SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)
Accredited "A" Grade by NAAC | 12B Status by UGC | Approved by AICTE
www.sathyabama.ac.in

SCHOOL OF MANAGEMENT STUDIES

UNIT – I – Principles of Management – SBAA1202

I. INTRODUCTION

Concept, nature, process and significance of management; Managerial roles and Skills; Development of management through; Classical and neo - classical systems; Contingency approaches: - Robert Owen, Taylor Fayol and Elton Mayo

MANAGEMENT

DEFINITIONS OF MANAGEMENT

- Management is an art of getting things done though people – Mary Parker Follet
- To manage is to forecast and plan, to organize, to command, to co-ordinate and to Control – Henry Fayol
- Management is the art of knowing exactly what you want your men to do and then seeing that they do it in the best and the cheapest way. – F.W Taylor
- Management is the creation and maintenance of an internal environment in an enterprise where individuals working in groups can perform efficiently and effectively towards the attainment of group goals, it is an art of getting the work done through and with people in formally organized groups – Koontz and O Donnel

NATURE OF MANAGEMENT

1. **It is a Universal Activity**: Management is relevant in every sphere of activity. It is relevant in army, government, private household work etc. the work can be done in a more systematic manner with the application of the techniques of management. The material and human resources can be effectively handled and the goal can be attained with maximum efficiently.

2. **It is goal oriented**: Management focuses attention on the attainment of specific objectives. For Ex. a business may aim for a particular level of sales. This can be achieved by proper forecast of sales by planning production by fixing the targets.

3. **It is an Intellectual activity**: the practice of management requires application of mind and intelligence. Every work needs to be properly planned and Execute work has to be assigned to different Individuals and responsible have to be fixed on them. Ex. in a manufacturing unit production finance and marketing are the important activities

performed. It has to work in proper co-ordination with the other departments. Then only objectives of the firm can be achieved.

4. **It is a process**: it is process consisting of various stages/ functions. Planning is the starting point of management and control is its last stage.

5. **Management is both art and science:** the practice of science needs knowledge of theory and formulae. But the practice of art requires skill management is social science. It focuses attention on the behavior of individuals and groups. The theoretical knowledge may not help always that time they require skill. Ex if the workers in a factory demand more pay and threaten to go on strike if their demand is not considered. Here the skill of the manager will help to avert the strike then it's theoretical.

6. **It is a social process**: management deals with the behavior of individuals and groups. In a work place individuals work as a team. The behavior of an individual is bound to be different while he is part of a group Eg.: an individual worker may be forced to join a strike program because of the union.

7. **It is an on going activity**: it is a continuous process planning, organizing etc have unlimited use. Management will exist as long as there are human activities.

8. **It is intangible:** it is invisible cannot be seen. But it can be felt.

9. **Management is a Profession:** like medical, law and engineering, management has also come to be recognized as a profession.

Importance of Management:

1. **Achievement of Group Goals**: Management enables an enterprise to achieve its desired objectives through proper planning and control. It decides what should be done and how. It lays down the long term and short term goals keeping in mind the resources of the enterprise.

2. **Optimum utilization of resources**: Materials, machines and money are the physical factors of production. The efficient use of these resources depends upon the efficiency and motivation of workers. Management makes the workers efficient and motivate through training, supervision and inspiring leadership. Managers guide and motivate workers towards best performance

3. **Fulfillment of social obligations**: Sound management monitors the environment of business and makes necessary changes in business policies and practices. So as to keep the customers and workers satisfied.

4. **Stability of Management** it ensures the survival of an organization in a fast changing environment. It coordinates the activities of different departments in an organization and monitors team spirit amongst the personnel.

5. **Human development** Management improves the personality and caliber of people to raise their efficiency and productivity. A good manager serves as a friend and guide to his subordinates. He provides vision and confidence.

6. **Meets the challenge of change** Managers maintain a dynamic equilibrium b/w and enterprise and its development through innovation and creativity.

7. **Integrate various interests:** Each person has his own interests. These interests are different in nature. Management takes steps to integrate various interests to achieve the objectives of an organization

8. **Coordination and team spirit**: All the activities of business are grouped into department wise; management coordinates the activities of different departments and establishes team spirit to achieve the objectives.

FUNCTIONS OF MANAGEMENT / MANAGEMENT PROCESS / POSDCORB

1. **Planning:** Planning means forecasting or predicting the future activity in a specific manner or structure. It is the basic function and essential for all the organization.

2. **Organizing:** It is collection or joining of all the resources available within the organization and outside, in order to achieve the organizational goal with efficiency.

3. **Staffing:** It involves appointing the right man for the right job at the right time. The management is to analyze the human resource, see if he is suitable for the job and accordingly allocate the work in the organization.

4. **Directing**: It is showing the correct path or correct way to achieve the organizational goal within the stipulated time.

5. **Controlling**: Controlling as a function involves regulating the person or examining the person whether he is working in the right way or not. In order to achieve the common goal as efficient as possible.

6. **Coordinating:** It is a type of support function. It involves accumulating the work to achieve the task.

7. **Budgeting:** It means allocation of the resources. It involves financial planning for the future activities.

8. **Reporting**: It is a statement showing the various activities to the top management. It shows the status of the work done.

LEVELS OF MANAGEMENT

A) **Top Level Management**: the top level management derives its powers and authority directly from the owners of the enterprise. They are Board of Directors, Chairman, Managing Directors, COO, CEO etc.

Functions

1. They are setting out the fundamental objectives of the enterprises.
2. They frame major policies for the business.
3. They design the strategies for the attainment of organizational objectives.
4. They appoint key managerial personnel for the middle management.
5. Develop master plans in areas of finance, human resource, technology, marketing and other functions of organization.
6. To represent the business outside, particularly in discussing business problems with the Government trade association and so on.

B) **Middle Level Management**: they are departmental managers (Head of Department) like Production managers, Marketing managers, Personnel managers, Finance manager, Regional manager and other managers.

Functions:

1. They play the role of a linking pin between top level management and the lower level management.
2. They explain the objectives, strategies, policies laid down by the top level management to the low level management.
3. Communicates the problems, suggestions and view points of the lower management to the top management.
4. They prepare the departmental plans.

5. They submit reports on the performance at various departments to the top management.

6. They offer suggestions and recommendations to the top management for the betterment of overall management of the enterprise.

C) **Lower Level of Management**: It is called as operating level management or supervisory level. This is the level where actual operational work for the enterprise in the areas of production, finance, marketing, personnel, etc is performed by workers. This level of management consists of manger like supervisors, the foreman, the sales officers the accountants the sectional officers.

Functions:

1. They do day to day operational planning in view of the instructions given by the middle level management.

2. They provide necessary instructions to operators for the best performance of their assigned jobs.

3. They supervise the work of operators to ensure that their performance is in accordance with the standards laid down in plans.

4. They submit reports on the performance of operating staffs to the middle management.

5. They operate as a channel of communication between the middle management and the operators.

6. The problems, suggestions and recommendations of operators are informed by them to the middle management.

SKILLS OF MANAGEMENT

1. Technical Skills
2. Human Skills
3. Conceptual Skills

➢ **Technical Skills:** Technical skill is an imperative skill for managers at the lower level of management. These people who guide and supervise work of operators under their subordination. E.g. Production manager must know the type of raw materials to be used, the proportion the production process and the knowledge of handling the various m/c.

➢ **Human skills**: The ability to tactfully deal with human beings and mould their behavior at work in the desired manner to help attain the common objectives of the enterprises most

effectively and efficiently. It requires an understanding of human behavior and it is necessary for motivating people.

➢ **Conceptual Skills**: It is concerned with concepts or ideas. Conceptual means ability to view the enterprise as whole in totality. To analyze the implications of relevant external environmental factors economic, social, political, technological etc. for the successful functioning of the enterprise.

CHARACTERISTICS OF QUALITY MANAGERS

Manager is a person who has the ability or strength to coordinate, motivate and guide all the personnel working under him so as to make sure they attain the organizational goal in the most efficient manner possible.

Qualities of a Good manager

1. Good Education
2. Technical Knowledge
3. Personality
4. Communication skills
5. Honesty
6. Positive thinking
7. Control Management
8. Motivation
9. Guide
10. Leadership qualities
11. Coordinate
12. Decision making (planning, forecasting)
13. Innovative
14. Good analysis
15. Risk taking

MANAGEMENT VS ADMININSTRATION

Administration	Management
1) All the policies are made by the Administration.	1) Management has a main function of implementing the decisions made by the Administration.

2) They are the owners / proprietors of the company.	2) They are the managers of the company.
3) Conceptual, human skills are necessary.	3) Technical and human skills are more important here.
4) The main functions are planning and controlling.	4) The main functions are directing and organizing.
5) Level of authority: Administration mainly comprise of Top level management.	Management mainly carried on by Middle and lower level management.
6) Administration is thus more permanent in nature.	6) While management may change during the course of running the organization.
7) Objective: They are mainly interested in - Profitability - Sales volume	They actually work for remuneration, thus they direct their efforts towards the attainment of goal.
8) They don't take part in the day to day activity of the organization.	8) Managers take part in the day to day activity.
9) Administration is the thinking process.	9) While the management are the doing process.

ROLES OF A MANAGER

Mintzberg has identified ten roles of a manager which are grouped into three categories.

1. **Interpersonal Roles**

   a) **Figure head** : Manager performs symbolic duties required by the status of his office, making speeches, bestowing honors, welcoming official visitors; distributing gifts to retiring employees are Examples of such ceremonial and social duties

   b) **Leader** : The manager relationship with his own subordinates. The manager sets an Example legitimizes the power of subordinates and brings their needs in accord with those of his organization.

   c) **Liaison**: It describes a manager's relationship with the outsiders Eg. Government, industry groups.

2. **Information Roles**

    a) **Monitor**: Seeks and collects information to obtain thorough understanding

      of organization and environment Eg. Reading periodicals

    b) **Disseminator**: Transmits information received from outsiders or insiders to

      other organization members Eg. forwarding mail.

    c) **Spokes man**: Transmits information to outsiders on organization plans,

      Policies, actions Eg. board meetings , handling mail.

3. Decisional roles

    a) Entrepreneur: an initiate change adapting to the environment and supervises

      Design of organization. Improvement projects as opportunities arise.

      Prepare strategies

    B) Disturbance handler: Responsible for corrective action when organization

      faces unexpected crisis.

    c) **Resources allocator**: responsible for allocation of human monetary and materials

      resources Eg. scheduling , requests.

    D) **Negotiator**: Responsible for representing the organization in bargaining

      and negotiations with others.

EVOLUTION OF MANAGEMENT

PRE SCIENTIFIC MANAGEMENT ERA:

1. Robert Owen (1771- 1858) he advocated that workers should be treated as human beings, he has taken efforts to improve working conditions in the factory reduce working hours, increase minimum wages, provide meals to employees, allocate education provision , housing and other labor welfare facilities. His main contribution is that the effective and good personnel management was essential part of manager's job since it pays dividends to the employer.

2. Charles Babbage (1792-1872): he was a professor of math's of Cambridge university from 1828to 1839. He has suggested aspects like division of labor, work measurement, profit sharing and engineering to improve the efficiency of management.

He has invented mechanical calculators which were called as "differential machine".

He has emphasized in improving efficiency through the application of math's and science in the operation of factories.

3. Charles Dupin (1784-1873) he has emphasized systematic education in management.

He was French engineer and formally tried to structure the subject matter of management.

These early contributors focused attention on managerial problems.

They have not presented any unified theory of management.

Systematic and scientific study of management started after 1880. Due to the creation of joint stock corporate organizational set up.

MANAGEMENT THEORIES

➢ Classical Theories
- Taylor's Scientific Management theory
- Fayol's Administrative theory
- Weber's bureaucracy theory

➢ Behavioural theories
- Human Relations theory
- Behavioural Science theory

➢ Modern Management theories
- Quantitative theory
- Systems theory
- Contingency theory

CLASSICAL THEORIES

Classical approach is the oldest formal school of thought which began around 1850 and continued into the 1920s. Its mainly concerned with the increasing the efficiency of workers and organizations based on management practices, which were an outcome of careful observation. Classical approach mainly looks for the universal principles of operation in the striving for economic efficiency. Classical approach includes scientific. Administrative & bureaucratic management

TAYLOR'S SCIENTIFIC MANAGEMENT THEORY

F.W. Taylor : **He is known as the father of scientific management**. He started his career as apprentice (machinist) in a small machine shop in USA in 1875 and by his handwork he could go up to chief engineer in the organization. Acc to him management "the art of knowing exactly what you want your meant to do and seeing that they do it in the best and the cheapest way"

ELEMENTS AND TOOLS OF SCIENTIFIC MANAGEMENT

- ➤ **Separation of planning & doing:** Taylor emphasized the separation of planning aspect from actual doing of the work. In other words planning should be left to the supervisor and the worker should concentrate only operational work.
- ➤ **Functional foremanship:** Taylor introduced the concept of functional foremanship based on specialization of functions. In this system, eight persons are involved to direct the activities of workers. Out of these four persons are concerned with planning viz., route clerk, instruction card clerk, time and cost clerk and disciplinarian. The remaining four persons are concerned with doing aspect of the job, viz., speed boss, inspector, gang boss and maintenance foreman. It is against to the principle of unity of command.
    - o **Route clerk**: his job is to determine the sequence of operations to be performed in any work.
    - o **Instruction card clerk**: he will prepare the necessary instructions pertaining to the work and accordingly the workers will perform their duties.
    - o **Time and Cost Clerk**: he will frame the timetable for doing the various jobs. He will also keep the necessary cost records.
    - o **The persons who will work in the factory are as follows**.
        - ▪ **Gang Boss**: his duty is to keep all the materials and tools ready so that the workers can start their work without any delay.
        - ▪ **Speed boss**: he will ensure that each job is done well in time
        - ▪ **Repair Boss**: he will keep all the tools and machines in the factory in perfect condition.
        - ▪ **Inspector**: his duty is to ensure that the work is done in accordance with standard laid down by the planning department.
        - ▪ **Disciplinarian:** to coordinate the work of all the seven persons mentioned above.
- ➤ **Job Analysis**: It is useful to find out the one best way of doing the things. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way of doing the thing can be determined by taking up time –motion - fatigue studies.
    - o **Time study** involves the determination of time a movement takes to complete.
    - o **Motion study** involves the study of movements in parts which are involved in doing a job and thereby eliminating the wasteful movements.

- **Fatigue study** shows the amount and frequency of rest required in completing the work. Thus, job analysis identifies the fair amount of a day's work requiring certain movements and rest periods to complete it.

➢ **Standardization**: As far as possible, standardization should be maintained in respect of instruments and tools, period of work, amount of work, working conditions, cost of production etc.,. These things should be fixed in advance on the basis of job analysis and various elements of costs that in performing a work.

➢ **Scientific Selection and Training of Workers**: A worker should be given work for which he is physically and technically most suitable like, education, work experience, aptitude, physical strength etc.

➢ **Financial Incentives:** Financial incentives can motivate workers to put in their maximum efforts. If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more.

➢ **Economy:** The economy and profit can be achieved by making the resources more productive as well as by eliminating the wastages.

8. Mental Revolution: Scientific management depends on the mutual co-operation between management and workers. For this co-operation, there should be mental change in both parties from conflict to co-operation

PRINCIPLES OF SCIENTIFIC MANAGEMENT:

➢ **Replacing rule of thumb with Science**: scientific management requires scientific study and analysis of each element of a job in order to replace the old rule of thumb method. Decisions should be made on the basis of facts rather than opinions and beliefs. Ex. a school admission.

➢ **Harmony in group action**

Scientific management enables efficient workers to earn more as payment is linked to output. As the management is also benefited as a result of increased output, there exists harmonies relationship between the workers and the management.

➢ **Cooperation**

Management can expect higher profits only if the workers work with maximum efficiency than the management comes forward recognizes their efficiency and reward them.

➢ **Maximum Output**

More output enables the workers to earn more remuneration this both the management and the workers are interested in maximizing protection under scientific management.

➢ **Development of workers**

The workers should be selected and trained in accordance with the requirements of the jobs. Placement of workers will be done based on their capacities. Training enables the workers to perform their duties with maximum efficiency.

HENRY FAYOL (1841-1925) GENERAL PRINCIPLES OF MANAGEMENT

1. Division of work: The total work to be done is divided into small parts, each entrusted to a particular individual. As each individual performs only a particular activity, he becomes specialist in due course.

2. Authority and Responsibility: Authority is the official right of the manager. It comes to him by virtue of his official position. Responsibility is the duty on the part of a subordinate to account for the work done by him.

3. Discipline: Fayol says that employees must follow the discipline by being obedient, by applying themselves fully in the task undertaken by being energetic and leader must be efficient to enforce discipline.

4. Unity of Command: An employee should receive orders from one superior only and is accountable to him alone. If there are two superiors for an employee he will not know whom he should report to and whose orders he should carry out first.

5. Unity of direction: Each group of activities having the same objective should have one head and one plan, the efforts of all the members of departments must be directed towards the attainment of that departmental target.

6. Subordination of Individual interest to common interest: The interest of the individual is should be based on common interest. This should be maintained by constant supervision and fair agreement.

7. Remuneration of Personnel: Remuneration payable to the employees should be fair and should give maximum satisfaction to both the employees and the employers. It should be based on cost of living, financial position of the company etc.

8. Centralization: The authority at a particular place is centralization and dispersal of authority in different places of the organization is known as decentralization. It is based on the size of the organization.,

9. Scalar chain: it is chain of superiors ranging from the highest to the lowest level in the organization. Every communication should follow the prescribed line of authority.
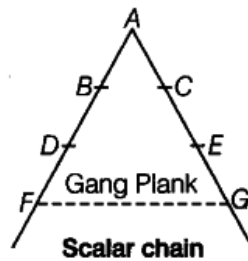
Gang Plank

If E wants to communicate anything to I, it will be route through DCBAFGH and if I wants to convey any information to E, it will pass through HGFABCD. In such an arrangement there is scope for delay. So to avoid delay E and I may establish direct contact with each other after obtaining permission from their respective superior namely D & H.

10. Order: two types to order, material order and social order. Material order means everything in its place, in order to avoid loss of material. Social order means the selection of the right man for the right job.

11. Equity: it ensures fairness, kindness and justice in the treatment of employees by their managers. The managers shall be impartial in their dealings with their subordinates.

12. Stability of Tenure of Personnel: it means that an employee shall not be shifted unnecessarily from one job to another. An employee should be given enough opportunity to learn every aspect of his work only then he will become an expert in his time of work.

13. Initiative: according to him the freedom to think and act is what initiative is. An employee who has the freedom to think and act in an organization will show greater interest in his work and this will lead to a higher level of job satisfaction.

14. Espirit De Corps: Union is strength, team spirit and co-operation among the members of an organization are essential for its success.

MAX WEBER BUREAUCRACY THEORY

Max Weber(1864-1920), a German sociologist introduced the rational-legal authority system to manage the business organizations. His model is characterized by

➢ Division of work
➢ Rules and regulations
➢ Hierarchy of authority

- ➢ Technical competence
- ➢ Record keeping
- ➢ Impersonal relations

BEHAVIOURAL THEORY

These theories focus on organizational goals along with satisfaction of human needs. Shift in focus from workplace conditions to human side of the organization People- oriented approach substituted the productionoriented approach

Two important theories:

- • Human relations theory
- • Behavioural science theory

HUMAN RELATIONS THEORY

ELTON MAYO: HAWTHRONE EXPERIMENTS

Illumination Experiments, Relay assemble test room Experiments, Interview programme, Bank wiring group observations

The **Hawthorne experiments** were conducted in four stages. These are given below:

1. **Illumination Experiments**: the main objective of the illumination experiments was to study the effect of the quality of lighting in the workroom on the efficiency of the workers. For this purpose the workers were divided into two groups. One group of workers was made to work in a room where lighting remained constant. The other group was made to work in a room where lighting was varied. The experiments revealed the production increased in both the rooms and therefore the quality of lighting had no impact on the efficiency level of the workers.

2. **Relay Assembly Test room experiments** – these experiments were conducted in an assembly department where telephone relay units were assembled. The object of the experiments was to ascertain the relationship between working conditions and productivity. Those employed in the department were all women and the work was repetitive one. A group of six women workers was made to take in a separate room. As they were doing their work a series of changes were introduced during the period of investigation. A new financial incentive plan was introduced to the group that assured additional remuneration for an each worker depending on the collective performance of the group. The rest periods during week were also gradually increased. The workers were also permitted to leave an hour earlier. They were also given one full day holiday (on

Saturdays). The study revealed that output of each individual and also that of the group increased due to the changes introduced.

3. **Interview program**: a massive interview programmed was conducted covering more than ten thousand workers to find out their views on their jobs, working conditions , supervision etc. the interview programmed revealed that the morale of the workers improved as they had the satisfaction that their views were heard. The complaints of the workers were not objective statements of facts. They were reflections of a workers personal feelings and sentiments.

4. **Bank wiring Group observations**- the main aim of the study here is to find out the influence of the group on a worker to restrict his output in spite of the existence of incentives for higher output. The working conditions were not altered for the sake of the investigation. The group consisted of fourteen workers and its task was to attach wires to the telephone equipment, soldering and to check the quality of work. The incentives given for the work were attractive. But neither an individual worker not he group as a whole made an attempt to increase output. The group also did not let any worker exceed his output.

Findings of Hawthorne Experiments: the following are the findings of the Hawthorne Experiments:

1. A social factors such as recognition, sense of belongings etc, influence production more than physical factors.

2. Monetary incentives do not induce a worker, working in a group to increase output. He cares more for the friendship and respect of his co-workers.

3. Workers do not react as individuals but as members of a group. No workers want to incur the ill will or displeasure of his co – workers.

4. An individual in a group is a accepted as its leader by the other members. Such an informal leader is able to guide and influence the co-workers.

5. What encourages worker more is the feeling that his views and suggestions are heard by the management.

BEHAVIOURAL SCIENCE THEORY

It applies scientific vision to human relations theory. Concepts from Psychology, Sociology and

Anthropology are applied to study human behaviour

- Psychology – Study of individual behaviour

- Sociology – Study of human behaviour in groups

- Anthropology - Study of human behaviour as individuals and members of groups

Concepts from various disciplines are tested before applying them in business organisations

MODERN MANAGEMENT THEORY

These theories are responsive to environment changes. They view organizations as dynamic open systems having multiple objectives. Management is multi-disciplinary and draws knowledge from various fields to solve complex business problems. They forecast environment changes through scientific techniques and discount them to the present business situations.

These theories include:

- **Quantitative theory**
  - It uses the services of quantitative specialists to apply interdisciplinary techniques to solve business problems. It includes: -
    - Management science: it uses mathematical models like PERT, CPM, Simulation etc. to solve business problems.
    - Operations management: It applies quantitative techniques of inventory management, statistical quality control etc. to manage the production and delivery of goods and services. It uses quantifiable data to frame mathematical models and handles complex decision- making problems.

- **Systems theory**
  - As per this approach organization is viewed from a systems point of view. • The main elements of systems approach are as follows:
    - Organization as a purposeful system consisting of several interconnected and interdependent parts.
    - The parts or components of a system are called sub- systems.
    - The position and function of each subsystem can be analyzed and understood only in relation to the other sub-systems and to the organization as a whole
    - Synergy effect.
    - Every system has a boundary that separates it from its environment.

- **Contingency theory**
  - The view that the management technique that best contributes to the attainment of organizational goals might vary in different types of situation or circumstances. It is also called as situational approach.

MANAGEMENT AS AN ART AS WELL AS SCIENCE

Management as a Science

1. Science is a systematized body of knowledge pertaining to a particular field of inquiry.
2. It contains underlying principles and theories developed through continuous observations experimentation and research
3. The principles have universal applicability they can be applied with logic.
4. The organized body of knowledge can be taught and learnt in the classroom and outside, physics, mathematics etc are examples

It is a science because the principles and theories are now available in every area of management.

Management as an Art:

Art involves the practical application of personal skills and knowledge to achieve concrete results. Art is a personalized process and every artist has his own style. Art is creative and success of an artist is measured by the results he achieves. Art is practice based over a long period of time Eg. A carpenter making furniture out of wood, goldsmith shaping gold into ornaments are Examples.

Management is an art because

1. A Manager applies his knowledge and skills to co-ordinate the efforts of his people like any other artist
2. Management seeks to achieve concrete results Eg. profits, growth, social service etc in a given situation.
3. Every manager adopts his own approach towards problems depending upon his perception and the environmental conditions.
4. Management requires a sufficiently long period of Experience in managing. The managerial art can be refined through continuous practice.

****

PART – A	CO	Blooms Level
1. Recall the term 'Management'	CO1	1
2. Mention the nature of management.	CO1	2
3. Expand 'POSDCORB'.	CO1	2
4. Why is management important?	CO1	1
5. Classify the various levels of management.	CO1	3
6. Identify the skills of management.	CO1	2
7. List some characteristics of quality managers	CO1	1
8. Distinguish between Administration and Management.	CO1	2
9. Define Fatigue study.	CO1	1
10. Who is the father of general management?	CO1	1

PART – B	CO	Blooms Level
1. Enumerate the contribution of Henry Fayol's 14 principles of management.	CO1	4
2. Explain the elements and tools of scientific management.	CO1	3
3. Elucidate the various functions of management.	CO1	3
4. 'Management is the art as well as science'- Justify.	CO1	4
5. Classify and explain the various roles of a Manager	CO1	3
6. Discuss about the Evolution of Management	CO1	2
7. Describe the functions of management in detail.	CO1	3

REFERENCES:

1. C.B Gupta, Management Theory & Practice, Sultan Chand & Sons, 19th Edition, 2017.
2. L.M Prasad, Principles and Practices in Management, Sultan Chand & Sons, 2015.
3. P.C. Tripathi & P.N. Reddy, Principles of Management, McGraw Publication, 6th Edition, 2017.
4. Harold Koontz, Cyril O' Donnell & Heinz Weihrich, Essentials of Management, McGraw Hill,Inc, 5th Edition, 2017.

SCHOOL OF MANAGEMENT STUDIES

UNIT – II – Principles of Management – SBAA1202

II. PLANNING

Planning - Nature - Importance - Forms - Types - Steps in Planning - Objectives - Policies - Procedures and Methods - Nature and Types of Policies - Decision Making - Process of Decision making - Types of Decisions - Problems involved in Decision - making.

PLANNING

- **Planning** is deciding in advance what to do, how to do it, when to do and who is to do. it bridges the gap from where we are to where we want to go – Knootz O Donnel
- **Planning** is deciding the best alternative among others to perform different managerial operations in order to achieve the predetermined goal--- Henry Fayol
- **Planning** is the process of thinking through and making explicit the strategy, actions, and relationship necessary to accomplish an overall objective or purpose. --- Cleland and King

NATURE OF PLANNING: (CHARACTERISTICS OR FACTORS OF PLANNING)

- **Planning is the primary function of management:** planning is the starting point of management, which gives meaning to all other managerial activities. For Eg. : Organization set 10,000 no to produce products.
- **It is goal oriented**: planning helps to attain the goal is the most effecting and efficient manner.
- **It is all pervasive**: planning is done everywhere in all the levels all the managers and departments.
- **It is an intellectual activity**: planning is a mental activity. It involves application of mind and intelligence to attain.
- **It is future oriented**: planning is required to attain the future goals of an organization.
- **It requires an integrated approach**: planning links between the plans of different departments.
- **It is a continuous process** : planning is required as long as we live in the world

IMPORTANCE OF PLANNING (MERITS OR ADVANTAGES)

- It focuses on objective: once the objective of the business has been fixed the next step is to prepare plan for its effective accomplishment. E.g. the annual target of the production

department of a business cannot be achieved in a week. It should be divided into monthly, quarterly and half weekly targets etc.

- It helps to avoid no work or work pressure situations – planning helps to distribute work evenly throughout the year.
- It helps to avoid wastage of resources: by planning employees and executives know beforehand what they have to do.
- It ensures efficiency as well as effectiveness doing right things.
- It reduces risk and uncertainty – planning is for future and future is uncertain . But in planning the future uncertainties are anticipated and adequate provisions are made to overcome.
- It provides for co-ordination
- It facilitates control planning without control is useless and control without planning is meaningless
- Planning provides scope for decentralization

PROCESS OF PLANNING (STEPS INVOLVED IN PLANNING / STAGES INVOLVED IN PLANNING)

1. **Identifying business opportunities**: it is necessary to make an analysis of both the internal and external environment to know the trends in the near future. Business activities are influenced by internal as well as external factors, regulations, technological changes, competition etc. the businessmen therefore have to look for opportunities always by observing the business environment.
2. **Establishment of objectives**: planning process is to establish the organization objectives in tune with the opportunities identified, taking into account the resources available. The overall objective of the organization must be stated along the specific objectives of departments
3. **Determination of Planning Premises**: planning premises are the assumptions about the future happenings. As planning is for future and future is uncertain, certain assumptions about the future become necessary Eg. Employee attitude technology uses, managerial decisions making process etc. are some of the factors influencing the internal

environment of business. The external environment is like demand, buyer behavior, competitors action, government regulations, suppliers actions

4. **Identifying the alternative course of action**: there are always alternative ways of carrying out any task just as here are different routes to reach a destination point. To attain the objective of a business different course of action may be available.

   Eg. To maximize profits any of the following method used.

   1. large scale production
   2. curtailing the cost of production and distribution
   3. maximizing sales
   4. Increasing the market share and so on.

5. **Evaluating alternative courses of action:** once the alternative courses of action are identified, the next step is to evaluate the same. Evaluating means studying the merits and demerits of each alternative should be examined carefully to decide on its suitability.

6. **Selecting the best course of action**: once the alternative course of action has been evaluated the next step is to select the best. The one finally selected should help the organization in making an optimum use of the available resources and help to attain the objective.

7. **Formulation of derivative plans**: after the basic plan of the organization has been determined the next step is to prepare the subsidiary plans to support the basic plan.

8. **Periodic evaluation and review**: once the implementation of the plan starts it becomes necessary to evaluate performance of periodic intervals to ensure that the activities of the originations precede in the right direction and as laid down in the plan.

TYPES OF PLANS

CLASSIFICATION OF PLANS ACCORDING TO TIME

I) **long term planning**: this plan is usually 5 to 15 years. It is also called as strategic planning. It prepares the business to face the effects of long term changes.

   a) Introduction of a new product
   b) entering a new market
   c) changing the technique of production
   d) increasing the scale of production

II). **Medium term planning**: it is known as tactical planning, the period covered by the medium term plan is usually 1 – 5 years.

The plan is needed for

1. Making additions to an Existing plant.
2. Expanding the factory
3. appointment if additional staff to cope with the volume of work

III). **Short term planning**: it is known as operational planning

the period covered is less than one year.

- purchase of raw materials
- Arranging for employee training etc.

LIMITATIONS OF PLANNING

1. Uncertain Nature: future happenings cannot be accurately foreseen. Eg. natural calamities, floods earthquake etc.
2. Expensive: preparation and implementation of plan is expensive.
3. Rigidity: strictness and lack of flexibility leads to monotony.
4. loss of initiative :
5. Ignorance of subordinates interests

STEPS TO MAKE PLANNING EFFECTIVE

1. The success of planning depends upon the effectiveness of the forecast. If the forecast is accurate the plan will be success.
2. Flexibility must be introduced in the plan whenever necessary so that the employees will work with interest.
3. All the members' ideas and views taken into consideration for making the plans then the employees will be interested.
4. The plan should not be prepared to focus on the financial goal alone. There should be for development of employees.
5. The plan must be realistic. It should take into account the capabilities of employees.
6. The plan must be communicated to subordinates.

METHODS OF PLANNING

Repeated use plans	Single use plans
a) Objectives b) Policies c) Procedures d) Rules e) Strategies	a) Programmes b) Budgets

1. **OBJECTIVES**: aims, goals, targets, missions, etc. objective is the destination point. The important are,

- profit maximization
- a higher market share
- customer satisfaction
- Product diversification

Advantages of Objectives

- Objectives give focus to the activities of the organization.
- Planning depends on the objectives of an organization
- Integration of the activities of an organization is based on objectives
- Objectives provide the necessary yardstick for measurement of performance.

Disadvantages of objectives:

- Certain objectives cannot be measured quantitatively Eg. employee attitude
- In the name of objective there may be a tendering to exploit its workers this results frustration among the workers.

MANAGEMENT BY OBJECTIVES (MBO)

It is a technique by which the superior and the subordinate jointly identify the objectives desired to be achieved by the subordinate in tune with the overall results expected.

Stages involved in the process of MBO

1. Define organization goals

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

what the company can and should achieve within a specified time.

2. Define employee objectives

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

3. Continuous monitoring performance and progress

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

4. Performance evaluation

Within the MBO framework, the performance review is achieved by the participation of the managers concerned.

5. Providing feedback

In the management by objectives approach, the most essential step is the continuous feedback on the results and objectives, as it enables the employees to track and make corrections to their actions. The ongoing feedback is complemented by frequent formal evaluation meetings in

which superiors and subordinates may discuss progress towards objectives, leading to more feedback.

6. Performance appraisal

Performance reviews are a routine review of the success of employees within MBO organizations.

Advantages of MBO

- It promotes better communication relationship between the superior and subordinates.
- It gives the subordinate an opportunity to fix his target, in consultation with his superior.
- Subordinate fix the target based on his own potentials.
- They feel they are motivated and take lot of effort to achieve the target.
- Periodical review helps him to go on his right direction.

Disadvantages of MBO

- The superior and subordinates have to meet several times to set the objectives.
- Periodical review of the performance consumes more time and paper work.
- MBO has not much to do with the lower levels of management.

POLICIES

A policy serves as a valuable guide to the managers when they take certain important decisions, policies provide ready answers to question pertaining to certain issues. They prescribe the limits within which the decisions have to be made.

Eg: employee promotion whether seniority or merit or both.

Essentials if a good policy

- It should be clear and definite; it should not give scope for misinterpretation.
- The policy should be logical.
- The policy based on ethical and moral values.
- Should be fair to all the employees.
- policy should be revised periodically

Factors determining the formulation of policies

- The beliefs and value of the owners of business
- Government regulations, Availability of funds

- Technology to adopted, Market trends
- Reactions of trade unions, General business environment

Merits of policies

- Policy guide managers to take bold decisions
- They save time by providing a ready solution to certain problems
- They ensure consistency in decision making
- Policies prevent the managers from misusing their authority

Limitations of policies

- Policies cannot provide solutions to all organizational problems
- Policies provide guidelines not solutions.
- It is necessary to review the policy periodically otherwise it becomes outdated.
- We cannot blindly apply the policies.
- Policies do not allow the managers to think originally

TYPES OF POLICIES

1. **Formulated Policy**: A formulated policy is one which is specified by the organization for providing guidelines to its members. Every organization formulates various policies on different aspects. This policy flows from higher level to lower levels in an origination.

2. **Implied Policy**: sometimes policies may not be clearly stated and the actions of managers particularly at the higher levels provide guidelines for actions at lower levels. These actions might constitute the policy. Sometimes the organization has clearly expressed policies for its image, but it is not able to enforce these. In such a case the action of a decision maker depends on his own guidelines and prejudices.

3. **Imposed Policy**: This arises from the influence of some outsider agencies. Such agencies may be government which provides policies for all public sector organizations. These agencies may either provide complete guidelines on a subject matter or provide a broad framework for devising specific policies. For Eg. in public sector commercial banks recruitment and selection is done by banking service commission and individual banks do not have and control.

4. **Appealed Policy**: An appealed policy arises from the appeal made by a subordinate a manger to his superior for deciding an important case. The need for such an appeal may arise because the particular case has not been covered by any policy. The appeal is then taken

upward and the decision is made on the case sets precedent which becomes policy providing guidelines for deciding similar cased in future.

PROCEDURES

A procedure will lay down the manner in which certain work has to be performed. It prescribes sequence of operations to be carried out to completer a given task.

Advantages

1. It prescribes the sequence of operations to be performed.
2. They facilitate systematic performance of the work.
3. They ensure that the work proceeds in the right direction.
4. Procedures ensure consistency and uniformity of action
5. It secures proper coordination.

Disadvantages

1. The procedural formalities make delay in the performance of the work.
2. A few procedures result in confusion.

RULES

Rules are the do`s and don'ts. They are always rigidly enforced. There is always a fine or penalty for the violation of rules. Eg. no smoking in the workplace, Wear uniform while in the factory.

STRATEGIES

Strategies means plan of action to counter the opponents attack. It is a tactics adopted to counter competitor's actions. Organization adopts strategy when they are in crisis.

1. Fall in sales.
2. Competitive pressures
3. Trade union demands etc.

SINGLE USE PLANS

These plans are meant for a specific purpose as soon as that purpose has been served the plan becomes useless and given up.

PROGRAMMES

it specifies the date and time by which the activities of the organization will be carried out.

Eg: To produce 5000 color television sets by 31st march 2010. To sell 10000 motorcycle before 31 Dec 2009

Advantages

- It ensures commitment
- No wastage of time
- Employees work with motivation
- They coordinate the work

BUDGETS

A budget is the financial plan of a business. It is expressed in numerical terms. A budget is a statement of projected activities of a business in the near future.

Advantages

- It helps to determine its future course of action.
- A budget is always prepared for a specific period of time.
- Before preparing the budget the past happenings the present needs and future trends are taken into account.

DECISION MAKING

DEFINITION OF DECISION-MAKING

A decision may be defined as "a course of action which is consciously chosen from among a set of alternatives to achieve a desired result." It represents a well-balanced judgment and a commitment to action.

According to Trewatha & Newport, "Decision-making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem".

CHARACTERISTICS OF DECISION MAKING

- **Decision making implies choice**: Decision making is choosing from among two or more alternative courses of action. Thus, it is the process of selection of one solution out of many available. For any business problem, alternative solutions are available. Managers have to consider these alternatives and select the best one for actual execution. Continuous activity/process:Decision-making is a continuous and dynamic process. It pervades all organizational activity. Managers have to take decisions on various policy and administrative matters. It is a never ending activity in business management.

- **Mental/intellectual activity**: Decision-making is a mental as well as intellectual

activity/process and requires knowledge, skills, experience and maturity on the part of decision- maker. It is essentially a human activity.

- **Based on reliable information/feedback**: Good decisions are always based on reliable information. The quality of decision-making at all levels of the Organisation can be improved with the support of an effective and efficient management information system (MIS).

- **Goal oriented process**: Decision-making aims at providing a solution to a given problem/ difficulty before a business enterprise. It is a goal-oriented process and provides solutions to problems faced by a business unit.

- **Means and not the end**: Decision-making is a means for solving a problem or for achieving a target/objective and not the end in itself.

- **Time-consuming activity**: Decision-making is a time-consuming activity as various aspects need careful consideration before taking final decision. For decision makers, various steps are required to be completed. This makes decision-making a time consuming activity.

- **Pervasive process**: Decision-making process is all pervasive. This means managers working at all levels have to take decisions on matters within their jurisdiction.

ADVANTAGES OF DECISION MAKING

- **Decision making is the primary function of management:** The functions of management starts only when the top-level management takes strategic decisions. Without decisions, actions will not be possible and the resources will not be put to use. Thus decision-makingis the primary function of management.

- **Decision-making facilitates the entire management process**: Decision-making creates properbackground for the first management activity called planning. Planning gives concrete shapeto broad decisions about business objectives taken by the top-level management. In addition, decision-making is necessary while conducting other management functions such as organizing,staffing, coordinating and communicating.

- **Decision-making is a continuous managerial function**: Managers working at all levels will have to take decisions as regards the functions assigned to them. Continuous decision making is a must in the case of all managers/executives. Follow-up actions are not possible unless

decisionsare taken.

- **Decision-making is essential to face new problems and challenges**: Decisions are required to be taken regularly as new problems, difficulties and challenges develop before a business enterprise. This may be due to changes in the external environment. New products may come in the market, new competitors may enter the market and government policies may change. All this leads to change in the environment around the business unit. Such change leads to new problems and new decisions are needed.

- **Decision-making is a delicate and responsible job:** Managers have to take quick and correctdecisions while discharging their duties. In fact, they are paid for their skill, maturity and capacity of decision-making. Management activities are possible only when suitable decisions are taken. Correct decisions provide opportunities of growth while wrong decisions lead to loss and instability to a business unit.
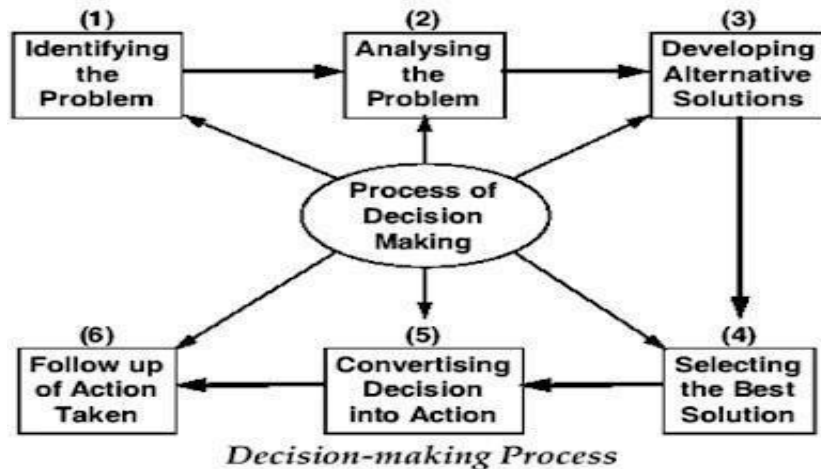
STEPS INVOLVED IN DECISION MAKING PROCESS

Decision-making involves a number of steps which need to be taken in a logical manner. The scientific method of decision-making involves the following six steps:

a. Defining / Identifying the managerial problem,

b. Analyzing the problem,

c. Developing alternative solutions,

d. Selecting the best solution out of the available alternatives,

e. Converting the decision into action, and

f. Ensuring feedback for follow-up.

The figure given below suggests the steps in the decision-making process:-

Decision-making Process

- **Identifying the Problem**: Identification of the real problem before a business enterprise is the first step in the process of decision-making. It is rightly said that a problem well- defined is a problem half-solved. Information relevant to the problem should be gathered so that critical analysis of the problem is possible. This is how the problem can be diagnosed.

- **Analyzing the Problem**: After defining the problem, the next step in the decision-making process is to analyze the problem in depth. This is necessary to classify the problem in order to know who must take the decision and who must be informed about the decision taken. Here, the following four factors should be kept in mind: (i) Futurity of the decision, (ii) the scope of its impact, (iii) number of qualitative considerations involved, and (iv) uniqueness of the decision.

- **Collecting Relevant Data**: After defining the problem and analyzing its nature, the next step is to obtain the relevant information/ data about it. There is information flood in the business world due to new developments in the field of information technology. All available information should be utilized fully for analysis of the problem. This brings clarity to all aspects of the problem.

- **Developing Alternative Solutions:** After the problem has been defined, diagnosed on the basis of relevant information, the manager has to determine available alternativencourses of action that could be used to solve the problem at hand. Only realistic alternatives should be considered. It is equally important to take into account time and costconstraints and psychological barriers that will restrict that number of alternatives

- **Selecting the Best Solution**: After preparing alternative solutions, the next step

14

in the decision-making process is to select an alternative that seems to be most rational for solving the problem. The alternative thus selected must be communicated to those who are likely to be affected by it. Acceptance of the decision by group members is always desirable and useful for its effective implementation.

- **Converting Decision into Action**: After the selection of the best decision, the next step is to convert the selected decision into an effective action. Without such action, the decision will remain merely a declaration of good intentions. Here, the manager has to convert 'his decision into 'their decision' through his leadership.

- **Ensuring Feedback:** Feedback is the last step in the decision-making process. Here, the manager has to make built-in arrangements to ensure feedback for continuously testing actual developments against the expectations. It is like checking the effectiveness of follow-up measures. Feedback is possible in the form of organized information, reports and personal observations. Feedback is necessary to decide whether the decision already taken should be continued or be modified in the light of changed conditions.

TYPES OF DECISIONS

- **Programmed and Non-programmed Decisions**

Programmed or structured are those decisions, which are well defined and some specified procedure or some decision rule might be applied to reach a decision. Such decisions are routine and repetitive and require little time for developing alternatives in the design phase. Programmed or structured decisions have traditionally been made through habit, by operating procedures or with other accepted tools. Whereas**, Non-programmed Decisions**, which are not well defined and have not pre-specified procedures decision rule are known as unstructured or non-programmed decisions.

- **Routine ad Strategic Decisions**

These decisions are also known as **Operating Decisions**. They occur repetitively and are regular in nature. These decisions are made to govern the day-to- day operations of the businesses. These decisions are generally taken at lower levels of the management whereas **strategic decisions** are also known as Policy decisions. These are not repetitive in nature nor follow a routine manner. These are related to the long-term functioning of the company. The making of these decisions is guided by policy manuals but require

15

high expertise and strategic knowledge. Since their impact is organization-wide they are taken athigher level of management.

- **Organizational and Personal Decisions**

Organizational decisions are made to further the interests of the organization. Such decisions are made by managers in their official capacity. These decisions are based on rationality, judgment and experience whereas **Personal Decisions** while making personal decisions, personal interests are kept in mind. Such decisions are made by managers on their own behalf. There is no scope for delegation of such decisions in management.

- **Individual or Group Decisions**

Individual Decision Making: without a group's input or a decision made regardless of the group's opinion is, naturally, an individual decision. This is the more traditional decision making approach and can work effectively for a manager when the group's input is not required or in certain cases, desired.

Group Decision Making: There are several models of group decision making that you can put to use. Two examples are consensus and consultation. Consensus decision making involves posing several options to the group and using the most popular option to make a decision. Consultation takes the opinions of the group into consideration when making a decision. Both methods require the group's participation and call for a manager who respects the opinions and input of the group in the decision making process.

ADVANTAGES OF GROUP DECISION MAKING:

An individual can make a decision quicker than group can, of course, since only one person needs to be consulted. Group decision making, though it can be an arduous process, can help cement the group by allowing input from all members of the group.

DISADVANTAGES OF GROUP DECISION MAKING:

There are times when each decision making method is not appropriate. Avoid individual decision making if the decision directly affects the group. For example, making a blanket decision that everyone must work weekends will meet with opposition for reasons ranging from religious to other personal obligations.

PROBLEMS INVOLED IN DECISION MAKING:

- **Information overload.** Having a lot of information is often viewed as beneficial, but if that information is not collated properly or only available via a multitude of methods, processing it all can become overwhelming. You should be accustomed to accessing the kind of user-friendly

data that iskey to your decision-making options, or you might feel misguided and confused.

- **Not having enough information.** Of course, extremes are never good: not having enoughinformation to support your decision is not good either; and you should definitely be up to speed withall the relevant information in order to come up with the best solution for any issue.

- **Misidentifying the problem.** In many cases, the issues surrounding your decision will be obvious.However, there will be times when the decision is complex and you aren't sure where the main issue lies, as the actual cause may be elusive. Being able to conduct thorough research, receive useful dataand speak with internal experts could be ways to mitigate this situation.

- **Overconfidence in the outcome.** We are not by any way devaluing the importance of positive thinking, but rather that you should identify realistic, viable, achievable options rather than ones thatare overly optimistic and unrealistic.

- **Impulsiveness.** Stress, time constraints or any other circumstance such as the pressure to decide upon a course of action can compromise the desired results if decisions are taken too quickly. You might inadvertently skip important data or forget about the impact of some action or other on the team.

- **Opinions and objectivity.** It is natural to involve other people in the decision-making process, butyou need to avoid falling for something similar to the halo effect (preconceived ideas and prejudicesbased solely upon appearances). Try and be coolly objective in your decision-making—compliance, safety and the business should be the priority—that's something you can only achieve with objectivedata.

****

PART – A	CO	Blooms Level
1. Define planning.	CO2	1
2. List the characteristics of planning	CO2	1
3. What are the advantages of planning?	CO2	1
4. Classify the types of plans according to time.	CO2	3
5. Recall the term 'Strategies'.	CO2	1

6.	Mention the various types of policies.	CO2	2
7.	Distinguish between single use plans and repeated use plans.	CO2	3
8.	State the term 'Decision'.	CO2	1
9.	What are the characteristics of decision Making?	CO2	1
10.	Categorize the various types of decisions.	CO2	3

	PART – B	CO	Blooms Level
1.	Elaborate in detail the steps in planning process.	CO2	4
2.	Elucidate about the process of Management by Objectives with a diagram.	CO2	4
3.	Analyze the various methods of plans in detail.	CO2	4
4.	Explain in detail about policies.	CO2	3
5.	'Decision Making is the primary task of the managers' – Justify.	CO2	5
6.	Discuss the steps in decision making process in detail.	CO2	2

REFERENCES:

1. C.B Gupta, Management Theory & Practice, Sultan Chand & Sons, 19th Edition, 2017.
2. L.M Prasad, Principles and Practices in Management, Sultan Chand & Sons, 2015.
3. P.C. Tripathi & P.N. Reddy, Principles of Management, McGraw Publication, 6th Edition, 2017.
4. Harold Koontz, Cyril O' Donnell & Heinz Weihrich, Essentials of Management, McGraw Hill,Inc, 5th Edition, 2017.

SCHOOL OF MANAGEMENT STUDIES

UNIT – III – Principles of Management – SBAA1202

Meaning - Types of Organization (Line and Staff, Committees, Projects, Matrix) - Organizational structure - Span of Control - Departmentalization - Informal Organization - Authority and Responsibility - Delegation - Centralization, Decentralization

ORGANIZING

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

PROCESS OF ORGANIZING

1. **Division of work:** first step in organising is to divide the work to be done into specific activities which are grouped into jobs that consist of certain tasks.
2. **Grouping Jobs & departmentalization:** is to combine or group similar jobs into larger units called departments, divisions or sections.
3. **Assignment of Duties:** once the departments have been formed each employee is placed under the charge of an individual.
4. **Establishing Authority Relationships:** The various members of the organisation who performs the job, are linked by authority responsibility relations.

IMPORTANCE OF ORGANIZING

1. Benefits of specialization
2. Role clarity
3. Clarifies Authority and Responsibility
4. Avoiding Duplication of work
5. Coordination

ORGANISATION

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

IMPORTANCE OF ORGANISATION

- Vital for implementing plans
- Specialization

- Optimum use of resources

- Team work

- Communication relationship

- Creativity

- Coordination

- Continuity

TYPES OF ORGANISATION

- Formal Organisation

  - Formal organisation is a well-defined structure of authority and responsibility that defines delegation of authority and relationships amongst the organisational members. It works along pre-defined set of policies, plans, procedures, schedules and programmes.

- Informal Organisation

  - Keith Davis defines informal organisation as "a network of personal and social relations not established or required by formal organisation but arising spontaneously as people associate with one another."

DIFFERENCE BETWEEN FORMAL AND INFORMAL ORGANISATION

Formal Organization	InFormal Organization
1. It is consciously and deliberately created.	1. It arises spontaneously
2. Authority and responsibility are vital for its functions.	2. It is only personal factors such as friendship , trust , confidence that are important.
3. Rules and regulations are important	
4. It can be shown an organization chart.	3. Personal relationship between individuals is more important.
5. Authority flows downwards and responsibilities flow upwards.	4. It cannot be shown
	5. There is no flow of authority
6. It is created only to attain the organization objectives.	6. It is created to fulfill the social needs of an individual
7. Designations and official positions are very important.	7. Designation and official positions are unimportant
8. It is permanent and stable	8. It is unstable.

ORGANISATION STRUCTURE

An organization structure explains the position and official relationships between the various individuals working in an organization. It helps to understand an organization better.

FORMS OF ORGANISATION STRUCTURE

Designing of the organisation structure is ordinarily considered to be a matter of choice among a large number of alternatives. There are three traditional forms: line, line and staff, and functional organisation, and two newer forms-committee and matrix organisations. In fact, no particular form is the best and, in practice, an admixture of all these or of some is found. The various types of Organisation Structure are

- Line Organization Structure
- Line and staff Organization structure
- Functional Organization structure
- Committee Organization structure
- Project Organization structure
- Matrix Organization structure

LINE ORGANISATION

This is also known as scalar, military, departmental, or vertical organisation an perhaps is the oldest form. This concept holds that in any organisation or hierarchy derived from a scalar process, there must be a single head who commands it.

It is perhaps the oldest and the simple's organisational structure. In this kind of structure every manager exercises a direct authority over his subordinate who in turn directly reports to their superiors.

- There is a hierarchical arrangement of authority.
- Each department is self-contained and works independently of other departments.
- Lines of authority are vertical i.e. from top to bottom.
- There are no staff specialists.

Fig 3.1 Line Organisation Structure
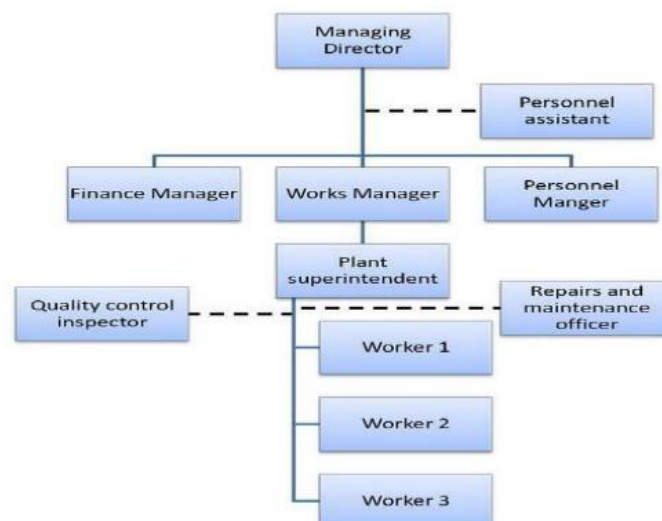
Advantages of Line Organisation

- There is no complicated relationship in this organization . it can easily be understood by anyone.
- It clearly defines the authority and responsibility of each individual.
- Each person knows clearly whom he should report to and who should report to him.
- There is unity of command i.e. a subordinate gets orders from one superior only.
- It provides scope for better supervision. This ensures greater discipline.

Disadvantages of Line Organisation

- It lacks specialization.
- The line managers are overburdened with lot of work. Eg. the marketing manager has to monitor sales and assess the performance of the sales man.
- It is always downward communication as result the subordinates may loose initiative.
- The line managers enjoy monopoly in the matter of decision making.

LINE AND STAFF ORGANISATION

It is a combination of line and functional structures. In this organisation a structure, the authority flows in a vertical line and get the help of staff specialist who are in advisory. When the line executives need advice, information about any specific area, these staff specialists are consulted.

For example Chief accountant has command authority over accountants and clerks in the accounts departments but he has only advisory relationship with other departments like production or sales.

Fig 3.2 Line and Staff Organisation

Advantages of Line and Staff Organisation

- Staff experts provide support to the line personnel. This provides line executives to perform well.

- The line executive gets relief from work burden.

- The suggestion given by the staff experts helps to take better decisions.

Disadvantages of Line and Staff Organisation

- Conflicts often arise between the line and staff executives.

- The staff experts do not have the authority to make decisions they can only

FUNCTIONAL ORGANISATION STRUCTURE

Functional organisation structure is were "authority rests with the functional heads; the structure is sectioned by departmental groups". The organisation is divided into a number of functional areas. This organisation has grouping of activities in accordance with the functions of an organisation such as production, marketing, finance, human resource and so on. The specialist in charge of a functional department has the authority over all other employees for his function.

It is a kind of Formal Organisation whose structure is based on organising resources to perform specialized tasks or activities in order to attain the goals of organisation.

This structure emerges from the idea that the organisation must perform certain functions in order to carry on its operations.

Functional structure is created by grouping the activities on the basis of functions required for the achievement of organisational objectives. For this purpose, all the functions required are classified as shown below: -

Characteristics of Functional Organisation

1. Functional authority relationship
2. Limited span of management
3. Line and staff division
4. Organisation growth through emphasis on sub goals
5. Specialisation on functional areas
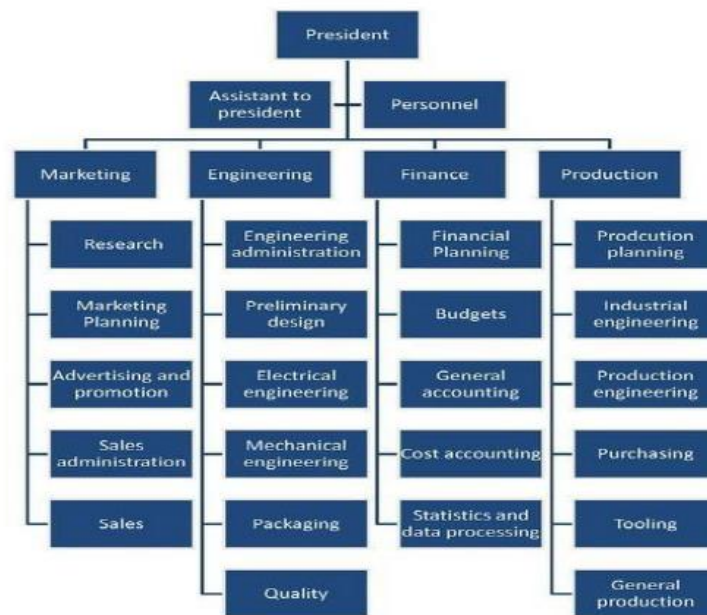
Fig: 3.3 Functional Organisation Structure

Advantages of functional organisation structure

- It promotes specialization, each department specialize in a particular line of work
- Each functional head looks after specific activities so no burden.
- Better control.
- Each individual concentrates on a particular task so maximum efficiency

Disadvantages of functional organisation structure

- More number of departments and divisions
- Difficult to control and co-ordinate
- Delay in arriving in decisions

However, it is much suitable for large organisations where there is ample scope for specialization. Once harmony and proper coordination among different functions is achieved, it could lead to sure success for an organisation.

COMMITTEE ORGANISATION STRUCTURE

Organisation committees are quite popular at different levels for various functions. The board of directors is a committee.

Similarly, there may be executive committee, finance committee, audit committee, bonus committee, planning committee, grievance committee, etc. Exact definition of a committee is difficult because there are many different kinds of committees and the concept of a committee

may be defined as a group of persons in an organization to another. However, a committee may be defined as a group of persons in an organization for taking or recommending certain decisions.

CHARACTERISTICS OF COMMITTEE ORGANISATION

On the basic of the definition, following broad characteristics of a committee any be spelled out.

- A committee is a group of persons there should be at least two persons. There is no limitation on the maximum number of persons. However, if number of persons rises above seven, communication tends to become centralized because committee members do not have adequate opportunity to communicate directly with one another.

- A committee is charged with dealing with specific problems and it cannot go in for actions in all spheres of activities. There are strictly defined jurisdictions within which a committee is expected to justify its existence. Beyond these limited spheres a committee is doomed to fail as an organ of action.

- Members of the committee have authority to go into details of the problems. This authority usually is expressed in terms of one vote for each member.

- A committee have the authority either to take a final decision or it may merely decision or it may merely deliberate on problems without authority to decide.

- A committee may be constituted at any level of organisation. Moreover, the members of a committee may be drawn from various levels. Usually in such a case, all the members of the committee enjoy equal authority.

TYPES OF COMMITTEES

- **Standing Committee:** Is never dissolved, there may be changes in membership. The committee remains always. Eg. The board of directors in a company.

- **Temporary Committee:** This is created for a specific purpose. As soon as the purpose has been accomplished the committee stands dissolved. Eg. if there is a strike in the organization, then a committee is formed

- **Executive Committee:** Executive committee is one that has power to make important decisions for the enterprise. Eg. board of directors.

- **Advisory Committee:** This committee can only make suggestions. It does not have the powers to make decisions.
- **Formal committee:** This is one that is constituted as per the values and policies of the organization. It has hierarchy. It functions according to the lines of authority.
- **Informal committee:** This is the one that is not constituted as per the rules and policies of the organization. Such a committee is the outcome of informal meetings of the workers to discuss their work related problems.
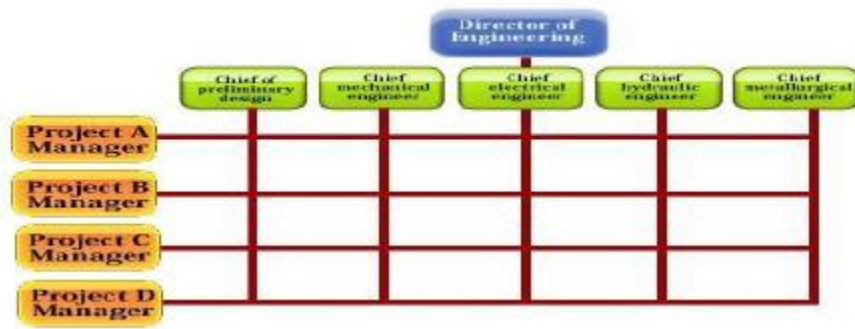
Advantages of Committee Organisation:
- Scope for group judgment
- Committee members feel motivated when they participate in the discussion
- Problems that cannot be solved by individual will have to be referred to a committee.

Disadvantages of Committee Organisation:
- Expensive
- More time for discussions
- Sometimes compromise decision made.

MATRIX ORGANISATION STRUCTURE
- Matrix organisation combines two structures – functional departmentation and project structure.
- Functional department is a permanent feature of the matrix structure and retains authority for overall operation of the functional units.
- Project teams are created whenever specific projects require a high degree of technical skill and other resources for a temporary period.
- Project team form the horizontal chain and functional departments create a vertical chain of command.
- Members of a particular team are drawn from the functional departments and are placed under the direction of a project manager who has the overall responsibility of a particular project.

Fig 3.4 Matrix Organisation Structure

Advantage of Matrix Organisation

- It gives motivation for the personnel.
- It promotes communication.

Disadvantages

- It goes against the principles of unity of command
- Dual command may result in confusion.
- Quick decisions may not be possible.

PROJECT ORGANISATION STRUCTURE

The project structure consists of a number of horizontal organisational units to complete projects of a long duration. A team of specialists from different areas is created for each project. Usually this team is managed by the project manager. The project staff is separate from and independent of the functional departments.

Advantages of Project Organisation Structure

- It can be designed to suit individual projects
- It makes use of specialized knowledge and skill whenever required.
- It fixes responsibility on individuals on the work done by them.

Disadvantages of Project Organisation Structure

- The project manager may have tough time dealing with specialists from different fields.
- Decision making is difficult.
- The time within which the project has to be completed will put pressure on every individual.
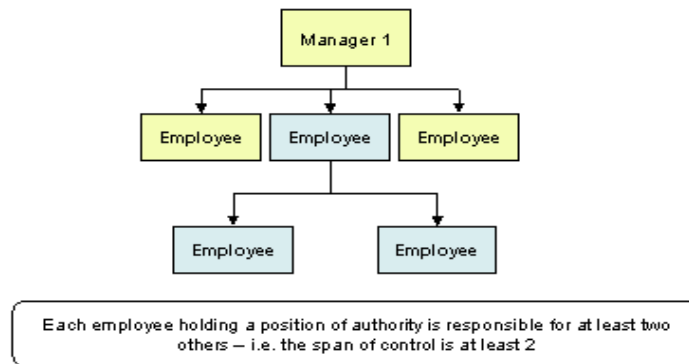
SPAN OF CONTROL

Span of management refers to the number of subordinates a manager can effectively handle, manage. A manager will be able to perform his basic work of guiding his subordinates and making them work only if he has the right number of such subordinates under him. The more people under the control of one manager - the wider the span of control. Less means a narrow span of control. Span of Management is also known as span of control.

Eg. Class teacher– students, family–children

TYPES OF SPAN OF CONTROL

NARROW SPAN OF CONTROL

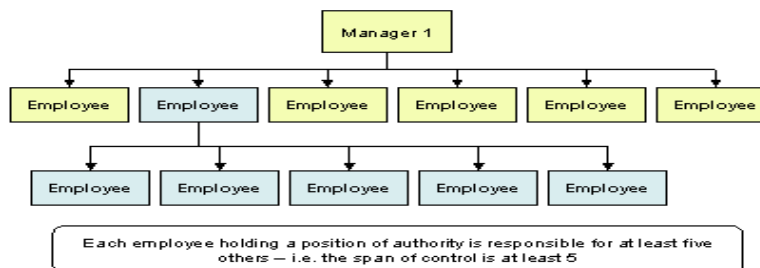
Fig 3.5 Narrow Span of control

The advantages of a narrow span of control :

- A narrow span of control allows a manager to communicate quickly with the employees under them and control them more easily.
- Feedback of ideas from the workers will be more effective

WIDER SPAN OF CONTROL

Fig 3.6 Wider Span of control

Advantages of wide span of control

- There are less layers of management to pass a message through, so the message reaches more employees faster.

- It costs less money to run a wider span of control because a business does not need to employ as many managers

SPAN OF CONTROL WITH ORGANISATION STRUCTURE
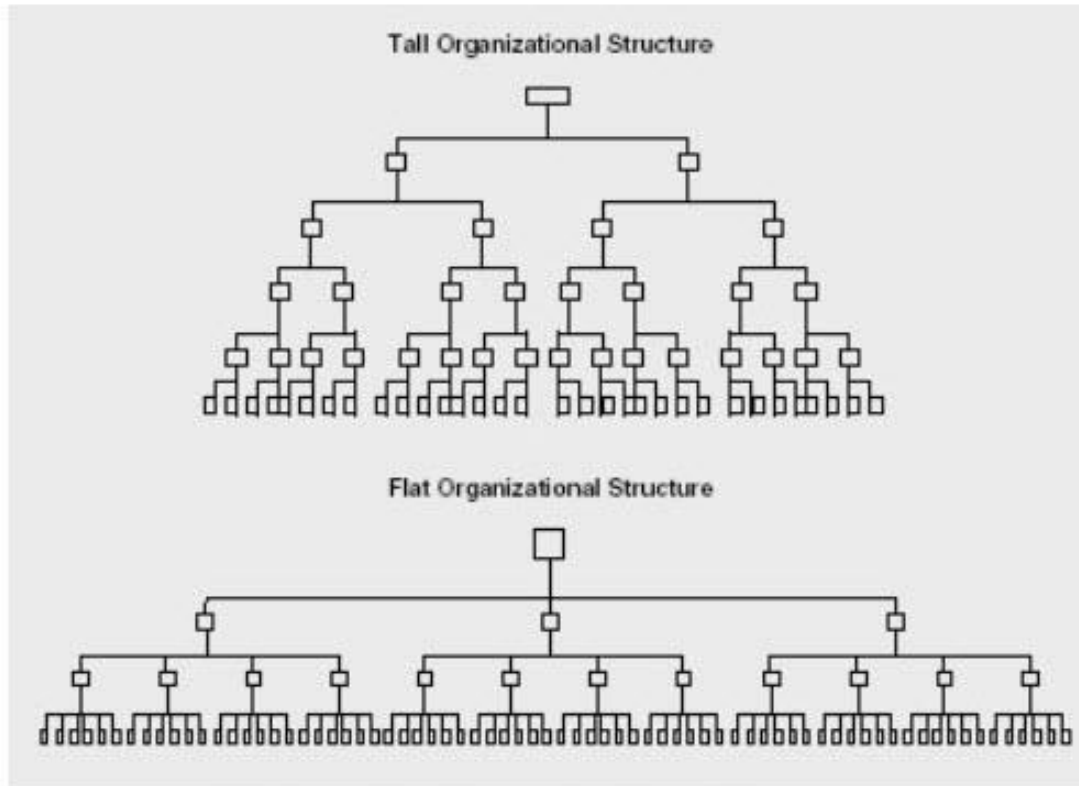
Fig 3.7 Flat and tall Organisation structure

FACTORS DETERMINING SPAN OF MANAGEMENT

- **Capacity of Superior:** Here the capacity means the ability of a superior to comprehend the problems quickly and gel up with the staff such that he gets respect from all. Also, the communication skills, decision-making ability, controlling power, leadership skills are important determinants of supervisory capacity. Thus, a superior possessing such capacity can manage more subordinates as compared to an individual who lack these abilities.

- **Capacity of Subordinate**: If the subordinate is trained and efficient in discharging his functions without much help from the superior, the organization can have a wide span.

12

This means a superior can manage a large number of subordinates as he will be required just to give the broad guidelines and devote less time on each.

- **Nature of Work:** If the subordinates are required to do a routine job, with which they are well versed, then the manager can have a wider span. But, if the work is complex and the manager is required to give directions, then the span has to be narrower. Also, the change in the policies affects the span of management. If the policies change frequently, then the manager needs to devote more time and hence the span would be narrow whereas if the policies remain stable, then a manager can focus on a large number of subordinates. Likewise, policies technology also plays a crucial role in determining the span.

- **Degree of Decentralization**: If the manager delegates authority to the subordinates, then he is required to give less attention to them. Thus, higher the degree of decentralization, the wider is the span of management. But in case, subordinates do not have enough authority, then the manager is frequently consulted for the clarifications, and as a result superior spends a lot of time in this.

- **Planning**: If the subordinates are well informed about their job roles, then they will do their work without consulting the manager again and again. This is possible only because of the standing plans that they follow in their repetitive decisions. Through a proper plan, the burden of a manager reduces manifold and can have a wider span of management.

- **Staff Assistance**: The use of staff assistance can help the manager in reducing his workload by performing certain managerial tasks such as collecting information, processing communications and issuing orders, on his behalf. By doing so, the managers can save their time and the degree of span can be increased

- **Supervision from Others:** The classical approach to the span of management, i.e., each person should have a single supervisor is changing these days. Now the subordinates are being supervised by other managers in the organization such as staff personnel. This has helped the manager to have a large number of subordinates under him.

- **Communication Techniques:** The mode of communication also determines the span of management. If in the manager is required to do a face-to-face communication with each subordinate, then more time will be consumed. As a result, the manager cannot have a wider span. But in case, the communication is in writing and is collected through a staff personnel; the manager can save a lot of time and can have many subordinates under him.
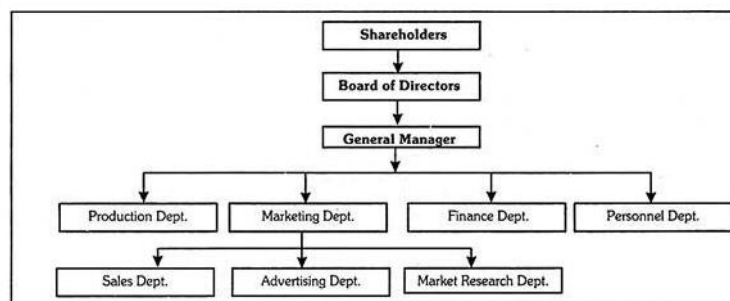
DEPARTMENTATION

- It is the process of dividing and grouping the activities and employees of an enterprise into departments. E.g. production department will look after.

- Departmentation is process of grouping activities and people onto department make it possible to expend organization. After reviewing the plan, usually the first step in the organization process is departmentalization. Once job have been classified through work specialization, they are grouped so those common tasks can be coordinated. Departmentation is the biases on which work or individuals are grouped into manageable units. There are five traditional methods for grouping work activities.

TYPES OF DEPARTMENTATION

- Departmentation by function
- Departmentation by products
- Departmentation by Territory
- Departmentation by Process
- Departmentation by customers
- Departmentation by Time and Numbers

DEPARTMENTATION BY FUNCTION

It is grouping activities on the basis on function of an enterprise. The basic enterprise functions are production, selling, and financing functional departmentation is bases for organizing activities and in organizational structure. It organizes by function to be performed. The function reflects the nature of the business. The advantage of this type of grouping is obtaining efficiencies from consolidating similar specialties and people with common skills, knowledge and orientations together in common units

Fig 3.8 Departmentation by Functions

- **ADVANTAGES**
- It is logical reflection of function.
- Maintains power of major functions.
- Simplifies training.
- **DISADVANTAGES**
- De-emphasis of overall company objectives.
- Reduces coordination between function.
- Slow adoption to change in environment.
- **DEPARTMENTATION BY PRODUCT**

This type of departmentation used in organization where more than one product is producing. In this department all the sources and authority are placed under the control of one manager. Departmentation by product assembles all functions needed to make and market a particular product are placed under one executive. For instance, major department stores are structured around product groups such as home accessories, appliances woman's clothing, men's clothing and children clothing.
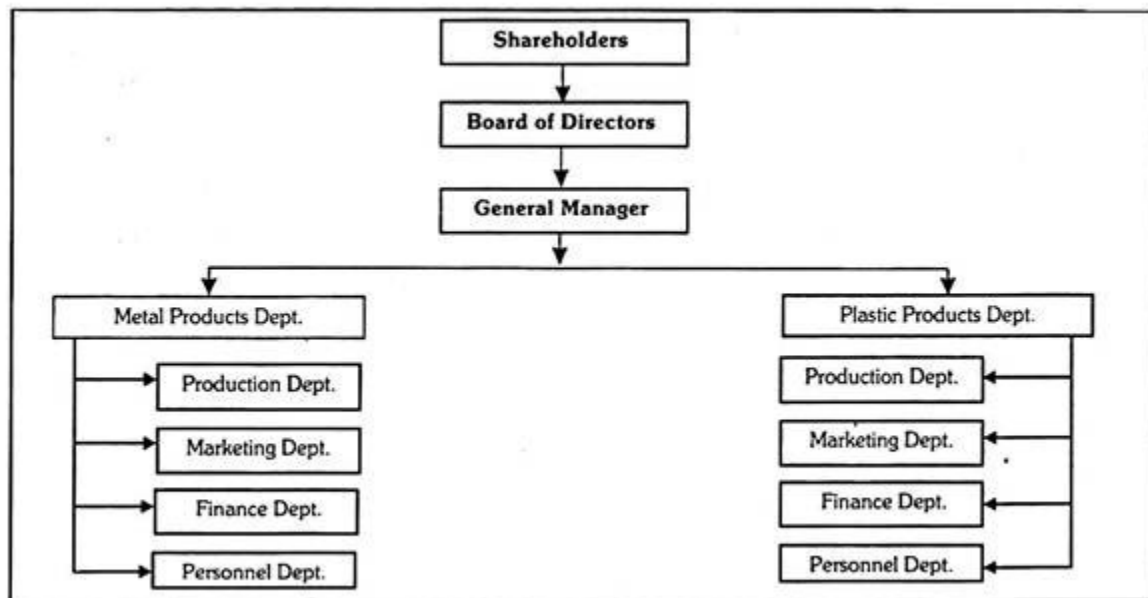
Fig 3.9 Departmentation by Products

- **ADVANDTAGES**
- Places attention on production.

- Increase growth of product.

- Places responsibility for profit at division level.

- **DISADVANTAGES**

- Requires more persons with general manager abilities.

- Presents problems of top management control

DEPARTMENTATION BY PROCESS

This type of departmentation is found in production and operative levels. Such type of departmentation can be found in paint or electroplating process. Departmentalization by process groups jobs on the basis of product or customer flow. Each process requires particular skills and offers a basis for homogeneous categorizing of work activities. A patient preparing for an operation would first engage in preliminary diagnostic tests, and then go through the admitting process, undergo a procedure in surgery, receiver post operative care, be discharged and perhaps receive out-patient attention. These services are each administered by different departments.
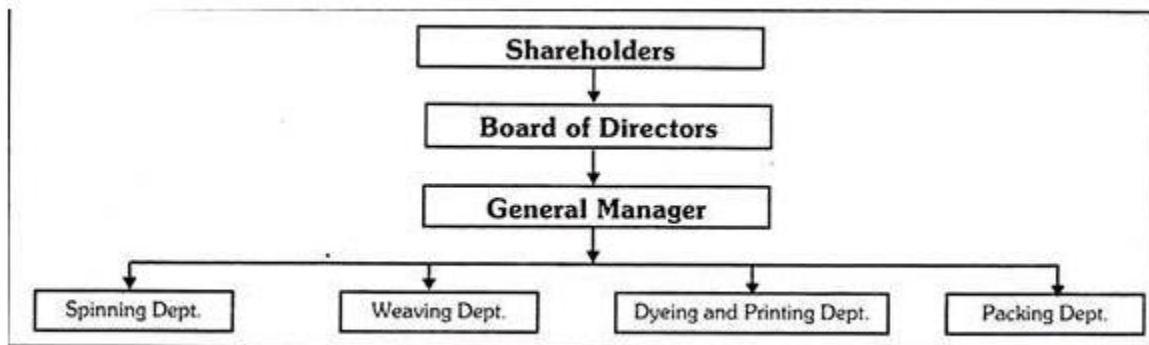
Fig 3.10 : Departmentation by Process

ADVANTAGES

- It simplifies training.

- Achieve economic advantage.

- Uses specialized technology.

DISADVANTAGES

- Coordination of departments is difficult.

- Responsibility for profit is at the top.

DEPARTMENTATION BY TERRITORY

Departmentation by geography is followed where geographic marked appear to offer advantages. Geographic department most often use in sales and production, it is not use in finance. Departmentalization by geographical regions groups jobs on the basis of territory or geography. For example Merek, a major pharmaceutical company, have its domestic sales departmentalized by regions such as Northeast, Southeast, & Northwest
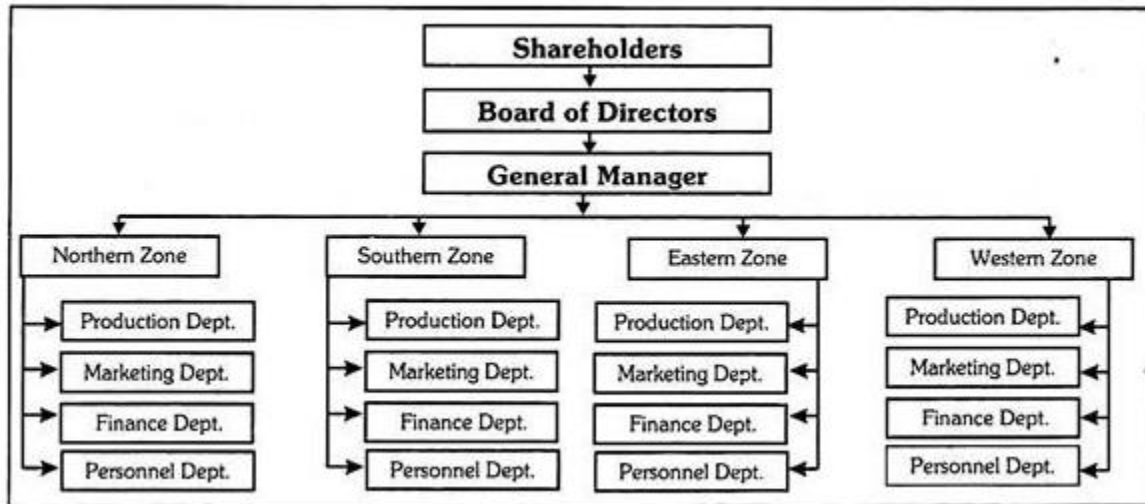
Fig 3.11 Departmentation by territory

ADVANTAGES

- It emphasis on local markets and problems.
- Improves coordination in a region.
- Better face to face communication.

DISADVANTAGES

- Increases problem of top management control.
- Requires more persons with general manager abilities.

DEPARTMENTATION BY CUSTOMER

Departmentalization by customer groups jobs on the basis of a common set of needs or problems of specific customers. For instance, a plumbing firm may group its work according to whether it is serving private sector, public sector, government, or not- for-profit organizations. A current departmentalization trend is to structure work according to customer, using cross-functional teams. This group is chosen from different functions to work together across various departments

to interdependently create new products or services. For example, a cross-functional team consisting of managers from accounting, finance and marketing is created to prepare a technology plan.

There is different difficult decision to be made in separating some type of customer departments from product departments. Business owners and managers arrange activities on the basis of customer requirements.

Fig 3.12 Departmentation by customers

ADVANTAGES

- Departmentation by customer emphasis on customer needs.
- It develops experience in customer area.

DISADVANTAGES

- It may be difficult to analysis customer demands.
- It requires managers and staff expert in customer problems.
- Customer groups may not always be clearly defined.

DEPARTMENTATION BY NUMBERS

Departmentation by number is telling off persons who are to perform the same duties and putting them under the superior of a manager the essential fact is not what these people do, where they work? Or what they work with, it is that the success of the understanding depends only on the number of persons include in it. This method is rapidly applying in army.

DISADVANTAGES

- There are many reason of decline of departmentation by numbers.
- It has declined due to advance technology and demand of specialized and different skills.

- A second reason is groups composed of specialized personnel are more efficient than those based on number.

- Departmentation by number is useful only at the lowest level of the organization.

- Departmentation by number fails to produce good results

DEPARTMENTATION BY TIME

It is grouping activities on the basis of time. It is oldest form of departmentation and it is generally used in low level of departmentation. It is particularly applied in hospitals and steel manufacturing enterprise where continue process of service and manufacturing is used.

ADVANTAGES

- It is process of working and services throughout 24 hours.

- It is continuing service process.

- Expensive machinery is used in shifts.

DISADVANTAGES

- There is lacking supervision at night.

DELEGATION

Delegation is commonly defined as the shifting of authority and responsibility for particular functions, tasks or decisions from one person to another.

ELEMENTS OF DELEGATION

- **Authority** is the power to give orders and get it obeyed or in other words it is the power to take decisions.

- **Responsibility** means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.

- **Accountability** means giving explanations for any variance in the actual performance from the expectations set. Accountability can not be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable.

STEPS IN DELEGATION OF AUTHORITY

1. Assignment of duties
2. Granting of authority

3. Creating Responsibility and Accountability

DIFFERENCE BETWEEN AUTHORITY AND RESPONSIBILTY

Basis	Authority	Responsibility
Meaning	It means the right to take decisions and command subordinates	It means the obligation to perform the assigned task
Origin	It originates from job position in the scalar chain	It arises from delegated authority
Flow	It flows downward i.e., from superior to subordinate	It flows upward i.e., from subordinate to superior
Delegation	It can be delegated	It cannot be delegated entirely

CENTRALISATION

Centralisation is the systematic and consistent reservation of authority at central point within the organisation

Benefits of Centralisation

This system results in certain advantages to the organization

- **Facilitating Personal Leadership.** Personal leadership can be a potent influence in the success of a small organisation and during its early growth stages. The success and survival of the small, young enterprise in the competitive market depends upon aggressiveness, singleness of purpose, and flexibility. Under a talented and dynamic leader, centralisation in small organisation may result in quick decisions, enterprising and imaginative action, and high mobility

- **Providing Integration.** Certain amount of centralisation is necessary to unify and integrate the total operation of the enterprise. Some sort of central direction is required to keep all parts of the organisation moving harmoniously together towards a common objective. Thus, it acts as a binding force on the various parts of the organisation.

- **Uniformity of Action** Centralisation brings uniformity in all actions in the organisation. Thus, to the extent that the organisation wishes all its units to do the same thing in the same way or the same time, there must be centralisation of appropriate decisions.

- **Handling Emergencies.** When emergency decisions affecting all the units of the organisation are to be taken, centralisation is necessary. The more acute emergency or the more acute competition requires greater centralized decision-making.

- **Other Benefits.** Besides, centralisation minimizes duplication of work and wastages require easier control, and makes communication easier.

However, these advantages of centralisation are limited in certain circumstances and particularly in smaller organisations. A stage comes when decentralisation becomes desirable to achieve its advantages and where the limitations of centralisation come in the way of successful organisational functioning.

DECENTRALISATION

Decentralisation has become the prevailing philosophy for organising activities on the part of large organisations.

Benefits of Decentralisation

Many organisations, which were centralized at earlier stages, have been forced to go for decentralisation simply because they could not cope up with the situation under centralized authority. This show the benefits of decentralisation which are as follows:

- **Reducing Burden to Top Executives.** Decentralisation is necessary for solving the problems of expanding organisations. It is the means by which the chief executive can extend his leadership over a giant organisation, when the chief executive makes operating decisions and with problems of immediate urgency, he finds it almost impossible to adopt the relaxed and contemplative point of view necessary for planning and thinking ahead. Decentralisation relieves this pressure on the chief executive an provides him time to think for the future and to make plans accordingly.

- **Facilitating Diversification.** Decentralisation can facilitate the growth and diversification of product lines. For under decentralisation, each product line is treated as separate unit and proper emphasis on all important matters such as present position, future prospects, a comparative efficiency, can be given.

- **Ensuring Marketing Innovations.** Customers require satisfaction in respect of supply of qualitative products, regularity of supply, and at cheaper rates. Marketing innovations ensure better customer satisfaction. Each organisation has to carry on these marketing innovations for its existence and growth. In decentralized organisation structure, higher

level people get much time for the creativity and innovations. The impact of decentralisation on both product and market has proved by the various organisations.

- **Motivating Mangers.** Various research studies have shown that we organisation structure itself can influence the people within the organisation. The extent to which the organisation facilities participation, communication, delegation, mutual interaction, and interdependence, motivates people for higher productivity. Decentralization tends to emphasise those desirable characteristics in whatever type of structure it is found.

- **Encouraging Development of Managers.** Managers are made, not born and decentralisation is one of the best methods of developing managers in the organisations. Other methods of management development have their own contributions in this field. However, giving manager's management jobs to do and to delegate authority for decision-making make them more mature and competent and broad-based. The problem of succession is overcome this way and the future growth and success of the organisation are ensured as most organisations find lack of managerial talent a limiting factor in growth. Perhaps, the necessity of management development is one of the compelling reasons for decentralisation.

****

	PART – A	CO	Blooms Level
1.	State the term 'Organisation'	CO3	1
2.	List out the process of organizing.	CO3	2
3.	Distinguish between formal and informal organisation.	CO3	1
4.	Sketch a diagram for Matrix Organisation structure.	CO3	4
5.	Classify the various types of committees.	CO3	3
6.	Define Span of control.	CO3	1
7.	Outline the diagram for Departmentation by Territory.	CO3	3
8.	Difference between Authority and Responsibility.	CO3	3
9.	What do you mean by Centralisation?	CO3	2
10.	Recall the term 'delegation'.	CO3	1

PART – B	CO	Blooms Level
1. Discuss the various forms of Organization Structure with suitable diagram.	CO3	4
2. Categorize the various types of departmentation in detail.	CO3	4
3. Describe the factors determining the span of control.	CO3	3
4. Elaborate in detail about Delegation of Authority	CO3	3
5. Elucidate about Centralization and Decentralization	CO3	4

REFERENCES:

1. C.B Gupta, Management Theory & Practice, Sultan Chand & Sons, 19th Edition, 2017.
2. L.M Prasad, Principles and Practices in Management, Sultan Chand & Sons, 2015.
3. P.C. Tripathi & P.N. Reddy, Principles of Management, McGraw Publication, 6th Edition, 2017.
4. Harold Koontz, Cyril O' Donnell & Heinz Weihrich, Essentials of Management, McGraw Hill,Inc, 5th Edition, 2017.

UNIT – IV – Principles of Management – SBAA1202

IV. STAFFING AND DIRECTING

Manpower Planning- Job Analysis, Job Description, Job Specification - Recruitment and Selection - Training and development - Performance Appraisal - Career Development - Principles of Directing

STAFFING

Staffing is the managerial function of recruitment, selection, training, developing, promotion and compensation of personnel.

Staffing may be defined as the process of hiring and developing the required personnel to fill in the various positions in the organization. It involves estimating the number and type of personnel required. It involves estimating the number and type of personnel required, recruiting and developing them, maintaining and improving their competence and performance.

Staffing is the process of identifying, assessing, placing, developing and evaluating individuals at work According to Koontz and O'Donnell, "the managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure".

IMPORTANCE OF STAFFING

- Staffing helps in discovering and obtaining competent and personnel for various jobs.
- It helps to improve the quantity and quality of the output by putting the right person on the right job.
- It helps to improve job satisfaction of employees.
- It facilitates higher productive performance by appointing right man for right job.
- It reduces the cost of personnel by avoiding wastage of human resources.
- It facilitates growth and diversification of business.
- It provides continuous survival and growth of the business through development of employees.

NATURE OF STAFFING

1. **Staffing is an important managerial function-** Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.
2. **Staffing is a pervasive activity-** As staffing function is carried out by all mangers and in all types of concerns where business activities are carried out.
3. **Staffing is a continuous activity-** This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.

4. **The basis of staffing function is efficient management of personnel's-** Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.

5. **Staffing helps in placing right men at the right job.** It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.

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

STAFFING PROCESS

1. **Manpower requirements**- The very first step in staffing is to plan the manpower inventory required by a concern in order to match them with the job requirements and demands. Therefore, it involves forecasting and determining the future manpower needs of the concern.

2. **Recruitment**- Once the requirements are notified, the concern invites and solicits applications according to the invitations made to the desirable candidates.

3. **Selection**- This is the screening step of staffing in which the solicited applications are screened out and suitable candidates are appointed as per the requirements.

4. **Orientation and Placement**- Once screening takes place, the appointed candidates are made familiar to the work units and work environment through the orientation programmes. placement takes place by putting right man on the right job.

5. **Training and Development**- Training is a part of incentives given to the workers in order to develop and grow them within the concern.
   Training is generally given according to the nature of activities and scope of expansion in it.
   Along with it, the workers are developed by providing them extra benefits of in depth knowledge of their functional areas. Development also includes giving them key and important jobs as a test or examination in order to analyse their performances.

6. **Remuneration**- It is a kind of compensation provided monetarily to the employees for their work performances. This is given according to the nature of job- skilled or unskilled, physical or mental, etc. Remuneration forms an important monetary incentive for the employees.

7. **Performance Evaluation-** In order to keep a track or record of the behaviour, attitudes as well as opinions of the workers towards their jobs. For this regular assessment is done to evaluate and supervise different work units in a concern. It is basically concerning to know the development cycle and growth patterns of the employees in a concern.

8. **Promotion and transfer**- Promotion is said to be a non- monetary incentive in which the worker is shifted from a higher job demanding bigger responsibilities as well as shifting the workers and transferring them to different work units and branches of the same organization.

MANPOWER PLANNING

Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. Human Resource Planning has got an important place in the arena of industrialization. Human Resource Planning has to be a system approach and is carried out in a set procedure. The procedure is as follows:

1. Analysing the current manpower inventory
2. Making future manpower forecasts
3. Developing employment programmes
4. Design training programme

STEPS IN MANPOWER PLANNING

1. **Analysing the current manpower inventory-** Before a manager makes forecast of future manpower, the current manpower status has to be analysed. For this the following things have to be noted-
   - Type of organization
   - Number of departments
   - Number and quantity of such departments
   - Employees in these work units

   Once these factors are registered by a manager, he goes for the future forecasting.

2. **Making future manpower forecasts-** Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in several work units.

   The Manpower forecasting techniques commonly employed by the organizations are as follows:

   i. **Expert Forecasts:** This includes informal decisions, formal expert surveys and Delphi technique.

   ii. **Trend Analysis:** Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).

   iii. **Work Load Analysis:** It is dependent upon the nature of work load in a department, in a branch or in a division.

   iv. **Work Force Analysis:** Whenever production and time period has to be analysed, due allowances have to be made for getting net manpower requirements.

v. **Other methods:** Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.

3. **Developing employment programmes-** Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.

4. **Design training programmes-** These will be based upon extent of diversification, expansion plans, development programmes,etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

IMPORTANCE OF MANPOWER PLANNING

1. **Efficient utilization-** Efficient management of personnel becomes an important function in the industrialization world of today. Setting of large-scale enterprises require management of large-scale manpower. It can be effectively done through staffing function.

2. **Motivation-** Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans become an integral part of staffing function.

3. **Better human relations-** A concern can stabilize itself if human relations develop and are strong. Human relations become strong trough effective control, clear communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.

4. **Higher productivity-** Productivity level increases when resources are utilized in best possible manner. higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and its related activities (Performance appraisal, training and development, remuneration)

OBSTACLES OF MANPOWER PLANNING

Following are the main obstacles that organizations face in the process of manpower planning:

1. **Under Utilization of Manpower:** The biggest obstacle in case of manpower planning is the fact that the industries in general are not making optimum use of their manpower and once manpower planning begins, it encounters heavy odds in stepping up the utilization.

2. **Degree of Absenteeism:** Absenteeism is quite high and has been increasing since last few years.

3. **Lack of Education and Skilled Labour:** The extent of illetracy and the slow pace of development of the skilled categories account for low productivity in employees. Low productivity has implications for manpower planning.

4. **Manpower Control and Review:**
   a. Any increase in manpower is considered at the top level of management
   b. On the basis of manpower plans, personnel budgets are prepared. These act as control mechanisms to keep the manpower under certain broadly defined limits.
   c. The productivity of any organization is usually calculated using the formula:

      Productivity = Output / Input

      . But a rough index of employee productivity is calculated as follows:

      Employee Productivity = Total Production / Total no. of employees
   d. Exit Interviews, the rate of turnover and rate of absenteesim are source of vital information on the satisfaction level of manpower. For conservation of Human Resources and better utilization of men studying these condition, manpower control would have to take into account the data to make meaningful analysis.
   e. Extent of Overtime: The amount of overtime paid may be due to real shortage of men, ineffective management or improper utilization of manpower. Manpower control would require a careful study of overtime statistics.

JOB ANALYSIS

It is a systematic analysis of each job for the purpose of collecting information as to what the job holder does, under what circumstances it is performed and what qualifications are required for doing the job.

FEATURES OF JOB ANALYSIS

1. Job analysis is a process of gathering relevant information about various aspects of a job and is concerned with the identification of tasks required to be performed as part of it.
2. It approaches the task of defining the role, context, conditions, human behavior, performance standards, and responsibilities of a job systematically.
3. It helps in establishing the job's worth to an organization. In other words, it measures the value and contribution of a job to the growth of the organization.
4. It establishes job-relatedness, which is a crucial input for HR decisions involving recruitment, selection, compensations, training, health, and safety.

PURPOSE OF JOB ANALYSIS

- **Recruitment and Selection:** Job Analysis helps in determining what kind of person is required to perform a particular job. It points out the educational qualifications, level of experience and

technical, physical, emotional and personal skills required to carry out a job in desired fashion. The objective is to fit a right person at a right place.

- **Performance Analysis:** Job analysis is done to check if goals and objectives of a particular job are met or not. It helps in deciding the performance standards, evaluation criteria and individual's output. On this basis, the overall performance of an employee is measured and he or she is appraised accordingly.

- **Training and Development:** Job Analysis can be used to assess the training and development needs of employees. The difference between the expected and actual output determines the level of training that need to be imparted to employees. It also helps in deciding the training content, tools and equipment's to be used to conduct training and methods of training.

- **Compensation Management:** Of course, job analysis plays a vital role in deciding the pay packages and extra perks and benefits and fixed and variable incentives of employees. After all, the pay package depends on the position, job title and duties and responsibilities involved in a job. The process guides HR managers in deciding the worth of an employee for a particular job opening.

- **Job Designing and Redesigning:** The main purpose of job analysis is to streamline the human efforts and get the best possible output. It helps in designing, redesigning, enriching, evaluating and also cutting back and adding the extra responsibilities in a particular job. This is done to enhance the employee satisfaction while increasing the human output.

PROCESS IN JOB ANALYSIS

1. **Information Collection**

This is the first step of job analysis under which required information related to various aspects of jobs are collected. Probably the most important consideration is to identify the objectives of the job analysis. Information is obtained through different methods such as interview, observation, questionnaire, critical incidents etc. It is associated with the preparation of plans and programs and assignment of responsibilities to the concerned person.

2. **Review Background Information**

This is the second step of job analysis process under which the previously collected information is reviewed to design organizational charts, current position descriptions and specifications, procedures, manuals and process charts. These help in the detailed assessment of job.

3. **Selection of Representative Position to be Analyzed**

Analyzing all jobs at a time is a complex and costly affair. So, only a representative sample of jobs is selected for the purpose of detailed analysis. Under it, the job analyst investigates to determine which organization managers or employees require job analysis. He should also determine for what purpose the

job must be analyzed.

4.   **Analysis of Job by Collecting Data**

Under this step of job analysis process, a job analyst obtains the data and information related to the selected jobs. The information is collected on the job activities, required employee behaviors, working conditions, human traits and qualities, abilities to perform the job and other various dimensions of the job. Data can be collected either through questionnaire, observation or interviews.

5.   **Develop Job Description**

In this step of job analysis, a job description schedule is developed through the information collected in the above step. This is the written statement which describes the prominent characteristics of the job along with duties, location, and degree of risk involved in each job.

6.   **Develop Job Specification**

Developing the job specification is the last step of job analysis process under which a detailed specification statement is prepared showing the minimum requirement of each job. It consists of a requirement of the job holder for successfully performing the job. A job specification summarizes the personal qualities, traits, skills, knowledge, and background required to perform the specific task. It also involves the physical and psychological attributes of the incumbent.

METHODS OF COLLECTING JOB ANALYSIS INFORMATION

- **Observation Method:** A job analyst observes an employee and records all his performed and non-performed task, fulfilled and un-fulfilled responsibilities and duties, methods, ways and skills used by him or her to perform various duties and his or her mental or emotional ability to handle challenges and risks. However, it seems one of the easiest methods to analyze a specific job but truth is that it is the most difficult one.

  It is due to the fact that every person has his own way of observing things. Different people think different and interpret the findings in different ways. Therefore, the process may involve personal biasness or likes and dislikes and may not produce genuine results. This error can be avoided by proper training of job analyst or whoever will be conducting the job analysis process.

  This particular method includes three techniques: direct observation, Work Methods Analysis and Critical Incident Technique. The first method includes direct observation and recording of behaviour of an employee in different situations. The second involves the study of time and motion and is specially used for assembly-line or factory workers. The third one is about identifying the work behaviours that result in performance.

- **Interview Method:** In this method, an employee is interviewed so that he or she comes up with their own working styles, problems faced by them, use of particular skills and techniques while performing their job and insecurities and fears about their careers.

This method helps interviewer know what exactly an employee thinks about his or her own job and responsibilities involved in it. It involves analysis of job by employee himself. In order to generate honest and true feedback or collect genuine data, questions asked during the interview should be carefully decided. And to avoid errors, it is always good to interview more than one individual to get a pool of responses. Then it can be generalized and used for the whole group.

- **Questionnaire Method:** Another commonly used job analysis method is getting the questionnaires filled from employees, their superiors and managers. However, this method also suffers from personal biasness. A great care should be takes while framing questions for different grades of employees.

In order to get the true job-related info, management should effectively communicate it to the staff that data collected will be used for their own good.

- **Quantitative Techniques**

The methods of collecting job-related data, described above are used by most employers. But there are occasions where these narrative approaches are not appropriate. For example, where it is desired to assign a quantitative value to each job so that jobs can be compared for pay purposes, a more quantitative approach will be appropriate. The position analysis questionnaire, management position description questionnaire and functional job analysis are the three popular techniques of job analysis.

ADVANTAGES OF JOB ANALYSIS

- **Provides First Hand Job-Related Information:** The job analysis process provides with valuable job-related data that helps managers and job analyst the duties and responsibilities of a particular job, risks and hazards involved in it, skills and abilities required to perform the job and other related info.

- **Helps in Creating Right Job-Employee Fit:** This is one of the most crucial management activities. Filling the right person in a right job vacancy is a test of skills, understanding and competencies of HR managers. Job Analysis helps them understand what type of employee will be suitable to deliver a specific job successfully.

- **Helps in Establishing Effective Hiring Practices:** Who is to be filled where and when? Who to target and how for a specific job opening? Job analysis process gives answers to all these questions and helps managers in creating, establishing and maintaining effective hiring practices.

- **Guides through Performance Evaluation and Appraisal Processes:** Job Analysis helps managers evaluating the performance of employees by comparing the standard or desired output with delivered or actual output. On these bases, they appraise their performances. The process helps in deciding whom to promote and when. It also guides managers in understanding the skill gaps so that right person can be fit at that particular place in order to get desired output.

9

- **Helps in Analysing Training & Development Needs:** The process of job analysis gives answer to following questions:
  - Who to impart training?
  - When to impart training
  - What should be the content of training
  - What should be the type of training: behavioural or technical
  - Who will conduct training?
- **Helps in Deciding Compensation Package for a Specific Job:** A genuine and unbiased process of job analysis helps managers in determining the appropriate compensation package and benefits and allowances for a particular job. This is done on the basis of responsibilities and hazards involved in a job.

DISADVANTAGES OF JOB ANALYSIS

- **Time Consuming:** The biggest disadvantage of Job Analysis process is that it is very time consuming. It is a major limitation especially when jobs change frequently.
- **Involves Personal Biasness:** If the observer or job analyst is an employee of the same organization, the process may involve his or her personal likes and dislikes. This is a major hindrance in collecting genuine and accurate data.
- **Source of Data is Extremely Small:** Because of small sample size, the source of collecting data is extremely small. Therefore, information collected from few individuals needs to be standardized.
- **Involves Lots of Human Efforts:** The process involves lots of human efforts. As every job carries different information and there is no set pattern, customized information is to be collected for different jobs. The process needs to be conducted separately for collecting and recording job-related data.
- **Job Analyst May Not Possess Appropriate Skills:** If job analyst is not aware of the objective of job analysis process or does not possess appropriate skills to conduct the process, it is a sheer wastage of company's resources. He or she needs to be trained in order to get authentic data.
- **Mental Abilities Can not be Directly Observed:** Last but not the least, mental abilities such as intellect, emotional characteristics, knowledge, aptitude, psychic and endurance are intangible things that can not be observed or measured directly. People act differently in different situations. Therefore, general standards can not be set for mental abilities.

RECRUITMENT AND SELECTION

Recruitment and Selection process is defined as the process through which the best individuals are

selected among a pool of applicants for particular positions of job. Mostly managers consider the selection process as one of their critical decision functions in the organization.

SCOPE OF RECRUITMENT AND SELECTION

- Dealing with the excess or shortage of resources
- Preparing the Recruitment policy for different categories of employees
- Analyzing the recruitment policies, processes, and procedures of the organization
- Identifying the areas, where there could be a scope of improvement
- Streamlining the hiring process with suitable recommendations
- Choosing the best suitable process of recruitment for effective hiring of resources

FACTORS AFFECTING RECRUITMENT

- **Internal Factors**

Organizations have control over the internal factors that affect their recruitment functions. The internal factors are:

Size of Organization

The size of the organization is one of the most important factors affecting the recruitment process. To expand the business, recruitment planning is mandatory for hiring more resources, which will be handling the future operations.

Recruiting Policy

Recruitment policy of an organization, i.e., hiring from internal or external sources of organization is also a factor, which affects the recruitment process. It specifies the objectives of the recruitment and provides a framework for the implementation of recruitment programs. **Image of Organization**

Organizations having a good positive image in the market can easily attract competent resources. Maintaining good public relations, providing public services, etc., definitely helps an organization in enhancing its reputation in the market, and thereby attract the best possible resources.

Image of Job

Just like the image of organization, the image of a job plays a critical role in recruitment. Jobs having a positive image in terms of better remuneration, promotions, recognition, good work environment with career development opportunities are considered to be the characteristics to attract qualified candidates.

- **External Factors**

External factors are those that cannot be controlled by an organization. The external factors that affect the recruitment process include the following:

Demographic factors

Demographic factors are related to the attributes of potential employees such as their age, religion, literacy level, gender, occupation, economic status, etc.

Labor market – Labor market controls the demand and supply of labor. For example, if the supply of people having a specific skill is less than the demand, then the hiring will need more efforts. On the other hand, if the demand is less than the supply, the hiring will be relative easier.

Unemployment rate

If the unemployment rate is high in a specific area, hiring of resources will be simple and easier, as the number of applicants is very high. In contrast, if the unemployment rate is low, then recruiting tends to be very difficult due to a smaller number of resources.

Labour laws

Labour laws reflect the social and political environment of a market, which are created by the central and state governments. These laws dictate the compensation, working environment, safety and health regulations, etc., for different types of employments. As the government changes, the laws too change.

Legal considerations

Job reservations for different castes such as STs, SCs, OBCs are best examples of legal considerations. These considerations, passed by government, will have a positive or negative impact on the recruitment policies of the organizations.

Competitors

When organizations in the same industry are competing for the best qualified resources, there is a need to analyse the competition and offer the resources packages that are best in terms of industry standards.

SOURCES OF RECRUITMENT

- **Internal Sources of Recruitment**

Internal sources of recruitment refer to hiring employees within the organization internally. In other words, applicants seeking for the different positions are those who are currently employed with the same organization. At the time recruitment of employees, the initial consideration should be given to those employees who are currently working within the organization. This is an important source of recruitment, which provides the opportunities for the development and utilization of the existing resources within the organization. Internal sources of recruitment are the best and the easiest way of selecting resources as performance of their work is already known to the organization. Let us now discuss more on the various internal sources of recruitment

Promotions

Promotion refers to upgrading the cadre of the employees by evaluating their performance in the organization. It is the process of shifting an employee from a lower position to a higher position with more responsibilities, remuneration, facilities, and status. Many organizations fill the higher vacant positions with the process of promotions, internally.

Transfers

Transfer refers to the process of interchanging from one job to another without any change in the rank and responsibilities. It can also be the shifting of employees from one department to another department or one location to another location, depending upon the requirement of the position.

Recruiting Former Employees

Recruiting former employees is a process of internal sources of recruitment, wherein the ex employees are called back depending upon the requirement of the position. This process is cost effective and saves plenty of time. The other major benefit of recruiting former employees is that they are very well versed with the roles and responsibilities of the job and the organization needs to spend less on their training and development.

Internal Advertisements (Job Posting)

Internal Advertisements is a process of posting/advertising jobs within the organization. This job posting is an open invitation to all the employees inside the organization, where they can apply for the vacant positions. It provides equal opportunities to all the employees working in the organization. Hence, the recruitment will be done from within the organization and it saves a lot of cost.

Employee Referrals

Employee referrals is an effective way of sourcing the right candidates at a low cost. It is the process of hiring new resources through the references of employees, who are currently working with the organization. In this process, the present employees can refer their friends and relatives for filling up the vacant positions. Organizations encourage employee referrals, because it is cost effective and saves time as compared to hiring candidates from external sources. Most organizations, in order to motivate their employees, go ahead and reward them with a referral bonus for a successful hire.

Previous Applicants

Here, the hiring team checks the profiles of previous applicants from the organizational recruitment database. These applicants are those who have applied for jobs in the past. These resources can be easily approached and the response will be positive in most of the cases. It is also an inexpensive way of filling up the vacant positions.

- **External Sources of Recruitment**

External sources of recruitment refer to hiring employees outside the organization externally. In other words, the applicants seeking job opportunities in this case are those who are external to the organization. External employees bring innovativeness and fresh thoughts to the organization. Although hiring through external sources is a bit expensive and tough, it has tremendous potential of driving the organization forward in achieving its goals. Let us now discuss in detail the various external sources of recruitment.

Direct Recruitment

Direct recruitment refers to the external source of recruitment where the recruitment of qualified candidates are done by placing a notice of vacancy on the notice board in the organization. This method of sourcing is also called as factory gate recruitment, as the blue-collar and technical workers are hired through this process.

Employment Exchanges

As per the law, for certain job vacancies, it is mandatory that the organization provides details to the employment exchange. Employment exchange is a government entity, where the details of the job seekers are stored and given to the employers for filling the vacant positions. This external recruitment is helpful in hiring for unskilled, semi-skilled, and skilled workers.

Employment Agencies

Employment agencies are a good external source of recruitment. Employment agencies are run by various sectors like private, public, or government. It provides unskilled, semi-skilled and skilled resources as per the requirements of the organization. These agencies hold a database of qualified candidates and organizations can use their services at a cost.

Advertisements

Advertisements are the most popular and very much preferred source of external source of recruitment. The job vacancy is announced through various print and electronic media with a specific job description and specifications of the requirements. Using advertisements is the best way to source candidates in a short span and it offers an efficient way of screening the candidates' specific requirements.

Professional Associations

Professional associations can help an organization in hiring professional, technical, and managerial personnel, however they specialize in sourcing mid-level and top-level resources. There are many professional associations that act as a bridge between the organizations and the job-seekers.

Campus Recruitment

Campus recruitment is an external source of recruitment, where the educational institutions such as colleges and universities offers opportunities for hiring students. In this process, the organizations visit technical, management, and professional institutions for recruiting students directly for the new positions.

RECRUITMENT PROCESS
- Initial Screening
- Application blank
- Pre-employment Testing
- Interview
- Background Checks

- Conditional Job Offer
- Drug Test/Medical Exam
- Final Selection Decision

Initial Screening

Generally, the Selection and the Recruitment Process starts with the initial screening of applicants so that the unqualified ones are drop out at the initial stage. Initial screening is helpful to save the time, cost & effort of the selection committee in the following steps of the selection process.

In this step, certain general questions are asked from the applicants. There are chances that some applicants would be unqualified for the job but some of them would be qualified. So the main purpose of screening applicants is to reduce the number of applicants available in the selection process.

Sources used in the Screening Effort

The main source of initial screening is the curriculum vitae of the applicant along with the job application. The following information is included in the above-mentioned documents.

- Education & Employment History
- Evaluation of character
- Evaluation of job performance

Screening Interviews

Screening interviews are employed to

- To verify the accuracy & validity of the information given in the curriculum vitae of the applicant.
- The duration of these interviews is quite short.

Application Blank

The person's application for employment is formally recorded in the shape of the application blank. In the next step of the selection process, an application form for employment is completed by the prospective applicant. The information contained in the application blank differs from one organization to another organization and in job posts, it may vary even within the same organization.

But generally, the informational needs and the requirements of EEO are covered in the application blank. The historical data from the candidate can be quickly collected through the application blanks so that further verification about the accuracy of the data is carried out.

Pre-employment Test

The physical & mental abilities, knowledge, skills, personal characteristics & other aspects of behavior can be effectively measured through the pre-employment tests. For this purpose, there are hundreds of tests that can measure the different aspects of human behavior.

With the passage of time, the application of the pre-employment test is growing at a fast rate in the selection process because they can explain the qualities & skills of the applicant clearly. These tests are more used in the large & public sector organizations.

The advantage of the application of tests in the selection process is that it can ensure the potential & qualified candidate selection from a pool of applicants for a job.

Kinds of Pre-employment Tests

As individuals vary on the basis of cognitive abilities, job knowledge, vocational interests, psycho-motor abilities & personality, etc. So, all these factors are measured through a set of different pre-employment tests which are as follows.

- **Cognitive Aptitude tests**

In this test, the ability to learn & perform a job by an individual is judged. The abilities related to the job are as follow.

1. Verbal
2. Reasoning
3. Numerical
4. Perceptual Speed
5. Spatial

- **Psychomotor Abilities Test**

In this test, the coordination, strength & dexterity of an individual is judged. Other abilities related to routine office jobs & production jobs can also be measured through these tests.

- **Job Knowledge Tests**

This test is used to measure the knowledge of the person about the duties of a particular job.

- **Work Sample Tests**

A set of tasks that represent a job are identified in this test through which the productivity level, ability to face adverse conditions by the applicants are judged.

- **Vocational Interest test**

This test identifies the occupations that are preferred by the candidate & that can provide him maximum satisfaction.

- **Personality Tests**

These tests are not considered to be so reliable & valid as compared to other pre-employment tests because these tests require external psychologist who interprets the results of the tests subjectively.

- **Drug & Alcohol Tests**

For the security, productivity & safety of the workplace drug testing programs are used as pre-employment tests.

Job Interviews

In the interview, the interviewer & applicant exchange information in order to achieve a goal through conversation. The employment interviews are conducted during the selection process through proper planning. The pleasant location of the interviewing place is selected and the interviewer has a good personality with empathy & ability to communicate & listen effectively. A job profile must be prepared on the basis of the job description before conducting the interview.

Contents of the Interview

Although the contents of the employment interview vary from one organization to another & also according to the nature of the job but still following are the essential contents of the interview.

- Occupational Experience
- Academic Achievement
- Interpersonal Skills
- Personal Qualities
- Organizational Fit

Types of Interviews

- **Structured Interview**: In this type, the interview is designed and detailed in advance. A structured interview is pre-planned, accurate, and consistent in hiring the candidates.

- **Unstructured Interview**: This type of interview is an unplanned one, where the interview questionnaire is not prepared. Here, the effectiveness of the interview is very less and there is a tremendous waste of time and effort of both the interviewer and the interviewee.

- **Group Interview**: In this type of interview, all the candidates or a group of candidates are interviewed together. Group interviews are conducted to save time when there is a large number of applications for a few job vacancies. A topic will be given to discuss among the candidates and the interviewer judges the innovativeness and behavior of each candidate in the group.

- **Depth Interview**: Depth interview is a semi-structured interview, where the candidates have to give a detailed information about their education background, work experience, special interests, etc. And the interviewer takes a depth interview and tries in finding the expertise of the candidate.

- **Stress Interview**: Stress interviews are conducted to discover how a candidate behaves in stressful conditions. In this type of interview, the interviewer will come to know whether the

candidate can handle the demands of a complex job. The candidate who maintains his composure during a stress interview is normally the right person to handle a stressful job.

- **Individual Interview**: In an individual interview, the interview takes place one-on-one i.e., there will be a verbal and a visual interaction between two people, an interviewer and a candidate. This is a two-way communication interview, which helps in finding the right candidate for a vacant job position.
- **Informal Interview**: Such interviews are conducted in an informal way, i.e., the interview will be fixed without any written communication and can be arranged at any place. There is no procedure of asking questions in this type of interview, hence it will be a friendly kind of interview.
- **Formal Interview**: A formal interview held in a formal way, i.e., the candidate will be intimated about the interview well in advance and the interviewer plans and prepares questions for the interview. This is also called as a planned interview.

Back Ground Checks

The accuracy of the application form of the candidate is verified through references & former employer. The educational, criminal record & legal status to work are verified. Personal references of applicants are contacted to confirm the validity & accuracy of the provided information.

The effort is made to know the past behavior of the employees to that the future behavior can be predicted from it. Background checks assist the selection committee in dropping the applicants that have past insubordination issues, attendance problem, theft, or special behavioral problems. The level of responsibility for the new job directs the intensity of the background investigation.

Conditional Job Offer

After going through all the previous steps of the selection process, there comes the most important step of the selection process in which the decision of hiring is made. The applicant that best meets the requirements of the job is selected. At the start, a conditional job letter is issued which must be followed by a medical exam.

Medical Exam

When the conditional job letter is issued the next step of the selection process starts in which the physical/medical examination of the selected candidate is conducted. The medical exam of the candidate is essential to check either he takes the drugs or not. If he passes the exam, he would be finally selected for the job.

Final Selection Decision

After passing the medical exam by the candidate, the final offer for the job is made to the candidate by the relative department.

TRAINING AND DEVELOPMENT

Training is an organised process of increasing the knowledge and skills of people for doing a particular job. it is a learning process involving the acquisition of skills and attitude.

Training and education:

* The purpose of training is to bring about in improvement in the performance of work.
* It includes the learning of such skills as are required to do a specific job in a better way

Training and development

* Training implies learning the basic skills and knowledge required for a particular job ☐ On the other hand development involves the growth of the individual in all respects.

NEED FOR TRAINING

1. **New environment:**

When a new employee comes to work, he is unaware of the environment in the organisation

2. **Lack of trained personnel:**

It is always not possible to recruit and select train employees.

Majority of the newly employed persons do not know how to perform their jobs

3. **Advancement in technology**

Need for systematic training has increased due to rapid technological changes which create new jobs requiring new skills.

When improvements take place in the techniques of work employees have to be trained to become proficient in latest methods of doing work

4. **Faulty methods:**

Some employees might have picked up defective ways of doing work which may result in wastage and inefficiency.

Training is required to remove these defects and to teach them correct method and behaviour patterns.

5. **Prevention of accidents:**

Training is needed to prevent industrial accidents for this purpose safety consciousness must be created among workers so that they realise the significance of safe working
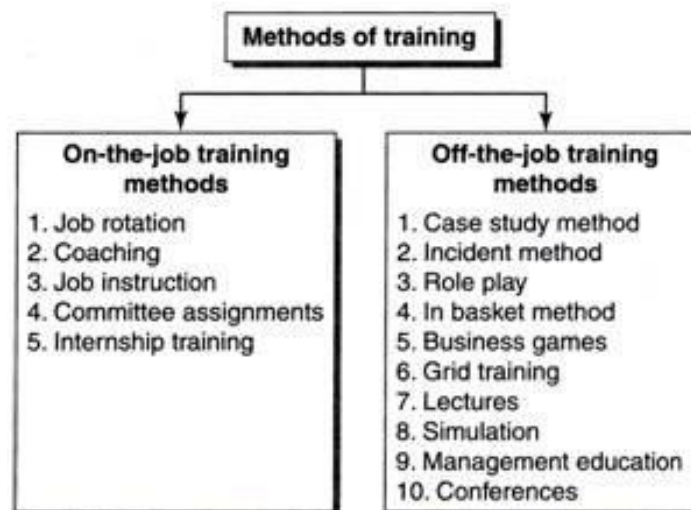
6. **Career development:**

When persons working at lower levels are promoted to higher positions, they require training in higher job. This is necessary not only to replace the outgoing executives but also to provide opportunity for advancement

ADVANTAGES OF TRAINING

1. Increase productivity

2. Job satisfaction

3. Reduction in accidents

4. Better use of resources

5. Reduced supervision

6. Greater flexibility

7. Management by exception

8. Stability and growth

METHODS OF TRAINING

```
                    ┌─────────────────────┐
                    │  Methods of training │
                    └─────────────────────┘
                         │            │
            ┌────────────┘            └────────────┐
            ▼                                      ▼
┌───────────────────────┐          ┌───────────────────────────┐
│   On-the-job training  │          │   Off-the-job training     │
│        methods         │          │        methods             │
│                        │          │                            │
│ 1. Job rotation        │          │ 1. Case study method       │
│ 2. Coaching            │          │ 2. Incident method         │
│ 3. Job instruction     │          │ 3. Role play               │
│ 4. Committee assignments│         │ 4. In basket method        │
│ 5. Internship training │          │ 5. Business games          │
│                        │          │ 6. Grid training           │
│                        │          │ 7. Lectures                │
│                        │          │ 8. Simulation              │
│                        │          │ 9. Management education    │
│                        │          │ 10. Conferences            │
└───────────────────────┘          └───────────────────────────┘
```

- **On- the- job- training methods**

1. Job rotation:

This training method involves movement of trainee from one job to another gain knowledge and experience from different job assignments. This method helps the trainee understand the problems of other employees.

2. Coaching:

Under this method, the trainee is placed under a particular supervisor who functions as a coach in training and provides feedback to the trainee. Sometimes the trainee may not get an opportunity to express his ideas.

3. Job instructions:

Also known as step-by-step training in which the trainer explains the way of doing the jobs to the trainee and in case of mistakes, corrects the trainee.

4. Committee assignments:

A group of trainees are asked to solve a given organizational problem by discussing the problem. This helps to improve team work.

5. Internship training:

Under this method, instructions through theoretical and practical aspects are provided to the trainees. Usually, students from the engineering and commerce colleges receive this type of training for a small stipend.

- **Off-the-job training Methods**

On the job training methods have their own limitations, and in order to have the overall development of employee's off-the-job training can also be imparted. The methods of training which are adopted for the development of employees away from the field of the job are known as off-the-job methods.

The following are some of the off-the-job techniques:

1. **Case study method:**

Usually case study deals with any problem confronted by a business which can be solved by an employee. The trainee is given an opportunity to analyse the case and come out with all possible solutions. This method can enhance analytic and critical thinking of an employee.

2. Incident method:

Incidents are prepared on the basis of actual situations which happened in different organizations and each employee in the training group is asked to make decisions as if it is a real-life situation. Later on, the entire group discusses the incident and takes decisions related to the incident on the basis of individual and group decisions.

3. Role play:

In this case also a problem situation is simulated asking the employee to assume the role of a particular person in the situation. The participant interacts with other participants assuming different roles. The whole play will be recorded and trainee gets an opportunity to examine their own performance.

4. In-basket method:

The employees are given information about an imaginary company, its activities and products, HR employed and all data related to the firm. The trainee (employee under training) has to make notes, delegate tasks and prepare schedules within a specified time. This can develop situational judgments and quick decision making skills of employees.

5. Business games:

According to this method the trainees are divided into groups and each group has to discuss about various activities and functions of an imaginary organization. They will discuss and decide about various subjects like production, promotion, pricing etc. This gives result in co-operative decision making process.

6. Grid training:

It is a continuous and phased programme lasting for six years. It includes phases of planning development, implementation and evaluation. The grid takes into consideration parameters like concern for people and concern for people.

7. Lectures:

This will be a suitable method when the numbers of trainees are quite large. Lectures can be very much helpful in explaining the concepts and principles very clearly, and face to face interaction is very much possible.

8. Simulation:

Under this method an imaginary situation is created and trainees are asked to act on it. For e.g., assuming the role of a marketing manager solving the marketing problems or creating a new strategy etc.

9. Management education:

At present universities and management institutes gives great emphasis on management education. For e.g., Mumbai University has started bachelors and postgraduate degree in Management. Many management Institutes provide not only degrees but also hands on experience having collaboration with business concerns.

10. Conferences:

A meeting of several people to discuss any subject is called conference. Each participant contributes by analyzing and discussing various issues related to the topic. Everyone can express their own view point.

TYPES OF TRAINING

1. Induction training:

Also known as orientation training given for the new recruits in order to make them familiarize with the internal environment of an organization. It helps the employees to understand the procedures, code of conduct, policies existing in that organization.

2. Job instruction training:

This training provides an overview about the job and experienced trainers demonstrates the entire job. Addition training is offered to employees after evaluating their performance if necessary.

3. Vestibule training:

It is the training on actual work to be done by an employee but conducted away from the work place.

5. Apprenticeship training:

Apprentice is a worker who spends a prescribed period of time under a supervisor.

PERFORMANCE APPRAISAL

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

OBJECTIVES OF PERFORMANCE APPRAISAL

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

ADVANTAGES OF PERFORMANCE APPRAISAL

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:
   a. Through performance appraisal, the employers can understand and accept skills of subordinates.
   b. The subordinates can also understand and create a trust and confidence in superiors.
   c. It also helps in maintaining cordial and congenial labour management relationship.
   d. It develops the spirit of work and boosts the morale of employees.

   All the above factors ensure effective communication.

6. **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

METHODS OF PERFORMANCE APPRAISAL

1. TRADITIONAL METHOD

a. Ranking Method

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

In doing this the employee who is the highest on the characteristic being measured and also the one who

is L lowest, are indicated. Then, the next highest and the next lowest between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

b. Paired Comparison Method

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

The number of possible pairs for a given number of employees is ascertained by the following formula:

N (N-1)/2

Where N = the total number of employees to be evaluated.

c. Grading Method

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.

Such type of grading is done is Semester pattern of examinations and in the selection of a candidate in the public service sector. One of the major drawbacks of this method is that the rater may rate most of the employees on the higher side of their performance.

d. Forced Distribution Method

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level confirms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating a large number of employees' job performance and promo ability. It tends to eliminate or reduce bias.

It is also highly simple to understand and easy to apply in appraising the performance of employees in organisations. It suffer from the drawback that improve similarly, no single grade would rise in a ratings.

e. Check-List Method

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department. The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

Fig. 28.2: Sample Check-list for Appraising University Teachers

	Yes	No
1. Is regular on the job?	----	----
2. Does maintain discipline well?	----	----
3. Does show consistent behaviour to all students?	----	----
4. Is interested in (teaching) job?	----	----
5. Does ever make mistakes?	----	----
6. Does show favouritism to particular students?	----	----
7. Is willing to help colleagues?	----	----

When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions. While preparing questions an attempt is made to determine the degree of consistency of the rater by asking the same question twice but in a different manner (see, numbers 3 and 6 in Figure 28-2).

However, one of the disadvantages of the check-list method is that it is difficult to assemble, analyse and weigh a number of statements about employee characteristics and contributions From a cost stand point also, this method may be inefficient particularly if there are a number of job categories in the organisation, because a check-list of questions must be prepared for each category of job. It will involve a lot of money, time and efforts.

f. Critical Incidents Method

In this method, the rate focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively). There are three steps involved in appraising employees using this method.

First, a list of noteworthy (good or bad) on-the-job behaviour of specific incidents is prepared. Second, a group of experts then assigns weightage or score to these incidents, depending upon their degree of desirability to perform a job. Third, finally a check-list indicating incidents that describe workers as "good" or "bad" is constructed. Then, the check-list is given to the rater for evaluating the workers.

g. Graphic Rating Scale Method

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.

The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum. The common practice is to follow five points scale.

The rater rates each appraisee by checking the score that best describes his or her performance for each trait all assigned values for the traits are then totalled. Figure 28-3 shows a typical graphic rating scale.

Fig. 28.3: Sample of Graphic Rating Scale Items and Format

Performance Factor	Performance Rating				
Quality of work is the accuracy, skill, and completeness of work.	☐ Consistently unsatisfactory	☐ Occasionally unsatisfactory	☐ Consistently satisfactory	☐ Sometimes superior	☐ Consistently superior
Quantity of work is the volume of work done in a normal workday.	☐ Consistently unsatisfactory	☐ Consistently unsatisfactory	☐ Consistently satisfactory	☐ Sometimes superior	☐ Consistently superior

h. Essay Method

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it.

However, essay method, like other methods, is not free from drawbacks. In the absence of any prescribed structure, the essays are likely to vary widely in terms of length and content. And, of course, the quality of appraisal depends more upon rater's writing skill than the appraiser's actual level of performance.

2. MODERN METHODS

a. Management by Objective (MBO)

MBO does not comprise of feedbacks and thus it is less time-consuming. Rather management by objective focuses on self-introspection by the employee as the employee is well aware of the standards which are taken into consideration while evaluating performance. The employee targets to perform better as the employee and the employer both are aware of their goals and deliverables towards the organization and hence management by objective are one of the fair methods of performance appraisals. As the goals are already known to the employee the employee tends to perform better for his/her appraisal and recognition and thus there is no need for constant feedback. This method saves the effort of the employer and helps the employee to improve and excel by self-evaluation.

b. 360-Degree Feedback Method

This method of performance appraisal is very useful for start-ups as it involves collecting feedback from each and every individual who interacts with the employee during the course of work. These individuals could be customer or friends or supervisors of the employee. Collecting feedback and gathering data gives a clear insight into the personality traits of the employee and attitude towards work assigned. This method is time-consuming although it gives the overall performance card of the employee and the management can plan the career development accordingly with the help of the data collected. This method benefits both the employee and the organization as the constant feedback would help to understand the employee and his work approach better helping them to grow. The advantage of this method is that it is cost-effective and gives a clear picture of employee's performance.

c. Assessment Centered Method

This method of evaluation is basically used by the organization for evaluating managers who are subsequently going to deal with their juniors. The assessment-based method judges the employee as per the different situations and analyses their overall behaviour like acceptability, openness, tolerance towards fellow employees and certain situations, etc. and performance. It includes various kinds of business games like big basket games etc. to assess the performance of the employee. Thus this method is best to evaluate the performance of the employees at a senior level.

d. Behaviourally Anchored Rating Scale Method (BARS)

This method has been recognized as the most effective performance appraisal methods and gives the most precise result. It is the combination of essay evaluation method and rating scale method which makes it a bit expensive performance appraisal method, however, it assures the best results. In this method of performance appraisal, the employee is anchored as a good, average or poor employee based on the overall performance and behavior evaluation. The human resource department is also involved in this method and they are informed about the employee's behavior ad performance simultaneously.

e. Critical Incident Method

This is a pretty lengthy and time-consuming method of performance appraisal although it is very effective. As per this approach of performance appraisals the manager documents all the incidents of statements and behavior of the employee and maintains a log of such incidents which are critical or displays the ineffective behavior of the employee and the performance rating of the employee is done on the basis of such recorded incidents after a discussion with the employee. The managers are expected to maintain the log of both outstanding incidents and critical incidents and also the manager is expected to be fair while making the decisions.

PROCESS OF PERFORMANCE APPRAISAL

- Establish performance standard
- Communicate the standard to employees
- Measure actual performance
- Compare actual performance with standards
- Discuss the appraisal with employees
- Initiate corrective actions

1. Establish Performance Standards

The appraisal process begins with the establishment of performance standards. The managers must determine what outputs, accomplishments and skills will be evaluated. These standards should have evolved out of job analysis and job descriptions.

These performance standards should also be clear and objective to be understood and measured. Standards should not be expressed in an articulated or vague manner such as "a good job" or "a full day's work" as these vague phrases tells nothing.

2. Communicate Performance Expectations to Employees

Once the performance standards are established, this need to be communicated to the respective employees so that they come to know what is expected of them. Past experience indicates that not communicating standards to the employees compounds the appraisal problem.

Here, it must be noted that mere transference of information (relating to performance standards, for example) from the manager to the employees is not communication It becomes communication only when the transference of information has taken place and has been received and understood by the employees'.

The feedback from the employees on the standards communicated to them must be obtained. If required, the standards may be modified or revised in the light of feedback obtained from the employees. It is important to note that communication is a two-way street.

3. Measure Actual Performance

This is the third step involved in the appraisal process. In this stage, the actual performance of the employee is measured on the basis of information available from various sources such as personal observation, statistical reports, oral reports, and written reports.

Needless to mention, the evaluator's feelings should not influence the performance measurement of the employee. Measurement must be objective based on facts and findings. This is because what we measure is more critical and important to the evaluation process than how we measure.

4. Compare Actual Performance with Standards

In this stage, the actual performance is compared with the predetermined standards. Such a comparison may reveal the deviation between standard performance and actual performance and will enable the evaluator to proceed to the fifth step in the process, i.e., the discussion of the appraisal with the concerned employees.

5. Discuss the Appraisal with the Employee

The fifth step in the appraisal process is to communicate to and discuss with the employees the results of the appraisal. This is, in fact, one of the most challenging tasks the manager's face to present an accurate appraisal to the employees and then make them accept the appraisal in a constructive manner.

A discussion on appraisal enables employees to know their strengths and weaknesses. This has, in turn, impact on their future performance. Yes, the impact may be positive or negative depending upon how the appraisal is presented and discussed with the employees.

6. Initiate Corrective Action

The final step in the appraisal process is the initiation of corrective action when it is necessary. The areas needing improvement are identified and then, the measures to correct or improve the performance are identified and initiated.

The corrective action can be of two types. One is immediate and deals predominantly with symptoms. This action is often called as "putting out fires." The other is basic and delves into causes of deviations and seeks to adjust the difference permanently.

This type of action involves time to analyse deviations.

CAREER DEVELOPMENT

The career development is the process of conversion of personal career plan into action in order to achieve career goals. There are three key heroes who share responsibility for an employee's career development- the employee, the organisation, and the manager.

Career development is the process of self-knowledge, exploration, and decision-making that shapes your career. It requires successfully navigating your occupational options to choose and train for jobs that suit your personality, skills, and interests.

According to Edwin Flippo, "A career is sequence of separate but related work activities that provide continuity, order and meaning to a person's life."

NEED FOR EMPLOYEES' CAREER DEVELOPMENT IN AN ORGANISATION
i.Making Available Needed Talent:
Career development is a natural extension of strategic and employee training. Identifying staff requirements over the intermediate and long-term is necessary when a firm sets long-term goals and objectives. Career development will help organizations in putting the right people in the right job.

ii. Attracting and Retaining Talents:
There is always a scarcity for talented people and there is competition to secure their services. Talented people always prefer to work in organizations which care for their future concern and exhibit greater loyalty and commitment to organizations where there is career advancement. As career development is an important aspect of work life as well as personal life, people prefer to join firms which offer challenges, responsibility and opportunities for advancement.

iii. Reduced Employee Frustration:
Along with educational level and knowledge, the aspirational level of occupations is also increasing. When these levels are not met due to economic stagnation frustration sets in. When organizations downsize to cut costs, employee career paths, career tracks and career ladders tend

to collapse resulting in aggravation of frustration. Career counseling comes a long way in reducing frustration.

iv. Enhancing Cultural Diversity:

Fast changing scenarios in globalization reflects a varied combination of workforce representing different types of races, nationalities, religious faiths, ages and values in the workplaces. Effective career development programmes provide access to all levels of employees.

v. Improving Organizational Goodwill:

It is quite natural that if employees think their organizations care about their long-term well-being through career development they are likely to respond in kind by projecting positive images about their organizations. Career development does help organization in impressing image and goodwill.

DIRECTING

Directing refers to a process or technique of instructing, guiding, inspiring, counselling, overseeing and leading people towards the accomplishment of organizational goals. It is a continuous managerial process that goes on throughout the life of the organization.

CHARACTERISTICS OF DIRECTING

- Continuing Function
- Pervasive Function
- Creative Function
- Linking function
- Management of Human Factor

SCOPE OF DIRECTING

- Initiates action
- Ensures coordination
- Improves efficiency
- Facilitates change
- Assists stability and growth

ELEMENTS OF DIRECTING

The three elements of directing are

- **Motivation**
  - o   Motivation is derived from the word motive, or a need that requires satisfaction.
  - o   Motivation Theories

- Maslow's Need Hierarchy Theory
- Theory X and Theory Y
- Herzberg's theory

- **Leadership**

  o Leadership is the art of motivating a group of people to act toward achieving a common goal. In a business setting, this can mean directing workers and colleagues with a strategy to meet the company's needs.

  o Leadership styles
    - Autocratic Style
    - Democratic Style
    - Laissez-Faire Style

  o Leadership theories
    - Trait Theory
    - Contingency theory
    - Situational theory
    - Behavioural Theory

- **Communication**

  - The word 'communication' is derived from Latin word 'communis', which means common. It is a process of exchange of facts, ideas, opinions and a means that individuals or organizations share the meaning and understanding with one another.

PRINCIPLES OF DIRECTING

  o **Harmony of objectives:**

Individual join the organisation to satisfy the psychological and physiological needs. They are expected to work for the achievement of the organisation objectives and they will perform their task better if they feel that if it will satisfy their personal goals

  o **Maximum individual contribution:**

Organisational objectives are achieved at the optimum level when every individual in the organisation makes maximum contribution towards them

  o **Unity of command**

Furniture get Orders and instructions from one superior only if he is made accountable to bosses simultaneously there will be confusion conflict disorder and indiscipline of the organisation

  o **Appropriate techniques**

The manager should use correct direction techniques to ensure efficiency of direction the techniques used should be suitable to the superior the subordinate and the situation

- **Direct supervision:**

More effective when there is an direct personal contact between a superior and his subordinates. Such direct contact improve the moral of commitment of employees

- **Strategic use of informal organisation:**

Management should try to understand and make use of informal groups to strengthen formal and official relationships this will improve the effectiveness of direction

- **Managerial communication:**

A good system of communication between the superior and a subordinate help to improve mutual understanding

- **Comprehension:**

Communication of Orders and instruction is not sufficient managers should ensure that the coordinates correctly understand what they are to do and how when they are to do.

****

PART – A		CO	Blooms Level
1.	Recall the term 'Staffing'.	CO4	1
2.	Mention the obstacles of Manpower planning.	CO4	2
3.	List the features of Job Analysis.	CO4	1
4.	What are the advantages of Job Analysis?	CO4	1
5.	Classify the various types of interview.	CO4	3
6.	What do you mean by In-basket method in training?	CO4	1
7.	Define Vestibule training.	CO4	1
8.	Mention the objectives of performance appraisal.	CO4	2
9.	Define Performance Appraisal.	CO4	1
10.	Expand BARS in performance appraisal.	CO4	2

PART – B	CO	Blooms Level
1. Describe in detail the steps involved in manpower planning.	CO4	4
2. Elaborate in detail the process of Job Analysis.	CO4	3
3. Discuss the Methods of Collecting Job Analysis Information.	CO4	3
4. Elucidate about the various sources of Recruitment.	CO4	4
5. Explain in detail about the recruitment process.	CO4	3
6. Analyse the various methods of training in detail.	CO4	4
7. Describe the Methods of performance Appraisal in detail.	CO4	3

REFERENCES:

1. C.B Gupta, Management Theory & Practice, Sultan Chand & Sons, 19th Edition, 2017.
2. L.M Prasad, Principles and Practices in Management, Sultan Chand & Sons, 2015.
3. P.C. Tripathi & P.N. Reddy, Principles of Management, McGraw Publication, 6th Edition, 2017.
4. Harold Koontz, Cyril O' Donnell & Heinz Weihrich, Essentials of Management, McGraw Hill,Inc, 5th Edition, 2017.

SCHOOL OF MANAGEMENT STUDIES

UNIT – V – Principles of Management – SBAA1202

V. CONTROLLING AND CO-ORDINATION

Controlling - Meaning, importance -Control Process – Essentials of Effective Control System-Budgetary and Non-Budgetary Control – Control Techniques – Co-Ordination – Need, Types, Techniques, Requisites for Co-Ordination.

CONTROLLING:

DEFINITION:

"Controlling is determining what is being accomplished, that is evaluating the performance and, if necessary, applying corrected measures so that the performance takes place according to plan."

OBJECTIVES OF CONTROLLING

1. To ensure that activities are performed in accordance with the predetermined standard that is to see that activity is achieving the desired result.

2. To know what is happening or what has actually happened in the organization.

3. To determine the corrective action, if any, required for the achievement of goals with a minimum of time, effort and expense.

4. To coordinate the diverse activities and efforts.

FEATURES OF CONTROLLING

- It seeks planned results from the subordinates enabling manager to have effective control over subordinates' activities.
- It is a goal-oriented function of management. It measures the progress of activities, finds deviations if any and initiates corrective action to accomplish goals as per the plans.
- It is present at all levels of management and in all types of business or non-business organizations therefore, controlling is a pervasive function.
- It completes the cycle of management process and provides basis for improvement in planning in the next cycle. Therefore, it is a continuous process.
- Controlling is both backward- and forward-looking function.

IMPORTANCE OF CONTROL

1**. Helps in achieving the objectives** – Controlling ensures that the results of the operations are closely associated with the pre-determined objectives. Every organization sets a plan and reviews it periodically. Controlling helps to correct the deviations between the standard and actual. Mistakes are located and helps to achieve the objectives laid down in the plan for action.

2. Efficient use of resources – Controlling helps the manager to prevent the wastage of resources and ensure the proper utilization of it.

3. Helps in better planning – Planning and controlling are closely interrelated and they are the important functions of management. Planning provides purpose and direction of activities while controlling shows

the process of checking the performance against the standard in the plans.

4. Improve Employees Morale – Controlling helps the employees to know well in advance what is expected to do and the standard fixed for performance. It helps them to perform well and earn rewards such attitude help the employees morale at high level.

5. Helps in Decision making – Manager have to identify and solve the problems before the situation become worse. Timely reports helps the manager to determine how the activities can be performed and the remedial steps to be taken. In short controlling help the managers to identify the gap between thinking and doing the activities.

CONTROL PROCESS
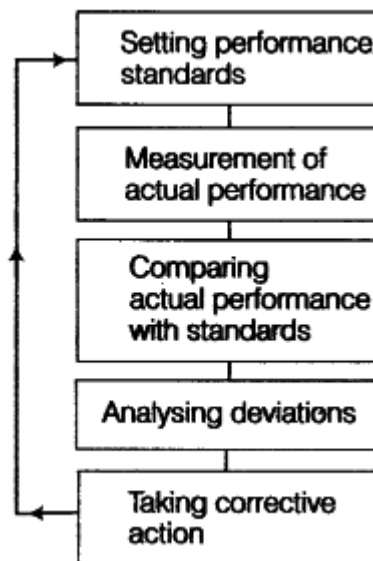
Fig 5.1 Control Process

- **The Establishment of Standards:**

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.

- **Measurement of Performance:**

The measurement of performance against standards should be on a forward-looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational performance, of course, is determined primarily by the activity being measured. For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

- **Comparing Measured Performance to Stated Standards:**

When managers have taken a measure of organizational performance, their next step in controlling is to

compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

- **Taking Corrective Actions:**

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable. At first glance, it seems a fairly simple proposition that managers should take corrective action to eliminate problems - the factors within an organization that are barriers to organizational goal attainment. In practice, however, it is often difficult to pinpoint the problem causing some undesirable organizational effect.

ESSENTIALS OF EFFECTIVE CONTROL SYSTEM

Control is necessary in every organisation to ensure that everything is going properly. Every manager, therefore, should have an effective and adequate control system to assist him in making sure that events conform to plans. However, control does not work automatically, but it requires certain design. While the basic, principles involved in designing a control system in organisations may be universal; the actual system in an organisation requires some specific design. In this tailoring of Control system, there are certain requirements, which should be kept in mind.

1.   **Reflecting Organisational Needs:** All control systems and techniques should reflect the jobs they are to perform. There may be several control techniques, which have general applicability, such as, budgeting, costing,etc. However, it should not be assumed that these might be utilised in all situations. The- managers should choose an appropriate tool for control, which helps him in controlling actions according to plans.

2.   **Forward Looking:** Control should be forward looking. Though many of the controls are instantaneous, they must focus attention as to how future actions can be confirmed with plans. In fact the control system should be such that it provides aid in planning process. This is done in two ways: it draws situations where new planning is needed, and it provides some of the data upon which plans can be based.

3.   **Promptness in Reporting Deviation:** The success of a thermostat lies in the fact that it points the deviation promptly and takes corrective actions immediately. Similarly, an ideal control system

detects deviations promptly arid informs the manager concerned to take timely actions. This is done through designing good appraisal and information systems.

4.   **Pointing out Exceptions at Critical Points:** Control should point exception at critical points and suggest whether action is to be taken for deviations or not Some deviations in the organisations have any impact while others, though very little in quantity may have great significance. Thus, control system should provide 'information for critical point control and control on exception. The critical point control stresses that effective control requires attention to those factors critical to appraising performance against an individual plan. The control on exception requires that a manager should take corrective action when there is exceptional deviation. The more a manager concentrates his control efforts on exceptions, the more efficient will be the results of his control.

5.   **Objectives:** The control should be objective, definite, and determinable in a clear and positive way. The standards of measurement should be quantified as far as possible. If they are not quantifiable, such as, training effectiveness, etc. they must be determinable and verifiable. If the performance standard and measurement is not easily determinable, many subjective elements enter into the process, which catch the controller and controlled on wrong tooting.

6.   **Flexible:** Control system should be flexible so that it remains workable in the case of changed plans, unforeseen circumstances, or outright failures. As Geotz has remarked, a control system should report such failures and should contain sufficient elements of flexibility to maintain managerial control of operations despite such failures. Having alternative plans for various probable situations can provide much flexibility in control. In fact, flexible control is normally achieved through flexible plans.

7.   **Economical:** Control should be economical and must be worth its costs. Economy is relative, since the benefits vary with the importance of the activity the size of the operation, the expense that might be incurred in the absence of control and the contribution the control system can make. The economy of a control system will depend a great deal on the manager's selecting for control only critical factors in areas important to him. If tailored to

the job and the size of the enterprise, control will be economical. A large-sized organisation can afford highly complicated techniques, sophisticated tools of control and more elaborate system of control, but a small-sized organisation cannot afford these because of the cost factor.

8.   **Simple:** Control system must be simple and understandable so that all managers can use it effectively. Control techniques which are complicated such as complex mathematical formulae, charts, graphs, advanced statistical methods and other techniques fail to communicate the meaning of their control data to the managers who use them. Effective control requires consistency with the position, operational responsibility, ability to understand, and needs of the individuals concerned.

9. **Motivating:** Control system should motivate both controller and controlled. While the planning and control are necessary for economical operations, researches in human relations show that planning and control are, more often than not, antagonistic to good human relations. Sometimes, they may even tend to deprive the people in the organisations one of man's basic needs - a sense of powerful and worthwhile accomplishment the design of control system should be such that aims at motivating people by fulfilling their needs.

10. **Reflecting Organisational Pattern:** The control should reflect organisational pattern by focusing attention on positions in organisation structure through which deviations are corrected. Organisation structure, a principal vehicle for coordinating the work of people, is also a major means of maintaining control. Thus, in every area of control, it is not enough to know that things are going wrong unless it is known wherein the organisation structure the deviations are occurring. This enables managers to fix up the responsibility and to take corrective actions.

TECHNIQUES OF CONTROLLING

1. Budgetary Control

A budget is a tool which helps the management in planning and controlling the business activities. A budget is an estimate of expected results expressed in numerical terms.

Budgetary Control is a system of control whereby budgets are prepared for future period and compared with the actual results for finding out the variations. Corrective actions are taken in case of deviations.

- o Cash budget: Cash budget gives the estimated receipts and payments for the budget period and indicates the position of cash arising from it.

- o Capital Budget: Capital budget gives the estimates in respect of the capital resources of the business concern. It also states the plans with the estimated cost for investment, expansion, replacement, etc.

- o Sales Budget: Sales budget gives a comprehensive sales programme and plans for a specific period. It states the sales potential in terms of quantity, values, period, product, etc.

- o Selling and Distribution Cost Budget: This budget gives the cost of selling and distribution of the products during the budget period. It includes costs of selling and distribution such as cost of insurance, packing, storing, transport, advertisement, sales commission, market research etc.

- o Production Budget: This budget is also known as output budget and is based on sales budget. It indicates the quantity of units to be produced during the budget period. This budget helps in maintaining optimum balance between production, sales inventory position of the firm.

- Production Cost Budget: Production cost budget which is based on the production budget, lays down the estimated cost of carrying out the plans relating to production. Production cost budget is sub-divided in to various sub-budgets like labour budgets, raw material budget, production overhead budget, etc.

- Labour Budget: Labour budget gives the estimated requirements of labour for carrying out the estimated production during the budget period. It may state both direct and indirect labor requirements.

- Raw Material Budget: This budget which is prepared by the production department gives the estimated requirements of raw materials of different types for carrying out production during the budget period.

- Production Overhead Budget: This budget lays down the estimates of all production overheads to be incurred for carrying out the estimated production during the budget period. It breaks up the production overheads into fixed overheads, variable overheads and semi-variable overheads.

- Master Budget: Master budget is summary of all functional budgets and indicates how they affect the business as a whole. A master budget generally includes particulars regarding sales, production, cash position, fixed assets, labor, factory overhead, administration overhead, and selling and distribution overhead, major financial ratios and profit.

2. **Non-budgetary Control**

- Cost Accounting: Profits of a business enterprise depend very much on the cost of production. Because of this, cost accounting and cost control are given the much importance by the business concerns. Costs are incurred by an enterprise for different types of activities.

- Standard Costing: Standard costing is the practice of substituting an expected cost for an actual cost in the accounting records.

- Break- even Point Analysis: Break-even analysis is a useful tool of management control over business profits. It is mainly concerned with the cost-volume-profits

- Managerial Statistics: Managerial statistics deals with data and methods which are useful to management executives in planning and controlling organization activities

COORDINATION

It is the process of integrating the objectives and activities of the separate units (departments or functional areas) of an organization in order to achieve organizational goals efficiently.

FEATURES OF COORDINATION

1. **Coordination Integrates Group efforts:**

The concept of coordination always applies to group efforts. There is no need for coordination when only single individual is working.

The need for orderliness, integration arises only when more individuals are working as different individuals come from different backgrounds, have different styles of working so there is need to unify their efforts in common direction.

2. **Ensure Unity of efforts:**

Coordination always emphasizes on unifying the efforts of different individuals because conflicting efforts may cause damage to organization. The main aim of every manager is to coordinate the activities and functions of all individuals to common goal.

3. **Continuous process:**

Coordination is a non-ending function. It is a continuous function although its degree may vary. The managers work continuously to achieve coordination and maintain coordination because without coordination companies cannot function efficiently.

4**. Coordination is a pervasive function:**

Coordination is a universal function; it is required at all the levels, in all the departments and to perform all the functions due to interdependence of various activities on each other. For example if low quality inputs are purchased by purchase department, it will result in production of low quality product which further result in low sale, low revenue and so on.

5**. Coordination is the responsibility of all managers:**

Coordination is not the task of only top-level managers but managers working at different levels try to coordinate the activities of organisation. The top level tries to coordinate the overall plans and policies of organisation, middle level tries to coordinate departmental activities and lower level coordinate the activities of workers.

6. **Coordination is a deliberate function:**

Every manager tries to coordinate the activities of organisation to avoid confusion and chaos. Without coordination efforts of individuals cannot be united and integrated; that is why while performing various activities in the organisation managers deliberately perform coordination function.

IMPORTANCE OF COORDINATION

1. **Unity of action**: – an enterprise has diverse resources; technique, activities etc, and they all must be coordinates to bring unity through unity in action.

2. **Increase in efficiency and economy**: – coordination brings efficiency because it is an effort of all organizational members. It also helps to maintain good relation among all levels of management.

3. **Development of personnel**: – coordination helps to obtain information about job, qualities of a job holder which helps to analyze about the potentialities of the job holder and improve coordination system

4. **Differential perception**: – different people have different perception. When all people are coordinated effectively their effort and power are concentrated to achieve organizational goals.

5. **Survival of the organization**: – coordination helps o harmonize the work resources and physical facilities. When their activities are not harmonized the organization can't achieve the goal and it can't survive in the society

6. **Accomplishment of objectives**: – when the employees, their task and available resources are coordinated, their production will be increased and it helps to accomplish the objectives of the organization

7. **Basis of managerial function**: – all managerial functions such as planning, organizing, directing, controlling etc can't be conducted effectively without communication.

8. **Specialization**: – in the absence of coordination in the organization the activities can't be moved in specialized areas. Therefore, it helps in specialization

STEPS FOR EFFECTIVE COORDINATION

- There should be proper delegation of authority and responsibility.
- An effective communication should be in place.
- The entire organizational activities should be properly divided department wise and section wise.
- Management should persuade the employees to actively take pan in committees, conferences, seminars and the like.
- Management should provide opportunities for employees across the levels to attend training in the areas of leadership, team building coordination, etc.

TYPES OF COORDINATION

- **Internal Coordination**

Internal coordination is all about establishing a relationship between all the managers, executives, departments, divisions, branches, and employees or workers. These relationships are established with a view to coordinate the activities of the organization. Internal coordination has two groups:

1. Vertical coordination – In vertical coordination, a superior authority coordinates his work with that of his subordinates and vice versa. For example, a sales manager will coordinate his tasks with his sales supervisors. On the other hand, all sales supervisors ensure that they work in sync with the sales manager.

2. Horizontal coordination – In horizontal coordination, employees of the same status establish a relationship between them for better performance. For example, the coordination between department heads, or supervisors, or co-workers, etc.

In other words, in internal coordination, an employee either reports vertically to the supervisor and/or the subordinates and horizontally to the colleagues and/or co-workers.

- **External Coordination**

As the name suggests, external coordination is all about establishing a relationship between the employees of the organization and people outside it.

These relationships are established with a view to having a better understanding of outsiders like market agencies, public, competitors, customers, government agencies, financial institutions, etc.

TECHNIQUES OF COORDINATION

1. **Well-defined goals**: – the first means or technique of coordination is well-defined goals. The goals of the organization should be clear and well-defined. Each individual in the organization should understand the overall goals. When the goals are not well-defined the coordination may not effective.

2. **Sound organization structure**: – coordination is the essence of management. It is not possible without sound organization structure. The authority and responsibility for each and every position and employees should be clearly defined.

3. **Effective communication**: – coordination helps in creating proper understanding among persons. Without effective communication, coordination may be effective. The ideas, opinions should be interchanged freely. It is only through effective communication that even individual understand his/her limitations, positions and responsibility in the organization. Effective

communication helps in coordination. Therefore, it is also an important means of coordination.

4. **Proper leadership**: – proper leadership leads the subordinates effectively and efficiently. A good managerial leader uses the motivational tools to coordinate the employees with effective communication system. In short, coordination is made possible through proper leadership.

5. **Proper supervision**: – supervisors coordinate the subordinates and their activities. Top level management cannot coordinate all employees. In short, proper supervision helps in effective coordination.

6. **Better plans and policies**: – coordination is made according to plans and policies of the organization and departments. When the plans and policies are not better coordination is not effective in the organization.

7. **Cooperation**: – without cooperation, coordination may not succeed because coordination is related to employees and their activities. When they are not cooperative, coordination may not be made. So, cooperation is essential in the organization.

8. **Meeting and conference**: – coordination may be possible when all employees their all activities and departmental goals are involved in organizational planning and policies. Their all problems and matters may be involved. When there is environment of constructive discussion and debate with meeting and conference

9. **Group decision**: – the group decision is a decision in which all members of the organization are participated to make decisions. The ideas and feelings are mixed into the decision and coordination may succeed.

PART – A		CO	Blooms Level
1.	Define Controlling	CO5	1
2.	Mention the objectives of controlling.	CO5	1
3.	State the importance of controlling.	CO5	1
4.	Recall the term 'coordination'.	CO5	1
5.	Classify the types of coordination.	CO5	2
6.	List the steps for effective coordination.	CO5	1
7.	Sketch the diagram for control process.	CO5	3
8.	Define production budget.	CO5	1

9.	List the features of coordination.	CO5	2
10.	What do you mean by budgetary control?	CO5	1

	PART – B	**CO**	**Blooms Level**
1.	Elucidate about the control process.	CO5	4
2.	Elaborate the Modern budgetary control techniques in detail.	CO5	3
3.	Discuss in detail the techniques of coordination.	CO5	3
4.	'Planning is looking ahead and controlling is looking back'- Comment.	CO5	5
5.	Describe in detail the essentials of control system.	CO5	3

REFERENCES:

1. C.B Gupta, Management Theory & Practice, Sultan Chand & Sons, 19th Edition, 2017.
2. L.M Prasad, Principles and Practices in Management, Sultan Chand & Sons, 2015.
3. P.C. Tripathi & P.N. Reddy, Principles of Management, McGraw Publication, 6th Edition, 2017.
4. Harold Koontz, Cyril O' Donnell & Heinz Weihrich, Essentials of Management, McGraw Hill,Inc, 5th Edition, 2017.