

INTERDISCIPLINARY ELECTIVES (INTRODUCTION TO MANGEMENT)

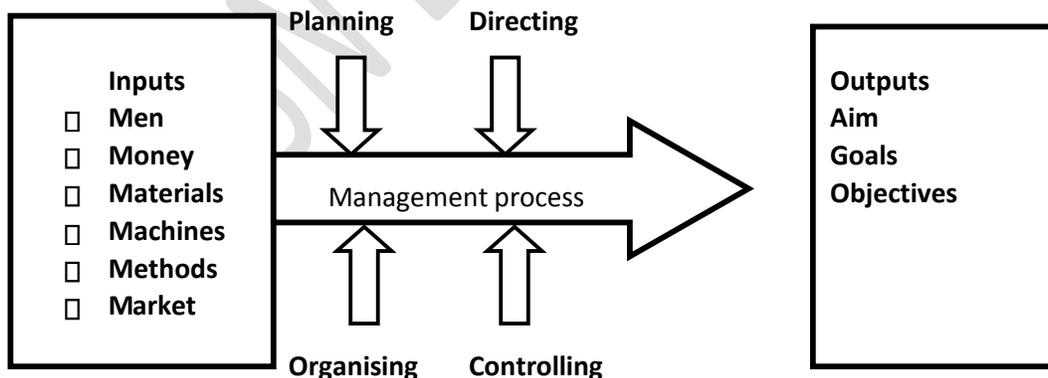
Unit – I

Introduction:

The basic unit of a society is the individual. But no individual can satisfy all his desires himself. Therefore, he unites with his fellow-beings and works in an organised group to achieve what he cannot achieve individually. It is primary force within the group or organisation which tends to lead it towards the group goal. Management is required to plan, organise, co-ordinate and control the affairs of the organisation. Without, management, resources of production remain resources merely and never become production. Management is a universal process in all organised social and economic activities. Wherever there is human activity, there is management. In business filed management is not restricted to factory, shop or office but is also useful in government enterprises, educational institutions, health services, military organizations and so on. A manager applies his knowledge and skill in a wide variety of enterprises.

Concept of management:

The concept of management is as old as human civilisation. Management in today's context has the most significant influence on modern life, giving a strong essence to the very purpose of management. The concept of management is useful and applicable to all types of organisations, whether profit-making or service-oriented. Therefore, it is said that management is a universal process. In other words, the concept of management integrates and transforms various resources into ultimate goals and objectives, i.e., maximisation of profits or services. It is primarily a process of integrating six Ms of management, viz., Men, Material, Machines, Methods, Money and Markets. The term management may be referred to a distinct process of allocating inputs by typical management functions for the purpose or achieving pre-determined objectives, viz., higher output and profits through customer satisfaction. It can be showed in the following diagram / process:



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The traditional concept of management was restricted to the art of getting things done through others. According to modern views, management is not merely an art of getting things done through others, but it also covers a wide spectrum of business-related activities. According to modern thinkers, management is a process, an activity, a discipline and an effort to co-ordinate, control and direct individual and group efforts towards the attainment of cherished goals of business.

Definitions:

The following are the authors can explain about the management in their different ways.

“Management is knowing exactly what you men to do and then seeing that they do it in the best and cheapest way.”

- **Fredrick Winslow Taylor**

“To manage is to forecast, to plan, to organise, to command, to coordinate and to control.”

- **Henry Fayol**

“Management is defined as the creation and maintenance of an internal environment in an enterprise, where individuals, working together in groups, can perform efficiently and effectively towards the attainment of group goals.”

- **Koontz and O’ Donnell**

“Management is a distinct process consisting of planning, organising, actuating and controlling, performed to determine and accomplish stated goals by the use of human beings and other resources.”

- **George Terry**

Nature of management:

Management means different aspects to different authors. Each definition lays emphasis on a particular aspect on management thereby presenting only a partial view of the total concept of management. Over a period of time managerial techniques to manage a business have undergone a change thus the nature of management can be followed under:

1. Multidisciplinary:

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Though management has developed as a separate discipline but it draws knowledge and concepts from disciplines such as sociology, psychology, economics, statistics, operation research etc. Management integrates ideas and concepts from these disciplines and uses them for improving the efficiency of organisation.

2. Management is a group activity:

Management is an essential part of a group activity. As no individual can satisfy all his desires himself, he unites with fellow-beings and works in an organised group to achieve what he cannot achieve individually. Wherever, there is an organised group of people working towards common goal, some type of management becomes essential. Management makes the people realize the objective of the group and directs their efforts towards the achievement of these objectives.

3. Management is goal- oriented:

Management aims to achieve economic and social objectives. It exists to achieve some definite goals or objectives. Group efforts in management are always directed towards the achievement of some pre-determined goals. Theo Haimann quotes that, "Effective management is always management by objectives."

4. Management is a factor of production:

Management is not an end in itself but a means to achieve the group objectives. Just as land, labour and capital are the factors of production and are essential for the production of goods and services, management is a factor of production that is required to c-ordinate the other factors of production for the accomplishment of pre-determined goals.

5. Management is universal in character:

Management is applicable in all types of organisations. Wherever there is human activity, there is a management. The basic principles of management are of universal application and can be applied in all organisations whether they are business, social, religious, cultural, sports, educational, politics or military. Henry Fayol states that, " Be it a case of commerce, politics, religion, war... in every concern there is management function to be performed."

6. Management is a social process:

Management consists of getting things done through others. This involves dealings with people. The efforts of the human beings have to be directed, co-ordinated and regulated by management in order to achieve the desired results. In the words of Brech, "Management is a social process entailing responsibility for the effective and economical planning and the regulation of the operation of an enterprise, in fulfillment of a given purpose of task."

7. Management is a system of authority:

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Since management is a process of directing men to perform a task, authority to accomplish the work from others is implied in the very concept of management. Authority is the power to get the work done from others and to compel them to work in a certain manner. Management cannot perform in the absence of authority. In real sense, management is a rule-making and ruleenforcing body.

8. Management is a dynamic function:

Management is a dynamic function and it has to be performed continuously. It is concerned not only with moulding of the enterprise but also the alteration of environment itself so as to ensure the success of the enterprise.

9. Management is an art as well as science:

Management is a science because it has developed certain principles which are of universal application. But the results of management depend upon the personal skill of managers and in this sense management is an art. The art of manager is essential to make the best use of management science. Thus, management is both science and art.

10. Management is a profession:

In the present days, management is recognised as a profession. It has a systematic and specialised body of knowledge consisting of principles, a technique and laws and can be taught as a separate discipline or subject. This is also divorced ownership from management.

Importance:

The emergence as an essential factor of production is an important event in the history of business. Classical theorists stressed land, labour and capital as basic factors of production, needed for the production of goods and services. However, due to growing complexities of business and consequent increase in competition, both internally and externally, management has become an important factor of production.

The following are the important points:

1. Optimum utilisation of resources:

A good manager secures maximum results, in terms of production, sales, profits and employees satisfaction with maximum inputs, in terms of physical resources and manpower efforts. Thus, management results in optimum utilisation of resources.

2. Leadership and motivation:

Organisational goals cannot be achieved by using force. Management creates willingness and motivates workers to work towards the achievement of pre-determined organisational objectives. Thus, management leads and motivates employees in the right direction.

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3. Initiative and innovation:

Management is a group activity. A good manager works with a common consensus and creates an environment in which everyone get as an opportunity to express his/her views. This gives an opportunity to subordinates to come forward with innovative ideas.

4. Minimizes wastages:

Along with ensuring judicious use of resources, a good management also aims at cutting down wastage, both human as well as non-human management plans, organises, direct and controls the activities of the organisation and thereby helps in controlling wastage.

5. Industrial peace:

Management helps to develop a healthy environment within the organisation by promoting a two-way communication between superiors and subordinates. This develops cordial relations between them and promotes industrial peace and harmony.

6. Builds competitive strength:

In today's competitive environment quality of performance determinants the profitability of the organisation. Sound management enables the enterprise to achieve higher levels of productivity and profitability, which in turn build competitive strength.

7. Improves standard of living:

A sound management helps to improve standard of living of both- the workers and consumers by improving its productivity and profitability. Due to increased profitability, workers get higher wages and consumers get better quality products at lower prices.

8. Growth, expansion and diversification:

In modern commercial fields, growth and expansion are necessary for making an enterprise stable, profit-making and economically viable. A sound management helps organisation to grow, expand and diversify and make it a going concern.

9. Social consciousness:

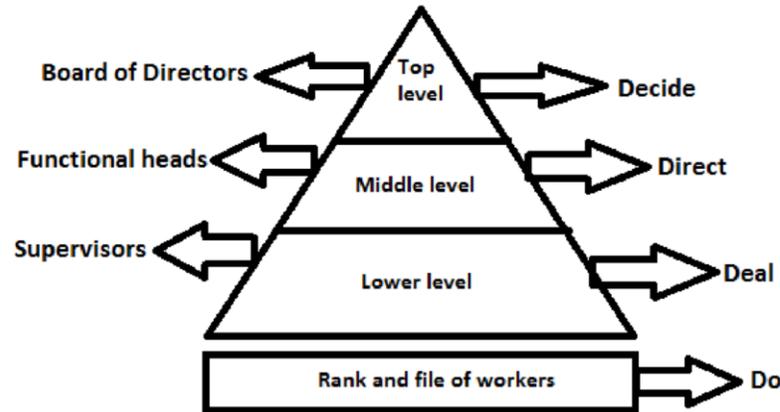
Business is a part of society. Thus, a sound management shoulders social responsibilities of business and contributes towards the welfare of different segments of the society, viz., consumers, workers, investors, shareholders, government and the society at large.

Levels of management:

In an industrial enterprise, managers at all levels of management have to perform more or less similar function. However, the scope, nature and importance of these functions may vary according to the level at

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which they operate. Generally, managers are divided into three broad categories depending upon the level at which they operate in the management hierarchy. It can showed in the following structure:



Top Level Management:

Top-level management is the ultimate authority, which is responsible to the shareholders, government and general public. Top-level management of an organisation consists of one of the following:

- Board of Directors
- General Manager
- Chief Executive Manager
- Managing Director
- President

Functions:

- To define mission and fundamental goals.
- To design appropriate organisational set-up
- To develop master plans for different functional areas
- To formulate master strategy and policies
- To provide outstanding leadership
- To achieve coordination and exercise overall control.

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Middle Level Management:

Middle level management are the connecting links between the top and the first time managers.

The middle level management consists of departmental heads viz.,

- Production manager
- Sales manager
- Marketing manager
- Finance manager
- Public relation officer

Functions:

- To explain to the lower management, the objectives, strategies and policies laid down by the top managers.
- To communicate to the top management, the problems, suggestions and view points of the lower management
- To prepare departmental plans on the basis of board objectives and guidelines set by the top management
- To design organisational set-up of various functional departments i.e., division of work and span of control
- To control and coordinate the functioning of various functional departments in the organisation.
- To submit a report to the top management on the performance of various departments and individuals.
- To offer suggestions and recommendations to the top management for the improvement of overall functioning.

Lower Level Management:

Lower level management is also known as the first line management, because the management level begin with it. It is a vital link between the higher level management and the rank and file of workers. They are important because they link managers with non-managers. They exercise a direct supervision over the entire workforce in factory, office and sales field, where results are obtained.

Functions:

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- To day-to-day operational planning, as per the directives of the middle level managers.
- To maintain high level of morale among workers and create conducive environment for them to perform.
- To supervise work of employees and ensure that their performance conform to the predetermined standards.
- To submit reports on the performance of workers and to recommend reward or punishment for them.
- To communicate to workers about the decisions of the top level management and its policies.
- To report to higher authority, the problems, feelings and expectations of the rank and file of workers.

Principles of Management:

Henry fayol has been rightly called the father of ' Administrative Management' for his practical approach to management theory. He has identified fourteen fundamental principles of management. These fourteen principles are:

1. Division of labour and specialisation / work:

This principle of Fayol tells us that as far as possible the whole work should be divided into different parts and each individual should be assigned only one part of the work according to his ability and taste rather than giving the whole work to one person. When a particular individual performs the same job repeatedly, he will become an expert in doing that particular part of the whole job. Consequently, the benefits of specialisation will become available. The principle of division of labour applies not only to the workers but also equally to the managers.

2. Authority and responsibility:

According to this principle, authority and responsibility should go hand in hand. It means that when a particular individual is given a particular work and he is made responsible for the results, this can be possible only when he is given sufficient authority to discharge his responsibility. It is not proper to make a person responsible for any work in the absence of authority.

3. Discipline:

Discipline is essential for any successful work performance. Fayol considers discipline to mean obedience, respect for authority, and observance of established rules. Discipline can be established by providing good supervision at all levels, clearly explaining the rules, and implementing a system

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of reward and punishment. A manager can present a good example to his subordinates by disciplining himself.

4. Unity of command:

According to the principle of unity of command, an individual employee should receive orders from only one superior at a time and that employee should be answerable only to that superior. If there are many superiors giving orders to the same employee, he will not be able to decide as to which order is to be given priority. He thus finds himself in a confused situation.

5. Unity of direction:

Unity of direction means that there should be one head for one plan for a group of activities having the same objective. In other words, there should be one plan of action for a group of activities having the same objective and there should be one manager to control them.

6. Subordination of individual interest to general interest:

This principle can be named 'Priority to General Interest over Individual Interest.' According to this principle, the general interest or the interest of the organisation is above everything. If one is asked to place individual interest and the general interest in order of priority, definitely the general interest will be placed at the first place.

7. Remuneration:

Fayol is of the opinion that the employees should get a fair remuneration so that the employees and the owners find equal amount of satisfaction. It is the duty of the manager to ensure that employees are being paid remuneration according to their work. If, however, they are not paid properly for their work, they will not do their work with perfect dedication, honesty and capacity.

8. Centralisation and decentralisation:

According to this principle, the superiors should adopt effective centralisation instead of complete centralisation and complete decentralisation. By effective centralisation, Fayol does not mean that authority should be completely centralised. He feels that the superiors should keep the authority of taking important decisions in their own hands, while the authority to take daily decisions and decisions of less importance should be delegated to the subordinates.

9. Scalar chain:

Scalar chain refers to the line of authority from the highest to the lowest executive in the organisation for the purpose of communication. However in the routine course of business, employees at the same level can communicate with each other following the principle of 'Gang Plank'.

10. Order:
According to the principle of order, a right person should be placed at the right job and a right thing should be placed at the right place. According to Fayol, every enterprise should have two different orders-Material Order for Physical Resources and Social Order for Human Resources. Maintaining these two orders properly will ensure that everybody knows his workplace, what he is to do and from where

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he would get his required material. Consequently, all the available resources in the organisation will be utilised properly.

11. Equity:

This principle tells that the managers should treat their subordinates in a just and kind manner so that they develop a feeling of dedication and attachment for their work. All the employees should be treated equally and impartially.

12. Stability of tenure:

From the point of view of management it is absolutely harmful to change the employees frequently as it is a reflection of inefficient management. Therefore, according to this principle there should be stability of tenure of the employees so that the work continues efficiently. Fayol thinks that instability in the tenure of employees is a cause of poor management and results. High rate of labour turnover will result in increased expenses because of selecting them time and again, and giving them training afresh.

13. Initiative:

Initiative means the capacity to work while expressing one's thoughts. According to Fayol, it is the duty of the manager to encourage the feeling of initiative among his employees for doing some work or taking some decision but within the limits of authority and discipline. It will be possible only when the manager will welcome the thoughts of his/her subordinates. By doing so the subordinates will present new and useful ideas time and again and gradually they will become an integral part of the organisation.

14. Spirit-de-corps:

As per this principle, a manager should continuously make efforts to develop a team spirit among the subordinates. To do this, he/she should use the word 'We' instead of " during the conversation with subordinates.

Functions of management:

Fayol regarded the element of management as its functions. In the words of Henry Fayol, "To manage is to forecast and plan, to organise, to command, to co-ordinate, and to control."

Thus, Fayol classified the elements or functions of management as follows:

1. Planning

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It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources.

2. Organising

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organisational goals. 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". To organize a business involves determining & providing human and non-human resources to the organisational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

It is the function of manning the organisation structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organisation structure through proper and effective selection, appraisal & development of personnel to fill the roles designed un the structure".

Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.

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- Remuneration.
- Performance Appraisal. □ Promotions & Transfer.

4.

5. Directing

It is that part of managerial function which actuates the organisational methods to work efficiently for achievement of organisational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organisational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication
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6. Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organisational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur.. According to Koontz & O'Donell "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". Therefore controlling has following steps:

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Comparison of actual performance with the standards and finding out deviation if any.
- d. Corrective action.

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Unit –II

Planning

Planning is the fundamental function of management. It is primarily an intellectual exercise. Planning is the process through which a manager looks to the future and discovers alternative courses of action for effective corporate achievements at all levels. It is the base of all managerial activities, i.e., controlling, coordinating, managing, staffing etc. In other words speaking generally, planning is deciding what to do, when to do, how to do, who will do particular task. Planning is providing the necessary guidelines for effective decision-making for the entire organisation. Since all future actions in the organisation will be based on plans, planning must be careful and thoughtful. Planning helps managers do things in an orderly way. It is necessary “to think” on the basis of available data before taking a particular decision.

Definitions:

“The determination in advance of a line of action by which certain results are to be achieved.”

- Hart

“The selection among alternatives for future courses of action for the enterprise as a whole and each department with it.”

- Koontz and O’ Donnell

“Management planning involves the development of forecasts, objectives, policies, programmes, procedures, schedules and budgets.”

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- Louis A. Allen

Characteristics:

1. Planning is an intellectual process:

Planning is intellectual in nature. It is mental work. The facts relevant to the situation are related to the manager's experience and knowledge. A planner must visualise the situations likely to develop in nature. One should be capable of monitoring in a systematic manner. It is so because planning demands intellectual skills such as vision, foresight, imagination and analytical skills to take rational decisions.

2. Primacy of planning:

Planning is the first function of a planner. Other functions like organising, staffing, directing, controlling, etc. are followed by planning. Without planning no other function can be performed. How can a manager set up an organisation without having a plan in mind? It can be said that planning is the function that needs to be done first of all. There may be also be need for re-planning or adjustment of planning. Controlling is one which goes side by side with planning one is incomplete without the other.

3. All managers plan:

Every manager in an organisation has a planning function to perform. It may also be said that planning is a fundamental managerial function. This may be true to certain extent that people at top level devote most of their time to planning than the managers at middle and lower levels of management but every manager at his level of activity has to plan his activities. A planner will be able to execute his plans in a better way. This will help in coordination between planning and execution. A manager should plan as well as execute the things as he perceives them.

4. Planning a rational approach:

Planning process is a rational approach to the achieving of organisational goals. An action is rational if it is objectively and intelligently decided. Planning suggests a number of alternatives for reaching the goals. Future is always uncertain but planning process provides a rational approach for suggesting alternative approaches to various situations. It is a problem to select an alternative which will help in achieving desired results. The balancing of ends and means is also in the preview of planning. Planning helps in taking rational decisions for achieving the goals of the enterprise.

5. Focus on objectives:

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An organisation employs a number of persons. Each one of them has different personality and attitude. Planning focuses attention on setting up organisational objectives and suggests ways to achieve them. The objectives influence the future course of every business. The main purpose of planning is to focus attention on setting up of appropriate objectives.

6. Leads to efficiency and economy:

Planning involves the efficient utilization of various resources like capital, labour, machines, materials etc. Every factor of production is put to efficient and economical use so that the output, i.e., results, is more than the efforts employed. Planning helps in controlling duplication of efforts which also ensures economy.

7. Limiting factors:

A planner should consider limiting factors like money, manpower, materials, market etc. before taking up planning. If a planner ignores limiting factors then planning is bound to fail. The planning of other things like production, labour, marketing etc. should be consistent with that of raw materials.

8. Co-ordination:

Co-ordination is essential for harmonious working of the organisation. Planning co-ordinates that what, who, how, why and where of planning. In the absence of planning different segments of the organisation may pursue divergent objectives.

9. Flexibility:

Planning process should be adaptable to the changing business environment. If planning is made rigid then it will not be able to achieve business goals. Planning is a dynamic process and it adjusts with the needs and requirements of the situations.

10. Realistic:

Planning is based on future forecasts. Though the future is always uncertain but the predictions should be realistic as possible. The objectives should be realised with normal efforts. If planning is based on wishful thinking then it will not be possible to achieve the goals. Planning is always based on hard realities.

11. Planning is a continuous:

Planning is a never-ending activity of a manager. Planning is always tentative and subject to revision and amendment as new facts become known. Generally, managers follow the practice of re-examining plans, regularly and modify them, if necessary, in view of the new situations. In this way, it will be possible to heed to new situations and overcome problems. All types of situations require continuous planning.

Need and importance:

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1. Planning is complementary to all management functions:

All management functions viz., organising, directing, leading, coordinating, controlling, staffing and motivating are directly related to planning. In fact, planning is the starting point of all managerial activities.

2. It helps management to face the future with confidence:

The most certain thing about future is that it is uncertain. Planning cannot change the future, but it certainly equips managers with clear visions and great determination to face the future with greater strength and confidence.

3. It focuses its attention on objectives:

Plans are objective-oriented, i.e., they are related to organisation and social objectives. Hence, they help in synchronizing the efforts of everyone towards the fulfillment of predetermined organisational objectives. This helps in minimising deviations and thereby reduces wastages.

4. It leads to optimum utilisation of resources:

Planning recognises the alternative courses of action and chooses the best alternative in terms of cost and resources. It also exercises a control over the acquisition and employment of resources and thereby ensures their optimum use.

5. It increases overall efficiency:

It is said that more sweat on the parade ground lesser blood on the battlefield. Planning prepares the organisation to meet unforeseen future contingencies and thus, reduces human and non-human wastages and increases overall organisational efficiency.

6. It provides premises for effective control:

Planning lays down the track on which the work should proceed within the given unit of time, labour and cost. Thus, it provides bases for comparing the actual performance with the targeted ones and locates deviations and takes corrective action.

7. It guides decision-making:

Though planning in itself, amounts to decision-making, yet it acts as a guide to further decision-making for the lower level managers. Organisational or strategic plans set the boundaries within which decisions can be taken by middle level and lower level managers.

8. It facilitates coordination:

A well-defined plan clearly lays down the objectives and defines the role of each individual and department in the organisation. Hence, it co-ordinates their activities and converts them into a homogenous activity.

9. It helps in performance evaluation:

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Planning defines the total volume of work, lays down courses of action and identifies constraints. It is a time-bound exercise and hence, provides a yardstick for evaluation of the performance of managers and employees.

10. It makes provisions for contingencies:

A plan anticipates the possible unforeseen contingencies in advance. Moreover, it makes provision for such contingencies in the form of reserves. Hence, a plan provides cushion for absorbing future shocks.

Process of planning:

Planning involves a number of steps ranging from determining the problem to follow-up action.

Following steps are involved in planning process:

1. Recognising need for action:

The first step in planning process is the awareness of business opportunity and the need for taking action. Present and future opportunities must be found so that planning may be undertaken for them. The trend of economic situation should also be visualised. Before venturing into new areas the pros and cons of such projects should be evaluated. A beginning should be made only after going through a detailed analysis of the new opportunity.

2. Gathering necessary information:

Before actual planning is initiated relevant facts and figures are collected. All information relating to operations of the business should be collected in detail. The facts and figures collected will help in framing realistic plans.

3. Laying down objectives:

Objectives are the goals which the management tries to achieve. The objectives are the end products and all energies are diverted to achieve these goals. Goals are thread which bind the whole company. Planning starts with the determination of objectives. Objectives are the guides of employees. It is essential that objectives should be properly formulated and communicated to all members of the organisation.

4. Determining planning premises:

Planning is always for uncertain future. Though nothing may be certain in the coming period but still certain assumptions will have to be made for formulating plans. Forecasts are essential for

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planning even if all may not prove correct. The behaviour of certain variables is forecasted for constituting planning premises. The success or failure of planning will depend upon the forecasts for various. The effect of various factors should be carefully weighed.

5. Examining alternative course of action:

The next step in planning will be choosing the best course of action. There are number of ways of doing a thing. The planner should study all the alternatives and then a final selection should be made. Best results will be achieved only when best way of doing a work is selected.

6. Evaluation of action patterns:

After choosing a course of action, the next step will be to make an evaluation of those courses of actions. Evaluation will involve the study of performance of various actions. Various factors will be weighed against each other. A course of action may be suitable but it may involve huge investments and the other may involve less amount but it may not be very profitable.

7. Determining secondary plans:

Once a main plan is formulated then a number of supportive plans are required. In fact secondary plans are meant for the implementation of principal plan. All secondary plans will be part of the main plan.

8. Implementation of plans:

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

Advantages:

Planning is one of the crucial function of management. It is basic to all other functions of management. There will not be proper organisation and direction without proper planning. It states the goals and means of achieving them. Above all other things, planning is important for the following reasons:

1. Attention on objectives:

Planning helps in clearly laying down objectives of the organisation. The whole attention of management is given towards the achievement of those objectives. There can be priorities in objectives, important objectives to be taken up first and others to be followed after them.

2. Minimising uncertainties:

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Planning is always done for the future. Nobody can predict accurately what is going to happen. Business environments are always changing. Planning is an effort to foresee the future and plan the things in a best possible way. Planning certainly minimises future uncertainties by basing its decisions on past experiences and present situations

3. Better utilisation of resources:

Another advantage of planning is the better utilisation of resources of the business. All the resources are first identified and then operations are planned. All resources are put to best possible uses.

4. Economy in operation:

The objectives are determined first and then best possible course of action is selected for achieving these objectives. The operations selected being better among possible alternatives, there is an economy in operations. The economy is possible in all departments whether production, sales, purchases, finances, etc.

5. Better co-ordination:

The objectives of the organisation being common, all efforts are made to achieve these objectives by a concerted effort of all. The duplication in efforts is avoided. Planning will lead to better co-ordination in the organisation which will ultimately lead to better results.

6. Encourages innovation and creativity:

A better planning system should encourage managers to devise new ways of doing the things. It helps innovative and creative thinking among managers because they will think of many new things while planning. It is a process which will provide awareness for individual participation and will encourage an atmosphere of frankness which will help in achieving better results.

7. Management by exception possible:

Management by exceptions means that management should not be involved in each and every activity. Management should interfere only when things are not going well. By the introduction of management by exception, managers are given more time for planning the activities rather than wasting their time in directing day-to-day work.

8. Facilities control:

Planning and control are inseparable. Planning helps in setting objectives and laying down performance standards. This will enable the management to check performance of subordinates. The deviations in performance can be rectified at the earliest by taking remedial measures.

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9. Facilities delegation:

Under planning process, delegation of powers is facilitated. The goals of different persons are fixed. They will be requiring requisite authority for getting the things done. Delegation of authority is facilitated through planning process.

Limitations:

Despite of many advantages of planning, there may be some obstacles and limitations in this process. Planning will only help in minimising uncertainties to a certain extent. The following are some of the limitations of planning:

1. Lack of reliable data:

Planning is based on various facts and figures supplied to the planners. If the data on which decisions are based are not reliable then decisions based on such information will also be unreliable. Planning will lose its value if reliable facts and figures are not supplied.

2. Time consuming process:

Practical utility of planning is sometimes reduced by the time factor. Planning is timeconsuming process and actions on various operations may be delayed because proper planning has not yet been done. The delay may result in loss of opportunities. Under certain circumstances an urgent action is needed then one cannot wait for the planning process to complete.

3. Expensive:

The planning process is very expensive. The gathering of information and testing of various courses of action involve greater amounts of money. The long-term planning is a luxury for most of the concerns because of heavy expenses. The utility derived from planning in no case should be less than expenditure incurred on it.

4. External factors may reduce utility:

Besides internal factors there are external factors too which adversely affect planning. These factors may be economic, social, political, technological or legal. The general national and international climate also acts as limitation on the planning process.

5. Sudden emergencies:

In case certain emergencies arise then the need of the hour is quick action and not advance planning. These situations may not be anticipated. In case emergencies are anticipated or they have regularity in occurrence then advance planning should be undertaken for emergencies too.

6. Resistance to change:

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Most of the persons, generally do not like any change. Their passive outlook to new ideas becomes a limitation to planning. The notion that things planned for future are unlikely to happen is not based on logical thinking. McFarland writes, "The principal psychological barrier is that executives, like most people have more regard for the present than for the future. The present is not only more certain than the future, it is also more desirable. Planning often implies changes which the executive would like to ignore, hoping they would not materialise."

Organising

Introduction:

An entrepreneur organises various factors of production like land, labour, capital, machinery etc. for channelizing them into productive activities. Business activities are divided into various functions, these functions are assigned to different individuals. Organisation is the structural framework of duties and responsibilities required of personnel in performing various functions with a view to achieve business goals through organisation. Management tries to combine various business activities to accomplish predetermined goals. Present business system is very complex. The unit must be run efficiently to stay in the competitive world of business. The authority and responsibility is fixed at various levels. All efforts should be made to co-ordinate different activities for running the units efficiently so that cost of production may be reduced and profitability of the unit may be increased.

Definitions:

The following are the authors can explain about the organising in their different ways.

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

- **Louis A. Allen**

"The establishment of authority relationships with provision for co-ordination between them, both vertically and horizontally in the enterprise structure.."

- **Koontz and O' Donnell**

"Organising is the establishing of effective authority relationships among selected work, persons, and work places in order for the group to work together efficiently."

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- George Terry

“Organisation is a harmonious adjustment of specialised parts for accomplishment of some common purpose or purposes.”

- L.H. Haney

Concepts of organisation:

There are two types of concepts of organisation:

1. Static concept:

Under static concept the term ‘organisation’ is used as a structure, an entity or a network of specified relationship. In this sense, organisation is a group of people bound together in a formal relationship to achieve common objectives.

2. Dynamic concept:

Under dynamic concept, the term ‘organisation’ is used as a process of an ongoing activity. In this sense, organization is a process of organizing work, people and the systems. It considers organization as an open adoptive system and nit a closed system. Dynamic concept lays emphasis on individuals and considers organization as a continuous process.

Nature and characteristics of organisation:

The main features of an organisation are:

1. Organising is the basic function of management:

Like planning, organizing is the basic function of management. Organizing is done in relation to all the managerial functions namely planning, staffing, directing and controlling and all the areas of business, namely, purchasing, production, marketing, personnel, etc.

2. Organisation is always related to objectives:

Whether it is organizing of an entire enterprise or a part of it, it is influenced by the broad objectives of the organization. The operations are divided in separate groups and authority and responsibility relationships are determined in order to achieve the broad objectives of an enterprise.

3. Organization as an entity:

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Organization as an entity refers to an enterprise as a whole, like company, corporation, partnership firm or any other form of group activity. In this form, organization is defined as a collectivity of people that have been established for the pursuit of relatively specific objectives, more or less on a continuous basis.

4. Organization as a group of people:

An organization consists of formal and informal groups in its set-up. Formal groups are set up by the top level authority having specific authority-responsibility relationships, while informal groups develop within the formal groups in order to satisfy personal and social needs of the people.

5. Organization as a process:

Organizing is not one step function. Managers are continuously engaged in organizing and reorganizing. Organization as a process means dividing and sub-dividing the entire functions of the enterprise into different units and assigning every function to the right and the most suited person.

6. Organization as a structure:

Some writers on management have explained about organization is merely a structure of relationships between various positions in the organization. This is a classical or a static concept of an organisation.

Importance of organisation:

1. Organization promotes specialisation and division of labour:

Right man at the right job is the fundamental principle of every organization. A good organization brings harmony in the efforts of employees and working conditions. Division of work and specialisation add to the total productivity of the enterprise.

2. It avoids omissions, overlapping and duplication of efforts:

The process of organization clearly identifies total volume of work in the organization, which is then grouped into related activities under separate department. As a result, no important work losses sight and at the same time it avoids overlapping and duplication of work.

3. It clarifies authority-responsibility relationships:

The process of organizing clarifies authority-responsibility relationships among managers and subordinates, both horizontally and vertically. This not only helps in the smooth functioning of an organization but also promotes good and healthy human relations within the organization.

4. It facilitates staffing:

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A well structured organization set-up also facilitates efficient staffing. It clearly defines various organizational positions, managerial as well as operational, in the organization. This helps in determining not only the number of positions to be filled in but also the skills and abilities required for each position.

5. It facilitates coordination:

A well-designed and clearly defined organizational structure welds together the functions and activities of various individuals and departments in order to accomplish the predetermined enterprise goals. Different departments perform their respective functions in a closely related manner and not as rivals.

6. It establishes communication links:

Communication, among the personnel and managers, is not only the basis of the operational life of an enterprise but it is also instrumental in fostering good human relations. An organization structure helps to establish various channels of communication through scalar chain and other links.

7. It increases efficiency of management:

A well structured organization facilitates the maximum utilization of workers abilities and productive capacities of material resources of the organization. It also avoids confusions, delays and supplication of work and thereby increases efficiency and motivates employees to put in their best.

8. It facilitates management by exception:

Management by exception is a philosophy that enables the top management to concentrate only on exceptional and crucial matters, leaving routine tasks to subordinates. A sound organization structure can gradually initiate management by exception, whereby the top level managers devote more time to planning activities.

Process:

organisation as a process means dividing and sub-dividing the functions of an enterprise into different units and assigning each function to the right and the most suited person. The process of organizing involves the following steps:

1. Determination of objectives:

The first step in the process of organizing is to determine the objectives for which the organizational framework has been set up. When the objectives are set and communicated, the

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people who are assigned a particular work come to know the purpose for which the organization has been created.

2. Identification of work:

The second step in the process of organizing is to identify the total work to be performed in order to attain organizational and individual objectives. It is important to identify total work in order to locate the authority and responsibility relationship and to avoid duplication, overlapping and wastage of efforts.

3. Grouping of activities:

Once the total activities are determined, it is necessary to put together related activities in a group. This is known as departmentation. A very popular method of departmentation is to group activities on the basis of functions like purchase, production, finance, personnel, marketing, research, etc.

4. Creation of managership:

Once the process of departmentation is over, the next step is to entrust responsibility for the functioning of each department to a distinct manager, who is specialized in his respective field. Each manager is responsible for directing, guiding, motivating and coordinating the efforts of individuals working under him.

5. Division of work within the departmental set-up:

In order to achieve organizational goals, jobs are first assigned to various management or departmental heads, who in turn distribute them among their subordinates. Each job is entrusted to a person who is best suited for its execution. This process refers to as human organization.

6. Arrangement of physical facilities:

Each department and individual in the department need certain basic physical facilities such as raw materials, machines, equipments, tools, technology and other inputs, for the proper execution of the assigned task. This process of arranging and providing physical facilities to various departments refers to as material organization.

7. Developing relations:

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In order to enable departments and personnel therein to perform their assigned task efficiently, it is necessary to define and establish clear authority-responsibility relationships in the organization, both horizontally and vertically. This avoids duplication and leads to unity of command and direction.

8. Provision of a channel of communication:

While performing their functions, it becomes necessary for managers to communicate with one another and with their superiors and subordinates. Therefore, it is necessary to devise a free and efficient system of communication, both upward and downward, within the organizational framework.

9. Co-ordination of various activities:

Co-ordination is the essence of management. Various activities of the organization must be linked together, i.e., co-ordinated properly. Co-ordination is essential for the higher level of performance. All activities in the organization should be directed towards the accomplishment of organizational objectives.

10. Control and corrective action:

Organization system should be devised in such a manner that it should provide for an in-built control and reporting system. Such an effective control system helps in timely location of deviations and taking corrective actions. This is also necessary for identifying new developments and bringing about changes in the organisational setup.

Principles:

1. Principle of delegation of authority:

Principle of delegation means each managerial position should be provided with adequate authority so as to enable the holder of the position to cope successfully with the requirements of the job.

2. Principle of co-ordination:

Coordination, being essence of management, is the essence of organization too. This principle advocates coordination of various individuals, departments and groups in the organization, towards the achievement of organizational goals.

3. Principle of continuity:

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Organization is a continuous process of changing and adapting to the changes in business environment. Various factors surrounding business changes rapidly and business units must bring about necessary changes in their organizational structure to absorb these changes.

4. Principle of definition:

A sound organization must define the role of each individual and department clearly, in terms of work contents and their nature and scope, authority, degree of responsibility and accountability and relationships of job with others. The avoids duplication and overlapping.

5. Principle of explanation:

In an organizational set-up, roles and duties, authorities and responsibilities associated with such roles must be explained clearly to each individual so that the person accepting the authority will be aware of degree of liabilities associated with the job.

6. Principle of equilibrium balance:

During the process of growth, some departments get overloaded with work and responsibilities, giving rise to a number of managerial problems. Hence, a fair balance between the vertical and horizontal dimensions of organization should be ensured, especially during growth phase.

7. Principle of flexibility:

Social, economic, political, technological, national and international changes affect structure of the organization. Therefore, there has to be considerable scope for flexibility in the organizational structure to adjust and adapt to such changes in the business environment.

8. Principle of unity of objectives:

The objectives of different departments and officials in an organization may be different in nature and character. But they are not conflicting; rather they are supportive and are directed towards the broad organizational objectives.

9. Principle of responsibility:

A sound organization set-up must define and spell out duties, responsibilities, authority and organizational relationship, clearly and specifically so that any deviation or failure in the organization can be located effectively.

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10. Principle of specialisation:

It means efficient break-up of organizational activities into various departments according to their qualifications and skills. The purpose is to fix the right man on the right job and avoid wastage of time, material and resources.

11. Principle of span of control:

Span of control means number of workers that an executive can handle effectively. For effective supervision and control, some management writers have recommended five to eight subordinates under one superior.

12. Principle of scalar chain:

Scalar chain is sometimes also known as 'Chain of command' or 'Line of Authority'. The line of authority in an enterprise running right from top to bottom must be clearly defined for establishing a clear line of command.

13. Principle of simplicity and homogeneity:

Principles of simplicity and homogeneity requires that the management should, as far as possible, try to design a simple structure. Simplicity enables the managerial staff to maintain quality and homogeneity.

14. Principle of unity of command:

The principle states that an employee should receive orders and instructions from a single superior. If two superiors exercise their authority over the same person, it causes uneasiness and disorder and results in confusion and conflicts.

15. Principle of unity of direction:

For the accomplishment of group of activities having the same objectives, there should be one head and one plan. Well defined objectives in quantitative terms ensure unity of direction and facilitate coordination in actions of different individuals and departments.

16. Principle of uniformity:

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This is an internal principle of departmentation. According to this principle, the activities or functions assigned to any department should be uniform or homogenous in nature. If same department is performing numerous functions, there would be confusion and conflict.

Organization structure:

It is the established pattern of relationships among components or parts of the organization. It prescribes the relationships among various positions and activities in business. The organization structure provides a framework which holds the various functions together in accordance with the pattern determined by managers. The establishment of systematic relationship among various activities and persons is the framework of organization structure. The structure should be suitable to the working of the organization and be helpful in achieving business goals.

Types of organization structure:

An organizational structure is mainly concerned with the allocation of duties and responsibilities and delegation of authority. It represents hierarchical arrangement of various positions in the organization. It also specifies who is to direct, whom and who is to report to whom. The adoption of particular form of organization structure largely depends upon the nature, scale and size of the business. The following are some of the traditional forms of organizations.

Line organization structure:

Line organization is the basic framework for the whole organization. It represents a direct vertical relationship through which authority flows. This is the simplest and oldest, known as chain of command or scalar principle. The authority flows from top to the lower levels. Every person in charge of all the persons under him and he himself is accountable to his superior only. Authority flows vertically from top level person to all the persons responsible for the execution of work. Responsibility, on the other hand, flows upwards. Since authority and responsibility flow in an 'unbroken straight line', it is called line organization.

Def:

"It is characterized by direct lines of authority flowing from the top to the bottom of the organizational hierarchy and lines of responsibility flowing in an opposite but equally direct manner."

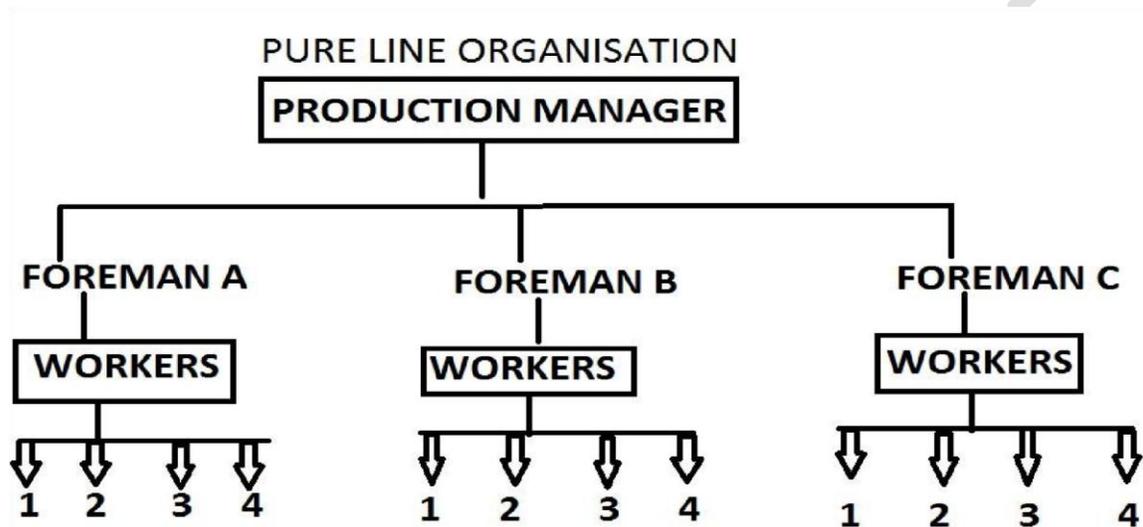
The line organization can be divided into two types. They are:

a. Pure line organization:

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In pure line organization all persons at a given level perform the same type of work. The divisions are solely for the purpose of control and direction. It will be shown in the following diagram:

The departmental divisions are made only for the sake of convenience and control. All workers perform the same type of work



b. Departmental line organisation:

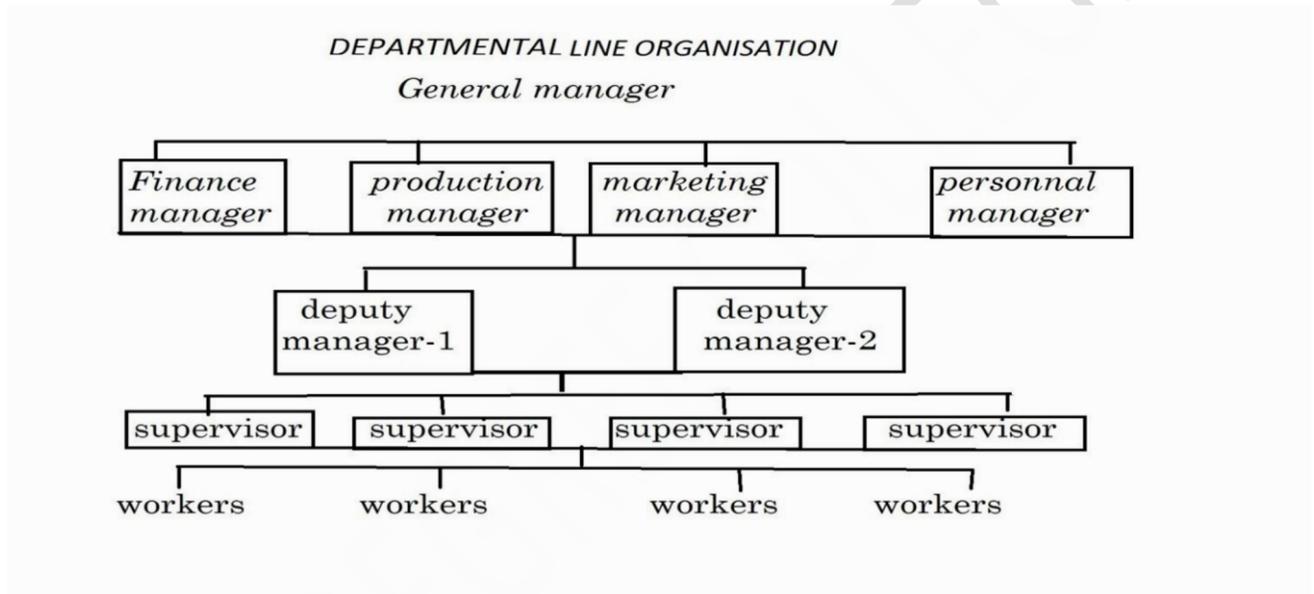
The departmental type of line organization divides the enterprise into different departments which are convenient for control purposes. There is a unity of control and line of authority flows from top to bottom. The entire organisation is totally controlled by a person named "Chief executive or General Manager". Different departments are put under the control of Departmental Managers. There may be deputy managers, supervisors, workers in every department. Various departmental managers

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are equal to each other in status and authority. They do not exchange instructions with each other. Any communication between them is routed through their immediate boss.

Conditions for success:

1. There should be a hierarchical arrangement of giving commands. The subordinates should get commands only through their immediate superiors. The links in the chain of command should not be



skipped. This type of organization helps in co-ordination and control.

2. There should be a single line of command. One person should get orders from one supervisor only.
3. All persons at the same level of authority should be independent of one another.
4. The number of subordinates should be such that they are properly supervised.

Merits:

1. Simplicity:

Line organization is simple to establish and can be easily understood by the employees. There is no complexity in the organization because every person is accountable to only one boss. Everybody knows his work and also to whom he is responsible. So it can be operated simply and clearly.

2. Identification of authority and responsibility:

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Line organization helps in fixing authority and responsibility of each and every person in the organization. The authority is given with reference to the assignment of task. The allocation of work will also help in fixing responsibility of various individuals.

3. Co-ordination:

The hierarchy in management helps in achieving effective co-ordination. The general manager is in charge of all the departments and he can easily co-ordinate the work of various departments. At departmental level manager is in charge and he can direct the activities of his juniors.

4. Effective communication:

The chain of command goes from top to bottom. There is a direct link between the superior and his subordinates, both can communicate properly among themselves. The reactions of subordinates also reach top management in a short span of time.

5. Economical:

Line organization is easy to operate and less expensive. There are no staff personnel to advise line officers. Line officers take their own decisions without looking to specialized personnel. This greatly reduces the establishment cost.

6. Quick decisions:

Only one person is in charge of a department or division. He has to take various decisions by himself. There are no staff personnel for consultation too. This enables a manager to take prompt decisions. In line organization only departmental head is required to take decisions and he will not waste time in deciding things.

7. Unity of command:

In line organization every person is under the command of one boss only. This type of organization is in accordance with the principle of scalar chain.

8. Effective control and supervision:

The number of subordinates is limited under line organization. There is a direct link between superior and subordinates. This also helps in having better control because the subordinates will be under constant watch.

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9. Executive development:

Under this system the departmental head is involved in taking and executing various decisions. His task is challenging and he is expected to discharge his responsibility in an efficient way. This helps an executive to learn many things and develop his capabilities.

10. Flexibility:

Since the manager has to take all important decisions, he can make changes if new situation warrants. He need not to waste time in getting instructions from above. He can take a decision according to the requirements of the situation

Demerits:

1. Excess work:

In line organization too much is expected from executives. They are expected to take numerous decisions and supervise the work of subordinates under them. The work load of executives goes on increasing with the expansion and diversification of the unit. The line officer cannot devote sufficient time to each and every work and are over loaded with responsibilities.

2. Lack of specialization:

The lack of managerial specialization is the demerit of line organization. The line officers cannot be experts in every line of business. Since they are to take decisions with regard to every aspect of business, the quality of decisions may suffer.

3. Lack of co-ordination:

There is a lack of co-ordination among various departments. All departmental heads try to run the departments in their own way and according to their suitability. There may be a lack of operational uniformity among various departments. This may become the reason for lack of co-ordination among different departments.

4. Improper communication:

The ultimate authority for taking all decisions lies with line officers. The line officers may become autocratic and start deciding things without consulting their subordinates. The subordinates start keeping

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distance from the superiors. The subordinates do not convey their reactions or the reactions of workers to the superiors. The lack of communication creates many problems for the smooth conduct of business.

5. Lack of initiative:

In line organization final decision making is done by the top management. The lower level officials do not show initiative in suggesting new things. They feel that their suggestions may not carry weight with their superiors so they avoid taking any type of initiative.

6. Favouritism:

There is a scope for favouritism in line organization. The officers work according to their whims and preferences. They judge the performance of persons according to their own yardsticks.

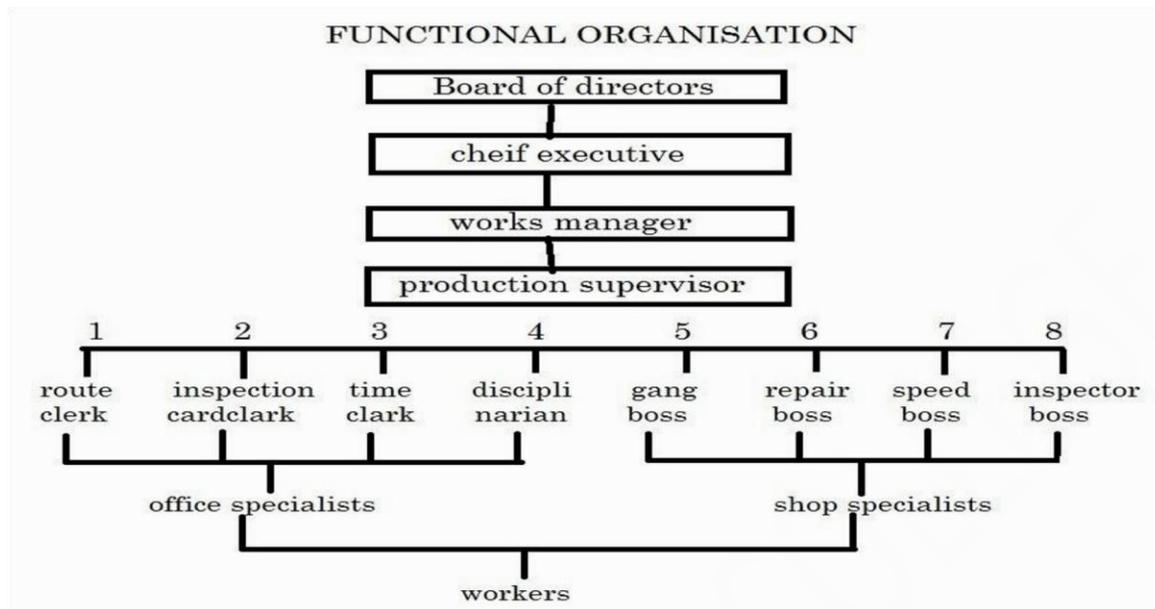
7. Instability:

The business is dependent upon the some key persons and the sudden disappearance of such persons from the scene may create instability in the business. There is also a lack of grooming the new persons for taking up important work. The managerial growth also suffers because lower level persons are not involved in decision-making process.

Functional or staff organization:

The line organization suffers from a number of drawbacks. The line officer is over burdened with responsibilities and he is unable to devote required time for each and every activity. The expansion of business and large-scale production has necessitated the use of experts in different fields. In functional organization the task of management and direction of subordinates should be divided according to the type of work involved. All activities are grouped together according to certain functions like production, marketing, finance, personnel, etc. and are put under the change of different persons. The person incharge of a function is a specialist in it and brings out the best in himself.

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Advantages:

1. Specialization:

This type of organization has the benefit of having specialists in each area. The work is performed by those who have the specialist knowledge of that work. The workers have the advantage of getting instructions from specialists. This makes possible the fullest use of energy in the organization.

2. Increase in efficiency:

There is a division of labour upto manager level. Planning and execution are also separated. This helps to increase the overall efficiency in the organization. The workers get guidance from expert supervisors and this enhances their performance at work.

3. Scope for growth:

The functional organization provides wide scope for growth and mass production. The employment of specialists at various levels of work enables the organization to grow as per the needs of the situation.

4. Flexibility:

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Functional organization allows changes in organization without distributing the whole work.

The span of supervision can also be adjusted according to the requirements.

5. Relief to top executives:

Top executives are not unnecessarily burdened as happens in line organization. The line officer is supposed to be a jack of all trades and is burdened with all types of works. On the contrary a specialist is a master of his line and he has the expertise and capability of taking his own decisions.

6. Economy of operations:

The use of specialists helps in controlling the waste of materials, money and time. The consolidation of activities leads to optimum use of facilities like office accommodation, plant and machinery, etc.

7. Better supervision:

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

8. Democratic control:

This type of organization eliminates one man control. There will be a joint control and supervision in the organization. This boosts the morale of employees and also enthuses a sense of co-operation among them. The democratic approach motivates workers to go deep into their work and make suggestions for work improvement.

Disadvantages:

1. Conflict in authority:

The principle of 'unity of command' is violated in functional organization. A subordinate is answerable to many bosses. Every superior considers his work important and wants the workers to give top priority to his assignment. The workers feel confused and are unable to decide about the priorities of their work.

2. Lack of co-ordination:

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The appointment of several specialists creates problems of co-ordination, especially when the advice of more than one is needed for taking decisions. Specialists try to give more importance to their work as compared to other areas. This creates conflicts among specialists and co-ordination becomes a problem.

3. Difficulty in fixing responsibility:

Since there is no unity of command, it becomes difficult to fix responsibility for sickness in work. So many persons are involved in completing a work and everybody tries to blame other for low performance.

4. Delay in taking decisions:

The involvement of more than one person in decision-making process slows down it. The speed or action tends to be hampered by the division of authority. Much time is taken in consulting different specialists prior to decision-making.

5. Poor discipline:

The division of authority creates problem of discipline. The workers have to obey many bosses, their loyalty becomes divided. Discipline tends to break down not only among workers but also among lower level superiors.

6. Expensive:

Multiplicity of experts increases overhead expenses of the organization. A number of specialists are appointed for manning various lines of work. These persons being specialists, they demand much higher emoluments. Small units cannot afford to have functional organization.

7. Group Rivalaries:

The emerge of many persons of equal status encourages group rivalaries among executives. Persons connected with different fields try to create their groups and then rivalry starts among these groups. Every group tries to dominate the other.

Line and staff organization :

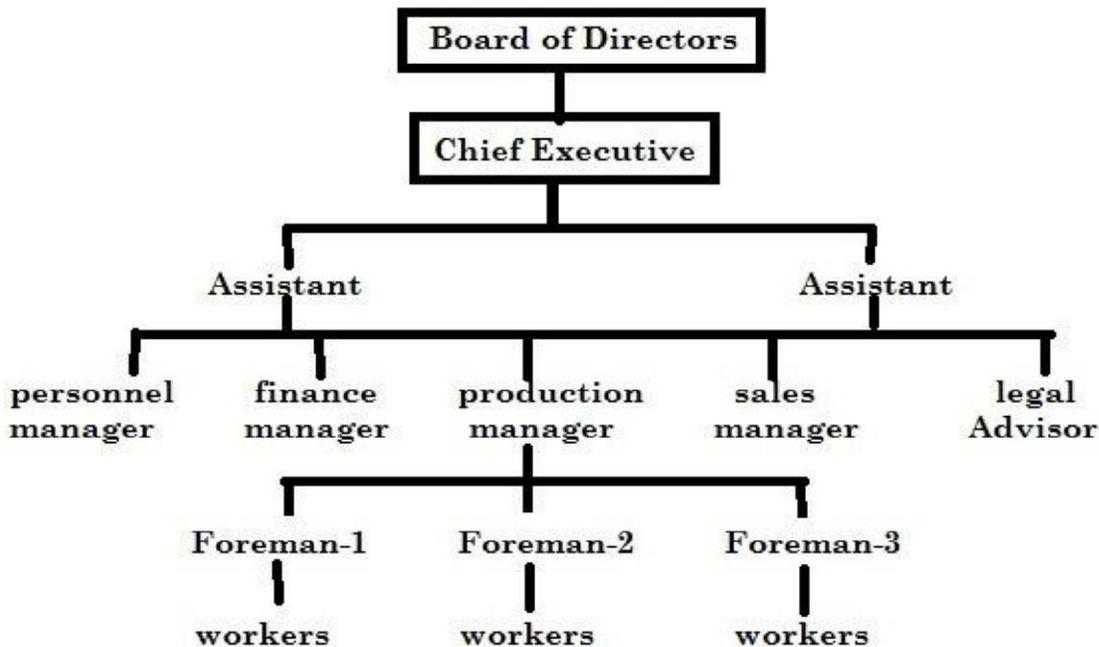
Line and staff organization eliminates the drawbacks of both and also has the good points of them. It is a happy blending of line and staff organization. Both line and staff personnel have important roles to play. He will like to know the positions of his enemies so that he is able to plan his placings. A line manager

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is vested with executive authority. He is responsible for making important decisions and is also accountable for their implications. Line officers are responsible for the accomplishment of various decisions. Staff officers are experts in their fields. They are attached to line managers to advise them in the field of their specialization. Their role is of advisers. The staff organization facilitates the accomplishment of organizational objectives by making available valuable advise and expert knowledge.

They have no authority to command the line staff but have control within their own organization.

LINE AND STAFF ORGANISATION



Advantages:

1. Specialization:

Line and staff organization introduces specialization in a systematic manner. Persons with specialised knowledge are appointed to help line officers. The planning part is generally undertaken by staff personnel and line officers are able to devote much time for execution.

2. Better discipline:

The unity of command is maintained in this type of organization. The staff personnel do not interfere with the executive work of line officers. The workers get command from line personnel and

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are accountable directly to them for their performance. This creates better understanding and discipline among employees.

3. **Balanced and prompt decisions:**

The functional managers have the advantage of expert advice when taking important decisions.. the staff can also be used to investigate and advice on inter-departmental relationships.

The line officers can take balanced and quick decisions.

4. **Growth and expansion:**

The line and staff organization is quite suitable for growth and expansion. The burden of line staff is eased by the appointment of specialists. Line officers will be able to devote much time for future planning. The present staff will enable the expansion and growth of unit.

5. **Development of employees:**

This organization provides scope for advancement of career to able and dedicated employees. There are more openings for those who have capabilities of going up. The separation of functions of planning and doing also helps in creating more and more job opportunities.

6. **Lesser burden on line officers:**

With the appointment of staff officers the burden of line officers is greatly reduced. The specialists help line officers in deciding things regarding their lines of specialization. The line officers are left with routine administration.

7. **Quick actions:**

The line officers will have sufficient time to take various decisions. Whenever there is a need for certain decisions, they will be able to devote time and decide the things. This type of situation helps in solving many issues which would have created difficulties if timely decisions would not have been taken.

Disadvantages:

1. **Conflict between line and staff personnel:**

There is a possibility of conflict between line and staff personnel. The responsibility for operations lies with line officers while staff officers only advise. The staff officers feel ignored at the hands of line

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officers. The line officers, on the other hand, complain of interference by staff persons in the day-to-day working.

2. **Lack of responsibility:**

There is a lack of responsibility for staff officials. They are not accountable for the actual results of operations. This may tempt them to give rash or theoretical advice. They may also be casual in their approach because the whole blame for non-performance lies with line.

3. **More dependence on staff:**

The line officers become habituated for advice on staff. They refer everything to staff for advice. Over-dependence on staff will make line officers less creative. They will not give much thought to any activity since advice will be available from staff.

4. **Lack of co-ordination:**

There will be a lack of co-ordination between line and staff. The staff advice may be confused with line orders. The staff orders may also be clear about their exact role. They may try to dominate the implementation part of their advice.

5. **Ineffective staff:**

The staff officers do not wield any power in the organization. Without power they will not get prestige in the organisation. They will feel unimportant and the quality of advice will also be adversely affected.

6. **Expensive:**

This type of organization is very expensive because a large number of specialists are appointed. The persons being experts in their fields, they demand higher emoluments. Small and medium concerns cannot afford line and staff organization because of its expensive nature.

Committee organization:

A number of persons may come together to take a decision, decide a course of action, advise line officers on some matters, it is a committee form of organization. It is a method of collective thinking, corporate judgement and common decision. A committee may be assigned some managerial functions or some advisory or exploratory service may be expected from it. But it is a method of attaching persons or groups to line departments for advice and guidance in business planning and execution. Sometimes there

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is a need to get opinion of other persons for taking important decisions. Because of collective information and analysis, committee are more likely to come up with solutions to complex problems.

Advantages:

1. Pooling of opinions:

The members of committees come from different background and areas of expertise and have different view points and values. When persons with varied abilities sit together and discuss a problem, various aspects of the case are highlighted and pros and cons are assessed.

2. Better co-ordination:

Committee form of organization brings more co-ordination among different segments of the organisation when representatives of different departments sit together they understand and appreciate the difficulties faced by others.

3. Balancing of views:

This type of organization helps in balancing the views expressed. There is a tendency to over emphasise the aspects of one's own department by ignoring the inter dependent character of problems of different departments.

4. Motivation:

The committees consist of managers as well as subordinates. The views of subordinates are given recognition and importance. It gives them encouragement and makes them feel as an integral part of decision making process.

5. Dispersion of power:

The concentration of power in few persons may lead to misuse of authority and wrong decisions. By spreading powers among committee members this problem can be solved.

6. Better acceptance of decision:

The decisions taken by committees are better accepted by subordinates. The decisions of an individual may be autocratic whereas committees decide in wider perspective of organization.

7. Better communication:

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It is a better form of discussing matters of mutual interest and reaching certain conclusions. These decisions can be properly communicated to subordinates through committee members.

8. Executive training:

Committees provide forum for training executives. They learn the value of interaction, group dynamics and human relations. They are exposed to various view points and learn the art of reaching decisions and solving organizational problems.

Disadvantages:

1. Delay:

The main drawback of committee form of organization is delay in taking decisions. A number of persons express their view points in meetings and a lot of time is taken on reaching a decision.

The fixing of committee meetings is also time consuming.

2. Compromise:

Generally, efforts are made to reach consensus decisions. The view point of the majority is taken as a unanimous decision of the committee. The thinking of the minority may be valid but it may not be pursued for being singled out.

3. No accountability:

No individual accountability can be fixed if these decisions are bad. Every member of the committee tries to defend himself by saying that he suggested a different solution.

4. Domination by some members:

Some members try to dominate in the committee meetings. They try to thrust their view point on others. The aggressiveness of some members helps them to take majority with them and minority view is ignored.

5. Strained relations:

Sometimes relations among committee members or with others become strained. If some members take divergent stands on certain issues, some may feel offended. In case some issue concerning other persons is discussed in a committee and members taking stand use liked by those persons may offend them. The discussions in the meetings are generally leaked to employees.

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6. Lack of effectiveness:

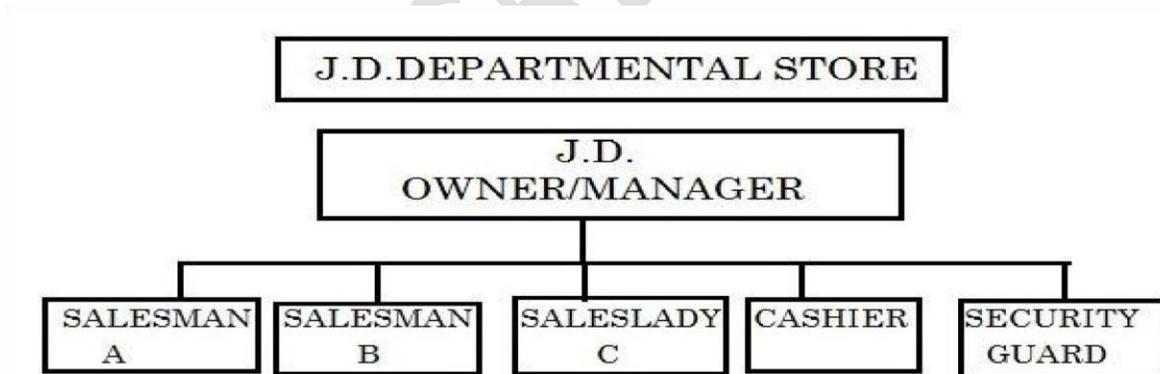
The role of committees is not effective in all areas. The commitment may be useful where grievance redressal or interpersonal departmental matters are concerned. Committees may not be effective where policies are to be framed and quick decisions are required.

Modern organisational designs:

Majority of the practicing managers, today, are becoming dissatisfied with the traditional ways designing their organizations. Till recently, most of the managers attempted only slight modifications of the classical structures and shied away from attempting experimentation and innovation. But, now-adays with the technological developments, the managers have finally overcome this resistance to making drastic organizational change. The following are the various designs:

1. The simple structural design:

The simple structure is widely used in small business organizations where the manager and owner are one and the same. It is a flat organization, which has only two or three vertical levels, a small body of employees and one individual in whom the decision making authority is centralized. The example of this design is a retail store. It will be shown in following figure:



Advantages:

- This structure is very simple to understand and operate.
- It is inexpensive to maintain.
- This structure is very fast and flexible.

Disadvantages:

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- A. This design is suitable only for small organizations. It becomes inadequate as an organization grows.
- B. Low formalization and high centralization tends to create information overload at the top.
- C. Decision making is very slow, as a single executive makes all the decisions.
- D. This structural design is very risky as everything depends on one person. If that one person is no longer there, everything collapses.

2. The bureaucratic design:

The basic concept underlying this design is standardization. This design relies on standardized work processes for coordination and control:

Features:

- a. Highly routine operating tasks achieved through specialization.
- b. Very formalized rules and regulations.
- c. Grouping of tasks into functional departments.
- d. Centralized authority
- e. Narrow span of control
- f. Decision making which follows the chain of command.

This design is used in all the bureaucracies e.g. the government offices, the banks etc.

Advantages:

- A. In this design specialities are put together in functional departments, which results in economies of scale, minimum duplication of personnel and equipment and employees who are all like minded.
- B. This design is less costly. The middle and lower level managers need not be very talented; thus, the salaries which are to be paid to them will be comparatively less.
- C. Managerial biaseness is avoided as the formalized rules and regulations substitute for managerial discretion.
- D. The decision making is centralized due to standardized operations.

Disadvantages:

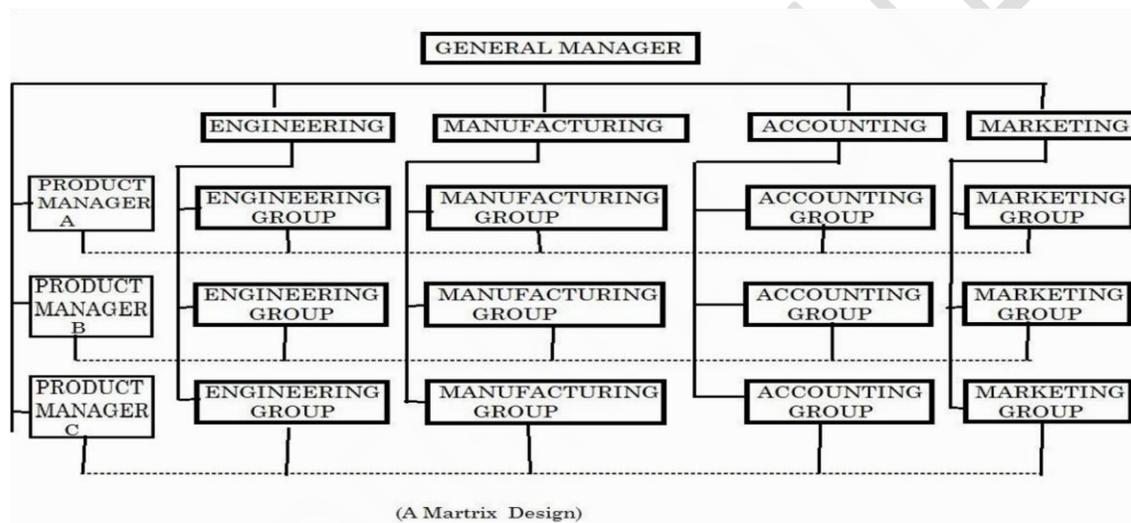
- a. Extreme specialization can create inter-departmental conflicts. Functional departmental goals can over ride the overall goals of the organization.

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- b. The other weakness lies in formalized rules and regulations. The bureaucratic design is efficient only as long as employees confront problems that they have previously encountered and for which decision rules have already been established.

3. The matrix design:

A very popular organizational design is the MATRIX DESIGN, this design combines two forms of departmentalization i.e., functional and product. The most important characteristic of the matrix design is that it directly violates classical principles, such as unity of command. Employees in the matrix have two bosses-their functional departmental managers and their product managers. Therefore, this design has a dual chain of command.



Advantages:

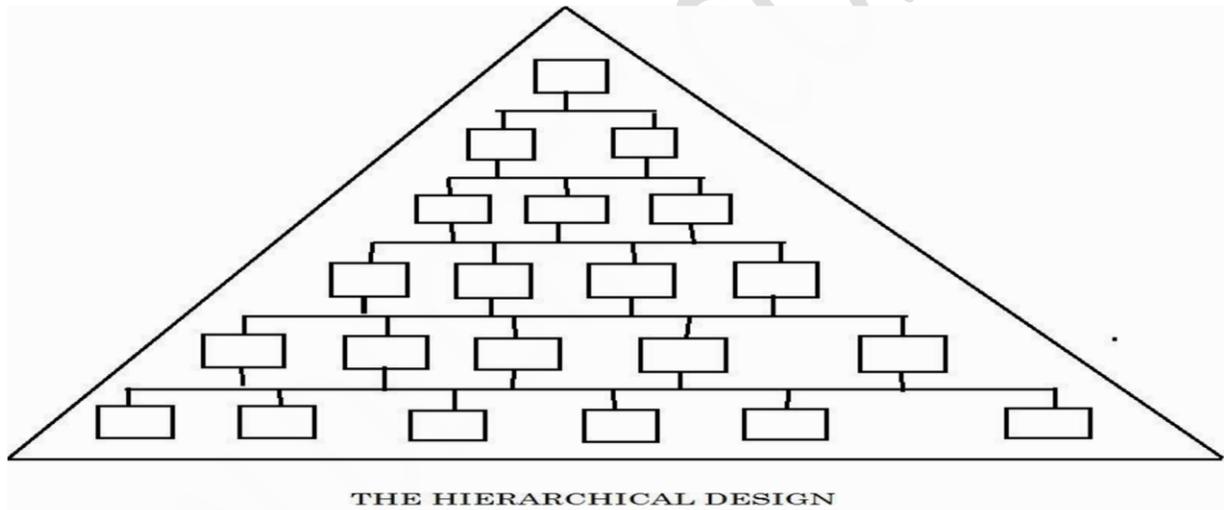
- a. The matrix design facilitates coordination when the organization has a multiplicity of complex and independent activities.
- b. The direct and frequent contact between different experts in the matrix can provide for better communication and more flexibility.
- c. The matrix reduces the drawbacks of bureaucratic design. The dual lines of authority reduces the tendency of departmental heads to put their departmental goals first before the organizational goals.
- d. The matrix achieves the economies of scale by providing the organization with both the best the best resources and an effective way of ensuring their efficient placement.

4. Network design:

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Network design is a newly emerging organizational design which totally abandons the classical, hierarchical, and functional structure of organizations. This design also goes beyond the horizontal structures. The need for this design arose due to the recent technological developments in the business environment. MILES and SNOW have identified this design as the “dynamic network”. They describe the network design as “Delayed, highly flexible and controlled by market mechanisms rather than administrative procedures, firms with this structure arrayed themselves on an industry value chain according to their core competencies, obtaining complementary resources through strategic alliances and outsourcing.”

Unlike the traditional organizations, which were the old inflexible hierarchical pyramid, network organization are a flexible, spherical structure that can rotate, competent, self managing teams and other resources around a common knowledge base. These teams, capable of quick action on the firm’s behalf both externally and internally, provide a distinct competitive advantage.



5. Virtual organization:

The network organization described above is very close to a new concept known as “the virtual organization.” The virtual organization is a temporary network of companies that come together quickly to exploit fast changing opportunities. The virtual organization is different from traditional mergers and acquisitions. In virtual organization the partners share costs, skills and access to international markets. Each partners contributes to the virtual organization what it is best at its core capabilities.

Features:

1. Technology:

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The virtual organizations are based on electronic contracts to keep the lawyers away and speed the linkups. The informational networks will help far away companies and entrepreneurs to link up and work together from start to finish.

2. Opportunism:

The partnerships will be less permanent, less formal and more opportunistic. Companies will band together to meet all specific market opportunities and more often fall apart once the need evaporates.

3. No borders:

This new model of organizational design redefines the traditional boundaries of the company. There is a lot of cooperation among competitors, suppliers and customers. It becomes very hard to determine where one company ends and another begins.

4. Trust:

In this design, the fate of each partner is dependent on the other. These relationships make companies far more reliant on each other and require far more trust than ever before.

5. Excellence:

This design creates a “best of everything” organization because each partner brings its core competence to the effort. Every function and process would be world class. Something that no single company could achieve.

6. Project organization:

The basic idea behind project organization is that since environment changes very rapidly, the organization must take up various activities on project basis. Project organization is oriented towards the completion of a big project or a small number of big projects. The project organization is usually structured to facilitate planning and designing of the product, completion of the assigned task and phasing out of the project. The specialists are taken from various functional departments and functional managers decide who in their department will perform the task and how it will be done. Project organization, if created for one time project, will have temporary set up and will be disbanded when the project is completed.

Advantages:

1. Project organization can be tailored to meet the requirements of a particular project. It enables the organization to adopt to environmental demands particularly when environmental factors are fast changing.
2. Project organization allows maximum use of specialized knowledge available with the organizations. Specialists get higher satisfaction while working on complex projects.

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3. It provides more flexibility for the utilization of resources in the organization by allocating them to project where they are most needed.

Disadvantages:

1. Project organization creates a feeling of insecurity and uncertainty among people in the organization. It is adhoc arrangement with limited life.
2. People are not able to identify themselves with any particular department of the organisation because they do not have permanent tenure with any project.
3. The project manager has to deal with specialists from a number of diverse fields. The specialists often have different types of orientations and interests.
4. The job of the project manager becomes difficult because of lack of clearly responsibility, lack of clear communication pattern and lack of standards of performance for various professionals.
5. Decision making is made very difficult because there are unusual pressures from specialists from diverse fields.
6. Motivation of specialists may pose another problem. Moreover, there may be conflicts among the specialists quite often because of their different orientations.
7. Project manager also faces numerous problems because he has to carry out responsibility without authority. Therefore, he has to rely on his personal qualities rather than on his official authority.

Span of management

Every person has a limited capacity to effectively supervise and control other person. No one control an infinite number of subordinates. The capacity and ability of a person to supervise a large number of subordinates working under him is limited on account of time at his disposal, knowledge, energy, his personality, interest and other capabilities. Therefore, the number of subordinates working under him must be manageable and the management must create departments or distinct activity groups each of which has a manager in charge. The term 'span' literally means the space between two supports of a structure, e.g., the space between two pillars of a bridge. The space between the two pillars should neither be too large nor too small. If it is too large, the bridge may collapse; and if it too small, it will enhance its cost.

When applied management 'span' subordinates a manager or supervisor can supervise, manage or control effectively and efficiently. Span of supervision, therefore, refers to the optimum number of subordinates that a manager or supervisor can manage or control effectively.

Def:

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“Span of control means the number of people reporting directly to an authority. The principle of span of control implies that no single executive should have more people looking to him for guidance and leadership that he can reasonably be expected to serve.”

- Spriegall

The span of supervision is also known as span of control, span of management, span of responsibility, span of authority and span of direction

Determining of the proper span:

Very often the question is asked as to how many subordinates a supervisor can manage effectively. However, this question has been attempted by various management experts and even they are not unanimous over this point. The idea of limited span developed from experience. Although the concept of span of control was discussed by Henry Fayol, but Sir Lan Hamilton is usually given credit for developing this concept.

V.A. Graicunos published a famous paper in 1933. He analysed subordinate-superior relationship in terms of a mathematical formula. The formula was based on the theory that the complexities of management increase geometrically as the number of subordinates increases arithmetically. He identified three types of subordinate-superior relationship:

- Direct single relationship arising from the direct and individual interaction of the superior with his subordinates
- Direct group relationships arising between the superior and the subordinate in all possible combinations, such as A to B with C, and A to C with B.
- Cross relationships arising from mutual relationships among subordinates for working under the same superior.

Graicunos has given the following formula to ascertain the number of subordinate-superior relationships:

$$\text{Number of relationships} = n[2^n/2 + n - 1]$$

Where, n stands for number of subordinates

Hence, if number of subordinates working under a supervisor is 4, the number of relationships he develops are 44 as calculated below:

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$$\text{No. of relationship} = n[2^n/2 + n - 1] = 4[2^4/2 + 4 - 1] = 44$$

Graicunos was of the opinion that a person can manage 222 relationships arising out of 6 subordinates. L. Urwick, a prominent British consultant, however, found that the ideal number of subordinates for all superior authorities to be 4 and at the lowest level of organization the number may be 8 to 12. According to Healey, the span at higher level should not be more than 5 subordinates and at lower levels it can be 7 or 8. J.C. Worthy suggested a span as higher as 20 to 30 subordinates.

Factors determining the span of management:

Capacity of manager: Each manager has different capacity and ability in terms of decision making, leadership, communication, judgment, guidance and control etc. managers having more abilities in respect to these factors may have more number of subordinates.

Capacity of subordinates: capacity of subordinates also affects the span of a manager. Efficient and trained subordinates may work without much help of their manager. They may just need broad guidelines and they will perform accordingly. They would require lesser time from their superior due to which manager can have large number of subordinates under him.

Nature of work: If subordinates are performing similar and repetitive routine work they can do their work without having much time of the manager. Frequent changes in work would require more detailed instructions from manager whenever there is change in work. Type of technology used also affects the span of control.

Degree of Decentralization: degree of centralization or decentralization affects the span by affecting the involvement in decision making process. If manager clearly delegates his authority and defines it fully this would require less time to devote to manage his subordinates as subordinates will take most of the actions by their own. Hence manager can have wider span.

Degree of Planning: If the planning is effectively done particularly if standing plans procedures rules methods are clear then subordinates can make their decisions on their own. If they have to make their own plans they would require more guidelines by superiors and manager can handle narrow span in the case of improper planning.

Communication System: If communication system is modern i.e. tools like electronic devices will save time of face to face interaction, which require more time, span of manager can be increased

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Level of Management: level of management also affects the span. Higher the level of management lesser the number of subordinates as higher level management does not have much time to supervise. They spend their most of time in planning and other functions. Lower level managers can have wider span than the higher level managers.

Physical location: If all the persons to be supervised are located at same place within the direct supervision of manager, he can supervise more number of people. If subordinates are at different locations then manager can supervise less number of spans.

Delegation of Authority

Delegation is an administrative process of getting things done by others by giving them responsibility. All important decisions are taken at top level by board of directors. The chief executive executed and assigns the work to departmental managers who is turn delegate the authority to their subordinates. Every superior delegates the authority to subordinates for a particular work done. The process goes to the level where actual work is executed. There is a limit upto which a person can supervise the subordinates. When the number of subordinates increases beyond it them he will have to delegate his powers to others who performs supervision for him. He assigns duties and authority to his subordinates and ensures the achievement of desired organizational goals.

Def:

“Delegation is the dynamics of management; it is the process a manager follows in dividing the work assigned to him so that he perform that part which only he, because of his unique organisational placement, can perform effectively, and so that he can get others to help him with what remains.”

- Louis A. Allen

Principles:

1. Principle of functional definition:

As per this principle, each role in the organization must be clearly defined in terms of workcontent, authority required and responsibility attached. This would help superiors as well as subordinates to have better understanding of the activity or set activities delegated.

2. Principle of non-delegation of personalized matters:

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According to this principle, there are some matters which must be handled by superior alone in his personal activity. This is because he happened to be the fittest person for this purpose in view of his placement in the organization.

3. Principle of delegation by results expected:

As per this principle, subordinates must be made clear about what results they are expected of. By spelling out duties in terms of results expected, an advance notice is given to them as to the criterion against which their performance may be judged.

4. Principle of unity of command:

The principle states that an employee should receive orders from a single superior. If two superiors exercise their authority over the same person, it causes uneasiness and disorder. Similarly, at a time, one and only one superior should delegate work to a subordinate.

5. Principle of scalar chain:

The delegation of authority should take place via scalar chain. In other words, it is the most immediate superior who delegates the work to the most immediate subordinate. This is because an immediate superior is the best judge of the competence of his subordinate.

6. Principle of parity of authority and responsibility:

Authority and responsibility should go hand-in-hand. If subordinates have been assigned duties, they must be given responsibility authority to carry out the same and that if subordinates are given authority they must be made accountable for the same.

7. Principle of absolute responsibility:

As per this principle, responsibility is absolute and fixed. The delegator, who delegates authority, cannot make himself free from his responsibility and accountability. He continues to be accountable for the actions and activities that he delegates.

8. Authority-level principle:

As per this principle, a manager must take only such decisions which fall within his preview. In other words, a subordinate while performing his duties, must refer those matters upward in the management hierarchy for which authority has not been delegated to him.

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9. Principle of strategic control:

According to this principle, the superior delegating authority must exercise control, only of broad nature, over the subordinate. He must not interfere with free and smooth functioning of the subordinate. However, he must keep a strict vigilance over his performance.

Process:

a. Determination of results expected:

While planning delegation of authority, first of all, the superior has to determine the results expected from his subordinate who is to be delegated authority. This step naturally requires an estimate of the apparent competence of the subordinate. Delegation without due regard to competence of subordinate, in all good probabilities, will lead to a poor delegation. **b. Assignment of duties to subordinates:**

The second step in the process of delegation of authority is assign requires a proper description of duties to be assigned to subordinates. Duties can be described in two ways:

1. In terms of an activity or a set of activities to be performed.
2. In terms of results expected from the performance of activities.

It is always advisable to express duties in terms of results expected so as to give the subordinate a better understanding of his role. **c. Authorization for action:**

The third step involves granting permission to take actions like making commitments, use of resources and other actions necessary to get the assigned work done. The basic principle is that the scope of authority to be allocated to the subordinate is inseparably linked with the activities delegated to him.

d. Creation of obligations or responsibilities:

The last aspect of delegation is to create obligation on the part of subordinate for the satisfactory performance of his assignments. The delegation of authority must be accompanied delegation of responsibility. For any action taken by subordinate within or outside his authority, he should be made to feel responsible for the same. **Advantages:**

1. Basis of organization:

Delegation of authority is one of the most significant steps in the process of designing organizational structure. Further, without creating organizational structure, an organization cannot function. Hence, delegation is the basis of organization.

2. Enables superior to perform creative work:

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Delegation of authority improves managerial efficiency and effectiveness by allowing them to delegate routine tasks to the lower level subordinates. As a result, superiors can concentrate on more creative and challenging works.

3. Training and development:

Delegation of authority is a step towards training of workers and development of managers for higher managerial positions. The main advantage of delegation is that it solves the problem of succession of managers in the organization by training and developing existing organizational staff.

4. Motivation and morale of subordinates:

Delegation of authority enhances the status of the subordinates and provides them motivation to improve their performance. This improves the morale of subordinate and induces him to put his best towards the organizational objectives.

5. Specialization through subordinates:

Management can reap advantage of specialization by delegating work to subordinates, who are specialists in it. Managerial efficiency and organizational success are at their maximum when management seeks services of specialists.

6. Quick and better decision-making:

Delegation of authority facilitates quick and better decision making. Decision-making is quick because subordinates can make decisions within the limits of authority delegated to them and it is better because subordinates are much closer to realities. **Measures to make delegation effective:**

While most managers are reluctant to delegate duties and authority, and most subordinates are even more so to accept delegation, the fact remains that only delegation can enable efficient accomplishment of the organizational objectives. The following are the guidelines to make delegation effective:

1. Observance of principles of delegation:

There are some fundamental principles which must be observed by superiors for making delegation effective. Some of these principles are principle of functional definition, unity of command, scalar chain, absolute responsibility, etc.

2. Establishment of definite goals:

The purpose of delegation is the accomplishment of group objectives. But delegation will be meaningless if the objectives are not properly defined. Even subordinates may hesitate to accept delegation if they are not clear about their roles.

3. Defining a definite responsibility:

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Authority and responsibility of each subordinate should be specified in clear terms and must be communicated clearly. This will avoid duplication of delegation and the resulting confusion. It will also promote healthy human relations in the organization.

4. Establishing conducive environment:

Successful delegation requires conducive organizational environment free from fear and frustration. This will make delegators as well as delegates feel confident that delegation will be rewarded and appreciated and not penalized.

5. Proper motivation:

To make delegation effective, subordinates should be given positive incentives and rewards for accepting responsibilities. Incentives may be monetary or non-monetary.

6. Proper training:

It is necessary to impart proper training to subordinates in handling delegated jobs. Training does not mean only technical training. Equal importance should also be given to developing their morale, initiative, self-confidence and qualities of leadership to handle new task.

7. Effective control system:

Even after delegating a work, the manager continues to be ultimately responsible to his own superior for the achievement of the work. It is, therefore, necessary to establish a suitable control system to monitor the progress of the delegated work.

Unit – III

Staffing

Every organization requires a number of persons for taking up different positions. The positions are created through the process of organization and their occupants help in achieving the business objectives. The persons occupying different positions should have the ability to meet their requirements. Staffing basically involves matching jobs and individuals. It may be defined as filling and keeping filled positions in the organization structure. This may require functions like manpower planning, recruitment, selection, training, development, performance appraisal, transfers, promotions etc. It is clear that staffing must be closely linked to organizing, that is, the setting up of intentional structures of roles and positions. Staffing involves making people suitable to jobs while organizing involves creation of job. Staffing is considered to be the management of managers while personnel management involves plans, policies and procedures for operative positions. It is taken to be a separate function of management. Staffing involves specialized knowledge and approach and allows more emphasis on human resource and its proper selection, training and development. Staffing refers to the managerial function of

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attracting, acquiring, activating, developing and maintaining human resources for achieving organizational goals efficiently.

Def:

According to **Mc Farland**, "Staffing is the function by which managers build an organizational through the recruitment, selection and development of individuals as capable employees."

According to **Koontz and O'Donnell**, "The managerial function of staffing is defined as filling positions in the organization structure through identifying workforce requirements, inventorying the people available, recruitment, selection, placement, promotion, appraisal, compensation and training of needed people."

Nature :

1. Staffing is a basic function management
2. It is concerned with human resource management in the organization
3. Staffing function is performed continuously.
4. Every manager has to guide and train employees and also evaluate their performance on a continuous basis.
5. The main purpose of this function is to make optimum utilization of human resources and also to provide proper satisfaction to employees
6. Staffing is performed by all managers.
7. In big concerns there is a separate personnel department to deal with this function, but even here this department advises line managers regarding different aspects of human resources.
8. Since staffing deals with human beings who have their own needs, emotions and aspirations, this function is different from other managerial function.

Process:

The purpose of staffing is to employ most suitable and competent persons as per the requirements of the organization. With this aim in view the following staff process is followed:

1. Estimating manpower needs:

The first thing in staffing process is to estimate manpower needs. These needs are influenced by the type and size of the organization. Total manpower requirements are properly

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assessed. The requirements for human beings are compared with that of the persons already available in the organization.

2. Recruitment and selection of staff:

Recruitment is the process of searching prospective employees and persuading them to apply in the organization. Selection is the procedure of spotting most suitable candidates out of those who are interested to get employment in the enterprise. The purpose of recruitment and selection is to employing right man for the right job.

3. Training and development:

Training is meant to improve the skill and knowledge of employees. It is beneficial to both employer and employees. A well trained worker improves his efficiency. A formal training will avoid the risk of trial and error and will also minimize the cost and wastage involved in training.

Development refers to the training of managerial staff. Through development, managerial staff does not increase its capabilities to perform the present work but also enhances their ability to meet challenges in future.

4. Promotion and transfer:

Employees are promoted to higher ranks on the basis of their merit and seniority. Staffing also involves transfer of persons from one job to another, from one place to another place to another on the basis of their ability, competence and ability.

5. Remuneration:

Remuneration is paid for the services of labour. Employee motivation mainly depends upon the wage and salary structure prevalent in an organization. Employees should be paid fair remuneration so that they feel encouraged to contribute maximum in their efforts.

6. Performance appraisal:

After selecting and training an employer for a particular job, management would like to see how he performs high work. Performance appraisal is a systematic evaluation of employees contribution to the organization in performance of their jobs. Not only qualities but deficiencies are also evaluated to improve the performance of employees. **Need and importance:**

1. Employing suitable persons:

The employment of suitable persons is essential for every enterprise. The procedure of recruitment, tests for selection and methods of training are decided by the staffing team. A properly laid down scheme will ensure the employment of right persons.

2. Keep pace with new developments:

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New developments are taking place everyday. A business will have to keep pace with new changes. This will possible only if competent persons are employees who can adjust as per the new situation.

3. Manpower development:

Manpower planning will have to be done in advance. The future requirements of personnel will be estimated quite in advance. The new staff will be recruited, people will be prepared for taking up higher responsibility jobs, all this will be possible only with a well planned staffing function.

4. Optimum utilization of manpower:

The cost of recruiting, selecting and training the staff is very high. The remuneration is also paid at high rates. The manpower should be utilized to the maximum capacity. It will help in controlling cost also.

5. Ensuring job satisfaction:

The staffing function will ensure job satisfaction to employees. The executives should be involved in decision-making process. They should also be suitably rewarded for their contribution to the organization. A good staffing function will devise methods which will ensure job satisfaction to everyone.

Recruitment

The aim of personnel planning is to determine the needs for persons both in terms of number and type. For deciding about the number both present and future requirements should be taken into account. The educational and technical requirements to manage various jobs should be properly analysed so that right type of persons are employed. Recruitment is sometimes confused with employment. The two are not one and the same. Recruitment is just one step in the process of employment. Similarly recruitment and selection are also different in nature. Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. When more persons apply for jobs then there will be a scope for recruiting better persons. The job-seekers too, on the other hand, are in search of organizations offering them employment. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.

Def:

According to **Yorder**, "Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that

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manpower in adequate numbers to facilitate effective selection of an effective working force.”

Process:

Job analysis

In situations where multiple new jobs are created and recruited for the first time, a job analysis might be undertaken to document the knowledge, skill, ability, and other personal characteristics required for the job. From these the relevant information is captured in such documents as job descriptions and job specifications. Often a company will already have job descriptions that represent a historical collection of tasks performed. Where already drawn up, these documents need to be reviewed or updated to reflect present day requirements. Prior to initiating the recruitment stages a person specification should be finalized to provide the recruiters commissioned with the requirements and objectives of the project.

Sourcing

Sourcing is the use of one or more strategies to attract or identify candidates to fill job vacancies. It may involve internal and/or external advertising, using appropriate media, such as local or national newspapers, specialist recruitment media, professional publications, window advertisements, job centers, or in a variety of ways via the internet. Alternatively, employers may use recruitment consultancies or agencies to find otherwise scarce candidates who may be content in their current positions and are not actively looking to move companies. This initial research for so-called passive candidates, also called name generation, results in a contact information of potential candidates who can then be contacted discreetly to be screened and approached. **Screening and selection**

Suitability for a job is typically assessed by looking for that are required for a job. These can be determined via: screening résumés (also known as curriculum vitae or CV); job application; Biographical Information Blanks which is an assessment that asks for a more extensive background than an application; or a job interview. Various psychological tests can be used to assess a variety of KSAOs, including literacy. Assessments are available to measure physical ability. Many recruiters and agencies use applicant tracking systems to perform the filtering process, along with software tools for psychometric testing and performance based assessment. In many countries, employers are legally mandated to ensure their screening and selection processes meet equal opportunity and ethical standards.

In addition to the above selection assessment criteria, employers are likely to recognize the value of candidates who encompass "soft skills" such as interpersonal or team leadership, and have the ability to reinforce the company brand through behavior and attitude portrayal to customers and suppliers. Multinational organizations and those that recruit from a range of nationalities are also concerned candidates will fit into the prevailing company culture. Though many hold attitudes that are more

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enlightened and informed than past years, the word “disability” carries few positive connotations for most employers. Research has shown that employer biases tend to improve through firsthand experience and exposure with proper supports for employee and the employer making the hiring decisions, less influenced by the disabled applicant perceived contribution. As for most companies, money and job stability are two of the contributing factors to productivity, which in return equates to the growth and success of a business. Hiring disabled workers produce more advantages than disadvantages. Disabled workers are more likely to stay with the company and make their a work a career than most due to the fact that they appreciate having a job and are more stable because they can work at high levels. There is no difference in the daily production of a disadvantaged worker. Given their situation, they are more likely to adapt to their environment surroundings and acquaint themselves with equipment, enabling them to solve problems and overcome adversity as other employees. Companies are granted Disable Access Credit. Although there are eligibility requirements for these funds, it could assist with costs of accommodations and other expenses. Additional management to supervise and assist those who encounter problems are needed which causes employers to hire more qualified personnel (in case supervisor unavailable) and equate to higher wages, double shifts and incentives. Ensuring adequate space and property changes such as ramps, restricting parking spaces, and posting handicap signs can be fairly inexpensive, transformations still have to be in place and tedious. Sometimes companies loose skilled workers due to depth of responsibility entailed in overseeing employees that are less advantaged.

Lateral hiring

"Lateral hiring" refers to the hiring of someone into a position that is at the same organizational level or salary. It could mean hiring someone from another, similar organization, possibly luring them with a better salary and the promise of better career opportunities. An example is the recruiting of a partner of a law firm by another law firm. A lateral hire may also refer to an employee moving from one position to another within the same organization.

Factors affecting recruitment:

Every organization, big or small, has to engage in recruitment of persons. A number of factors influence this process. Some factors are as follows:

1. Size of the organization:

The number of persons to be recruited will be depend upon the size of an organization. A big enterprise needs more persons at regular intervals while a small undertaking employs sometimes only. A big business house will always be in touch with sources of supply and shall try to attract more and more persons for making a proper selection.

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2. Employment conditions:

The employment conditions in a country greatly influence recruitment process. In underdeveloped countries employment opportunities are limited and there is no dearth of prospective candidates. At the same time suitable candidates may not be available because of lack of educational and technical facilities. In India, the availability of persons is limited.

3. Salary structure and working conditions:

The wages offered and working conditions prevailing in an enterprise greatly influence the supply of personnel. If higher wages are paid as compared to similar concerns, then the organization will not face any difficulty in making recruitments. The working conditions in an organization will determine job satisfaction of employees. An enterprise offering good working conditions like proper sanitation, lighting, ventilation etc. will give more job satisfaction to employees and they may not like to leave their present jobs.

4. Rate of growth:

The growth rate of an enterprise also influences recruitment process. An expanding concern will require regular employment of new employees. There will also be promotions of existing employees to higher jobs necessitating the filling up of those vacancies. **Sources of recruitment:**

The finding out where suitable candidates are available and informing them about the openings in the organization is the most important aspect of recruitment process. The various resources are:

Internal sources:

Internal source is one of the important sources of recruitment. The employees already working in the organization may be more suitable for higher jobs than those recruited from outside. The present employees help in the recruitment of new persons also.

1. Transfers:

Transfer involves shifting of persons from present jobs to other similar places. These do not involve any change in rank, responsibility and prestige. The number of persons do not increase with transfers but vacant posts may be attended to.

2. Promotions:

Promotions refer to shifting of persons to positions carrying better prestige, higher responsibilities and more salaries. The higher positions falling vacant may be filled up from within the organization. A promotion does not increase the number of persons in the organizations.

3. Present employees:

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The present employees of an enterprise may be informed about likely vacant positions. The employees recommend their relations or persons intimately known to them. Management is relieved of botheration for looking out prospective candidates. The existing employees take full responsibility for those recommended by them and try to ensure their proper behaviour and performance.

External sources:

Every enterprise has to use external sources for recruitment to higher positions when existing employees are not suitable. More persons are needed when expansions are undertaken.

1. Advertisement:

Advertisement is the best method of recruiting persons for higher and experienced jobs. The advertisements are given in local or national press, trade or professional journals. The requirements of jobs are given in the advertisements. The prospective candidates evaluate themselves against the requirements of jobs before sending their applications.

2. Employment exchanges:

Employment exchanges run by the government are also a good source of recruitment. Unemployed persons get themselves registered with these exchanges. The vacancies may be notified with the exchanges, whenever there is a need. The exchange supplies a list of candidates fulfilling required qualifications. Private agencies also help in recruiting qualified and experienced persons.

3. Educational institutions:

The jobs in trade and industry are becoming technical and complex. These jobs require certain amount of educational and technical qualifications. The employers maintain a close liaison with universities and technical institutions. The students are spotted during the course of their studies.

4. Unsolicited applicants:

Persons in search of employment may contact employers through telephone, by post or in person. Generally, employers with good reputation get unsolicited applications. If an opening is there or is likely to be there then these persons are considered for such jobs.

5. Casual callers:

Management may appoint persons who casually call on them for meeting short-term demands. This will avoid following a regular procedure of selection. These persons are appointed for short periods only. They need not be paid retrenchment or layoff allowance.

6. Labour contractors:

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It is quite common to engage contractors for the supply of labour. When workers are required for short periods and are hired without going through the full procedure of selection etc., contractors or jobbers are the best source of getting them.

7. Gate recruitment:

Gate recruitment may be used for employing unskilled and casual workers. Whenever some workers are on leave then some persons may be employed for some days. Whenever there are vacancies, these may be written on the notice board at the factory gate. Those who are interested to get work may approach the concerned persons.

8. Walk-in interviews:

This is the commonly used method of recruitment for all types of jobs. An advertisement is inserted in newspapers giving the nature of vacancies and the type of persons required. The candidates are asked to call at a particular place along with their bio-data and certificates. The interviewers conduct interview whenever some candidate appears for this purpose. This method is free from the hassles of calling applications and then sending interview letters etc.

9. Competitors:

The competing firms are also taken as a source for recruiting middle or higher level managers. If some suitable person is available in another concern then he may be approached by offering higher salary and other perks. This method is called poaching or raiding approach.

Selection

Selection is a process of choosing duly qualified persons according to the requirement of the job. In recruitment an effort is to attract more and more applicants while in selection the effort is to eliminate unsuitable persons. The number of applicants will be much more than the positions vacant. It becomes important to scrutinise applications properly and call for interview only those persons who are suitable for jobs. The selection of a right person will improve the quantity and quality of performance.

Def:

According to **Dale Yorder**, "Selection is the process in which candidates for employment are divided in to two classes, those who are to be offered employment and those who are not."

According to **Thomas Stone**, "Selection is the process of differentiating between applicants in order to identify (and hire) those with a greater likelihood of success in a job."

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Selection procedure:

The selection procedure consists of a series of methods or steps or stages by which additional information is secured about an applicant. At each stage may come to light which may lead to the rejection of an applicant. Selection procedure may be compared to a series of barriers which an applicant is required to cross before he is finally selected. The following steps are followed:

1. Receipt and scrutiny of applications:

The receipt and scrutinizing of applications is the first step in the process of selection. A receptionist in the personnel department gives information about new opening to the visitors and receives their applications. The scrutiny of applications is essential to take out those applications which do not fulfil the requirements of posts. Some people send applications even when they do not possess the required experience and qualifications.

2. Preliminary interview:

Preliminary interview is the first occasion when applicants come into contact with company officials. This interview is to see whether applicants are suitable for the company both mentally and physically. The candidates are asked questions regarding their educational qualifications, experience, age, hobbies etc. the applicants selected at preliminary interview are given blank application forms for supplying detailed information.

3. Blank application:

A blank application form is a widely accepted device for getting information from a prospective applicant. This is a way of getting written information about candidate's particulars in his own handwriting. It enables the personnel department to draw tentative inferences about the applicant's suitability for employment.

4. Tests:

The use of tests for making selection is the most controversial step. Some persons are of the view that tests do not serve any purpose and do not improve selection process. The selection of tests to be applied is an important factor. The selection of appropriate tests may give good results and help in appointing suitable persons. The worth of test will be judged from its ability to reject unsuitable persons and help in selecting appropriate persons.

5. Interviews:

Application blank and tests give enough information about the applicant but it is still not sufficient to make a final selection. Interview may be taken to know more about the candidate and give him information about the job may be required to undertake. The purpose of exchange of ideas is 'to get information' and 'give information'. The candidate also gets a chance to know about the company and the nature of his job.

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6. Checking references:

The references may provide significant information about the candidate if they happened to be his former employers or with whom he might have been working earlier. The applicants are normally asked to name two or three persons who know about his experience, skill, ability etc. but should not be related to him. The prospective employer normally makes an investigation on the references supplied by the candidate and undertakes search into his past employment, education, personal reputation etc.. if the referee happens to be a former employer he will, generally, either praise the candidate or criticize his work and ability.

7. Preliminary and final selection:

Upto this stage selection is handled by personnel department or staff executives. Since the persons employed are to work under line officers, the candidates are referred to them. If line officer is a production manager or foreman he may assess on his job performance of the candidates. If candidate's performance is not upto the mark then he may be kept as apprentice for some time.

8. Physical education:

The jobs may require certain physical standards as to height, eyesight, hearing etc. after the final selection, candidates are required to appear for medical examination. Even for joining a government job, a medical fitness certificate from the civil surgeon or state medical board is essential.

9. placement and orientation:

Even after going through the rigorous procedure as explained in various steps, the selection procedure is not complete. The placement and orientation of the employee is also an important step in this direction. The selected candidate should be given copies of rules, regulations, procedures, etc. followed in the company. He should be given a detailed description of the job he is going to be assigned. Besides job-orientation the selected candidate should be given proper information about the working of the company also. This work may be assigned to the superior whom he has been attached. Proper orientation of an employee will help him to adjust easily in the new environment of the organization.

Training and development

Every organization needs the services of trained persons for performing the activities in a systematic way. The fast changing technological development makes the knowledge of employees obsolete. They require constant training to cope with the needs of jobs. After selecting the employees, the next task of management is to give them proper training. Large organizations may employ a large number of persons every year. It may not be possible to recruit already trained persons. Every concern has to arrange some kind of training for preparing workers for jobs and also

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keeping them acquainted with latest technological advancements. Training is an organised procedure for increasing the knowledge and skill of people for a specific purpose. The trainees acquire new skill, technical knowledge, problem solving ability etc. It also gives an awareness of the rules and procedures to guide their behaviour.

Definitions for training:

“Training is the act of increasing the knowledge and skill of an employee for doing a particular job.”

- **Edward B. Flippo** “Training is the systematic development of the knowledge , skills and attitudes required by an individual to perform adequately a given task or job.”
- **Michael Armstrong** “Training is a learning process whereby people acquire skills, concepts, attitudes or knowledge to aid in the achievement of goals.”
- **Mathis and Jackson**
- **Training:** This activity is both focused upon, and evaluated against, the job that an individual currently holds.
- **Education:** This activity focuses upon the jobs that an individual may potentially hold in the future, and is evaluated against those jobs.
- **Development:** This activity focuses upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate.

Need and importance of training:

1. Increased productivity:

Training improves the performance of employees. Increased skill and efficiency results in better quantity and quality of production. A trained worker will handle machines carefully and will use the materials in an economical way.

2. Higher employee morale:

A trained worker derives happiness and job satisfaction from his work. He feels happy when his performance is upto the mark. This also gives him job security and ego satisfaction. The employees will properly look after a worker who performs well. All these factors will improve employee’s morale.

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3. Less supervision:

The degree of supervision required for a trained worker will be less. He will not be dependent upon the supervisor for minute details and may carry on his work himself. A trained worker will be most disciplined and independent. He will not like any type of interference in his work and may not give any opportunity to the supervisor for complaint. Such workers can take more interest in their work and may contribute significantly in reducing managerial problems of supervision.

4. Less wastages:

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Untrained workers may waste more materials, damage machines and equipment and may cause accidents. Accidents, generally occur due to deficiency in the operator and not in the machine. A trained worker will know the art of operating the machine properly. The control of various wastes will substantially reduce the manufacturing cost. The amount spent on training the workers will prove an asset to the organization.

5. Easy adaptability:

The technological advancements will require new approach to work. The methods of work are constantly undergoing a change. This will necessitate the adaptability of workers to changing work environment. The former can easily learn new work techniques with a little bit of guidance. The present workers will learn new techniques with some sort of orientation.

6. Reduced turnover and absenteeism:

Labour turnover and absenteeism are mainly due to job dissatisfaction. When a worker is properly trained he will take keen interest in his job and can derive satisfaction from it. A satisfied person may not like to leave his job and try at a new place.

7. Employee development:

Training also helps in the development of employees. It first helps in locating talent in them and then developing it to the maximum. The adaptability of a worker will help him in working on new and improved jobs. Training gives him an opportunity to show his work also.

Objectives of training:

1. Develop capabilities of employees:

The main objective of training is to develop capabilities and capacities of employees. Training updates the knowledge and skills of employees so that they are able to handle the things in a better way. The employees are also prepared to take up future challenges of technological improvements.

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2. Improving levels of performance:

Training aims to improve the levels of performance of existing employees. The new employees are also prepared to take up their work effectively by introducing them to the technicalities of the jobs.

3. Awareness about work:

Training aims to create awareness of tasks and assignments among employees. The emphasis is that employees recognize their responsibilities and contribute their best to the organization.

4. Preparing employees from within:

Sometimes it may not be possible to recruit persons from outside due to certain constraints. The training is so arranged that employees are given advanced training as per the requirements of new assignments.

5. Bring efficiency:

Another objective of training is to bring efficiency and effectiveness in the organization. This is essential to keep the organization competitive in the market. The efficiency and better productivity will help in keeping labour costs under control.

6. Introducing latest techniques:

In the present competitive world, the introduction of latest technological changes is essential for the survival and growth of the organization. Training programmes will always keep the employees prepared to work as per the changing production techniques. In the absence of training, the employees' knowledge will become obsolete and outdated and it may become difficult to continue with such employees.

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Types of training:

1. Orientation or induction training:

This type of training is given to help a new entrant for adapting himself to the new environment. The employee is given a full description of the job he is expected to do. He is also informed about the policies, procedures and rules which are related to his work. The newcomer is also taken around the factory and informed about the location of various departments and officers. Orientation training helps him to acquaint himself with his immediate boss and the persons who will work under his command.

2. On-the-job training:

Every employee gets some type of on the job training. In this method the trainee is given training on the job and at his work place. Trainee works under the watchful eyes of a master mechanic or crafts and gets immediate feedback. On the job training may be in the form of: coaching, job rotation and special assignments.

Coaching method the employee is trained by his immediate supervisor. Such training is generally provided to managerial personnel. In job rotation the trainee is moved from job to job at certain intervals, the jobs vary in content. Special assignments are the other methods used to provide lower-level executives with first hand experience in working on actual problems.

3. Off-the-job training:

In off-the-job training method, training is not a part of every day job activity. A trainee has to leave his place of work and devote his entire time for training purposes. He does not contribute anything for the organization during training. This type of training may be arranged in the organization or may be acquired from specialized institutes giving such a training. In this they can use various methods to train the employees are: lectures method, conference method, seminar, case studies and programmed instruction.

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In the method of lectures, the audio-visual aids can be used to make the lecture more understandable to the trainees. This method is useful when a large number of trainees are to be trained at a time. In the conference method, a subject matter is deliberated by the participants. The trainee explains the facts, principles or concepts and a discussion takes place. In the seminar or team discussion method, the trainees may be asked to write papers on specific topics. The trainees present in the seminar listen to views expressed in papers and the discussion held later and clear their doubts, if any. The purpose of the case study method was to help students to learn by themselves by independent thinking. The trainer makes out a case and provides necessary explanations and initiates discussion.

4. Refresher training:

Refresher training is helpful in acquainting personnel with latest improvements in their work. The changing technological methods require fresh training to existing employees even if they are well trained or qualified such training also helps in refreshing the memory of employees.

5. Vestibule training:

The term vestibule training is used to impart training in a class room in the plant. The word meaning of 'vestibule' denotes a room between the outer door and the interior of a building. The training is imparted with the help of the equipment and machines which are identical with those in use in the place of work. This method is very useful for training semi-skilled personnel, particularly when many employees have to be trained for the same kind of work of work at the same time. It is useful when theoretical concepts are to be taught along with the problem solving abilities

6. Apprenticeship training:

In apprenticeship training a worker is attached to an experienced or senior worker. The worker learns while observing his senior and helping him in the task. The fields in which apprenticeship training is offered are numerous and range from the job of a mechanist, a printer, a

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tool-maker, an electrician, weaver, fitter, a pattern designer etc. A major training time is spent on the job productive work.

7. Electronic training:

The training is providing to the employees through audio-visuals, computer based training, electronic performance support system, distance and internet based training, video-conferencing and internet. By using any one of the element the organization persons will provide the training the new trainees. Now a days the electronic training is the major concept to train the people about on their work.

Steps in training programme:

1. Identifying training needs:

The first step in training programme will be to identify training needs. A thorough analysis of organisational needs should be taken up. The availability of manpower resources and the deficiencies in performance should also be discussed. The analysis of organizational goals will also help in determining training needs. It should be remembered that training cannot provide solution to all problems. If the workers are deficit in knowledge, equipment is defective, raw materials are of poor quality, then training will not be the answer.

2. Getting ready for the job:

After identifying training needs, the next step will be to decide about the trainees, trainers and techniques of training. The persons to be imparted training should be spotted. The supervisors and other level managers may also be required to attend some courses for acquainting them with latest methods of work trends in marketing etc. The trainers are the persons on whose competence training programme will depend.

3. Preparation of the trainee:

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The trainee or learner should be put at ease by explaining to him the need for present training and its utility for the work he is going to take up. The trainee should be encouraged to ask questions about the job and the ways of doing it. The trainee should be taken as close to the conditions of work as far as possible so that he familiarizes with it.

4. Explaining the job sequence:

The trainer should explain the sequence, step by step, of undertaking the job. Every step should be properly discussed with the trainees. The trainer should demonstrate the methods of doing the job.

5. Actual try-out:

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The trainer is asked to do the job himself and repeat it a number of times. The trainer watches actual performance of the persons and points out mistakes. After rectifying wrong steps the trainer is asked to repeat the full sequence of doing the job. This procedure is repeated upto the time the trainees do not perform the work correctly.

6. Follow-up:

This step is undertaken to test the effectiveness of a training programme. The trainer may be put on job to see his performance. He may be frequently checked to find out if he has learnt the job properly or not. This step also helps in making improvements in future training programmes.

Executive Development:

Executive development is a recent concept. It was after world war II that a need for executive development was felt. It is now clear that managerial qualities can be developed by giving proper opportunities. In any organization, each supervisor, foreman, departmental head, planner or coordinator is in fact a manager. The words training and development are often confused with each other. Training is the art of learning basic skills and knowledge necessary for a particular job or group of jobs. An organization works for the development of its executives or potential executives in order to enable them to be more effective in performing various functions of management. Management or executive development includes all those activities and programmes, when recognized and controlled, have substantial influence on changing the capacity of the individual to perform his present assignment better and in so doing are likely to increase his potential for further management assignments.

Definitions of development:

“Management development includes the process by which the managers and executives acquire not only skills and competency in their present jobs but also capabilities for future managerial tasks of increasing difficulty and scope.”

- **Edwin B. Flippo**

“Executive development is the programme by which executive capabilities to achieve desired objectives are increased.”

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- Michael J. Jucius

Features:

- Executive development is a systematic process for learning the abilities of managing
- It is a long drawn process. Executive development cannot take place over night. Executives learn not only by experience but also through planned programmes.
- It is self development of a person. It may not be possible to make every employee an executive.
- The qualities and the capabilities of the persons are developed for making them good managers.
- It is an effort to improve the performance of individuals by realizing their full potential □
The development of capabilities is to achieve desired objectives.
- It is an effort to improve current performance as well as preparing persons for future assignments.

Objectives:

1. Impart basic knowledge:

Executive development aims to impart basic knowledge to new entrants. Sometimes fresh executives join the organization after completing their studies, there is a need to explain the concepts and techniques from the practical point of view.

2. Improving performance:

Executive development programme aims to improve the performance of existing executives. Their knowledge is updated and they are taught newer and better techniques of management.

3. Preparing new cadre:

There is always a need to have second line of executives who can be assigned higher managerial positions in future. These persons are prepared for new assignments as and when these come up.

4. Avoid obsolescence:

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It is essential to keep the executives updated. In the absence of such programmes the executives continue in their day to day work and do not acquaint themselves with the latest changes happening in the market.

5. Help replacements:

Such programmes also aim to help the process of replacement of elderly executives by competent and academically qualified professionals.

6. Imparting change:

There is a need to implement latest managerial techniques in place of traditional system in order to increase productivity.

7. Provide opportunities for development:

These programmes aim to give opportunities for self development to various executives. This helps the executives in fulfilling their career aspirations.

Need:

1. Shortage of trained managers:

There is a shortage of trained managers in the market. The executives available in the market may not have that type of training which is required for a particular organization.

2. Technological changes:

Rapid technological changes are taking place in the market. The managers are required to update their knowledge at regular intervals. An update executive will be able to cope with the changing situation.

3. Developing full potential of executives:

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Executive development programmes are essential for developing the full potential of managers. It is felt that people generally do not perform to their full potential unless otherwise they are motivated to do so.

4. Professionalization of management:

There is a shift from owner managed to professionally managed enterprises. Even in family owned business, professionally trained managers are given higher responsibilities.

5. Changing labour-management relations:

There is a shift labour management relations at present. The workers at present are educated and conscious of their rights.

6. Socio-economic changes:

Socio-economic changes are taking place regularly. These changes affect every type of business. Every business has to position in such a way that it adjusts itself to such changes and avail the new opportunities created by such an environment.

Methods:

1. On the job methods:

a. Coaching method

In coaching method a superior plays the role of the guide and an instructor. He teaches job knowledge and skills to a subordinate. He tells him what is expected of him and gives guidelines for doing the assignment work. The coaching method will be effective only if the coach is able to communicate properly with the subordinate and should be ready to help him whenever required.

b. Job rotation method:

Job rotation is an important method for broadening the outlook of managers and potential managers. They are transferred from one job to another and from one department to another in a systematic way. This method provides a great deal of job experience for potential executives who need the broadening of their outlook and an increased understanding of managerial aspects.

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c. Participation in deliberations of boards and committees:

In this method the junior officers are attached to boards and committees. They are asked to participate in the deliberations of boards and committees. In these meetings the actual problems of real life are discussed. The members express their views on the topics in question and the trainees have the advantage of knowing in the procedure and concepts to be considered for taking important decisions. When committees are 'ad hoc' or of temporary nature, they often a task force activities designed to delue into a particular problem, ascertain alternating solutions and make a recommendation for implementing a solution.

2. Off the job methods:

a. Role playing:

Role-playing means having members of a group act out a situation involving human relations arising in a supervisory context. In this method an artificial situation is created and the trainers are assigned different roles. Often the trainers switch roles thereby experiencing the giving and receiving ends. Role-playing technique is generally used for human relations and leadership training.

b. Case study:

Under this method a real or hypothetical situation or problem demanding solution is presented in writing to the trainers. They are required to identify and analyse the problem, suggest and evaluate alternative courses of action and choose the most appropriate solution. The actual decision in the case is known only to the trainer and is disclosed only at the end of the session when it is compared with the various solutions offered by the group.

c. Conference training:

A conference is a group meeting conducted according to an organised plan, the participants in conference express their views on the topics fixed earlier. The trainers will be able to compare their views on different problems with those of other aspects the learning activity can be smoothly progressed by building upon the idea contributed by the other members of the conference.

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d. Management games:

A management game is a classroom exercise in which teams of trainees compete against each other to achieve common objectives. The games are designed to give a real life conditions. These games are designed to be representative of real life conditions. Management games intend to teach managerial decisions in an integrated manner. Such games illustrate the exercise of various group processes including communication, the resolution of conflicts, the emerge of leadership and development of friendly ties.

e. In-basket method:

In this method the trainer is provided with a basket or tray of papers and files related of his functional area. He is expected to study the material and analyses the problem from his angle and suggests solutions to the problems. The recommendations of various trainers are studied and proper conclusions are arrived at and put down in the form of a report. This method is used for developing decision making skills and among the trainers.

Directing

Management is the art of getting things done through others. One of the main functions of a manager is to direct subordinates effectively. Directing is concerned with carrying out the desired plans. It initiates organised and planned action and ensures effective performance by subordinates towards the accomplishment of group activities. Direction is called management in action.

Def:

According to **Koontz and O'Donnell**, "Directing is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise's objectives."

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

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

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Nature or characteristics of direction:

1. It is a dynamic function:

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

2. It initiates action:

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

3. It provides necessary link between various managerial functions:

Directing links the various managerial functions of planning, organizing, staffing and controlling. Without directing the function of controlling will never arise and the other preparatory functions of management will become meaningless.

4. It is a universal function:

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

5. It is concerned with human relationships:

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

Principles of effective direction:

1. Harmony objectives:

It is an essential function of management to make the people realize the objectives of the group and direct their efforts towards the achievement of their objectives. The principle implies harmony of personal interest and common interest.

2. Unity of command:

This principle states that one person should receive orders from only one superior, in other words, one person should be accountable to only one boss. In the absence of unity of command, the authority is undermined, discipline weakened, loyalty divided and confusion and delays are caused.

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3. Unity of direction:

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

4. Direct supervision:

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

5. Participative or democratic management:

The function of directing becomes more effective if participative or democratic style of management is followed. According to this principle, the superior must act according to the mutual consent and the decisions reached after consulting the subordinates.

6. Effective communication:

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

7. Follow-up:

In order to make direction effective, a manager has to continuously direct, guide, motivate and lead his subordinates. A manager has not only to issue orders and instructions but also to follow-up the performance so as to ensure that work is being performed as desired.

Importance of direction:

1. Initiates action:

Direction is required to initiate action. The function of planning, organizing, staffing etc., will be taken up only when direction is given to initiate them. Direction starts the actual work for achieving enterprise objectives.

2. Improves efficiency:

A manager tries to get maximum work from his subordinates. This will be possible only through motivation and leadership and these techniques are a part of direction.

3. Ensures co-ordination:

Direction helps in ensuring mutual understanding and team work. The individual efforts are directed in such a way that personal performances help in achieving enterprise objectives.

4. Helpful in implementing changes:

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A business operates in a changing environment. New situations develop every now and then. A proper system of motivation will help employees in taking up new challenges.

5. Provides stability:

Effective leadership, supervision and motivation will help in the smooth growth of an enterprise. A growing concern will provide stability to its activities.

6. Motivation:

Motivation is an important element of direction. Motivation is a factor which encourages persons to give their best performance and help in achieving enterprise goals. A strong positive motivation will enable the increased output of employees. A key element in direction is motivation.

7. Supervision:

Direction involves giving instructions to employees for undertaking some work. In order to see whether employees are doing the things as per targets or not there is a need for supervision. In supervision all the activities of the employees are controlled and efforts are made to ensure proper achievement of targets.

8. Co-ordination:

Direction will be effective only when there is a proper co-ordination. In direction, different persons are asked to perform specific tasks. In order to see that efforts of every employee are in the direction of achieving organizational goals there is a need of co-ordinate various activities.

Controlling

The objective of every organization is to use scarce resources in a best possible way. Plans are framed to achieve better results. Control is the process of checking whether the plans are being adhered to or not, keeping a record of progress and then taking corrective measures if there is any deviation. Control is one of the managerial functions. These functions start with planning and end at controlling. The other functions like organizing, staffing, directing act as the connecting link between planning and controlling.

Def:

“The measurement and correction of the performance of activities of subordinates in order to make sure that enterprise objectives and plans devised to attain them are being accomplished.”

- **Koontz and O'Donnel**

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“In an undertaking, control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established.”

- **Henry Fayol**

Characteristics

- Control is a continuous process
- Control is a management process
- Control is embedded in each level of organizational hierarchy
- Control is forward looking
- Control is closely linked with planning
- Control is a tool for achieving organizational activities
- Control is an end process
- Control compares actual performance with planned performance*
- Control point out the error in the execution process
- Control helps in minimizing cost
- Control helps in achieving standard
- Control saves the time **Process of Controlling**

Controlling as a management function involves following steps:

1. **Establishment of standards**- Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criteria for judging the performance. Standards generally are classified into two-
 - a. Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.
 - b. Non-measurable or intangible- There are standards which cannot be measured monetarily. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

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Controlling becomes easy through establishment of these standards because controlling is exercised on the basis of these standards.

- 2. Measurement of performance-** The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured.

Performance of a manager cannot be measured in quantities. It can be measured only by-

- a. Attitude of the workers,
- b. Their morale to work,
- c. The development in the attitudes regarding the physical environment, and
- d. Their communication with the superiors.

It is also sometimes done through various reports like weekly, monthly, quarterly, yearly reports.

- 3. Comparison of actual and standard performance-** Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. The manager has to find out two things here- extent of deviation and cause of deviation. Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance. The managers have to exercise control by exception. He has to find out those deviations which are critical and important for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, " If a manager controls everything, he ends up controlling nothing." For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it is called as major deviation.

Once the deviation is identified, a manager has to think about various cause which has led to deviation. The causes can be-

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- a. Erroneous planning,
 - b. Co-ordination loosens,
 - c. Implementation of plans is defective, and
 - d. Supervision and communication is ineffective, etc.
4. **Taking remedial actions-** Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-
- a. Taking corrective measures for deviations which have occurred; and
 - b. After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.

Importance:

(1) Accomplishing Organisational Goals:

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

(2) Judging Accuracy of Standards:

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

(3) Making Efficient Use of Resources:

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

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(4) Improving Employee Motivation:

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

(5) Ensuring Order and Discipline:

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

(6) Facilitating Coordination in Action:

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

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

Limitations of Controlling:

1. Difficulty in setting quantitative standards:

Control system loses its effectiveness when standard of performance cannot be defined in quantitative terms and it is very difficult to set quantitative standard for human behaviour, efficiency level, job satisfaction, employee's morale, etc. In such cases judgment depends upon the discretion of manager.

2. No control on external factors:

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An enterprise cannot control the external factors such as government policy, technological changes, change in fashion, change in competitor's policy, etc.

3. Resistance from employees:

Employees often resist control and as a result effectiveness of control reduces. Employees feel control reduces or curtails their freedom. Employees may resist and go against the use of cameras, to observe them minutely.

4. Costly affair:

Control is an expensive process it involves lot of time and effort as sufficient attention has to be paid to observe the performance of the employees. To install an expensive control system organisations have to spend large amount. Management must compare the benefits of controlling system with the cost involved in installing them. The benefits must be more than the cost involved then only controlling will be effective otherwise it will lead to inefficiency

Controlling techniques:

1. Direct Supervision and Observation

'Direct Supervision and Observation' is the oldest technique of controlling. The supervisor himself observes the employees and their work. This brings him in direct contact with the workers. So, many problems are solved during supervision. The supervisor gets first hand information, and he has better understanding with the workers. This technique is most suitable for a small-sized business.

2. Financial Statements

All business organisations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organisation at the end of the specified period. Financial statements are used to control the organisation. The figures of the current year can be compared with the previous year's figures. They can also be compared with the figures of other similar organisations. **Ratio analysis** can be used to find out and analyse the financial statements. Ratio analysis helps to understand the profitability, liquidity and solvency position of the business.

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3. Budgetary Control

A budget is a planning and controlling device. Budgetary control is a technique of managerial control through budgets. It is the essence of financial control. Budgetary control is done for all aspects of a business such as income, expenditure, production, capital and revenue. Budgetary control is done by the budget committee.

4. Break Even Analysis

Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. When an organisation sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

5. Return on Investment (ROI)

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

6. Management by Objectives (MBO)

MBO facilitates planning and control. It must fulfill following requirements :-

1. Objectives for individuals are jointly fixed by the superior and the subordinate.
2. Periodic evaluation and regular feedback to evaluate individual performance.
3. Achievement of objectives brings rewards to individuals.

7. Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past

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records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

8. Management Information System (MIS)

In order to control the organisation properly the management needs accurate information. They need information about the internal working of the organisation and also about the external environment. Information is collected continuously to identify problems and find out solutions. **MIS** collects data, processes it and provides it to the managers. MIS may be manual or computerised. With MIS, managers can delegate authority to subordinates without losing control.

9. PERT and CPM Techniques

Programme Evaluation and Review Technique (**PERT**) and Critical Path Method (**CPM**) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

CPM / PERT can be used to minimise the total time or the total cost required to perform the total operations.

10. Self-Control

Self-Control means self-directed control. A person is given freedom to set his own targets, evaluate his own performance and take corrective measures as and when required. Self-control is especially required for top level managers because they do not like external control.

The subordinates must be encouraged to use self-control because it is not good for the superior to control each and everything. However, self-control does not mean no control by the superiors. The superiors must control the important activities of the subordinates.

MIS Concepts

MIS is the study of information system focusing on their use in business and management. Davis and Olson in 1985 have mentioned that the study of MIS arose in the 1970s to focus on computer based information systems aimed at managers the two contemporary approaches found in MIS are 'technical approaches' of computer science, management science and operations research with a practical orientation towards building systems and applications.

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- Computer science is for establishing theories of computability methods of computation, methods of efficient data storage and access.
- Management science is for the development of models for decision making and management practices.
- Operation research is related to mathematical techniques for optimization of selected parameters of organizations covering transportation, inventory control, transaction costs.

The second approach is 'behavioural approach' which is concerned with behavioural issues that arise in the development of long term maintenance of information systems. The issues are raised by sociology, economics and psychology.

Def:

A management information system is used to transform data into useful information as needed to support managerial decision making with structural decisions which are those that are based on predictable patterns of activity. The typical MIS is based on four major components:

1. Data gathering:

Data pertinent to the operations of the organisation are gathered from both external and internal sources.

2. Data entry:

The above data is inputted and stored in databases as the information processing core of the system.

3. Data transformation:

Data is transformed into useful information through the application of computer software programs and judgements made by technical support staff and other system users.

4. Information utilization:

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This useful information is retrieved as needed by the management and technical personnel and applied to a wide variety of decisions related to the conduct of organizational operations.

Objectives of MIS:

The basic objectives of MIS are:

1. To provide requisite information support for managerial functions within the organization.
2. To make available, right information at the right place at the right time at the lowest cost.
3. To ensure that wrong and unwanted information is not generated, the condition of data overload is avoided.

The objectives of MIS are derived from the company's objectives. These are clearly stated in writing. If this is not the case, these objectives are available from the key executives in the business which is the starting point. Each company objective should be reflected in at least one MIS objective. The MIS objective calls for supporting contribution to meet the company's goals. Each MIS objective must tie back to a company objective.

Evolution of MIS:

Information system is as old as recorded human history. In the third millennium BC, the earliest use of information system discovered was in a Sumerian temple. Information system moved fast towards the growth track in the last few centuries. The industrial revolution gave it a big fillip. Thereafter, after business started growing and along with growth, business complexity also increased. More commercial legislations were enacted to bring control over business and industry. Accounting systems, organization size, development of computing technology among others have ensured the fast growth of information systems during the last few centuries. All businesses were mostly local and small in operations. A single individual performed all activities on his own. But over years, business grew in size and complexity; from sole trading firms to global corporations, from one or two commodities to several thousand products, from localized operations to global

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operations, with production facilities and wide marketing in many countries. The chief executive of such a big corporation has to depend on reports, mostly periodic paper reports, for information. Data is used in the form of raw material and must be subjected to data manipulation or processing to produce useful information. An information system generates information using data. If the information systems generate information useful for managers in planning and control, the whole system is called 'Management Information System' (MIS). Management information is reported on an exceptional basis for managerial decisionmaking or action.

The evolution of MIS, and its fast growth in the last few decades. Can be attributed to the following factors:

1. Growth of management theory and techniques
2. Growth of management accounting and its applications in business
3. Changes in the production and distribution methods and the consequent changes in the organisational structure.
4. Development of management science
5. Introduction of computer into business data processing and the development in information technology.

Business management is a profession calling for high skills of various kinds like problem solving skills, interpersonal skills, etc. lot of theories have been written about management seeking to impart right kind of theoretical understanding to the future managers to grapple with daunting problems.

Business growth necessitated firms changing their structure from simple to complex ones with proper checks and balances from single owner/single employee firm to millions of owners and millions of employees firm; the change brought about radical changes in the organization structure and reporting requirements.

Another way to study the evolution of MIS is to look at the various application subsystems forming part of it. Nolons stage theory is one that looks at the growth stages of MIS in firms. In 1968, Gary Dickson proposed a model information system development

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based on the organization structure and its information needs. He categorized application systems into:

1. Clerical systems
2. Information systems
3. Decision support systems
4. Programmed systems

MIS as an evolving concept:

When the concept of MIS was first introduced, many proponents envisioned a single, highly integrated system that would bring together processing for all organizational functions. Over time, the concept of a single, highly integrated system was demonstrated to be too complex to implement. The MIS concept is now of a 'federation of subsystems', developed and implemented as needed, but conforming to the overall plans, standards and procedures for the MIS.

Rather than a single global MIS, an organization may have related information systems which serve managerial needs in various ways. MIS as a concept continues to evolve. Two concepts that can be considered an extension to it are:

1. Decision Support Systems (DSS)
2. Information Resources Management (IRM)

An emerging trend consistent with the evolution of the MIS concept is 'Enduser computing'.