends upon the prosperity period of that product. If the prosperity period is long, the amount of profit is high and vice versa.

anagement people take a number of decisions every day. These decisions are aimedat solving the existing problems. No decision cheats any new problem to the management. There should be justice in taking a decision

DECISION-MAKING PROCESS

Decision-making is not an easy job. It requires a lot of skill. Decision-making is affected by a number of factors. So, the manager can take good decisions by adopting certain a procedures.

A manager may not be able to take good decisions if he fails to follow a sequential set of steps. The decisions-making process depends upon the nature of problem and the nature of organisation. The following is the simple process followed in taking a decision in normal situations:

1. Identification of a problem:

Identification of a problem means recognition of a problem. Problem arises due to difference between what is and what should be. The changes af business environment form the main reason for creating of a problem. So, the manager should define what the problem is. A well defined problem is half solved. Then, the manager should find the causes of a problem. This is not an easy job. Finding of causes of a problem is used to take quality decision. The manager should continuously watch the decision-making environment and understand the real problem and its causes

The manager may look into the management reports, find deviations from budget if any, compare the company's results with the competitor's results and efficiency of employees etc. These are used to identify the problem correctly. Here, the manager has to use his experience, imagination and judgement in order to find out the real nature of the problem.

2. Diagnosing the problem:

There is a slight difference between problem identification and diagnosing the problem. A doctor can diagnose the disease of a patient. A patient cannot find out what is the real disease. But, a doctor can do so with the information given by a patient. Information is very useful to the doctor. In management, the manager is acting as a doctor while diagnosing the problem

3. Collect and analyse the relevant information:

The next step is that required at various levels information should be collected by the manager. Then, the manager has to study the information with great care. It is very useful to analyse the problem from different angles. If the problem is analysed from different angles, a quality and quick decision may be taken by the manager. The manager should see that only relevant information alone is collected and analysed.

4. Discovery of alternative course of action:

Creative thinking is necessary to develop or discover many alternative courses of action. If there is no alternative, there is no need of taking a decision. If there are more and more of alternatives, the manager will have more freedom to take a decision. A problem can be solved in many ways. At the same time, a solved problem should not arise again in the future.

It is advisable to the manager that he should discover a number of alternatives problem of limiting factors is also considered by the manager. Some alternatives cannot selected due to limiting factors. Time and cost are the probable limiting factors of organisation

5. Analysing the alternatives:

Next, the pros and cons of available alternatives analysed. Some alternatives offer maximum benefits than others. An alternative is company with other alternatives. The decision maker can prepare a list of limits for each alternative

6. Screening of alternatives:

The available alternatives are screened in the order of maximum benefits derived from them. Each alternative is evaluated in terms of risk involved in implementing them. Both tangible and intangible factors are considered while evaluating or screening each alternative.

Tangible factors include profits earned, time taken, money invested, rate of returns investment, rate of depreciation etc. Intangible factors include public relations, goodwill of the company, loyalty of employees etc. Sometimes, two or more alternatives are equally suitable by nature. The decision-maker should find the actual difference of alternatives which will be the deciding factor to select an alternative

Peter F. Drucker has suggested the following criteria to evaluate the available alternative course of action

a. Risk- Degree of risks involved in each alternative
b. Economy of effort-Cost, time and efforts involved in each alternative.
c. Timing or situation - Whether the problem is urgent.
d. Limitations of resources-Physical, financial and human resources available with the organisation.

7. Selection of best alternative:

Now, the decision maker can select the best alternative after careful evaluation. An alternative which gives maximum benefits to the organisation is selected. At the same time, the selected alternative should fit with the organisational objectives. The following approaches may be adopted while selecting an alternative

A. Experience:

A manager can select an alternative on the basis of his past experience The past prevailed situation cannot be the same as the present prevailing situation. Situation changes from time to time. Past decisions may be rationally amended to suit the present situation. So, the past experience helps a lot to the manager in taking a decision.

B. Experimentation:

Each alternative is put into practice and the results are observed under this approach. An alternative which gives best results will be selected. For example, before an organisation selects a production technique, it goes to trial production. The organisation finally selects production techniques which result in a quality production with minimum loss and expenses. This approach, being expensive and time consuming, should be used only on limited scale

C. Research and analysis:

This approach is also rarely adopted. In case of critical situation, a decision is taken under this approach. If a lot of calculations are required, they are completed with the help of computers

8. Conversion of decision into action:

The future course of action is scheduled on the basis of selected alternative or decision. Here, the manager has to consider the policy the management. The selected alternative decision is communicated to concerned persons communication facilitates easy implementation of decision. The language of decision should be simple and easily understandable.

9. Implementation:

Next, the manager has to implement the decision to achieve desired goals. Decision-making process comes to an end with the actual implementation of decision. Implementation is equally important to the selection of alternatives. Implementation plan should provide for time and procedure sequence. Necessary resources should also be allocated and responsibility for specific tasks should be assigned to individuals.

10. Verifying the decision:

It is the duty of every manager to see whether the decision is properly implemented or not. Verification of implementation of decision ensures the achievement of objectives. The selected alternative may be an ill-chosen one and might cause loss to the organisation. This can be measured with the help of verifying the decision if the manager feels that the selected alternative is not the best one; an amendment may be made to achieve desired goals. This is the simple process of decision-making.

UNIT - III
ORGANIZING

Organizing:

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

Principles of Organizing:

Principle of Specialization

SSon the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

Principle of Functional Definition

According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. Clarifications in authority-responsibility relationships help in achieving co-ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

Principles of Span of Control/Supervision

According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either from wide or narrow span.

There are two types of span of control

Wide span of control-

It is one in which a manager can supervise and control effectively a large group of persons at one time.

The features of this span are

1. Less overhead cost of supervision
2. Prompt response from the employees
3. Better communication
4. Better supervision
5. Better co-ordination
6. Suitable for repetitive jobs

According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.

Narrow span of control:

According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervises and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time.

The features are

1. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
2. Co-ordination is difficult to be achieved.
3. Communication gaps can come.
4. Messages can be distorted.
5. Specialization work can be achieved.

Principle of Scalar Chain

Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organization takes place. A scalar chain of command facilitates work flow in an organization which helps in achievement of effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organization.

Principle of Unity of Command

It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one boss at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organization.

Forms of Organizational Structure:

Hierarchical Structure

The hierarchical model is the most popular organizational chart type. There are a few models that are derived from this model.

In a hierarchical organization structure, employees are grouped with every employee having one clear supervisor. The grouping is done based on a few factors, hence many models derived from this. Below are few of those factors

Function:

Employees are grouped according to the function they provide. The below image shows a functional organisation chart with finance, technical, HR and admin groups

Geography

Employees are grouped based on their region. For example in USA employees might be grouped according to the state. If it’s a global company the grouping could be done according to countries.

Product

If a company is producing multiple products or offering different services it can be grouped according to the product or service.

Matrix Structure

In a Matrix organizational structure, the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. It is a type of organizational management in which people with similar skills are pooled for work assignments, resulting in more than one manager to report to (sometimes refer to as solid line and dotted line reports, in reference to traditional business organization charts).

For example, all engineers may be in one engineering department and report to an engineering manager. But these same engineers may be assigned to different projects and might be reporting to those project managers as well. Therefore some engineers might have to work with multiple managers in their job role.

Horizontal / Flat Structure

This is an organizational chart type mostly adopted by small companies and start-ups in their early stage. It's almost impossible to use this model for larger companies with many projects and employees.

The most important thing about this structure is that many levels of middle management are eliminated. This enables employees to make decisions quickly and independently. Thus a well-trained workforce can be more productive by directly getting involved in the decision-making process.

This works well for small companies because work and effort in a small company are relatively transparent. This does not mean that employees don't have superiors and people to report. Just that decision making power is shared and employees are held accountable for their decisions.

Network Structure

Network organizational structure helps visualize both internal and external relationships between managers and top-level management. They are not only less hierarchical but are also more decentralized and more flexible than other structures.

The idea behind the network structure is based on social networks. Its structure relies on open communication and reliable partners; both internal and external. The network structure is viewed as agiler than other structures because it has few tires, more control and bottom flow of decision making. Using a Network organizational structure is sometimes a disadvantage because of its complexity. The below example of network org chart shows the rapid communication between entities.

Divisional Structure

Within a divisional structure, each organizational function has its own division which corresponds to either products or geographies. Each division contains the necessary resources and functions needed to support the product line and geography.

Another form of divisional org chart structure is the multi-divisional structure. It's also known as M-form. It's a legit structure in which one parent company owns several subsidiary companies, each of which uses the parent company's brand and name.

The main advantage of the divisional structure is the independent operational flow, that failure of one company does not threaten the existence of the others.

It's not perfect either. There can be operational inefficiencies from separating specialized functions. Increase in accounting taxes can be seen as another disadvantage.

Line Organizational Structure

Line organizational structure is one of the simplest types of organizational structures. Its authority flows from top to bottom. Unlike other structures, specialized and supportive services do not take place in these organizations.

The chain of command and each department head has control over their departments. The self-contained department structure can be seen as its main characteristic. Independent decisions can be taken by line officers because of its unified structure.

The main advantage of a line organizational structure can be identified as the effective communication that brings stability to the organization.

Team-based Organizational Structure

Team-based organizational structures are made of teams working towards a common goal while working on their individual tasks. They are less hierarchical and they have flexible structures that reinforce problem-solving, decision-making and teamwork.

Team organization structures have changed the way many industries work. Globalization has allowed people in all industries around the world to produce goods and services cooperatively. Especially, manufacturing companies must work together with the suppliers around the globe while keeping the cost to a minimum while producing high-quality products.

Departmentation

Introduction

Departmentation is a part of the organization process. It involves the grouping of common activities under a single person's control. The activities are grouped on the basis of functions of the organisation. This work is done by a chief executive of the concerned organisation.

Meaning:

Departmentation means the process by which similar activities of the business are grouped into units for the purpose of facilitating smooth administration at all levels.

Definition

Koontz and O'Donnell, "A Departmentation is a process of dividing the large monolithic functional organization into small and flexible administrative units."

Departmentation refers to the classification of activities on operations of an undertaking into functionalized categories.

Departmentation is an essential one in the modern business world. All the business activities cannot be looked after by a single individual. The classified activities bring in specialization and managerial convenience. It ensures suitable span of control. Departmentation is created in product-wise, process-wise or area-wise. It ensures proper directions to and control on them.

Process of Departmentation

Departmentation is done through the following process:

1. Identification of work.
2. Analysis of details of each work.

3. Description of the function of the organization.
4. Entrusting the functions to a separate person who has specialized in the respective field and providing him with suitable staff.
5. Fixing the scope of authority and responsibility of the departmental heads.

FACTORS IN DEPARTMENTATION

The following factors are to be taken into consideration in departmentation:

1. Specification:

Departmentation should yield the advantages of specialization. This is the most expected from the modern business organization. Specialization may be functional such as sales, finance, production and personnel.

Control**:**

There should be a proper control under departmentation and simplification of the control process. As a general rule, there should be scope for checking automatically the activity of one person by another person, a separate executive.

2. Co-ordination:

The whole business activities are grouped department-wise and it requires co-ordination. The purchase department should be located near the production department. The reason is that the purchase department has to render services to the production department. This will make the co-ordination of the work very easy.

3. Securing attention:

Even an unusually important activity of the business should be given recognition in the organization. It is to ensure the success of an organization. If greater attention is necessary, the activity may be entrusted to a separate division or a higher level of an organization according to its importance.

4. Recognition of local conditions:

The departmentation should take into consideration the local conditions of the place concerned.

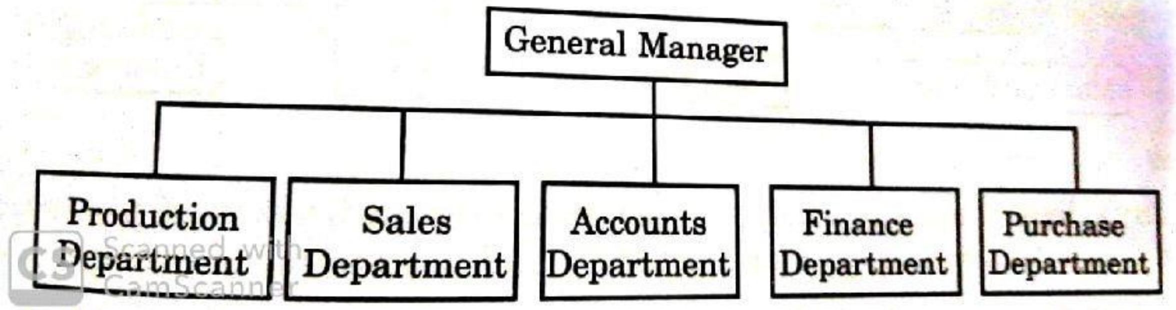
5. Economy:

It should be borne in mind that expenses are incurred in the creation of separate departments. It means avoiding unnecessary expenditure and allowing essential expenditure. The departmental arrangement will be an ineffective one if the departmentation is done with minimum expenses.

Methods of Departmentation

1. Departmentation by Functions:

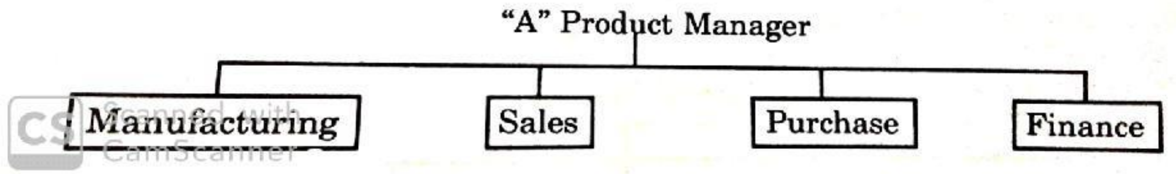
The most commonly followed basis of departmentation is by functions. Under this departmentation, the activities are grouped on me basis of functions which are to be performed. The following chart may help to understand the departmentation by functions:



Each department is headed by one responsible person, who is directly responsible to the General Manager. According to George R. Terry, "the functions or activities are the pivot around which effective executives develop effective and efficient organization".

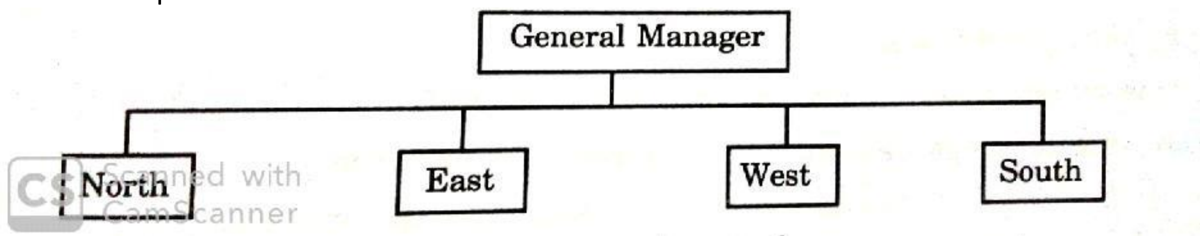
2. Departmentation by Product or Service:

This type of departmentation is made by the large-scale business unit. A single business unit may manufacture and sell different types of products. Then, each type of product or service is allocated to a separate department. Functionalized units for each product are created within the general structure of the organization, Manufacturing, sales, finance and personnel functions are arranged separately for each type of product. Each department is responsible for manufacturing a product and selling it to customers. Grouping of all activities are planned in advance within each product section. The co-ordination function is performed by the top management.



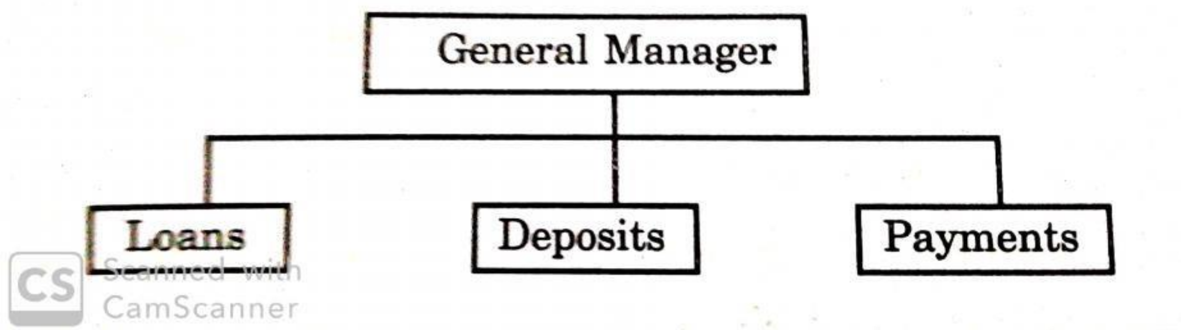
3. Departmentation by Region or Area:

This method of departmentation may be suitable for a business unit which is wholly dispersed. The business activities are grouped in area-wise and each area is in charge of a single person. The local persons are appointed as salesmen in each area. It will help the business unit to increase the sales. The reason is that the local person is familiar with the local language, the culture and preferences of the customers.



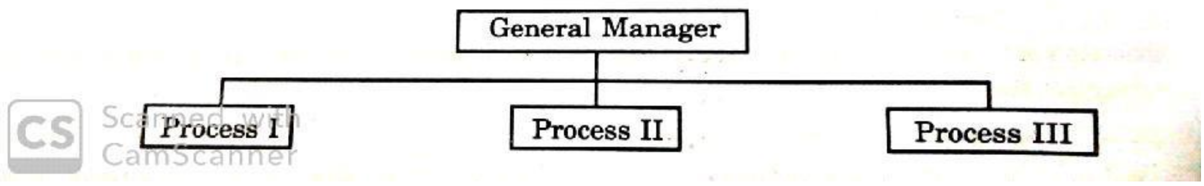
4. Departmentation by Customers:

This type of departmentation is preferred when the various needs of customers are different in nature. For example, a bank or a financial institution may divide its loan section into number of heads and assign them to various departments, such as 'loans to businessmen, farmers, professionals and so on. Similarly, the sales department of a business concern could be divided into industrial goods and consumer goods. The consumable goods could again be sub-divided into perishable and non-perishable in nature.



Departmentation by Process:

This type of Departmentation is followed when the production activities are carried on in many places. For example, a textile mill has many departments such as Ginning, Spinning, Weaving, Dyeing and Printing, Packing and Sales. Each section will be in charge of separate specialized persons.



5. Departmentation by Time:

The business activities are grouped together on the basis of the time of the performance. If the work is not completed within the normal working hours, extra time will be given to complete it after the normal working hours. Only interested persons are requested to do the job and one person is responsible to supervise them. Whatever be the work performed after the normal working hours, a separate department will be in charge of this type of activity. This type of departmentation is known as departmentation by time.

6. Departmentation by Numbers:

Similar type of duties is performed by small groups. Each group is controlled by a supervisor or an executive. For example, in the army, soldiers are grouped into squads, battalions, companies, brigades and regiments on the basis of allotment of men to each unit. The principles of span of management, span of control or span of supervision is used under this type of departmentation.

7. Departmentation by Marketing Channels:

This type of departmentation is adopted on the basis of the channel of distribution chosen by the particular business unit. Normally the channel of distribution is selected by the business unit on the basis of nature of goods and marketability of the product. This method of departmentation has grown in importance as business has become increasingly market-oriented.

Span of Management:

It means the number of people managed efficiently by a single officer in an organization.

GRAICUNA'S THEORY OF SPAN OF MANAGEMENT

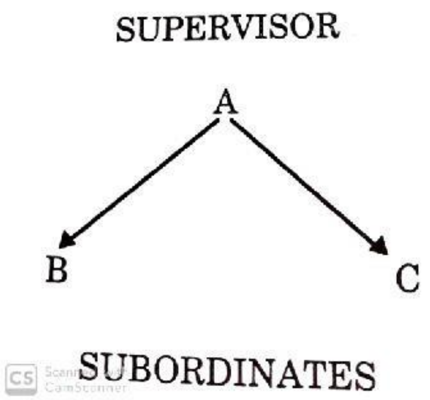
A management expert named V.A. Graicunas contributed much to the Span of Management Theory. His theory identified the relationship prevailing between the superior and the subordinates. The relationships are classified into three categories. They are given below:

1. Direct single relationships.
2. Direct group relationships.
3. Cross relationships.

The explanations of the above mentioned three relationships are given below:

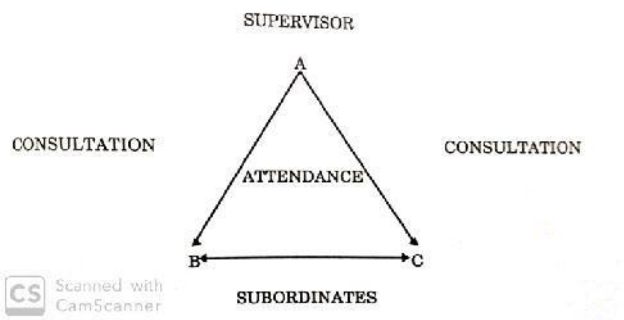
1. Direct single relationship:

Direct Single Relationship is one in which a supervisor has direct relationship with his subordinates individually. If A super-vises B and C who are subordinates, there are two direct single relationships. It is explained with the help of the hart.



2. Direct group relationships

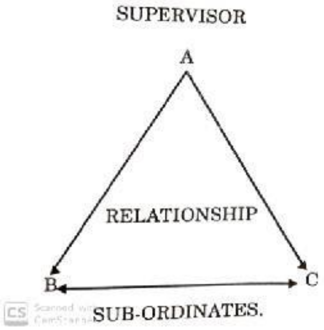
In Direct Group Relationship, a supervisor has direct relationship with his subordinates jointly. It is explained with the help of the following chart.



Here, A can consult B while C is present in a situation. In another situation, A can consult C while B is present.

3. Cross Relationship:

In Cross Relationship, a subordinate has relationship with another subordinate mutually. It is explained with the help of the following chart:



Here, the relationship prevailing between B and C is Cross Relationship. The number of direct and cross relationships increased geometrically as the number of sub-ordinates under the supervisor increased.

UNIT - IV
DIRECTION

INTRODUCTION

Direction is a managerial functions performed by the top level officers of management. Whenever any decision is taken, it should be properly implemented. If not so, there is use of taking such a decision. Direction is necessary in order to achieve proper implementation of direction. Every manager gives direction to his subordinates and vice versa every subordinate gets direction from his respective manager.

DEFINITION

According to Haimann, "Directing consists of the process and techniques utilised issuing instructions and making certain that operations are carried on as originally planned."

Koontz and O'Donnel, "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enter objective."

Urwick and Brench, "Directing is the guidance, the inspiration, the leadership of the men and women that constitute the real core of the responsibilities of management."

PRINCIPLES OF DIRECTION

Generally, the manager should understand the needs, motives and attitudes of his subordinates. He should change his strategies according to the people and situations. However, the following principles of direction may be useful to the manager:

1. Harmony of objectives:

Individuals have their own objectives. Organisation has its own objectives. The management should co-ordinate the individual objectives with organisational objectives. Direction should be in such a way that the individuals can integrate their objectives with organisational objectives.

2. Maximum individual contribution:

Every member's contribution is necessary for the organisation's development. Hence, the management should adopt technique of direction which enables maximum contribution by members.

3. Unit of direction or command:

An employee should receive orders and instructions only from one superior. If not so, there may be indiscipline and confusion among subordinates and disorder will ensue.

4. Efficient:

Subordinates are requested to participate in the decision-making process. Then, they would have a sense of commitment. This will ensure implementation of decisions. It will increase the efficiency of subordinates.

5. Direct supervision:

Managers should have direct relationship with their subordinates. Face to face communication and personal touch with subordinates will ensure successful direction

6. Feedback information:

Direction does not end with issuing orders and instructions to the subordinates. Sometimes, suggestions given by the subordinates are necessary the development of the management. So, the development of the feedback system furnishes reliable ideas to the management.

7. Effective communication:

The superior must ensure that plans, policies and responsibilities are fully understood by the subordinates in the right direction.

8. Appropriateness of direction technique:

There are three direction techniques available to the management. They are authoritarian, consultative and free-rein. But the direction techniques should be selected according to the situation.

9. Efficient control:

The management should monitor the behaviour and performance of subordinates to exercise efficient control over the subordinates. Effective control ensures effective direction.

10. Comprehension:

The extent of understanding by subordinates is more important than what and how orders are communicated to them. This is very useful in the proper direction of subordinates.

11. Follow through:

Direction is a continuous process. Mere issuing orders or instructions is not an end itself. Direction is necessary, so, the management should watch whether the subordinates follow the orders and whether they face difficulties in carrying out the orders or instructions.

IMPORTANCE OF DIRECTION

Direction is also one of the important functions of management. Direction is necessary to implement the administrative policies and decisions effectively. The subordinates are properly motivated through direction. Direction provides a leadership in a business Direction is also concerned with getting co-operation among subordinates. Direction is the essence of management and also regarded as a continuous function of management

1. Direction initiates action.
2. Direction coordinates the group effort
3. Direction ensures maximum individual contribution
4. Direction reduces the reluctance to put up with changes in the organisation.
5. Direction provides stability and balance in the organisation
6. Direction helps to achieve the objectives of an organisation.

CHARACTERISTICS OF DIRECTION

The characteristics of direction are discussed below

1. Direction is also one of the managerial functions and so performed by all levels of executives in an organisation.
2. Management initiates action through direction
3. Direction is continuous throughout the life of the organisation.
4. 4 Initially, direction is started at the top level management. In other words, the subordinates are directed only by superiors.

5. Subordinates do the things as per the original plan.
6. Direction creates link between preparatory functions and the control function of management. The term preparatory functions includes planning, organising and staffing

COMMUNICATION

TYPES OF COMMUNICATION

Types of communication can be classified on the following basis:

I. ON THE BASIS OF ORGANISATIONAL RELATIONSHIP

1. Formal communication:

The communication flows through the formal channel. Formal channel refers to the way in which the information is passed and it has a recognised position in the organisation structure. Sometimes, it may be termed as through proper channel'. Through proper channel is an attempt to regulate the flow of communication and to ensure smooth, accurate and timely passing of information. Thus, formal communication facilitates effective functioning of an organisation.

2. Informal communication:

An information is passed not in accordance with any formalities and rules and regulations of an organisation. Most executives use the informal communication as a supplement to formal communication. Most of the informal communication is oral. Often, informal communication proves very effective.

The formal communication is the result of the natural desire of the people to communicate with each other. Information, under this system, may be passed by a simple glance, gesture, smile or mere silence too. Personal matters are also discussed and passed under informal communication. It is also known as 'Grapevine.

3. Grapevine

Grapevine is the primary source of upward communication. Under the grapevine system of communication, there is no clear cut way for transmitting the information. The (information) may pass it as they like. The term information includes the workings and feelings of employees in a particular situation and what they think about the management.

Generally, grapevine operates like a cluster chain.

For example, A tells something to three of his well-known persons. In turn, they (three persons) tell something to two of their (three persons) known persons. Then, they (two persons) tell something to only one of their (two persons) known persons. The receiving persons are gradually reduced in number. The reason is that the information becomes stale and those who know it do not retransmit it. It should be remembered that only a few persons are very active in the grapevine system of communication. These active communicators are called 'Liaison agents'.

II. ON THE BASIS OF DIRECTION OF FLOW OF COMMUNICATION

The following types of communications are classified on the basis of the direction of their flow. They are discussed below:

1. Downward Communication:

A communication which starts from the top level executive and ends with the lower functionaries through middle management is known as downward communication. While communicating the information, scalar chain is followed. The adoption of the scalar chain ensures proper communication.

Objectives of Downward Communication

The major objectives of downward communication are listed below:

1. To provide job instructions specifically
2. To supply the information regarding the rules and regulations and organisational procedures
3. To give information regarding the relationship of one job with another job and the importance of each job
4. To give information regarding the job preference of the subordinates
5. To provide the information which facilitates the achievement of goals

2. Upward Communication:

Upward communication is just the reverse of downward communication. Passing of an information which starts with the lowest levels. Subordinates and ends with the chief-executive is known as upward communication. The information should be passed through the middle level executive.

There are two types of upward communication. First, there is a feedback of information, in response to original communication. An executive can understand the subordinate's feelings about their jobs and working environment. Besides, he can know the extent of performance of work done by adopting the orders and instructions issued. Secondly, the information is given by the subordinates voluntarily. This voluntary information may be relating to complaints, new ideas, different opinions, suggestions of subordinates, etc. The real picture of the functioning organisation is known to the top executives through upward communication

3. Horizontal Communication:

Horizontal communication refers to the passing of information among the executives who are at equal level in an organisation. It is otherwise called as lateral communication. Both the receiver and the sender may be in the same department or different departments. The very purpose of horizontal communication is to co-ordinate the activities of various departments or persons.

III. ON THE BASIS OF WAY OF EXPRESSION

These types of communication are classified on the basis of the way of expression. They are discussed below:

1. Oral Communication

It is otherwise called verbal communication. Oral communication is used when the contents of the communication are little. Generally, in the case of emergency, oral opted. The reason is that there is no time available to print or type the information. The real meaning is conveyed to the receivers by manner or tone of the voice. Sometimes, the sender can communicate the information effectively through facial expressions and attitudes. The receiver's understanding is coloured by their (senders) emotions and attitudes.

Forms of Oral or Verbal Communication

1. Face to face orders, instructions, responses, informations and observations.
2. Talks on telephone or on intercom.
3. Lectures
4. Conferences.
5. Meetings.
6. Interviews.
7. Group meetings of workers and management people or executives.
8. Television and news magazine through cinema.
9. Radio
10. Message through tape-recorder (It is normally followed in big sized business units).
11. Calling
12. Whistling

These are some of the forms of oral communication.

2. Written Communication

This type of communication is followed to transmit any information. Written communication is an essential one, not only to a small organisation but also to a large organisation. The communication which is recorded in black and white, is called written communication. Written communication is followed whenever the information is passed to a far off place. Written communication blinds both the supervisors and the subordinates

Forms of Written Communication

The following are the forms of written communication:

1. Graphs.
2. Diagrams.
3. Pictures.
4. Circulars.
5. Notes.
6. Manuals.
7. Reports.
8. Bulletin

CONTROLLING
INTRODUCTION

Control is the last function of management. The controlling function will be unnecessary to the management if other functions of management are performed properly. If there is any imperfection in the planning and actual performance, control will be needed. The deviations are set right by the controlling function. This function ensures desired results. Planning identifies the activities and controlling regulates the activities. Success or failure of planning depends upon the result of success or failure of controlling.

STEPS IN CONTROL PROCESS

Control points out the deviations of the plans and suggest remedial action to improve future plans. Some of the procedures are to be found defective because of human limitations. So, control is necessary and it has the following steps:

1. Establishing standards:

It is necessary to find the results which are desired. It is useful to set the standards. If it is not useful control will not be possible. Standards may be quantitative or qualitative. Most of the standards are expressed in terms of quantity. Number of units produced, number of men, hours employed, total cost incurred, revenue earned, the amount of investments etc., are some of the examples of quantitative standard. If expression of standards in quantitative terms is not possible, they will be pressed in qualitative terms such as goodwill, employee's morale, motivation, etc

The standards should have some characteristics to produce effective performance. The characteristics may be time, cost, efforts, result oriented, quantitative terms expressed accurate, periodical revision and the like.

2. Measuring performance:

The performance should be compared with the established standards. So, necessary information should be collected about the performance the effective management information system provides the necessary information i.e., performance particulars. If standards are expressed in quantitative terms, quantitative formation can be collected. In other words, if standards are expressed in qualitative terms, qualitative informations can be collected. Several techniques are used by the management measure the performance.

3. Comparison of actual with standard:

Whenever the actual performance is compared with standards, the deviations are known to the management. Then, the management may find the extent of deviations and identify the reasons for deviations. Comparison is very easy when standards are expressed in terms of quantity. If results are intangible or qualitative, personal observation will be used to find out the extent of deviation.

When the actual performance is equal to the standards, there is no need for further control process comes to an end with this stage. However, if the standards are not achieved, the management has to decide the type of corrective action.

All the deviations need not be reported to the management. Deviations which are beyond the reasonable limits should be reported to the top management. This is termed as control by exception or management by exception. Then, the reasons and causes for the deviations are analysed. The causes may be controllable or non-controllable. The management has to take necessary corrective action only in case the causes are controllable. However, no need will arise to the management to take corrective actions if the causes are uncontrollable.

4. Taking corrective action:

Management has to find out the causes of deviation before taking corrective action. The causes of deviation may be due to ineffective and inadequate communication, defective system of wage payment, defective system of selection of personnel, lack of proper training, lack of motivation, ineffective supervisions and the like. The management has to take necessary corrective action on the basis of nature of causes of deviations.

TECHNIQUES OF CONTROL

Various methods are used by the management for controlling the various deviations in the organisation. Let us study them briefly. The nature and use of managerial control techniques are discussed below

1. Statistical control reports:

These type of reports are prepared and used in large organizations. Reports are prepared in quantitative terms. Then, the variations from standards are easily measured. In this way, control is exercised by the management. A periodical report of sales volume is an example of statistical control reports.

2. Personal observation:

Using this technique, the manager personally observes operations in the work place. The manager corrects the operations when ever need arises. This is the oldest method of control. Employees work cautiously to get better performance. The reason is that they are personally observed by their supervisor. Personal observation time-consuming technique and the supervisor does not have enough time to afford personal observation. Personal observation technique is disliked by the honest and efficient employee. The observer may be biased in performance evaluation.

3. Cost accounting and cost control:

Profit of any business depends upon the cost need to run a business. Profit is maximised by reducing the cost of operation or induction, so, the business concern gives much importance to the cost accounting and cost control. Management uses a number of systems for determining the cost of products and services. The cost accounting procedures and methods differ from one industry to another according to the nature of industry. They are used for effective cost control and cost reduction.

4. Break-even analysis:

It is otherwise called as 'cost volume profit analysis. It analyses relationship among cost of production, volume of production, volume of sales and profits. Here, total costs are divided into two i.e., fixed cost and variable cost. Fixed cost will never change according to the changes in the volume of production. Variable cost varies according to the volume of production. This analysis helps in determining the volume of production or sales and the total cost which is equal to the revenue. The excess of revenue over total cost is termed as profit. The point at which sales is equal to the total cost is known as Break Even Point' (BEP). In other words, the break-even point is the point at which there no profit or loss

The break-even point is calculated with the help of the following formulae

$$BEP = \frac{\text{Fixed cost}}{\text{Selling price per unit-variable cost per unit}}$$

(or)

$$BEP = \frac{\text{Fixed cost}}{\text{Contribution per unit}}$$

Contribution per unit = Selling price per unit - variable
Cost per unit
The break-even point analysis helps in managerial control in several ways

5. Special control reports:

This report may or may not contain statistical data. Using this technique, a particular operation is investigated at a specified time for a particular Propose. This is done according to the requirements of management but not in regular basis. The deviations from standards are paid additional attention and corrective action is taken Handling complaints of damage is an example of this type of control technique.

6. Management audit:

Management audit is an independent process. It aims at pointing out the inefficiency in the performance of management functions such as planning organising, staffing, directing, controlling and suggesting possible improvements. It helps the management to handle the operations in an effective manner. Management audit is not a compulsory audit and not enforced by law.

7. Standard costing:

Standard costing is used to control the cost. The following the steps involved in standard costing

1. Determination of cost standards for various components such as material, labour and overhead
2. Measurement of actual performance
3. Comparison of actual cost with standard cost to find variations.
4. Finding the causes of variation.
5. Taking measures to avoid the variations in future.

8. Return on investments:

Return on investment is also known as return on the capital employed. Using this technique, the rate of profitability is identified by the management. The amount of profits earned by the company is different from the rate of profitability of the company. The difference between the cost and revenue is profit. The rate of profitability is the earning capacity of the company. Return on investments is calculated by dividing the net profit with the total investment or capital employed in the business organization

9. Internal audit:

Internal audit report is prepared at regular intervals, normally by months. It covers all the area of operations. This report is sent to the top management. The management takes steps to control the performance on the basis of the report. Internal audit report emphasises the degree of deviations from the expectations. It is very useful to attain the objectives on timely basis.

10. Responsibility accounting:

The performance of various people is judged by assessing how far they have achieved pre-determined objectives. The objectives are framed section wise, department-wise and division-wise and assessed similarly. Costs are allocated department-wise rather than product-wise. Each department, section or division, is fixed responsibility centre. An individual is responsible for his area of operation in a particular section, department or division.

11. Managerial statistics:

Using the managerial statistics technique, the manager compares the past results with current results in order to know the causes for changes. These are very useful to the management in planning and decision-making for the future. According to Kenit O. Hauson, "Managerial statistics deal with data and methods which are useful to management executives in planning and controlling of organisation activities."

12. Performance evaluation and review technique (PERT):

This technique is used to solve the problem which crops up once or a few times. It is not useful in tacklin the problems which come up continuously. The PERT was developed by Booz, Allen and Hamilton. They used this technique in Polaris Submarine Project under the sponsorship etc. US Navy. The PERT technique is very useful for construction projects, publication of books

13. Critical path method (CPM):

This technique also follows the principle of PERT. The technique concentrates on cost rather than duration. CPM assumes that duration of every activity is constant. Time estimate is made for each activity. CPM technique was developed by a group of employees of DU de Nemours Company.

14. Gantt milestone chart:

This technique was

an old one and at present, it is not in use. The reason is that this technique emphasises only on production scheduling but not on product quality. This technique was propounded by Henry L. Gantt

15. Production control:

The production control technique is necessary for smooth functioning of an organisation Production control involves planning of production, determination of stock level of raw materials, finished goods, selection of process, selection of tools in production, etc. According to Spreigel, "Production control is the process of planning in advance of operations, establishing the exact route of each individual item, part or assembly, setting, starting and finishing date for each important item, assembly and the finished product and releasing the necessary orders as well as initiating the required follow to effectuate the smooth functioning of the enterprise."

16. Management information system:

Relevant information is collected and transferred in the persons who are responsible to take decisions. A communication system is developed through which all levels of persons are informed about the growth of the organisation. Never the deviation is found, the corrective or control action is taken by the responsible. The management information system emphasize the need for adequate information in time for taking the best decision. Thus, management information system helps the management in managerial decision-making by giving the right information at the right time and in the right form.

17. External audit control:

External audit is a must to all the joint-stock companies under the purview of statutory control. So, it is otherwise known as statutory audit control. This type of audit protects the interests of the shareholders and creditors of the company. The external auditor certifies that all the books of accounts are kept as per the requirements of law and supplies all the necessary information for the purpose of audit and the balance sheet presents a true and fair view. The external audit is conducted by the qualified auditor. The qualifications of such type of auditor is fixed by the Central Government

18. Zero-base budgeting:

This is a new technique and has become popular within a short period. It is a new approach to budgeting, Zero Based budget is prepared without consideration the previous year's figures. This technique requires the recalculation of all organizational activities to ascertain which should be eliminated or reduced or increased. In other words, the funds are estimated at current requirements. It means finding out how much amount is necessary to complete an ongoing project.

19. Standing orders:

Standing order covers rules and regulations, discipline, procedure and the like. Rules and regulations are framed according to the requirements of administration. For example, no employee should leave the office before office time without getting prior permission in writing

20. Budgetary control:

The preparation of budget is also one of the control techniques followed by the management.

UNIT - V
CO-ORDINATION

INTRODUCTION

Various departments or sections are assigned different tasks to perform. They are assigned on the basis of their specialisation. Employees of each department perform their duties with a view to achieving common objectives collectively. It is coordination. Coordination is the process which ensures smooth interplay of the functions of management. Common objectives are achieved without much wastage of time, effort and money with the help of coordination.

A modern enterprise consists of a number of departments. In olden days, the enterprise was divided into departments such as purchase, production, sales, finance and accounts. But, now a days, the enterprise is divided into the following departments: purchase, production, sales, finance, account, personnel, research and development, public relations and the like. The classification of departments is very large at present. So the importance of coordination has subsequently increased.

NEED AND IMPORTANCE OF CO-ORDINATION

The effective performance of managerial functions require co-ordination.

1. Unity in diversity:

Effective co-ordination is the essence of good management. There are large number of employees and each has different ideas, views or opinions activities and background in a large organisation. Thus, there is a diversified activity in a large organisation where these diversified activities will be inefficient in the absence of co ordination, So, co-ordination is the main element of unity in diversity

2. Term work or unity of direction:

The efforts, energies and skills of various persons should be integrated as group efforts to achieve the objectives of organisation. In the absence of co-ordination, the group effort may be diversified and fail to achieve the objectives. Besides, co-ordination eliminates the duplication of work which leads to economic and efficient management.

3. Functional differentiation:

The organisation functions are divided department wise or section-wise or division-wise. Each department performs different jobs. They are necessary to achieve the general objectives. Co-ordination ensures definite achievement of objectives. Each department tries to perform its function in isolation from others. It may create a problem. Therefore, co-ordination is necessary to integrate the functions of the related departments

4. Specialisation:

There is a high degree of specialisation in the modern industrial world. Specialist know thoroughly about their respective fields. They are able to judge the scope, nature and kind of work they perform. But they fail to know the job of others and the importance of others' performance. This tends to cause dispute among the specialists Disputes may be solved with the help of coordination

5. Reconciliation of goals:

Each department or division has its own goals to achieve within the stipulated time. There are general goals in relation to an organisation. The employees who are working in the organisation also have their own goals Individuals or employees give more importance to their own goals than to the department and organisational goals. The department members give more importance to their own departmental goals than to the organisation goals. Therefore, coordination reconciles the employee goals with both departmental and organizational goals.

6. Large number of employees:

Large number of employees are working in large organisations. They have different habits, behaviour and approaches in a particular situation. Sometimes, they do not act rationally. Their behaviour is neither always well understood nor completely predictable. So, there is every possibility of problems arising in a complex organisation. All this makes co-ordination more essential

7. Congruity of flows or congruent flows:

Congruity of flows refers to the continuous flow of similar information from one direction to other directions. Information regarding the utilisation of resources, activities, using of authority and output is made to flow in an organisation. Coordination ensures the smooth and continuous flow of information

8. Empire building:

Empire building refers to top portion of line organisation. The line officers always expect co-operation from staff officers. But the line officers are not ready to extend their co-operation to staff officers. It creates conflicts between line officers and staff officers. Therefore, coordination is necessary to avoid conflicts between line officers and staff officers

9. Differentiation and integration:

The whole activity of every organisation is classified into two units. They are specialised and homogeneous units. Authority is delegated to the various levels of organisation. This is necessary to achieve group efforts. Coordination facilitates this process

AUTHORITY

INTRODUCTION

Authority is the power to make decisions which guide the action of others. Delegation of authority contributes to the creation of an organisation. No single person is in a position to discharge all the duties in an organisation. In order to finish the work in time, there is a need to delegate authority and follow the principles of division of labour. Delegation permits a person to extend his influence beyond the limits of his own personal time, energy and knowledge.

DEFINITION OF AUTHORITY

Henri Fayol, "Authority is the right to give orders and the power to exact obedience."

Kootnz and O'Donnell, "Authority is the power to command others to act or not to act in a manner deemed by the possessor of the authority to further enterprises or departmental purposes."

Terry, "Authority is the power to exact others to take actions considered appropriate for the achievement of a predetermined objective."

DELEGATION

It is impossible for any person to execute all the work in an organisation, to achieve the objectives of the organisation. Similarly, in a growing concern also, a single person could not be vested with the entire decision-making authority. So, the superior assigns duties a responsibilities to his subordinates and also delegates necessary authority to them.

MEANING

Delegation is a process which enables a person to assign a work to others and delegate them with adequate authority to do it.

Centralisation Vs Decentralisation:

Basis	Centralisation	Decentralisation
Meaning	It refers to the concentration of powers at higher level only	It refers to the distribution of powers at every level of management.
Authority	Top management retains maximum authority. Middle and bottom level are having low authorities.	Authority is systematically divided at every level.
Suitable	It is suitable for small size organisation.	It is suitable for large scale organisation.
Freedom	Managers have less freedom of actions.	Managers have more freedom of actions.