

Principles of Management

Introduction (Chapter 1)

Concept: Management can be defined as a process of getting things done with the aim of achieving goals effectively and efficiently. Some important terms in this definition are:

1. **Process:** Process means the primary functions or activities that management performs to get things done. These functions are planning, organising, staffing, directing and controlling.
2. **Effectiveness:** Effectiveness is concerned with the end result. It basically means finishing the given task. Thus, Effectiveness in management is concerned with doing the right task, completing activities and achieving goals
3. **Efficient:** Efficiency means doing the task correctly and with minimum cost. Management is concerned with the efficient use of input resources which ultimately reduce costs and lead to higher profits.

IMPORTANCE: To explain the importance of management in the present business scenario, the following points have to be taken into account:

- The management coordinates different factors of production in an optimum manner to produce goods or services.
- It directs and unifies group efforts towards a common organizational goal.
- The managers foster a good organizational climate by establishing an effective grievance handling system, reward system, and problem-solving system, etc.
- The ultimate function of the management is to maximize the organization's profit by reducing the cost of production. This is nothing but productivity enhancement.
- It faces competition strategically.
- It makes proper use of scientific and technological advancements to devise an appropriate growth strategy for the enterprise.
- The management creates and maintains a good organizational structure and adapts to exciting new opportunities from time to time.
- It acts as a creative force and adds value to every element of organizational functioning.

FUNCTION:

The 7 functions of management are as follows:

- Planning.
- Organising.
- Staffing.
- Directing.

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- Coordinating.
- Reporting.
- Budgeting.

MANAGEMENT AS A SCIENCE, ART AND PROFESSION:

Management as a Science

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

Main characteristics/features of science are:

1. **Systematic body of knowledge:** In science organised and systematic study material is available which is used to acquire the knowledge of science. So, first feature of science is present in management.

2. **Principles are based on experimentation:** Scientific principles are developed through observations and then tested through repeated experiments. This feature of science is partially present. So management can be called as inexact science

3. **Universal validity.** Scientific principles have universal application and validity. Management principles are not exact like scientific principles so their application and use is not universal.

Management as an Art

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

The main features of art are:

1. **Systematic body of knowledge/existence of theoretical knowledge.** In every art there is systematic and organised study material available to acquire theoretical knowledge of the art. For example, various books on different ragas are available in music. So, this feature of art is present in management also.

2. **Personalised application.** In the field of art only theoretical knowledge is not enough. Every artist must have personal skill and creativity to apply that knowledge. For example all musicians learn same ragas but they apply these ragas according to their personal skills and creativity which makes them different in management also all managers learn a management theories and principles. But their efficiency depends on how well they these principles under different situations by applying personal skills and creativity. This feature of art is also present in management.

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

Management as a Profession

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

The main features of profession are

1. Well-defined body of knowledge: In every profession there is practice of systematic body of knowledge which helps the professionals to gain specialised knowledge of that profession. In case of management also there is availability of systematic body of knowledge. There are large number of books available on management studies. Scholars are studying various business situations and are trying to develop new principles to tackle these situations. So presently this feature of profession is present in management also.

2. Restricted entry: The entry to a profession is restricted through an examination or degree. For example, a person can practice as doctor only when he is having MBBS degree. Whereas there is no legal restriction on appointment of a manager, anyone can become a manager irrespective of the educational qualification. But now many companies prefer to appoint managers only with MBA degree. So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

3. Presence of professional associations. For all the professions, special associations are established and every professional has to get himself registered with his association before practising that profession. For example, doctors have to get themselves registered with Medical Council of India, lawyers with Bar Council of India, etc. In case of management various management associations are set up at national and international levels which have some membership rules and set of ethical codes, for example, AIMA in New Delhi, National Institute of Personal Management at Kolkata, etc. but legally it is not compulsory for managers to become a part of these organisations by registration.

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

4. Existence of ethical codes. For every profession there are set of ethical codes fixed by professional organisations and are binding on all the professionals of that profession. In case of management there is growing emphasis on ethical behaviour of managers. All India Management Association (AIMA) has devised a code of conduct for Indian managers. But legally it is not compulsory for all the managers to get registered with AIMA and abide by the ethical codes. So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

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

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

LEVELS OF MANAGEMENT

1. ADMINISTRATIVE, MANAGERIAL OR TOP LEVEL OF MANAGEMENT
2. EXECUTIVE OR MIDDLE LEVEL OF MANAGEMENT
3. SUPERVISORY, OPERATIVE OR LOWER LEVEL OF MANAGEMENT

1. Administrative, Managerial, or Top Level of Management

This level of management consists of an organization's board of directors and the chief executive or managing director. It is the ultimate source of power and authority, since it oversees the goals, policies, and procedures of a company. Their main priority is on the strategic planning and execution of the overall business success.

The roles and responsibilities of the top level of management can be summarized as

follows:

- Laying down the **objectives and broad policies** of the business enterprise.
- **Issuing necessary instructions** for the preparation of department-specific budgets, schedules, procedures, etc.
- **Preparing strategic plans and policies** for the organization.
- **Appointing the executives** for middle-level management, i.e. departmental managers.
- **Establishing controls** of all organizational departments.
- Since it consists of the Board of Directors, the top management level is also responsible **for communicating with the outside** world and is held accountable towards an organization's shareholders for the performance of the enterprise.
- Providing overall guidance, direction, and encouraging harmony and collaboration.

2. Executive or Middle Level of Management

The **branch and departmental managers** form this middle management level. These people are directly accountable to top management for the functioning of their respective departments, devoting more time to **organizational and directional functions**. For smaller organizations, there is often only one layer of middle management, but larger enterprises can see **senior and junior levels** within this middle section.

The roles and responsibilities of the middle level of management can be summarized as follows:

- **Executing the plans** of the organization in accordance with the policies and directives laid out by the top management level.
- **Forming plans for the sub-units** of the organization that they supervise.
- Participating in the **hiring and training processes** of lower-level management.

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- **Interpreting and explaining the policies** from top-level management to lower-level management.
- **Sending reports and data** to top management in a timely and efficient manner.
- **Evaluating the performance** of junior managers.
- **Inspiring lower level managers** towards improving their performance.

3. Supervisory, Operative, or Lower Level of Management

This level of management consists of **supervisors, foremen, section officers, superintendents, and all other executives** whose work must do largely with HR oversight and the direction of **operative employees**. Simply put, managers at the lower level are primarily concerned with the **execution and coordination of day-to-day** workflow that ensure completion of projects and that deliverables are met.

The roles and responsibilities of the lower level of management can be summarized as follows:

- **Assigning jobs and tasks** to various workers.
- Guiding and **instructing workers in day-to-day activities**.
- Overseeing both the quality and quantity of production.
- Maintaining good relations within lower levels of the organization.
- Acting as mediators by communicating the problems, suggestions, and recommendatory appeals, etc. of workers to the higher level of management, and in turn elucidating higher-level goals and objectives to workers.
- Helping to address and resolve the grievances of workers.
- Supervising and guiding their subordinates.
- Taking part in the hiring and training processes of their workers.
- Arranging the necessary materials, machines, tools, and resources, etc. necessary for accomplishing organizational tasks.
- Preparing periodical reports regarding the performance of the workers.
- Upholding discipline, decorum, and harmony within the workplace.
- Improving the enterprise's image as a whole, due to their direct contact with the workers.

Managerial Skills are;

1. **Technical Skill.** Technical skill is knowledge of and proficiency in activities involving methods, processes, and procedures.
2. **Conceptual Skill.** Conceptual skill is the ability to see the "big picture," to recognize significant elements in a situation and to understand the relationships among the elements.
3. **Interpersonal and Communication Skills.** Communication skill for a manager is a must. The manager must be able to convey ideas and information to others and receive information and ideas from others effectively.
4. **Decision-Making Skill.** In simple words, a manager's job is to make decisions that will lead the organization to the attainment of its goals.

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5. Diagnostic and Analytical Skills. A good manager has Diagnostic and Analytical skills in his bags. Diagnostic skill refers to the ability to visualize the best response to a situation.

Classical School of Management Thought

Major Contributions of Fayol

Henry Fayol became famous as "Father of Management Studies and Thoughts", because of the following contributions:

- (a) He made clear distinction between technical and managerial skill.
- (b) He identified the main steps in the process of management which are considered the major functions of management-planning, organising, staffing, directing, controlling
- (c) He developed fourteen principles of management which act as guidelines for managers to perform managerial activities.

Major Contributions of FW TAYLOR

FW. Taylor became famous as a father of scientific management. His main contributions which made him so popular were:

- (1) Taylor published books and research papers explaining his scientific view on industrial organisation and management.
- (ii) His major contribution was publishing of "Shop Management", "Piece Rate System" and "Principles of Scientific Management."
- (iii) He emphasised on adoption of scientific methods to the problems of management.

NEO CLASSICAL THEORY:

The Neoclassical approach was developed many years ago because it was believed that the classical theory did not achieve complete **production efficiency and workplace harmony**. Managers still observe the **frustrations and difficulties** because people always do not prefer to follow estimated or rational patterns of behaviour.

Hence, there was a greater interest in assisting managers to deal more effectively with the "people side" of the organization. The neo-classical approach reflects a slight modification over the classical approach.

What are the Features of Neo-Classical Theory?

- Business Organizations are identified as a social system.
- Human factors are regarded as the most important elements in the organization.

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- The theory revealed the importance of social and psychological factors in determining the worker's productivity and satisfaction.
- The management aims to develop social and leadership skills along with technical skills. It must be done for the welfare of the workers and the organization.
- Morale and productivity work together in an organization.

The System Management School:

This approach is based on the generalization that an organization is a system and its components are inter-related and inter-dependent. The effectiveness of system mainly depends upon the interdependency and inter-relations of the various sub-systems. The organization is responsive to environmental effect. It provides a strong conceptual framework for meaningful analysis and understanding of organizations. This approach is better than others because it is close to reality.

Features:

This approach has got the following features:

- i. An organization is a system consisting of several sub-systems.
- ii. All sub-systems are mutually related to each other.
- iii. All sub-systems should be studied in their inter-relationship rather than in isolation from each other.
- iv. The organization is responsive to environment effect.

Contingency/Situational School:

This approach was developed by J. W. Lorsch and P. R. Lawrence. This is new approach to management. The basic essence of this approach is that organizations have to cope with different situations in different ways. So, managers should develop variable methods, tools and action plans as per the required situations. Managers should understand that there is no one best way to manage.

Features:

They are:

- i. Management is entirely situational so the application and effectiveness of any technique is contingent on the situations.
- ii. Policies and procedures should be according to environmental conditions.
- iii. Managers should understand that there is no one best way to manage. They must not consider management principles and techniques universal.

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Planning (Chapter 2)

MEANING OF PLANNING

Planning can be defined as "thinking in advance what is to be done, when it is to be done, how it is to be done and by whom it should be done. In simple words we can say (planning bridges the gap between where we are standing today and where we want to reach.

IMPORTANCE/SIGNIFICANCE OF PLANNING

Planning provides direction. Planning is concerned with predetermined course of action. It provides the directions to the efforts of employees. Planning makes clear what employees have to do, how to do, etc.

Planning reduces the risk of uncertainties. Organisations have to face many uncertainties and unexpected situations every day. Planning helps the manager to face the uncertainty because planners try to foresee the future by making some assumptions regarding keeping in mind their past experiences and scathing of business environments.

Planning reduces overlapping and wasteful activities. The organisational plans are made keeping in mind the requirements of all the departments. The departmental plans are derived from main organisational plan. As a result there will be co-ordination in different departments.

Planning promotes innovative ideas. Planning requires high thinking and it is an intellectual process. So, there is a great scope of finding better ideas, better methods and procedures to perform a particular job.

Planning facilitates decision-making. Planning helps the managers to take various decisions. As in planning goals are set in advance and predictions are made for future.

LIMITATIONS OF PLANNING

Internal Limitations of Planning

Planning leads to rigidity. Once plans are made to decide the future course of action the manager may not be in a position to change them. Following pre-decided plan when circumstances are changed may not bring positive results for organisation.

Planning may not work in dynamic environment.

Business environment is very dynamic as there are continuously changes taking place in economic, political and legal environment. It becomes very difficult to forecast these future changes. Plans may fail if the changes are very frequent.

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It reduces creativity. With the planning, the managers of the organisation start working rigidly and they become the blind followers of the plan only. The managers do not take any initiative to make changes in the plan according to the changes prevailing in the business environment.

Planning involves huge cost. Planning process involves lot of cost because it is an intellectual process and companies need to hire the professional experts to carry on this process.

It is a time-consuming process. Planning process is a time-consuming process because it takes long time to evaluate the alternatives and select the best one. Lot of time is needed in developing planning premises.

Planning does not give guarantee success. Sometimes managers have false sense of security that plans have worked successfully in past so these will be working in future also. There is a tendency in managers to rely on pretested plans.

External Limitations of Planning Sometimes planning fails due to following limitations on which managers have no controls:

- (i) **Natural calamity.** Natural calamities such as flood, earthquake, famine, may result in failure of plan.
- (ii) **Change in competitors' policies.** Sometimes plan may fail due to better policies, product and strategy of competitor which was not expected by manager
- (iii) **Change in taste, fashion and trend in the market.**
Sometimes plans may fail when the taste/fashion or trend in market goes against the expectation of planners.
- (iv) **Change in technologies.** The introduction of new technologies may also lead to failure of plans for products using old technology.
- (v) **Change in government/economic policy.** Managers have no control over government decisions. If government economic or industrial policies are not framed as expected is manager then also plans may fail.

PLANNING PROCESS

1. **Setting up of the objectives.** In planning function manager begins with setting up objectives because all the policies, procedures and methods are framed for achieving objectives only.
2. **Developing premises.** Premises refer to making assumptions regarding future. Premises are the base on which plans are made. It is a kind of forecast made keeping in view existing plans and any past information about various policies.
3. **Listing the various alternatives for achieving the objectives.** After setting up of objectives the managers make a list of alternatives through which the organisation can achieve its objectives as there can be many ways to achieve the objective and managers must know all the ways to reach the objectives.

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4. **Evaluation of different alternatives.** After making the list of various alternatives along with the assumptions supporting them, the manager starts evaluating each and every alternative and notes down the positive and negative aspects of every alternative.
5. **Selecting an alternative.** The best alternative is selected but as such there is no mathematical formula to select the best alternative. Sometimes instead of selecting one alternative, a combination of different alternatives can also be selected. The most ideal plan is most feasible, profitable and with least negative consequences.
6. **Implementing the plan.** The managers prepare the draft of the main and supportive plans on paper but there is no use of these plans unless and until these are put in action.

TYPES OF PLAN:



Single Use Plans: Single use plans are one time plan. These are designed to achieve a particular goal that once achieved will not reoccur in future. These are made to meet the needs of unique situations.

Standing Plans: Standing plans are also known as Repeat Use Plans. These plans focus on situations which occur repeatedly. Standing plans are used over and over again. They are made once but retain their value over a period of years.

TYPES OF PLANS : Planning is a pervasive function which means it is not the task of top level managers only but managers working at different levels perform planning function. The plans framed by top level manager may differ from the plans formed by middle and lower level managers.

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The different types of plans or common plan formed by the managers at different levels are:

- | | |
|---------------|---------------|
| 1. Objectives | 5. Methods |
| 2. Strategy | 6. Rules |
| 3. Policies | 7. Programmes |
| 4. Procedures | 8. Budgets |

Objectives (Neither Single use nor Standing plans) Objectives should be SMART as

S- Specific

M-Measurable

A- Achievable

R- Relevant

T- Time bound

Strategy (Neither single use nor standing plan) : A strategy is a comprehensive plan to achieve the organisational objectives. The dimensions of strategy are:

- (i) Determining long term objectives.
- (ii) Adopting a particular course of action.
- (iii) Allocating resources for achieving the objectives.

Policies (Standing plan) : Policy can be defined as organisation's general response to a particular problems or situation. In simple words, it is the organisation's on way of handling the problems. Policies are made at every level because the managers at every level need to decide or predetermine the way of handling a situations and policy acts as a guide to take decisions in unexpected situation. "No credit sale policy", Make or buy policy.

Procedures (Standing plan) : Procedures are required steps established in advance to handle future conditions. The sequence of steps to be followed by employees in different situations must be predetermined so that everyone follows same steps.

Methods (Standing plan) : Methods can be defined as formalised or systematic way of doing a jobs. The managers decide in advance the common way of doing job. So that,

- (a) There is no doubt in the mind of employees;
- (b) There can be uniformity in actions of the employees;
- (c) These help in applying the techniques of standardisation and simplification;
- (d) Act as guide for employees.
- (e) Method deals with task comprising one step of a produce and specifies how this step has to be performed.

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(f) Selection a proper method saves time, money, and efforts and increases efficiency.

Rules (Standing plan) : Rules spell out special actions or no-actions of the employees. There is no discretion allowed in rules, i.e, they must be followed strictly and if rules are not followed then strict actions can be taken against employees who are disobeying the rules.

Programmes (Single use plan) : Programmes are the combination of objectives, policies, procedures and rules. All these plans together form a program. The programmes are made to get a systematic working in the organisation. The programmes create relation between policies, procedures and goals.

Budgets (Single use plan) : Budget is the statement of expected result expressed in numerical terms. In budgets, the results are always measurable and most of the time, these are financial in nature but it does mean that company prepares only financial budget.

Forecasting: Forecasting refers to the process of making predictions or estimates about future events or trends based on past and present data, as well as various statistical and analytical techniques. It's widely used in business, economics, meteorology, and many other fields to anticipate future developments and make informed decisions. Forecasting typically involves analyzing historical data, identifying patterns or trends, and using this information to extrapolate what may happen in the future. It's an essential tool for planning and decision-making in both personal and professional contexts.

Techniques of Forecasting:

There are various techniques of forecasting, each suited to different types of data, time horizons, and specific objectives. Some common techniques include:

1. **Time Series Analysis:** This involves analyzing past data points to identify patterns, trends, and seasonality. Techniques like moving averages, exponential smoothing, and ARIMA (AutoRegressive Integrated Moving Average) models are commonly used in time series analysis.
2. **Regression Analysis:** Regression models are used to establish relationships between variables. They can be simple linear regressions or more complex multiple regressions, where several variables are considered simultaneously.
3. **Exponential Smoothing:** This is a time series forecasting method for univariate data that gives more weight to recent observations while progressively less weight to older observations. It's useful for data with no clear trend or seasonality.
4. **Machine Learning Techniques:** Various machine learning algorithms, such as decision trees, random forests, neural networks, and support vector machines,

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can be used for forecasting. These techniques are particularly effective when dealing with large datasets with complex relationships.

5. **Qualitative Methods:** Qualitative forecasting methods rely on expert judgment, market research, surveys, and other subjective inputs to make predictions. Delphi method, market research, and expert opinion are examples of qualitative forecasting techniques.
6. **Causal Models:** These models use cause-and-effect relationships to forecast future outcomes. They incorporate variables such as economic indicators, demographics, and other factors that influence the variable being forecasted.
7. **Simulation:** Simulation forecasting involves creating models that simulate the behavior of complex systems to predict future outcomes. Monte Carlo simulation is a commonly used technique where random variables are used to represent uncertainty in the system being modeled.
8. **Ensemble Methods:** Ensemble methods combine forecasts from multiple models to improve accuracy. Techniques like averaging, weighted averaging, and model stacking are examples of ensemble forecasting methods.

Strategic Planning:

Strategic planning is a systematic process of defining an organization's long-term goals and objectives and developing strategies to achieve them. It involves assessing the organization's current position, understanding its vision and mission, analyzing internal and external factors, and formulating action plans to guide decision-making and resource allocation over an extended period, typically three to five years or even longer.

DIRECTING (CHAPTER 4)

MEANING AND INTRODUCTION

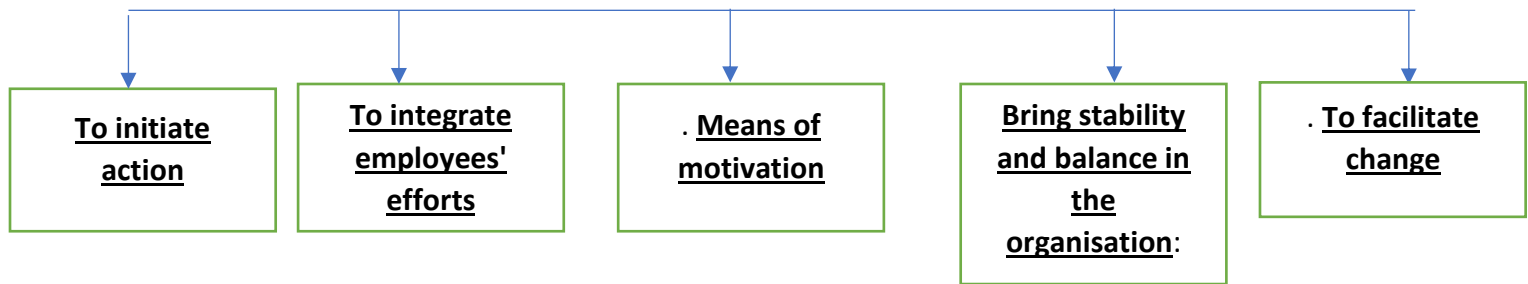
Directing function of management is concerned with **instructing, guiding, inspiring and motivating** the employees in the organisation so that their efforts result in achievement of organisational goal.

"Direction is a complex function that includes all those activities which are designed to encourage subordinates to work effectively and efficiently" -Koontz and O'Donnell

After the staffing function the right person is placed at the right position in the organisation. But actual work begins only when these persons get instructions from their superiors. Directing does not mean only instruction but it also includes supervising the employees when they are performing the job, motivating them to perform more efficiently and leading them towards the achievement of organisational goal.

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IMPORTANCE OF DIRECTING FUNCTION



1. **To initiate action**: The employees in the organisation **start working only when they get instructions and directions** from their superiors. In the directing function the superiors direct the actions of employees towards the predetermined goals of the organisation.
2. **To integrate employees' efforts**: In the organisation number of employees are working at different levels and in different job positions. The employees may differ in their levels of authority and the type of job assigned. But all are interrelated to each other as they are the part of one organisation. When the employees are working at different levels then their **efforts are integrated** and they **co-ordinate only with the help of directing function** as while issuing instructions the continuity of the work can be maintained.
3. **Means of motivation**: Directing function does not mean giving orders only but through directions and instructions the **superiors try to motivate** the employees to perform to their best ability. Motivation is a very important element of directing. Directing function develops the feeling of belongingness and encourages employees to perform to their best ability.
4. **Bring stability and balance in the organisation**: The directing function tries to create balance in the organisation. Generally, when the employees are working at different levels, they develop **different attitudes and the balance between their attitudes is made by directing function**. For example, the salesman may insist on reduction of price to get more orders whereas the high officials are against the reduction as it will bring down or reduce the total revenue. The directing function tries to balance both the attitudes by instructing and guiding the salesperson to find out other means and ways of increasing sale.

Sometimes there can be difference of attitude between the employee and the employer. Here also directing function creates balance by instructing the employees that their interests and organisation's interests are in same direction. For example, employees want more earnings. organisation wants more production. The employees can earn more by producing more which will achieve the organisational goal also.

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5. **To facilitate change:** Generally, the **employees hesitate** in accepting the changes but through directing function the **changes can be implemented more easily as while giving directions the superiors guide the subordinates** that the changes are better for them also. For example, when the company is planning to computerise its working generally the employees hesitate to accept it as they are not aware of the technology. But when in the directing function the employees are guided that through change they will also be updated as they will have chance of learning new technology which will increase their value in the market. So, through proper guidance the employees readily and happily accept changes.

LEADERSHIP:

Leadership is a process of **influencing the behaviour of people** at work towards the achievement of specified goal. The following elements must be present in the leadership:

- (a) It is the process of influence.
- (b) The influence is always for achievement of common goal.
- (c) There must be minimum two or more persons present, influencing your own behaviour is not leadership.
- (d) The influence should be to get the willing co-operation of the employees and not the forceful co-operation.

Different Types of Leadership

Leadership types refer to a leader's behavioural pattern. A leadership types is the result of the leader's philosophy, personality and experience and value system. Leadership types depend upon pe of followers and the atmosphere prevailing in the organisation.

Different types of leadership:

- a. **Autocratic leadership – Authoritative**
- b. **Participative leadership – Democratic**
- c. **Free rein Leadership – Laissez Faire**

A leader may use all styles of leadership at different periods of time, but one style tends to dominate his/her personality. On the basis of how leaders use their power leadership style can be classified into three

- a. Autocratic leadership/authoritative leadership.
- b. Consultative leadership/democratic leadership.
- c. Free-rein leadership/laissez faire leadership.

Autocratic or authoritative leadership: (Boss centered leadership) An autocratic leader exercises complete control over the subordinates. He centralises power in himself and takes all decisions without consulting the subordinates. He does not delegate authority. The leader gives order and expects the subordinates to follow them unquestioningly. He gives reward. and puts penalty to direct the subordinate.

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Democratic or participative leadership (Group Centered): Under this style leader takes decisions in consultation and participation with employees. He delegates and decentralises the authority. Leader follows the opinion of majority. He provides freedom of thinking and expression. He listens to the suggestions, grievances and opinion of the subordinates.

Free-rein or Laissez Faire leadership. This style involves complete delegation of authority so that subordinates themselves take decision. In this style, leader avoids power. He serves only as a contact to bring information and resources needed by the subordinates.

Tannenbaum & Schmidt's Model

The Tannenbaum and Schmidt continuum demonstrates the relationship between the level of freedom that a manager chooses to give a team, and the level of authority used by the manager. As the team's freedom is increased, so to should the manager's authority decrease. This is a positive way for both teams and managers to develop. This model explains the choices facing leaders when it comes to decision-making. Tannenbaum and Schmidt demonstrated that a leader has six decision-making options. As you move from left to right on the following diagram, the leader gives up his, or her, power to make solo decisions and increases group involvement.



This model shows the six ways of approaching decisions, outlining that the leader must have the self-awareness, presence of mind and wisdom to consider the three sets of pressures before making a decision.

It should be noted that delegating freedom and decision-making responsibility to a team absolutely does not absolve the manager of accountability.

Tannenbaum and Schmidt further explained that there are three sets of pressures that influence a leader's decision-making approach.

Situational pressures

The complexity of the problem, the importance of the decision and the time pressure.

Leader's inner pressures

The leader's preferences around decision-making (beliefs, behaviours etc), confidence in their/the team's experience and importance or risk the decision is to the leader personally.

Pressures coming from subordinates

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A colleague's desire to have a say in the decision, the willingness to take responsibility for the outcome, ability to reach decisions together and their readiness/ability in accepting orders.

Blake & Mouton's Model

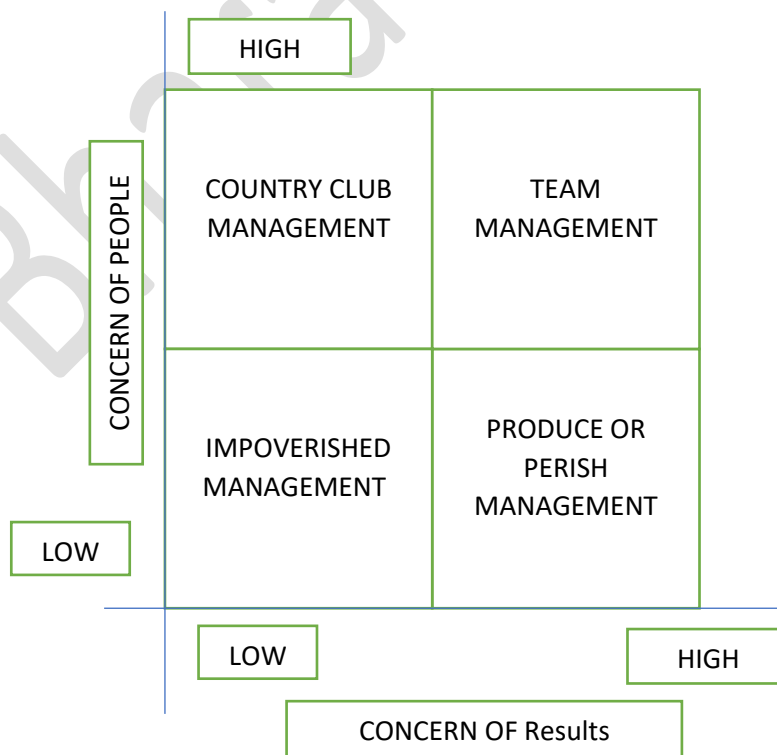
The Blake Mouton Grid plots a manager's or leader's degree of task-centeredness versus their person-centeredness, and identifies five different combinations of the two and the leadership styles they produce. It's also known as the Managerial Grid, or Leadership Grid, and was developed in the early 1960s by management theorists Robert Blake and Jane Mouton.

The model is based on two behavioural dimensions:

Concern for People: this is the degree to which a leader considers team members' needs, interests and areas of personal development when deciding how best to accomplish a task.

Concern for Results: this is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how best to accomplish a task.

Blake and Mouton defined five leadership styles based on these, as illustrated in the diagram below.



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Five leadership styles in detail

1. Impoverished Management – Low Results/Low People

The Impoverished or "indifferent" manager is mostly ineffective. With a low regard for creating systems that get the job done, and with little interest in creating a satisfying or motivating team environment, this manager's results are inevitably disorganization, dissatisfaction and disharmony.

2. Produce-or-Perish Management – High Results/Low People

Also known as "authoritarian" or "authority-compliance" managers, people in this category believe that their team members are simply a means to an end. The team's needs are always secondary to its productivity.

4. Country Club Management – High People/Low Results

The Country Club or "accommodating" style of manager is most concerned about their team members' needs and feelings. They assume that, as long as their people are happy and secure, they'll work hard.

5. Team Management – High Production/High People

According to the Blake Mouton model, Team Management is the most effective leadership style. It reflects a leader who is passionate about their work and who does the best they can for the people they work with.

Blake and his colleagues added two more leadership styles after Mouton's death in 1987, although neither appears on the grid itself, for the reasons explained below.

- **Paternalistic Management.** A Paternalistic manager will jump between the Country Club and Produce-or-Perish styles. This type of leader can be supportive and encouraging, but will also guard their own position – and paternalistic managers don't appreciate anyone questioning the way they think.
- **Opportunistic Management.** This doesn't appear on the grid because this style can show up anywhere within it. Opportunistic managers place their own needs first, shifting around the grid to adopt whichever style will benefit them. They will manipulate and take advantage of others to get what they want.

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STAFFING

"Staffing consists of manpower planning, recruitment, selection, training, compensation, promotion and maintenance of managerial personnel."

Staffing involves, finding the right person for the right job having the right qualification, doing the right job at the right time"

Proper staffing ensures the following benefits to the organisation:

- 1. Filling the roles by obtaining competent personnel.** Staffing function is needed to fill the job position. There will be no use of job position unless and until these are occupied by employees and it is through staffing function only that employees are appointed to fill the vacant job.
- 2. Placing right person at the right job.** Staffing ensures higher performance by placing right person on the right job by proper recruitment and selection. Employees are given a place according to their qualifications.
- 3. Growth of enterprise.** By appointing efficient staff, staffing ensures continuous survival and growth of the enterprise. As organisation grows with the efforts of its employees only.
- 4. Optimum utilisation of human resources.** Through manpower planning and job analysis we can find out the number of employees and type of employees required in the organisation. So there are no chances of overmanning and shortage or underutilisation of personnel.

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5. Helps in competing. Two organisations can easily acquire same type of physical and financial resources but what helps organisation to win over the other is the efficient staff. The organisation with efficient staff can easily win over its competitors.

6. Improves job satisfaction and morale of the employees. Staffing function does not end only with appointment of employees. It includes training, promotion, compensation, etc. All these activities help in motivating the employees and boost up the morale of the employees.

7. Key to effectiveness of other functions. No other function of management can be carried out without efficient staffing function because all the functions are performed by human beings and human beings join the organisation by staffing function only.

ORGANISING

Organising can be defined as identifying and grouping different activities in the organisation and bringing together the physical, financial and human resources to establish most productive relations for the achievement of specific goal of organisation."

"To organise a business is to provide it with everything useful to its functioning: raw materials, machines and tools, capital and personnel." Henry Fayol

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

Importance of organising

1. Benefits in specialisation. In organising, every individual is assigned a part of total work and not the whole task. Due to this division of work into smaller units and assignment of units according to the qualification leads to specialisation. The specialisation automatically comes when an individual is performing one job repeatedly.

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2. **Clarity in working relationship.** In the organising function, it is clearly defined that what all and how much power and authority is enjoyed by different individuals or managers. Each manager knows very clearly to whom he can give order and from whom he has to receive the order. The superior-subordinate relation is clearly defined in organising.
3. **Optimum utilisation of resources.** In the organising function, there are very few chances of duplication of work or over-lapping of work because the jobs are assigned to different individuals by clearly defining the job in job description document. So, there are no chances that the same work is performed by two or more individuals.
4. **Adoption to change.** Whenever the changes take place in the business environment then with the help of organising function these changes can be adopted systematically because organising function creates different departments and group related activities under each department. With this, changes can be adopted only in that area which may be affected by these changes and changes can be easily communicated to whole organisation through departments. Organisational structures can be suitably modified according to changes.
5. **Effective administration.** In the organising function, the similar and related jobs are grouped under one department which leads to unification of efforts and harmony in work. The organising function establishes relation between different departments keeping in mind the co-ordination among different departments. By bringing clarity in working relationship administrative efficiency improves.
6. **Expansion and growth.** With optimum utilisation of resources and proper division of work and departmentation, companies can easily meet the challenges and expand their activities in a planned manner.
7. **Development of personnel.** Delegation of authority is an important part of organising. By delegating the routine the managers can concentrate to develop new methods and performing job. It gives them time to innovate new technologies and areas for growth of the companies. Delegation not only reduces the work load of managers but it also helps them to use and realise their full potential for more creative work.

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Delegation of Authority:

In every organisation, managers are assigned lot of work and manager alone cannot perform all the work. He divides the work among different individuals working under him according to their qualification and get the work done from them) The manager begins with sharing of his responsibilities with his subordinates. He deliberately passes some of his responsibilities to his subordinates. After passing the responsibilities the manager also shares some of his authority, i.e., power to make decision with his subordinates so that the responsibilities can be carried on properly. To make sure that his subordinates perform all the work effectively and efficiently in the expected manner the manager creates accountability and this whole process is known as delegation. So delegation can be defined as:

"A process of entrusting responsibility and authority to the subordinates and creating accountability on those employees who are entrusted responsibility and authority,"

There are three elements of delegation:

1. Responsibility,
2. Authority,
3. Accountability.

1. **Responsibility.** Responsibility means the work assigned to an individual. It includes all the physical and mental activities to be performed by the employees at a particular job position. The process of delegation begins when manager passes on some of his responsibilities to his subordinates which means responsibility can be delegated.

Features of Responsibility:

- a. Responsibility is the obligation of a subordinate to properly perform the assigned duty.

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- b. It arises from superior subordinate relationship because subordinate is bound to perform the duty assigned by his superior.
- c. Responsibility flows upward because subordinate will always be responsible to his superior.

Authority. Authority means power to take decision. To carry on the responsibilities, every employee need to have some authority, So, when managers are passing their responsibilities to the subordinates, they also pass some of the authority to the subordinates.

Features:

- a. In a formal organisation authority arise or originate from an individual's position.
- b. Authority refers to right to take decision due to your managerial position. Superior
- c. Authority determines superior subordinate relationship. As subordinate communicates his decisions to subordinate expecting compliance from him as per his directions.
- d. Authority is restricted by law and rules and regulations of the organisation.
- e. Authority arises from the scalar chain which links various job positions.
- f. Authority flows downward from superior to subordinate.
- g. Authority must be equal to responsibility,

Accountability

The accountability cannot be passed or delegated. It can only be shared with the subordinates which means even after delegating responsibility and authority the managers will be accountable for non-completion of task

Features of Accountability:

1. Accountability refers to answerable for the final output.
2. It cannot be delegated or passed.
3. It enforced through regular feedback on the extent of work accomplished.
4. If flows upward, i.e., subordinate will be accountable to his superior.

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Steps of Delegation of Authority:

1. **Identification and Division of Work.** The first step in the organising is identifying and dividing the work as per plan. The division of work make sure there is no duplication of work and there is no burden of work on one person. Work can be shared among the employees. The manager divides the work into smaller units and each unit of work is called a job.

2. **Departmentalisation.** After dividing the work in smaller jobs, related and similar jobs are grouped together and put under one department. The departmentation or grouping of jobs can be done by the organisation in different ways. But the most common two ways are:

(a) Functional departmentation

(b) Divisional departmentation

3. **Assignment of Duties.** After dividing the organisation into specialised departments each individual working in different departments is assigned a duty matching to his skill and qualifications. The work is assigned according to the ability of individuals. Employees are assigned duties by giving them a document called job description. This document clearly defines the contents and responsibilities related to the job.

4. **Establishing Reporting Relationship:** After grouping the activities in different departments the employees have to perform the job and to perform the job every individual needs some authority. So, in the fourth step of delegation process all the individuals are assigned some authority matching to the job they have to perform. The assignment of the authority results in creation of superior-subordinate relationship and the question of who reports to whom is clarified. The individual of higher authority becomes the superior and with less authority becomes the subordinate.

Organisational Structure/ Departmentalisation:

The organisational structure can be defined as "A network of job positions, responsibilities and authority at different levels of organisation."

The organisational structure can mainly be of two types which are:

Functional Structure

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When the activities or jobs are grouped keeping in mind the functions or the job then it is called functional structure. For example, all the jobs related to production are grouped in production department, related to sales in sales department, related to purchase in purchase department and so on.

Suitability

Functional Structure are suitable for:

1. Division of work as per functions
2. Specialisation in every function
3. Grouping of similar nature of jobs
4. Uni-product or single or one type of product manufacturing company

Divisional Structure

When the organisation is large in size and is producing more than one type of product then activities related to one product are grouped under one department.

Suitability

Divisional structure is suitable for:

1. Organisations producing multi-product or different line of products.
2. Organisations which require product specialisation.
3. Organisations which require each division to be self-contained as under divisional structure each department has production, sale finance department.
4. Growing companies which plan to add more line of products in future.

Importance of Departmentalisation:

1. Structure organises properly all the operations of business and ensures better flow of communications.
2. A clear structure makes it easy to check the responsibility of each part of business.

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3. A clear idea about the working style of an enterprise can be known from organisational structure.
4. Organisational structure allows correlation and co-ordination among human, physical and financial resources.
5. It clearly defines the levels of management and span of control under each level.

Span of control:

Span of management means how many employees or subordinates can be effectively managed by one manager or how many subordinates can be effectively controlled by one superior. When the authority and responsibility relationships are established in organising process then the managers must keep in mind the span of control.

Factors determining the Span of Control:

1. Nature of the Work

Managers who supervise individuals performing highly structured, invariable work activities—in a call center, for example—may be able to manage 20 or more individuals at once. In such roles, many job tasks are clearly ordered and predictable in nature, ensuring that managers do not have to spend much extra time training or coaching employees throughout the workday. When employees do need help, the nature of the work is such that supervisors can quickly provide assistance in short bursts and ensure adequate attention is given to a larger number of direct reports.

2. Time Management Constraints

Some managers spend the majority of their time managing others, whereas others are “producing managers” who must split their time between actively managing the work of others and doing their own.

3. Experience Level of Employees

Employees who are new to their roles require more involvement from their manager than individuals who are more experienced. Therefore, teams with less experienced employees may require a narrower span of control, giving them more access to a manager who can provide regular coaching and guidance as they build experience.

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4. Company and Team Culture

The cultural backdrop of an organization can influence whether the span of control for its managers should be wider or narrower. For example, company cultures that are informal and flexible may encourage a wider span of control that gives employees more autonomy to act. In a less formal culture with fewer levels of management, employees have more access to senior leaders and are likely to be more empowered to work without supervision.

6. Skill Level of Manager

Managers who are new to supervising others or have not grown in their management capability over time will find it difficult to manage a large number of employees, no matter the type of work, company culture, or experience level of the people they are managing. Therefore, a narrow span of control may make sense for new managers, lest they quickly become overwhelmed with the routine challenges of managing and leading others.

7. Use of Technology

Like the other factors, the use of technology can have a great impact on managerial span of control. Technology helps managers do more, see more of the work their direct reports are doing, and communicate more efficiently across locations and time zones.

Centralisation and Decentralisation:

Centralisation refers to concentration of power or authority in few hands, i.e., top level. An organisation is centralised when the decision-making authority is in the hands of top level management only.

Decentralisation can be defined as even and systematic distribution of authority at every level of management. Under decentralisation every employee working at different levels gets some share in the authority.

Features of Decentralisation

1. Decentralisation is much more than a mere transfer of authority to lower level.
2. It implies selective dispersal of authority.
3. It shows the belief that people are competent, capable and resourceful.

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4. Decentralisation indicates that employees at middle and lower level can assume the responsibility for effective implementation of their decisions.

5. Decentralisation recognises the need of authority for decision-makers. 6. The top management carefully selects those decisions which will be pushed down to lower level and those that will be retained at higher level.

Importance of Decentralisation

1. **Develop initiative among subordinates.** Passing of authority at middle and lower level shows the trust and faith of top level in their subordinates and this trust and faith motivate the employees working at different levels as they are allowed to take decisions without seeking the approval of superiors.

2. **Develop managerial talent for future.** In the decentralisation managers working at lower and middle level also learn the art of making decisions. They get the experience of performing activities of top executives and learn to manage the authority given to them. So decentralisation process prepares the managers working at lower and middle level to perform the task of top level. So, whenever there is vacant job position at top level management, the managers working at lower or middle level can be promoted. This is how it levels talent for future.

3. **Quick decision-making.** In the decentralisation process, decision-making is not restricted in few hands only but decision-making power is entrusted to all the managers who are taking actions or performing the activities. This leads to faster decision because employees who have to perform the activities are allowed to take decision also.

4. **Relief to top level management.** In the process of decentralisation, top level managers are not overburdened with the responsibilities and authority as they systematically pass the authority and responsibilities at different levels and they become free to concentrate on core and important issues.

5. **Facilitates growth.** Decentralisation grants more autonomy or freedom to lower level. This helps the subordinates to do the work in the manner best suited for their department.

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When each department is doing their best then productivity increases and it will generate more revenue which can be used for expansion.

6. **Better control.** In decentralisation, employees working at different levels take their own decisions and they are personally accountable for their decisions, they cannot pass the blame to their superiors. With decentralisation better control can be exercised through Score Card. Management Information System, etc.

MOTIVATION, CO-ORDINATION AND CONTROL

MOTIVATION (WILL TO WORK)

Motivation can be defined as stimulating, inspiring and inducing the employees to perform to their best capacity. Motivation is a psychological term which means it cannot be forced on employees. It comes automatically from inside the employees as it is the willingness to do the work. Motivation is a process of making subordinates to act in a desired manner to achieve organisational goal.

Maslow's Need Hierarchy Theory

Motivation is a psychological phenomenon and the needs of employees play very important role in motivation. To understand the needs of human beings we must learn Maslow's need hierarchy theory.

Maslow has given a sequence or hierarchy of needs in the following way:

1. **Physiological needs.** These needs include basic requirements for survival and maintenance of human life. The common physiological needs are food, shelter and clothing. The employees develop these needs for their survival that is why they are at the top in the sequence. These needs can be satisfied when the monetary incentives are offered by the employers.
2. **Safety and security needs.** Once the present day physiological needs are fulfilled then the people start thinking about their future as they want to secure their future by making sure that in future also they continue to satisfy their physiological needs.

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Under safety and security there are two categories:

(a) Physical security. Which means safety from illness, accident, fire, etc. (b) Economic security. Which means having sufficient funds to meet the future physiological needs and to come out of physical security threat.

The people who have more of safety and security need active, get motivated by monetary Incentives.

3. **Social needs affiliation/belonging need.** It means the need for love, affection, companionship, friendship, etc. Once the people satisfy their physiological and safety needs then the social need becomes more active and to fulfill the social needs the managers prefer team-work, arrange formal and informal get-togethers so that employees can develop social relationships.

4 **Esteem needs.** These needs are related to the respect and recognition. When the above three needs are satisfied then people start demanding respect for themselves in a group. This need is more common in higher level employees. Esteem needs can be satisfied through non- monetary incentives.

5 **Self-actualisation needs.** This need refers to realising or reaching to the aim of your life. Once the employee becomes what he wants to become it means satisfaction of his actualisation need. These need include growth, self-fulfilment and achievement.

Mcgregor Theory:

In the 1960s, social psychologist Douglas McGregor developed two contrasting theories that explained how managers' beliefs about what motivates their people can affect their management style. He labeled these Theory X and Theory Y. These theories continue to be important even today.

Theory X and Theory Y were first explained by McGregor in his book, "The Human Side of Enterprise," and they refer to two styles of management – authoritarian (Theory X) and participative (Theory Y).

Theory X

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Theory X managers tend to take a pessimistic view of their people, and assume that they are naturally unmotivated and dislike work.

Work in organizations that are managed like this can be repetitive, and people are often motivated with a "carrot and stick" approach. Performance appraisals and remuneration are usually based on tangible results, such as sales figures or product output, and are used to control and "keep tabs" on staff.

This style of management assumes that workers:

- Dislike their work.
- Avoid responsibility and need constant direction.
- Have to be controlled, forced and threatened to deliver work.
- Need to be supervised at every step.
- Have no incentive to work or ambition, and therefore need to be enticed by rewards to achieve goals.

According to McGregor, organizations with a Theory X approach tend to have several tiers of managers and supervisors to oversee and direct workers. Authority is rarely delegated, and control remains firmly centralized.

Theory Y

Theory Y managers have an optimistic opinion of their people, and they use a decentralized, participative management style. This encourages a more collaborative, trust-based relationship between managers and their team members.

People have greater responsibility, and managers encourage them to develop their skills and suggest improvements. Appraisals are regular but, unlike in Theory X organizations, they are used to encourage open communication rather than to control staff.

Theory Y organizations also give employees frequent opportunities for promotion.

This style of management assumes that workers are:

- Happy to work on their own initiative.
- More involved in decision making.
- Self-motivated to complete their tasks.

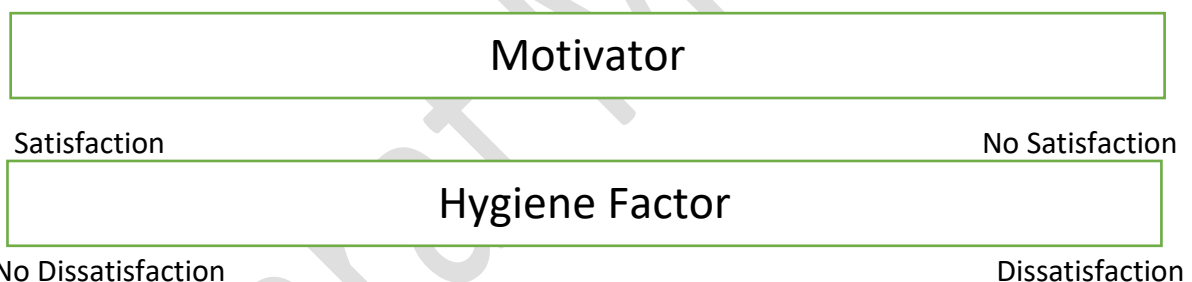
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- Enjoy taking ownership of their work.
- Seek and accept responsibility, and need little direction.
- View work as fulfilling and challenging.
- Solve problems creatively and imaginatively.

Theory Y has become more popular among organizations. This reflects workers' increasing desire for more meaningful careers that provide them with more than just money.

Herzberg Theory

In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction".



Herzberg classified these job factors into two categories-

Hygiene factors- Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent/if these factors are non-existent at workplace, then they lead to dissatisfaction.

Hygiene factors include:

- o **Pay:** The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.

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- o **Company Policies and administrative policies:** The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
- o **Fringe benefits:** The employees should be offered health care plans (mediclaime), benefits for the family members, employee help programmes, etc.
- o **Physical Working conditions:** The working conditions should be safe, clean and hygienic. The work equipment should be updated and well-maintained.
- o **Status:** The employees' status within the organization should be familiar and retained.
- o **Interpersonal relations:** The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
- o **Job Security:** The organization must provide job security to the employees.

Motivational factors- According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

- o **Recognition:** The employees should be praised and recognized for their accomplishments by the managers.

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- o **Sense of achievement:** The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
- o **Growth and promotional opportunities:** There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
- o **Responsibility:** The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.
- o **Meaningfulness of the work:** The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

Co-ordination

All these necessitate co-ordination for attaining the desired goals. Co-ordination is concerned with synchronizing, integrating or unifying all the group actions in an enterprise to achieve its objectives. It is a process by which the manager achieves harmonious group efforts and unity of actions through balancing the activities of different individuals and groups of individuals and reconciling their differences in interest or approach, for the attainment of common goals.

Its significance can be indicated by pointing out its importance or necessity in the following points:

1. **Co-ordination is necessary to ensure harmonious and smooth working of an enterprise with its several departments, divisions or subdivisions:** For example, to ensure harmonious functioning of an organisation, it is essential that the functions of purchasing, production and sales departments are co-ordinated. If the sales manager procures a huge order to be executed within a specified time, without reference to the production manager and the

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purchasing manager, it may turn out that the goods cannot be produced in quantities ordered within the specified time.

2. Co-ordination ensures unity in direction in the midst of diversified activities: By bringing together the different divisions and parts into oneness of the enterprise, co-ordination enables the management authority to see the enterprise as one unified whole from its different segments. So, co-ordination is necessary to link the functions of different departments, divisions, sections and the like together and assure their contribution to total result.

3. Co-ordination removes the conflict between personal interest of the employees and general interest of the organization: Individuals join the organisation to fulfill their needs. Many times, these needs may be different from the group needs and goals. In such situations, organisational and individual goals are not fully achieved. More the number of individuals in an organisation, the higher will be the degree of such incompatibility. It is essential for the organisational efficiency that both these goals are brought to a level of conformity and the managers tries to integrate the individual and group goals through co-ordination.

4. Co-ordination can produce something greater out of the collective efforts of the individuals: Properly co-ordinated group efforts achieve a greater result than what is possible from the isolated efforts of the individuals.

5. Co-ordination provides a balance between the people of different capacities and abilities: It compensates the shortcomings of one by the strength of the other.

7. Co-ordination ensures voluntary co-operation of the different members of the group: Besides simplification of the organisation process, co-ordination harmonizes and integrates the different programmes and policies of the business. Well-planned methods of co-

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ordination not only strengthen supervision but ensures voluntary co-operation of the different members of the group.

8. Co-ordination is a basic element in all effective organisations and is said to be the first principle in organization: It makes planning more purposeful, organisation more well-knit and control more regulated.

Principles of Coordination:

1. Direct Contact
2. Early Beginning
3. Continuity
4. Reciprocal Relationship
5. Pervasiveness
6. Leadership
7. Timing
8. Balancing

1. Co-ordination should be attained by direct contact with the parties concerned. Direct personal communications bring about agreement on methods, actions and ultimate achievement. It also eliminates red-tapeism and ensures prompt action. Direct contact is an effective means of co-ordination.

2. Co-ordination can be achieved more readily at the initial stages of planning and policy-making. Therefore, direct contact must begin in the very early stages of the process. If an order for the supply of a particular goods has been booked and the raw materials to produce them are not available, there will be trouble.

3. Co-ordination must be maintained as a continuous process. It starts from planning and ends when the objective is accomplished. Whenever there is division and distribution of functions among the managers and departments, co-ordination is necessary. Every time a new situation arises, a fresh effort of co-ordination is needed. So, the manager must constantly work at it until the purpose is served.

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4. Co-ordination should be regarded as a reciprocal relating to all factors in a situation, viz. production, sales, finance, men, and management. For example, when 'P' works with 'Q' and 'Q' in turn, works with 'R' and 'S' each of the four finds himself influenced by the others.

5. Co-ordination is an all-embracing activity in every management function. It is required in all the activities at every level of the organisation. It is to be exercised both within and outside the organisation.

6. Leadership is the most effective instrument of co-ordination. A leader in a group is the coordinator of the group activities. He harmonizes all efforts of persons in the group. A manager does not himself produce anything nor does he sell anything in the market.

7. Timing is an important element of co-ordination. This principle points out that all functions in the enterprise are to be done at the same time and at the same speed. If the purchase department purchases and supplies materials timely to the production department, and if the production is done timely, then the sales department can deliver the commodities to the customers within the scheduled time.

8. This principle refers to the quantitative element of co-ordination. It means that all works are to be done in right quantity. For instance, if a department produces half, another one-third and the third the full quantity, their activities cannot be balanced. They have to perform their job in right quantity for achieving co-ordination of their jobs.

Techniques of Coordination:

The following measures or techniques have to be adopted in practice as tools for securing better co-ordination in the working of an organisation:

1. Simplified Organisation

2. Harmonized Programmes and Policies

3. Well-designed Methods of Communication

4. Special Coordinators

5. Co-ordination by Committees

6. Group Discussion

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1. In large organisations, there is a tendency towards over- specialisation. The organisation gets divided into a whole series of units each one of which concentrates just on its own task. In fact, each unit tends to be bureaucratic and its activities become ends in themselves instead of being means to the overall ends of the organisation.

2. The ideal time to bring about co-ordination is at the planning stage. The plans prepared by different individuals or divisions should be checked up to ensure that they all fit together into an integrated and balanced whole. The coordinating executive must ensure that all the plans add up to a unified programme. Moreover, co-ordinated activities must not only be consistent with each other, but also be performed at the proper time.

3. Good communication brings about proper co-ordination and helps the members of a business organisation to work together. Flow of communication in all directions will facilitate co-ordination and smooth working of the enterprise. The use of formal tools like orders, reports and working papers, and informal devices like the grapevine will provide adequate information to all concerned.

4. Generally, in big organisations, special coordinators are appointed. They normally work in staff capacity to facilitate the working of the main managers. A co-ordination cell may also be created. The basic responsibility of the cell is to collect the relevant information and to send this to various heads of sections or departments so that inter-departmental work and relationship are co-ordinated.

5. Co-ordination in management by committees is achieved through meetings and conferences. Sometimes different committees are appointed to look after different areas of management, namely, Purchase Committee, Production Committee, Sales Committee, Finance Committee, etc. These committees take the group decision by exchanging their views and ideas and so it has coordinating elements.

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6. Group discussion is the other tool for co-ordination. It provides opportunities for free and opens exchange of views and inter-change of ideas, problems, proposals and solutions. Face-to-face communication enables the members to attain improved understanding of organisation-wide matters and leads to better co-ordination.

Controlling

TECHNIQUES:

There are many control techniques in the realm of management. It is difficult to draw up a complete list of control techniques emerging in management arena. However, they can be broadly divided into two groups' namely traditional techniques and contemporary techniques.

1. **Break Even Analysis:** Break even analysis is an analysis of inter-relationship between cost of production, volume of operation and profits. Hence, it is called cost volume profit analysis.
2. **Standard Costing:** Costing is concerned with determining the cost of product under the existing conditions. Cost control is effected through pre-determined cost called standard cost. This standard cost is pre-determined to reflect quantity price and level of operations.
3. **ABC Costing:** The main logic behind ABC is that only the product or customers for whom costs are incurred should bear the cost but no other products and other customers. It provides accurate cause and effect based allocation of cost. Hence, the relation between material and labour has changed in contemporary context.
4. **Budgetary Control:** Budget is a tool that helps the management in planning and controlling exercises. Budget refers to the quantitative statement prepared and

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approved prior to a defined period of time. It stands for the policy to be pursued during the period for accomplishing the objective.

5. Programme Evaluation and Review Technique (PERT):

PERT is a visual network most appropriate to a managing complex project.

Steps involved in PERT are:

- i. Breaking down the project into clearly identifiable activities.
- ii. Constructing a networking diagram showing sequence of activities with a start and end point.
- iii. Preparing three time estimates for the project namely, optimistic time (short times), pessimistic time (longer time) and normal time (likely time).
- iv. Determining the critical part. It represents the longest path through network in terms of time. Critical path represents the sequence of activities. Sometimes critical factors may intervene and disturb the sequence thereby delaying the project.
- v. Modifying the initial plan to minimize the impact of delay.

Characteristics/Time Estimates of PERT:

Various time estimates calculated in PERT techniques are:

- a. Optimistic time (t_0) – It is the shortest possible time in which an activity can be completed if everything is favourable.
- b. Most likely time (t_m) – It is the time in which the activity is normally expected to be completed under normal contingencies.
- c. Pessimistic time (t_p) – It is the time which an activity will take to complete in case of difficulty i.e., if most of the things go wrong. It is the longest time among all the three times.
- d. Expected or average time (t_e) – The expected time (t_e) for each activity can be calculated as –

$$t_e = \frac{(t_0 + 4t_m + t_p)}{6}$$