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MANAGEMENT

Management is the process of designing and maintaining an environment in which individuals working together in groups to accomplish selected aims efficiently.

It connotes different meaning indifferent contexts. The concept management may be used as:

Collective noun	-	Board of directors or Executive Committee
Field of study	-	A branch of knowledge including the principles, techniques, functions and problem management.
Function	-	Functions to be performed to attain the organizational objectives-planning, organizing direction, co-ordination and control

In a more important sense, management is a vital function concerned with all aspects of the working of an enterprise. Here the management is considered as a body of knowledge consisting of several concepts, principles, techniques and theories which can be adopted in any group Endeavour.

DEFINITIONS

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

"To manage is to forecast, to plan, to organize, to command to co-ordinate and control.

-   HENRY FAYOL

"Management is a distinct process consisting of planning; organizing, actuating and controlling performance t determine and accomplish the objectives by the use of people and resources,"

-GEORGE R. TERRY

"Management is the creation and maintenance of internal environment is an enterprise where individuals working in groups can perform efficiently and effectively toward the attainment of group goals. It is an art of getting the work done through and with people in formally organized groups."

KOONTZ ANDO'DONNEL

Nature of Management

The salient features which highlight the nature of management are as follows:

(i) *Management is goal-oriented:* Management is not an end in itself. It is a means to achieve certain goals. Management has no justification to exist without goals. Management goals are called group goals or organisational goals. The basic goal of management is to ensure efficiency and economy in the utilisation of human, physical and financial resources. The success of management is measured by the extent to which the established goals one achieved. Thus, management is purposeful.

(ii) *Management is universal:* Management is an essential element of every organised activity irrespective of the size or type of activity. Wherever two or more persons are engaged in working for a common goal, management is necessary. All types of organisations, e.g., family, club, university, government, army, cricket team or business, require management. Thus, management is a pervasive activity. The fundamental principles of management are applicable in all areas of organised effort. Managers at all levels perform the same basic functions.

(iii) *Management is an Integrative Force:* The essence of management lies in the coordination of individual efforts in to a team. Management reconciles the individual goals with organizational goals. As unifying force, management creates a whole that is more than the sum of individual parts. It integrates human and other resources.

(iv) *Management is a Social Process:* Management is done by people, through people and for people. It is a social process because it is concerned with interpersonal relations. Human factor is the most important element in management. According to Appley, "Management is the development of people not the direction of things. A good manager is a leader not a boss. It is the pervasiveness of human element which gives management its special character as a social process".

(v) *Management is multidisciplinary:* Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines
like engineering, sociology, psychology, economics, anthropology, etc. The vast body of knowledge in management draws heavily upon other fields of study.

(vi) *Management is a continuous Process:* Management is a dynamic and an on-going process. The cycle of management continues to operate so long as there is organised action for the achievement of group goals.

(vii) *Management is Intangible:* Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.

(viii) *Management is an Art as well as Science:* It contains a systematic body of theoretical knowledge and it also involves the practical application of such knowledge. Management is also a discipline involving specialised training and an ethical code arising out of its social obligations.
On the basis of these characteristics, management may be defined as a continuous social process involving the coordination of human and material resources in order to accomplish desired objectives. It involves both the determination and the accomplishment of organizational goals.

SCOPE OF MANAGEMENT:

The field of management is very wide. The operational areas of business management may be classified into the following categories:

(i) *Production Management:* Production management implies planning, organising, directing and controlling the production function so as to produce the right goods, in right quantity, at the right time and at the right cost. It includes the following activities:
   (a) Designing the product
   (b) Location and layout of plant and building
   (c) Planning and control of factory operations
   (d) Operation of purchase and storage of materials
   (e) Repairs and maintenance
   (f) Inventory cost and quality control
   (g) Research and development etc.

(ii) *Marketing Management:* Marketing management refers to the identification of consumers' needs and supplying them the goods and services which can satisfy these wants. It involves the following activities:
   (a) Marketing research to determine the needs and expectation of consumers
   (b) Planning and developing suitable products
   (c) Setting appropriate prices
   (d) Selecting the right channel of distribution, and
   (e) Promotional activities like advertising and salesmanship to communicate with the customers

(iii) *Financial Management:* Financial management seeks to ensure the right amount and type of funds to business at the right time and at reasonable cost. It comprises the following activities:

     (a) Estimating the volume of funds required for both long-term and short-term needs of business

     (b) Selecting the appropriate source of funds

     (c) Raising the required funds at the right time

     (d) Ensuring proper utilisation and allocation of raised funds so as to maintain safety and liquidity of funds and the creditworthiness and profitability of business, and

     (e) Administration of earnings

Thus, financial management involves the planning, organising and controlling of the financial resources.

(iv) *Personnel Management:* Personnel management involves planning, organising and controlling the procurement, development, compensation, maintenance and integration of human resources of an organisation. It consists of the following activities:

     (a) manpower planning

     (b) recruitments,

     (c) selection,

     (d) training

     (e) appraisal,

     (f) promotions and transfers,

     (g) compensation,

     (h) employee welfare services, and

     (i) personnel records and research, etc.

Objectives of Management

The objectives of management are narrated as under.

(i) *Organisational objectives:* Management is expected to work for the achievement of the objectives of the particular organisation in which it exists. Organisational objectives include:

     (a) Reasonable profits so as to give a fair return on the capital invested in business

     (b) Survival and solvency of the business, i.e., continuity.

     (c) Growth and expansion of the enterprise

     (d) Improving the goodwill or reputation of the enterprise.

(ii) *Personal objectives:* An organisation consists of several persons who have their own objectives. These objectives are as follows:

     (a) Fair remuneration for work performed

     (b) Reasonable working conditions

     (c) Opportunities for training and development

     (d) Participation in management and prosperity of the enterprise

     (e) Reasonable security of service.

(iii) *Social objectives:* Management is not only a representative of the owners and workers, but is also responsible to the various groups outside the organisation. It is expected to fulfill the objectives of the society which are given below:

     (a) Quality of goods and services at fair price to consumers.

     (b) Honest and prompt payment of taxes to the Government.

     (c) Conservation of environment and natural resources.

     (d) Fair dealings with suppliers, dealers and competitors.

     (e) Preservation of ethical values of the society.

ROLE AND IMPORTANCE OF MANAGEMENT

Management is indispensable for the successful functioning of every organisation. It is all the more important in business enterprises. No business runs in itself, even on momentum. Every business needs repeated stimulus which can only be provided by management. According to Peter Drucker," management is a dynamic life giving element in an organisation, without it the resources of production remain mere resources and never become production".

The importance of management has been highlighted clearly in the following points:

(i) *Achievement of group goals:* A human group consists of several persons, each specialising in doing a part of the total task. Each person may be working efficiently, but the group as a whole cannot realise its objectives unless there is mutual cooperation and coordination among the members of the group. Management creates team-work and coordination in the group. He reconciles the objectives of the group with those of its members so that each one of them is motivated to make his best contribution towards the accomplishment of group goals. Managers provide inspiring leadership to keep the members of the group working hard.

(ii) *Optimum utilisation of resources:* Managers forecast the need for materials, machinery, money and manpower. They ensure that the organisation has adequate resources and at the same time does not have idle resources. They create and maintain an environment conducive to highest productivity. Managers make sure that workers know their jobs well and use the most efficient methods of work. They provide training and guidance to employees so that they can make the best use of the available resources.

(iii) *Minimization of cost:* In the modern era of cut-throat competition no business can succeed unless it is able to supply the required goods and services at the lowest possible cost per unit. Management directs day-to-day operations in such a manner that all wastage and extravagance are avoided. By reducing costs and improving efficiency, managers enable an enterprise to be competent to face competitors and earn profits.

(iv) *Survival and growth:* Modern business operates in a rapidly changing environment. An enterprise has to adapt itself to the changing demands of the market and society. Management keeps in touch with the existing business environment and draws its predictions about the trends in future. It takes steps in advance to meet the challenges of changing environment. Changes in business environment create risks as well as opportunities. Managers enable the enterprise to minimise the risks and maximise the benefits of opportunities. In this way, managers facilitate the continuity and prosperity of business.

(v) *Generation of employment:* By setting up and expanding business enterprises, managers create jobs for the people. People earn their livelihood by working in these organisations. Managers also create such an environment that people working in enterprise can get job satisfaction and happiness. In this way managers help to satisfy the economic and social needs of the employees.

(vi) *Development of the nation:* Efficient management is equally important at the national level. Management is the most crucial factor in economic and social development. The development of a country largely depends on the management of its resources. Capital investment and import of technical knowhow cannot lead to economic growth unless wealth producing resources are managed efficiently. By producing wealth, management increases the national income and the living standards of people. That is why management is regarded as a key to the economic growth of a country.

ADMINISTRATION AND MANAGEMENT

The two terms administration and management are being used interchangeably for all practical purposes. However these two terms are different from each other.

Oliver Sheldon summaries the distinction as follows:

Administration is the function in the industry concerned in the determination of corporate policy, the co-ordination of finance production and distribution, the settlement of complaints of the organization and ultimate control of executive".

"Management is the function in the industry concerned in the execution of policy within the limits setup by the administration and the employment of the organization for the particular object set before it".

William sprigeal distinguishes "Administration as the determinate function and "management" as the executive function.

Management is primarily concerned with carrying out of the broad policies laid down by the administration". Thus the administration is concerned with the thinking function and management with doing function.

The essence of management is highlighted by the definition given by KOONTZ and O' DONEL and by DONALD CLAGH. The later describe management as the art and science of decision making and leadership. Art of getting things done through people and with people. Human factor in industry has endless capacity for work provided planning and resources are made available to it. The manager's goal of attainment of enterprise objectives in the more efficient manner can be accomplished only when the people in the enterprise work to the best of their ability in the spirit of cooperation and zeal.

DISTINCTION BETWEEN MANAGEMENT AND ADMINISTRATION

There has been a controversy on the use of these two terms-management and administration. Many experts make no distinction between administration and management and use them as synonyms. Several American writers consider them as two distinct functions.

The management experts like Elbourne, Unwick and Mary Follett regarded 'administration' and 'management' as synonymous and use them interchangeably in their works. But Schuze and Sheldon found distinction between these two concepts. According to them the distinction is important to clearly understand the role of people in administrative positions versus those in managerial positions.

Oliver Sheldon in his "The Philosophy of Management" defines 'Administration as a function is concerned with the determination of the corporate policy, the coordination of finance, production and distribution, the settlement of the compass (i.e., structure) of the organisation, under the ultimate control of the executive.' On the other hand, 'Management is concerned with the execution of the policy, within the limits setup by administration and the employment of the organisation for the particular objects before it. Thus Sheldon declares administration as a thinking process and management as doing process. In other words, management is a concomitant of administration.

The following figure depicts this line of thinking

E.F.L. Breach distinguishes administration and management. Breach considers management as a social process entailing the responsibility for effective planning, regulation, coordination and control of operations including the responsibility for personnel supervision. Administration is that part of management which is concerned with the installation and carrying out the procedures by which the progress of activities is regulated and checked against plans. Few authors treat administration as part of management. These three points of view are explained below.

(i) *Administration is different from management:* According to this view point, administration is a higher level activity while management is a lower level function. Administration is a determinative function concerned with the determination of objectives and policies while management is an executive function involving the implementation of policies and direction of efforts for the achievement of objectives. This view is held largely by American experts on management. American experts such as Florence, Lansburg, Haimann, Milward, McFarland, Spriegel, Schulze and Tead also hold this view that administration involves decision-making and policyformulation while management is concerned with the execution of policies and supervision of work. According to them, administration is superior to management as the latter has only a peripheral role in determination of objectives and policies.

(ii) *Administration is a part of management:* According to the European School of thought, management is a wider term including administration and organisation. This viewpoint has been propounded by Breach. According to him, "Management is the generic term for the total process of executive control involving responsibility for effective planning and guidance of operations of an enterprise. Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activities is regulated and checked against plans". Kimball and Kimball, Richman and Copen also hold similar views. According to them, administration is only an implementing agency while management is determinative. Thus, the European viewpoint is exactly opposite to the American opinion.

(iii) *Administration and management are one:* Many writers like Henri Fayol, William Newman, Chester Barnard, George Terry, Louis. A. Allen, Koontz and O' Donnell make no distinction between management and administration. According to Newman, Management or administration is "the guidance, leadership and control of the efforts of a group of individuals towards some common goals". According to Fayol, all undertakings require the same functions and all must observe the same principles.

There is one common science which can be applied equally well to public and private affairs. Therefore, the distinction between administration and management is superfluous or academic. In actual practice, the two terms are used interchangeably. The term administration is more popular in Government and other public organisations while the word management is more commonly used in the business world, where economic performance is of primary importance.

The foregoing description reveals that both management and administration are based upon the same set of principles and functions. It may be possible to make theoretical or conceptual distinction between the two. But in practice such a distinction is misleading. In order to resolve the terminological conflict between administration and management, we may classify management into:

(i) Administrative management; and
(ii) Operative management.

Administrative management involves determination of objectives and policies whereas operative management is primarily concerned with the execution of plans for the achievement of objectives. At every level of management, an individual manager performs both types of functions. Every manager spends a part of his time on administrative management and the remaining time on operative management.

Distinction between Administration and Management Points of distinction

Points of distinction	Administration	Management
1. Nature	It is a determinative or thinking function	It is an executive or doing function
2. Type of work	It is concerned with the determination of major objectives and policies	It is concerned with the implementation of policies
3. Levels of authority	It is mainly a top Level function	It is largely a middle and lower level function
4. Influence	Administrative decisions are influenced mainly by public opinion and other outside forces	Managerial decisions are influenced by objectives and policies of the organisation.
5. Direction of human efforts	It is not directly concerned with the direction of human efforts	It is actively concerned with direction of human efforts in the execution of plans

6. Main functions	Planning and control are the main functions involved in it.	Directing and organising are the main functions involved in it.
7. Skills required	Conceptual and human skills	Technical and human skills
8. Usage	Used largely in Government and Public sector	Used mainly in business organisations
9. Illustrations	Commissioner, Registrar, Vice-Chancellor, Governor etc.	Managing Director, General Manager, Sales Manager, Branch Manager etc.

LEVELS OF MANAGEMENT

Every business organisation, irrespective of its size, has many managerial positions in its structure. These positions are created through the process of delegation of authority from top to lower levels. Each position is marked by authority, responsibility, functions, roles and relationships. The contents and nature vary, depending in the level at which the position lies. As one moves upward in the organisation, the managerial position plays an important role, larger the contribution, greater the authority and higher the responsibility. These managerial positions lying in the chain of command may be classified into various groups or levels of management. Broadly speaking, an organisation has two important levels of management, namely functional and operative. The functional level is concerned with the process of determining primary objectives, formulating basic policies, making vital decisions and controlling and coordinating activities of personnel.

The operative level of management is related to implementation of plans and decisions, and pursuit of basic policies for achieving the objectives of the organisation. Generally, the levels of management consisting of various managerial positions in the structure of an organisation, differ from one organisation to another, depending on the size of business activity, philosophy of management, span of control and other related factors. But, in a joint stock company, for conducting its business efficiently, managerial personnel may be placed in three levels, that is, top, middle and lower or supervisory level.

Top Level Management

The top level management is generally occupied by the ownership group. In a joint stock company, equity shareholders are the real owners of the company. Thus, they elect their representatives as directors; form a board, known as board of directors, which constitutes the top level of management. Besides the board, other functionaries including managing director, general manager or Chief executive to help directors, are included in this level. It is the highest level in the managerial hierarchy and the ultimate source of authority in the organisation. The top level managers are accountable to the owners and responsible for overall management of the organisation. The major functions of the top level management are as under:

1. To make a corporate plan for the entire organisation covering all areas of operations.
2. To decide upon the matters which are vital for the survival, profitability and growth of the organisation such as introduction of new product, shifting to new technology and opening new plant etc.
3. To decide corporate goals.
4. To decide structure of organisation, creating various positions there in.
5. To exercise overall managerial control through the process of reviewing over all financial and operating results.
6. To make decisions regarding disposal and distribution of profits.
7. To select key officials and executives for the company.
8. To coordinate various sub-systems of the organisation.
9. To maintain liaison with outside parties having a stake in business such as government, trade union and trade associations etc.
10. To formulate basic policies and providing direction and leadership to the organisation as a whole.

Middle Level Management

In order to fill up the gap which exists between functional and operative level, some managerial positions are created at the middle level of management. Middle level management consists of departmental managers, deputy managers, foreman and administrative officers etc. These executives are mainly concerned with the over all functioning of their respective departments. They act as a link between top and lower level managers. The activities of middle level managers centers around determining departmental goals and devising ways and means for accomplishing them.

The main functions performed by these managers are as under:

(i) To prepare departmental plan covering all activities of the department within the basic framework of the corporate plan.

(ii) To establish departmental goals and to decide upon various ways and means for achieving these goals to contribute to organisational goals.

(iii) To perform all other managerial functions with regard to departmental activities for securing smooth functioning of the entire department.

(iv) To issue detailed orders and instructions to lower level managers and coordinate the activities of various work units at lower level.

(v) Middle level managers explain and interpret policy decisions made at the top level to lower level managers.

Lower Level or Supervisory Level Management

Lower-level management is known as supervisory management, because it is concerned mainly with personal oversight and direction of operative employees. It consists of factory supervisors, superintendents, foremen, sales supervisors, accounts officers etc. They directly guide and control the performance of rank and file workers. They issue orders and instructions and guide day to-day activities. They also represent the grievances of the workers to the higher levels of management.

Supervisory management performs the following functions:

(i) Planning of day to day work

(ii) Assignment of jobs and issuing orders and instructions

(iii) Supervising and guiding workers

(iv) Maintaining close personal contacts with workers to ensure discipline and team-work

(v) Evaluating operating performance

(vi) Sending reports and statements to higher authorities

(vii) Communicating the grievances and suggestions of workers to higher authorities.

IS MANAGEMENT A SCIENCE OR AN ART

To understand the basic nature of management, it must be analysed in terms of art and science, in relation to administration, and as a profession, in terms of managerial skills and style of managers.

Management is Combination of Art and Science

Management knowledge exhibits characteristics of art and science, the two not mutually exclusive but supplementary. Every discipline of art is always backed by science which is basic knowledge of that art. Similarly, every discipline of science is complete only when it is used in practice for solving various kinds of problems faced by human beings in an organisation or in other fields of social life which is more related to an art. Art basically deals with an application of knowledge personal skill and know-how in a specific situation for efficiently achieving a given objective. It is concerned with the best way of doing things and is consequently, personalised in nature.

During the primitive stages of development of management knowledge, it was considered as an art. There was a jungle of managerial knowledge. It was not codified and systemised. People used it to get things done by others, in their own way giving an impression that whosoever uses it, knows the art of using it. This kind of loose and inadequate understanding of management supported the view that it was an art.

Management as a Science

Science means a systematic body of knowledge pertaining to a specific field of study. It contains general principles and facts which explains a phenomenon. These principles establish cause-and-effect relationship between two or more factors. These principles and theories help to explain past events and may be used to predict the outcome of actions. Scientific methods of observations and experiments are used to develop principles of science. The principles of science have universal application and validity.

Thus, the essential features of science are as follows:

(i) Basic facts or general principles capable of universal application

(ii) Developed through scientific enquiry or experiments

(iii) Establish cause and effect relationships between various factors.

(iv) Their Validity can be verified and they serve as reliable guide for predicting future events.

Let us now examine as to what extent management satisfies the above conditions:

(i) *Systematic body of knowledge:* Management has a systematic body of knowledge consisting of general principles and techniques. These help to explain events and serve as guidelines for managers in different types of organisations.

(ii) *Universal principles:* Scientific principles represent basic facts about a particular field enquiry. These are objective and represent best thinking on the subject. These principles may be applied in all situations and at all times. Exceptions, if any, can be logically explained. For example, the Law of Gravitation states that if you throw an object in the air it will fall on the ground due to the gravitational force of the earth. This law can be applied in all countries and at all points of time. It is as applicable to a football as it is to an apple falling from tree. Management contains sound fundamental principles which can be universally applied. For instance, the principle of unity of command states that at a time one employee should be answerable to only one boss. This principle can be applied in all types of organisation-business or non business. However, principles of management are not exactly like those of physics or chemistry. They are flexible and need to be modified in different situations.

(iii) *Scientific enquiry and experiments:* Scientific principles are derived through scientific investigation and reasoning. It means that there is an objective or unbiased assessment of the problem situation and the action chosen to solve it can be explained logically. Scientific principles do not reflect the opinion of an individual or of a religious guru. Rather these can be scientifically proved at any time. They are critically tested. For example, the principle that the earth revolves around the sun has been scientifically proved Management principles are also based on scientific enquiry and investigation. These have been developed through experiments and practical experience of a large number of managers. For example, it has been observed that wherever one employee has two or more bosses simultaneously, confusion and indiscipline are likely to arise, with regard to following the instructions.

(iv) *Cause and effect relationship:* Principles of science lay down a cause and effect relationship between related factors. For example, when water is heated up to 100ºC, it starts boiling and turns into vapour. Similarly, the principles of management establish cause and effect relationship between different variables. For instance lack of balance between authority and responsibility will cause management to become ineffective.

(v) *Tests of validity and predictability:* Validity of scientific principles can be tested at any time and any number of times. Every time the test will give the same result. Moreover, the future events can be predicted with reasonable accuracy by using scientific principles. For example, the Law of Gravitation can be tested by throwing various things in the air and every time the object will fall on the ground. Principles of management can also be tested for their validity. For example, the principle of unity of command can be tested by comparing two persons, one having a single boss and other having two bosses. The performance of the first person will be higher than that of the second.

Thus, management is undoubtedly a science. It contains a systematic body of knowledge in the form of general principles which enjoy universal applicability. However, management is not as exact a science—Physics, Chemistry, Biology and other Physical sciences. This is because management deals with people and it is very difficult to predict accurately the behaviour of living human beings. Management principles are universal but

they cannot be expected to give exactly the same results in every situation. That is why management is known as a soft science. Management is a social science. It is still growing, with the growing needs of human organisations.

Management as an Art

Art implies the application of knowledge and skills to bring about the desired results. The essential elements of arts are:

     (i) Practical knowledge
     (ii) Personal skill
     (iii) Result oriented approach
     (iv) Creativity
     (v) Improvement through continuous practice

Let us judge how far management fulfils these requirements:

(i) *Practical knowledge:* Every art signifies practical knowledge. An artist not only learn the theory but also its application in practice. For example, a person may have adequate technical knowledge of painting but he cannot become a good painter unless he knows how to make use of the brush and colours. Similarly, a person cannot become a successful manager simply by reading the theory and getting a degree or diploma in management. He must also learn to apply his knowledge in solving managerial problems in practical life. A manager is judged not just by his technical knowledge but by his efficiency in applying this knowledge.

(ii) *Personal skill:* Every artist has his own style and approach to his job. The success of different artists differs even when all of them possess the same technical knowledge or qualifications. This is due to the level of their personal skills. For example, there are several qualified singers but Lata Mangeshkar has achieved the highest degree of success. Similarly, management is personalised. Every manager has his individual approach and style in solving managerial problems. The success of a manager depends on his personality in addition to his technical knowledge.

(iii) *Result-oriented approach:* Arts seeks to achieve concrete results. The process of management is also directed towards the accomplishment of desirable goals. Every manager applies certain knowledge and skills to achieve the desired results. He uses men, money, materials and machinery to promote the growth of the organisation.

(iv) *Creativity:* Art is basically creative and an artist aims at producing something that had not existed before. Therefore, every piece of art requires imagination and intelligence to create. Like any other art, management is creative. A manager effectively combines and coordinates the factors of production to create goods and services. Moulding the attitudes and behaviour of people at work, towards the achievement of the desired goals is an art of the highest order.

(v) *Improvement through people:* Practice makes one perfect. Every artist becomes more and more efficient through constant practice. A dancer, for example, learns to perform better by continuously practicing a dance. Similarly, manager gains experience through regular practice and becomes more effective.

Thus, "management is both a science as well as an art". It is a science because it has an organised body of knowledge consisting of certain universal facts. It is known as an art because it involves creating results through practical application of knowledge and skills. However, art and science are complementary to each other. They are not mutually exclusive. Science teaches one to know and art to do. Art without science has no guide and science without art is knowledge wasted. For example, a person cannot be a good surgeon unless he has scientific knowledge of human anatomy and the practical skill of applying that knowledge in conducting an operation.

Similarly, a successful manager must know the principles of management and also acquire the skill of applying those principles for solving managerial problems in different situations. Knowledge of principles and theory is essential, but practical application is required to make this knowledge fruitful. One cannot become an effective manager simply by learning management principles by heart. Science (theory) and art (practice) are both essential for the success of management.

Management as a Profession

A profession is calling that requires specialised knowledge and often, long intensive academic preparation. The essential features of profession are as follows:

    (i) Well defined body of knowledge

    (ii) Restricted entry

    (iii) Service motive

    (iv) Code of Conduct

    (v) Representative professional association

Let us examine to what extent management fulfils the above requirements:

(i) *Specialised body of knowledge:* Every profession has a well defined body of knowledge relevant to the area of specialization. In order to practice a profession, a person requires specialised knowledge of its principles and techniques. Moreover, he must make deliberate efforts to gain proficiency unit. There exists a substantial and rapidly expanding body of knowledge in management. A manager must have intensive devotion and involvement to acquire expertise in the science of management. In addition, there should be competent application or judicious utilisation of this knowledge in solving complex problems. Today, management is a separate discipline having a specialised and organised body of knowledge.

(ii) *Restricted entry:* There exist institutions and universities to impart education and training for a profession. No one can enter a profession without going through the prescribed course of learning. For example one must pass the Chartered Accountancy examination to practice accountancy profession. Many institutes of management have been set up in India and abroad which offer courses for specialised training in management. Several management consultancy firms have also come into existence to offer advice for solving managerial problems. Formal education and training has become very helpful in getting jobs as managers. But no minimum qualification or course of study has been prescribed for managers by law.

(iii) *Service motive:* A profession is a source of livelihood but professionals are primarily motivated by the desire to serve the community. For example, a doctor earns his living from his medical practice. But he does not treat his patients only for the sake of money. He has a concern for the suffering of others and a desire to help the community. Therefore, a profession enjoys high community sanction or respect. Similar is the case with managers. A manager of a factory is responsible not only to its owners, but he is also expected to produce quality goods at a reasonable cost and to contribute to the well-being of the community.

(iv) *Representative association:* In every profession there is a statutory association or institution which regulates that profession. For example, the Institute of the Chartered Accountants of India establishes and administers standards of competence for the auditors. In management also associations have been established both in India and abroad. Managers have formed associations for the regular exchange of knowledge and experience. In India, there is the All India Management Association. However, this association does not have the statutory power to regulate the activities of managers. No university accepted criteria or standard exists for their evaluation. Membership of this association is not compulsory in order to become a manager.

(v) *Code of conduct:* Members of one profession have to abide by a code of conduct which contains rules and regulations providing the norms of honesty, integrity and professional ethics. For example a chartered accountant is not expected to commercially advertise his firm. The code of conduct is by the representative association to ensure self-discipline among its members. Any member violating the code can be punished and his membership can be cancelled. The All India Management Association has framed code of conduct for managers. The code requires the managers to fulfill their social and moral obligations. Members of the association are expected not to disclose the trade secrets of their employers and to make personal gain from the knowledge of internal working of the organisation. But this code does not have legal sanctions. However, observing business ethics is always helpful in becoming a more effective manager.

The above discussion reveals that management fulfils several essentials of profession. But like other professions, management does not restrict the entry into managerial jobs to people with a special academic degree. No minimum qualifications have been prescribed for managerial personnel. No management association has the authority to grant certificates of practice or to regulate entry into management careers. Few managers have uniform background in terms of education and experience. The management associations have no legal right to enforce their code of conduct. There is no single group to which the majority of the managers belong and whose authority is recognised by law as a sanction. Moreover, there is no single client group to

which managers owe complete loyalty. Doctors owe their loyalty to patients. But managers are responsible to the owners as well as to other social groups.

Thus, management is, not strictly speaking, a full-fledged profession like medicine, law or chartered accountancy. Some experts believe that there should be no control over entry into management careers. According to Peter F. Drucker, "Management is a practice rather than a science or profession through containing elements of both. No greater damage could be done to economy and society than to attempt to professionalise management by licensing managers or by limiting access to management to people with special academic degree".

TYPES OF MANAGERS

Types of Managers based on managerial functions:
Typically, based upon organizational functions, you will find the following manager types in a standard commercial organization.

- *Purchase Manager* who is responsible for procuring raw materials in a manufacturing company.
- *Production Manager* who is responsible for managing the manufacturing process.
- *IT Manager* who is responsible for supervising all computing and IT communication related issues.
- *Marketing Manager* who is responsible for supervising the promotion and advertising of the company's products/services.
- *Sales Manager* who looks after the sales department and sets targets for sales personnel and appraises their performance on the basis of the extent of target achievement.
- *Finance Manager* who is responsible for the financial management of the organization.
- *Human Resources Manager* who is responsible for the HR department and oversees all human resource management functions like recruitment, payroll, attendance, employee exit, etc. besides displaying all basic management skills.
- *Product Development Manager* who is authorized with the management of the technical division of new product design and product innovation.

Other than these, a standard company may have a general manager and an operational manager, depending upon the type and scale of its operations. Software development and testing companies also have two types of project managers - functional project managers who are deeply involved with every technical aspect of the project and activity or resource managers who manage the operational and people part of the project, leaving the technical aspects to his subordinate IT professionals. In most companies these days, we can see another school of managers called case managers. These case managers are chiefly vested with the responsibility of attending to employees' medical well-being There are, broadly, two types of case managers - medical case managers who are responsible for getting medical aid for emergency medical contingencies of he employees and liaison case managers who act as the mediator between the medical professionals and the employer organization.

Types of Managers Based Upon Management Styles
There can be the following sorts of managers based upon the four most prominent types of management styles. Each subheading underlines different aspects of management styles and techniques.

- *The Authoritarian Manager* is one who is the sole decision maker for his management unit and prefers his subordinates to perform their tasks exactly as outlined by him. In a way, this type of manager makes work easier for the employee as the latter knows exactly what is expected of him/her and the way in which the task is to be performed. The thinking part is left to the boss while the doing part lies with the subordinate. This type of manager displays management skills of strong leadership and direction but may lack the knack for delegation.
- *The Democratic Manager* is that person who believes in majority consensus and takes any decision only after consulting his/her subordinates. This type of manager displays participative management

style by allowing his subordinates' participation in the decision-making process, giving them a sense of belonging and deeper involvement in the organizational fabric.

- *The Paternalistic* manager is the one who acts like a parent figure to his subordinates and makes sure to regularly bond with his subordinates to listen to their professional issues and lend a helping hand to ease their operational difficulties. A paternalistic manager encourages his subordinates to work as a family and be supportive of the collective effort for the bigger organizational well-being.
- *The Laissez Faire Manager* communicates the tasks to be performed by his subordinates and sets targets and deadlines for the completion of such tasks. Thereafter he leaves the method to the subordinates. As long as the employees complete the task in line with the organizational standards and within the specific deadline, it doesn't matter what methods are employed by them to do so.

Types of Managers Based Upon Idiosyncratic Behavior

I don't think I need to elaborate on the following varieties of managers. One look at the type captions and you'll get what kind of manager I'm hinting at and how well they fare on a management skills list!

- Dump-and-Leave Manager - They show up only when a situation arises, make hasty decisions and suggest whirlwind solutions, ruffle everyone's feathers and then disappear as quickly as they show up!
- Absentee Manager - They are the exact opposite of micromanaging bosses who constantly breathe down your neck; all the freedom's good but sometimes, stability, which results from supervision, goes for a toss!
- The Credit Snatcher - You do all the hard work, sweat over your assignment like a pig but *Boss-man* swoops in just in time to take all the credit!
- The Show Off Manager - It's good if the boss likes to show off his team to other departments as examples of good hiring decisions. What if he insists on showing off his *bossiness* to others by throwing his weight upon the team??
- The Please-All Managers - Upside: diplomatic; Downside: lacks a backbone!
- Pitch-Fork Manager - The Devil incarnate, constantly on your case!
- The One-Stop Problem Solver - He's the person to go to for issues ranging from compensation grievances to technical glitches as he is sure to offer you a practical solution. Perhaps he IS that good at everything or, maybe, he is on excellent terms with all relevant verticals so that he can put a word in for you if the need arises!
- The Pontificator/Situational Innovator - The lopsided genius!
- The Passive Manager - He runs the show from backstage!
- The Proactive Manager - He needs to be involved in and updated about each and every task assigned to the team. In fact, this boss likes nothing more than rolling up his sleeves and working things out in the field with his team in tow!

After going through the above types of managers, I'm sure you must have been able to identify which category our own boss belongs to. On the other hand, if YOU are the boss, you may have identified by now where you stand vis-à-vis your management style and personality. If you have just been promoted to a managerial position, you may do well to do some research on leadership skills for managers and management skills for new managers. One cannot say for sure which type of manager is THE IDEAL - different operations and different people require different management styles for optimization of organizational goals. All different kinds of managers have their own brownie points, provided the right type supervises the right people and right operations.

MINTZBERG MANAGERIAL ROLES

As a manager, you probably fulfill many different roles every day. For instance, as well as leading your team, you might find yourself resolving a conflict, negotiating new contracts, representing your department at a board meeting, or approving a request for a new computer system.

Put simply, you're constantly switching roles as tasks, situations, and expectations change.

Management expert and professor, Henry Mintzberg, recognized this. He argued that there are ten primary roles or behaviors that can be used to categorize a manager's different functions. In this article we'll examine these roles, and we'll see how you can use your understanding of them to improve your management skills.

Mintzberg published his Ten Management Roles in his book, "Mintzberg on Management: Inside our Strange World of Organizations," in 1990.

The ten roles are:

1. Figurehead.
2. Leader.
3. Liaison.
4. Monitor.
5. Disseminator.
6. Spokesperson.
7. Entrepreneur.
8. Disturbance Handler.
9. Resource Allocator.
10. Negotiator.

The 10 roles are then divided up into three categories, as follows:

Category	Role
Interpersonal	Figurehead Leader Liaison
Informational	Monitor Disseminator Spokesperson
Decisional	Entrepreneur Disturbance Handler Resource Allocator Negotiator

Let's look at each of the ten roles in greater detail.

Interpersonal Category
The roles in this category involve **providing** information and ideas.

1. **Figurehead** - As a manager, you have social, ceremonial and legal responsibilities. You're expected to be a source of inspiration. People look up to you as a person with authority, and as a figurehead.
2. **Leader** - This is where you provide leadership for your team, your department or perhaps your entire organization; and it's where you manage the performance and responsibilities of everyone in the group.
3. **Liaison** - Managers must communicate with internal and external contacts. You need to be able to network effectively on behalf of your organization.

Informational Category

The roles in this category involve **processing** information.

4. **Monitor** - In this role, you regularly seek out information related to your organization and industry, looking for relevant changes in the environment. You also monitor your team, in terms of both their productivity, and their well-being.

5. **Disseminator** - This is where you communicate potentially useful information to your colleagues and your team.
6. **Spokesperson** - Managers represent and speak for their organization. In this role you're responsible for transmitting information about your organization and its goals to the people outside it.

Decisional Category
The roles in this category involve **using** information.

7. **Entrepreneur** - As a manager, you create and control change within the organization. This means solving problems, generating new ideas, and implementing them.
8. **Disturbance Handler** - When an organization or team hits an unexpected roadblock, it's the manager who must take charge. You also need to help mediate disputes within it.
9. **Resource Allocator** - You'll also need to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.
10. **Negotiator** - You may be needed to take part in, and direct, important negotiations within your team, department, or organization.

FUNCTIONS OF MANAGEMENT

The basic aim of managing is to achieve certain objectives or goals. The manager must be sure of the objectives he desires to attain or of the end result to be ensured. The precise and the complete statement in this regard would make the objectives clear and understood by all concerned who have to divert their activities towards its attainment. The desired result, objective or goal is attained by performing certain fundamental management functions. According to KOONTZ and O'DONNELL they can be classified under basic heads, namely

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

PLANNING
Planning is an exercise in forecasting and decision making. It involves forecast of future conditions and an estimate of how the proposed plans would be affected by them. It means "Preparing a sketch or an outline of any proposed plan of actions".

Thus planning involves two aspects. First it involves mental formulations of an idea of what is desired to be achieved. Upto this, it remains at the thinking level and is based on forecasts and estimates. Secondly it determines the mode of action to be pursued to achieve what has been thought up. At this stage, the idea takes a definite shape with a due regard to the ordinary and immediate circumstances facing the enterprise.

The process of planning thus involves the following activities:

➢ Laying down objectives
➢ Developing planning premises
➢ Searching alternative courses of action
➢ Evaluation of various alternatives and formulation of a plan
➢ Formulating policies and procedures
➢ Preparing schedules, programmes and budgets.

For eg. Sales manager plans his sales campaign

The purchasing Manager plans his purchasing and transporting operations

The production Manager plans his production programs.

ORGANISING

To organize means to put into working order and arrange in a system. Organising may be defined as arranging a number of complex tasks into manageable units and defining the formal relationship among the people who are assigned the various units of tasks. This definition is in the context of attainment of the goals and objectives of an undertaking.

For eg. Business activities in an industrial concern may be grouped under :

1. Production
2. Sales
3. Finance and
4. Personnel

After classification and analysis of functions to be performed by each department, persons possessing requisite qualifications and experience may be appointed as head of each of these departments. Such persons should also be given proper authority to discharge their functions efficiently.

Steps in Organising Process or Organisation as a Process

- Step 1 • Fixing the objectives.
- Step 2 • Identifying activities (work) required for achieving the objectives.
- Step 3 • Grouping the similar (related) activities.
- Step 4 • Defining responsibilities of each employee.
- Step 5 • Delegating authority to employees.
- Step 6 • Defining authority relationship between superiors and subordinates.
- Step 7 • Providing employees all requirements for achieving the objectives.
- Step 8 • Coordinating efforts of all for achieving the objectives.

Thus basically organization is concerned with grouping the activities required to attain the planned objectives, defining responsibilities of the people in the organization, delegating the appropriate authority to them to discharge the respective responsibilities and establishing structural relationships to enable Co-ordination of the individual efforts towards accomplishment of the enterprise objectives. The main objective of organization is to establish well defined relationships as between individuals and groups of individuals and between the activities performed by them.

STAFFING

It has been defined as manning and keeping manned the positions provided by the organization structure. Thus staffing involves the following;

- ➢ Man power planning i.e. determining the number and the kind of personnel required
- ➢ Recruitment of personnel
- ➢ Selection of the more suitable person
- ➢ Placement and orientation of employees
- ➢ Training and development of employees
- ➢ Proper evaluation of employees
- ➢ Transfer, promotion, termination and layoff of employees.

Staffing is a difficult managerial function, because it is concerned with selection of properly qualified and mentally well-adjusted persons and their retention in the enterprise as a contented and motivated work force.

DIRECTING
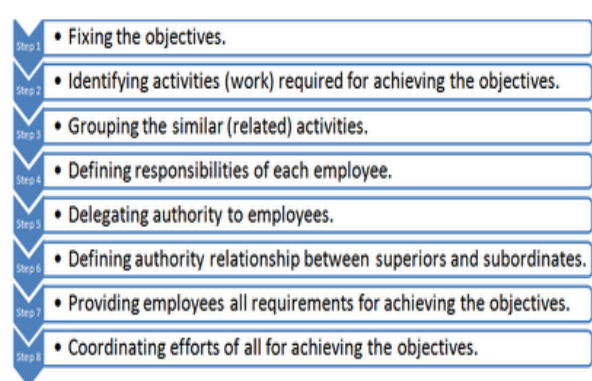
Directing is otherwise called management in action. To direct means to guide and supervise any action or conduct. It implies guidance or instructions about what to do and how to do it. Direction function involves:

1. Issuing orders and instructions to subordinates.
2. Guiding, training, energizing and leading the subordinates to perform the work methodically.
3. Exercising supervision over the work done by subordinates to ensure tat it is n conformity with aims and objectives of the enterprise.

From all accounts, the function of directions is very important. Thus to make the organization click, it becomes necessary to direct one's subordinates in a manner that they become effective instruments in the realization of enterprise goods.

CONTROLLING

Controlling can be defined as "comparing results with plans and taking corrective action when results deviate from plans."

The process of controlling thus involves the following;

➤ Determination of standards for measuring work performance
➤ Measurement of actual performance
➤ Comparing actual performance with the standard
➤ Finding variance between the actual and the standards and the reasons for the same
➤ Taking corrective action to ensure attainment of objectives.

Fundamentally, control is any process that guides activity towards some pre-determined goal. The essence of this concept is in determining in whether the activity is achieving the desire results. This is what control is all about. For control to be effective and fruitful, it must be based on a plan. Then on the basis of information received from the operational level, there must be measurement of actual performance to ascertain deviations.

EVOLUTION OF MANAGEMENT THOUGHT
Management in some form or the other has been practiced in the various parts of the world since the dawn of civilization. With the on set of Industrial Revolution, however, the position underwent a radical change. The structure of industry became extremely complex. At this stage, the development of a formal theory of management became absolutely necessary. It was against this background that the pioneers of modern management thought laid the foundations of modern management theory and practice.
Evolution of management thought may be divided into four stages:
1. Pre-scientific management period.
2. Classical Theory
    (a) Scientific Management of Taylor
    (b) Administrative Management of Fayol
    (c) Bureaucratic Model of Max Weber
3. Neo-classical Theory or Behaviour Approach
4. Modern Theory or Systems Approach
Pre-scientific Management Period
In the words of L. F. Urwick - "Modern management has thrown open a new branch of human knowledge, a fresh universe of discourse". During the period following the industrial revolution, certain pioneers tried to challenge the traditional character of management by introducing new ideas and character of management by introducing new ideas and approaches. The notable contributors of this period are:

(A) *Professor Charles Babbage (UK 1729 -1871):* He was a Professor of Mathematics at Cambridge University. Prof Babbage found that manufacturers made little use of science and mathematics, and that they (manufacturers) relied upon opinions instead of investigations and accurate knowledge. He felt that the methods of science and mathematics could be applied to the solution of methods in the place of guess work

for the solution of business problems. He advocated the use of accurate observations, measurement and precise knowledge for taking business decisions. He urged the management of an enterprise, on the basis of accurate data obtained through rigid investigation, the desirability of finding out the number of times each operation is repeated each hour, the dividing of work into mental and physical efforts, the determining of the precise cost for every process and the paying of a bonus to the workers in proportion to his own efficiency and the success of enterprise.

(B) *James Watt Junior (UK 1796 - 1848) and Mathew Robinson Boulton (1770 - 1842):* James Watt Junior and Mathew Robinson Boulton contributed to the development of management thought by following certain management techniques in their engineering factory at Soho in Birmingham. They are:-

- ➢ Production Planning
- ➢ Standardization of Components
- ➢ Maintenance
- ➢ Planned machine layout
- ➢ Provision of welfare for personnel
- ➢ Scheme for executive development
- ➢ Marketing Research and forecasting
- ➢ Elaborate statistical records

(C) *Robert Owens (UK 1771 - 1858):* Robert Owens, the promoter of co-operative and trade union movement in England, emphasized the recognition of human element in industry. He firmly believed that workers' performance in industry was influenced by the working conditions and treatment of workers. He introduced new ideas of human relations - shorter working hours, housing facilities, training of workers in hygiene, education of their children, provision of canteen etc. Robert Owen, managed a group of textile mills in Lanark, Scotland, where he used his ideas of human relations. Though his approach was paternalistic, he came to be regarded as the father of Personnel Management.

(D) *Henry Robinson Towne (USA 1844 -1924):* H.R Towne was the president of the famous lock manufacturing company "Yale and Town". He urged the combination of engineers and economists as industrial managers. This combination of qualities, together with at least some skill as an accountant, is essential to the successful management of industrial workers. He favoured organized exchange of experience among managers and pleaded for an organized effort to pool the great fund of accumulated knowledge in the art of workshop management.

(E) *Seebohm Rowntree (UK 1871- 1954):* Rowntree created a public opinion on the need of labour welfare scheme and improvement in industrial relations. The Industrial Welfare Society, The Management Research Groups and the Oxford Lecture Conferences in the U.K owed their origin and progress to the interest and zeal of Rowntree.

Classical Theory
Prof. Charles Babbage, James Watt Junior and Mathew Robinson Boulton, Robert Owen, Henry Robinson Towne and Rowntree were, no doubt, pioneers of management thought. But, the impact of their contributions on the industry as a whole was meager. The real beginning of the science of management did not occur until the last decade of the 19th century. During this period, stalwarts like F.W. Taylor, H.L. Gantt, Emerson, Frank and

Lillian Gilberth etc., laid the foundation of management, which in due course, came to be known as scientific management. This epoch in the history of management will be remembered as an era in which traditional ways of managing were challenged, past management experience was scientifically systematized and principles of management were distilled and propagated. The contributions of the pioneers of this age have had a profound impact in furthering the management know-how and enriching the store of management principles.

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

Features of Management in the Classical Period:
1. It was closely associated with the industrial revolution and the rise of large-scale enterprise.

2. Classical organization and management theory is based on contributions from a number of sources. They are scientific management, Administrative management theory, bureaucratic model, and micro-economics and public administration.

3. Management thought focused on job content division of labour, standardization, simplification and specialization and scientific approach towards organization.

A. *Taylor's Scientific Management:* Started as an apprentice machinist in Philadelphia, USA. He rose to be the chief engineer at the Midvale Engineering Works and later on served with the Bethlehem Works where he experimented with his ideas and made the contribution to the management theory for which he is so well known. Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasis the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency. The scientific method consists essentially of

      (a) Observation
      (b) Measurement
      (c) Experimentation and
      (d) Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

➢ Science, not rule of thumb
➢ Harmony, not discord
➢ Co-operation, not individualism
➢ Maximum output, in place of restricted output
➢ The development of each man to his greatest efficiency and prosperity.

Elements of Scientific Management: The techniques which Taylor regarded as its essential elements or features may be classified as under:

1. Scientific Task and Rate-setting, work improvement, etc.
2. Planning the Task.
3. Vocational Selection and Training
4. Standardization (of working conditions, material equipment etc.)
5. Specialization
6. Mental Revolution.

1. *Scientific Task and Rate-Setting (work study):* Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement. Work study includes.

    (a) *Methods Study:* The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.

    (b) *Motion Study:* It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.

    (c) *Time Study (work measurement):* The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

    (d) *Fatigue Study:* If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary,

therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.

(e) *Rate-setting:* Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.

2. *Planning the Task:* Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to plan the production thoroughly so that there are no bottlenecks and the work goes on systematically.

3. *Selection and Training:* Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

4. *Standardization:* Standardization may be introduced in respect of the following.

(a) *Tools and equipment:* By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

(b) *Speed:* There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

(c) *Conditions of Work:* To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

(d) *Materials:* The efficiency of a worker depends on the quality of materials and the method of handling materials.

5. *Specialization:* Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The `functional foremen' are specialists who join their heads to give thought to the planning of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.

(a) *The Route Clerk:* To lay down the sequence of operations and instruct the workers concerned about it.

(b) *The Instruction Card Clerk:* To prepare detailed instructions regarding different aspects of work.

(c) *The Time and Cost Clerk:* To send all information relating to their pay to the workers and to secure proper returns of work from them.

(d) *The Shop Disciplinarian*: To deal with cases of breach of discipline and absenteeism.

(e) *The Gang Boss:* To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

(f) *The Speed Boss:* To ensure that machines are run at their best speeds and proper tools are used by the workers.

(g) *The Repair Boss:* To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

(h) *The Inspector:* To show to the worker how to do the work.

6. *Mental Revolution:* At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus.

The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

Benefits of Scientific Management: Taylor's ideas, research and recommendations brought into focus technological, human and organizational issues in industrial management. Benefits of Taylor's scientific management included wider scope for specialization, accurate planning, timely delivery, standardized

methods, better quality, lesser costs, minimum wastage of materials, time and energy and cordial relations between management and workers. According to Gilbreths, the main benefits of scientific management are "conservation and savings, making an adequate use of every one's energy of any type that is expended".

The benefits of scientific management are:-
      (a) Replacement of traditional rule of thumb method by scientific techniques.
      (b) Proper selection and training of workers.
      (c) Incentive wages to the workers for higher production.
      (d) Elimination of wastes and rationalization of system of control.
      (e) Standardization of tools, equipment, materials and work methods.
      (f) Detailed instructions and constant guidance of the workers.
      (g) Establishment of harmonious relationship between the workers.
      (h) Better utilization of various resources.
      (i) Satisfaction of the needs of the customers by providing higher quality products at lower prices.

Criticism
1. *Worker's Criticism:*
(a) *Speeding up of workers:* Scientific Management is only a device to speed up the workers without much regard for their health and well-being.
(b) *Loss of individual worker's initiative:* Scientific Management reduces workers to automatic machine by taking away from them the function of thinking.
(c) *Problem of monotony:* By separating the function of planning and thinking from that of doing, Scientific Management reduces work to mere routine.
(d) *Reduction of Employment:* Scientific Management creates unemployment and hits the workers hard.
(e) *Weakening of Trade Unions:* Under Scientific Management, the important issues of wages and working conditions are decided by the management through scientific investigation and the trade unions may have little say in the matter.
(f) *Exploitation of workers:* Scientific Management improves productivity through the agency of workers and yet they are given a very small share of the benefit of such improvement.
2. *Employer's Criticism:*
(a) *Heavy Investment:* It requires too heavy an investment. The employer has to meet the extra cost of the planning department though the foreman in this department do not work in the workshop and directly contribute towards higher production.
(b) *Loss due to re-organization:* The introduction of Scientific Management requires a virtual reorganization of the whole set-up of the industrial unit. Work may have to be suspended to complete such re-organization.
(c) *Unsuitable for small scale firms:* various measures like the establishment of a separate personnel department and the conducting of time and motion studies are too expensive for a small or modest size industrial unit.

Contributions of Scientific Management: Chief among these are:
      1. Emphasis on rational thinking on the part of management.
      2. Focus on the need for better methods of industrial work through systematic study and research.
      3. Emphasis on planning and control of production.
      4. Development of Cost Accounting.
      5. Development of incentive plans of wage payment based on systematic study of work.
      6. Focus on need for a separate Personnel Department.
      7. Focus on the problem of fatigue and rest in industrial work.
Taylor was the pioneer in introducing scientific reasoning to the discipline of management. Many of the objections raised were later remedied by the other contributors to scientific management like Henry L Gantt, Frank and Lillian Gilbreth and Harrington Emerson.

Frank (USA, 1867 - 1924) and Lillian (U.S.A, 1878 - 1912): The ideas of Taylor were also strongly supported and developed by the famous husband and wife team of Frank and Lillian Gilbreth. They became interested in wasted motions in work. After meeting Taylor, they combined their ideas with Taylor's to put scientific

management into effect. They made pioneering effort in the field of motion study and laid the entire foundation of our modern applications of job simplification, meaningful work standards and incentive wage plans. Mrs. Gilbreth had a unique background in psychology and management and the couple could embark on a quest for better work methods. Frank Gilbreth is regarded as the father of motion study. He is responsible for inculcating in the minds of managers the questioning frame of mind and the search for a better way of doing things. Gilbreth's contributions to management thought are quite considerable. His main contributions are:

(a) The one best way of doing a job is the way which involves the fewest motions performed in an accessible area and in the most comfortable position. The best way can be found out by the elimination of inefficient and wasteful motions involved in the work.

(b) He emphasized that training should be given to workers from the very beginning so that they may achieve competence as early as possible.

(c) He suggested that each worker should be considered to occupy three positions –
     (i) The job he held before promotion to his present position,
     (ii) His present position, and
     (iii) The next higher position. The part of a worker's time should be spent in teaching the man below him and learning from the man above him. This would help him qualify for promotion and help to provide a successor to his current job.

(d) Frank and Lillian Gilberth also gave a thought to the welfare of the individuals who work for the organization.

(e) Gilbreth also devised methods for avoiding wasteful and unproductive movements.

He laid down how workers should stand, how his hands should move and so on.

Henry Lawrence Gantt (USA, 1861 - 1819): H.L Gantt was born in 1861. He graduated from John Hopkins College. For some time, he worked as a draftsman in an iron foundry. In 1884, he qualified as a mechanical engineer at Stevens Institute. In 1887, he joined the Midvale Steel Company. Soon, he became an assistant to F.W Taylor. He worked with Taylor from 1887 - 1919 at Midvale Steel Company. He did much consulting work on scientific selection of workers and the development of incentive bonus systems. He emphasized the need for developing a mutuality of interest between management and labour. Gantt made four important contributions to the concepts of management:

1. Gantt chart to compare actual to planned performance. Gantt chart was a daily chart which graphically presented the process of work by showing machine operations, man hour performance, deliveries, effected and the work in arrears. This chart was intended to facilitate day-to-day production planning.

2. Task-and-bonus plan for remunerating workers indicating a more humanitarian approach. This plan was aimed at providing extra wages for extra work besides guarantee of minimum wages. Under this system of wage payment, if a worker completes the work laid out for him, he is paid a definite bonus in addition to his daily minimum wages. On the other hand, if a worker does not complete his work, he is paid only his daily minimum wages. There was a provision for giving bonus to supervisors, if workers under him were able to earn such bonus by extra work.

3. Psychology of employee relations indicating management responsibility to teach and train workers. In his paper "Training Workmen in Habits of Industry and Cooperation", Gantt pleaded for a policy of preaching and teaching workmen to do their work in the process evolved through pre-thinking of management.

4. Gantt laid great emphasis on leadership. He considered management as leadership function. He laid stress on the importance of acceptable leadership as the primary element in the success of any business. Gantt's contributions were more in the nature of refinements rather than fundamental concepts. They made scientific management more humanized and meaningful to devotees of Taylor.

Harrington Emerson (USA, 1853 - 1931): Emerson was an American Engineer. He devoted his attention to efficiency in industry. He was the first to use the term 'efficiency engineering' to describe his brand of consulting. He called his philosophy "The Gospel of Efficiency". According to him, "efficiency means that the right thing is done in the right manner, by the right man, at the right place, in the right time".

Emerson laid down the following principles of efficiency to be observed by management:-
     (1) Ideals
     (2) Common Sense

(3) Competent Counsel

(4) Discipline

(5) Fair Deal

(6) Proper Records

(7) Dispatching

(8) Standards and Schedules

(9) Standard Conditions

(10) Standardized Operations

(11) Standard practice instructions and

(12) Efficiency Reward.

B. *Administrative Management Theory:* Henry Fayol was the most important exponent of this theory. The pyramidal form, scalar principle, unity of command, exception principle, span of control and departmentalization are some of the important concepts set forth by Fayol and his followers like Mooney and Reiley, Simon, Urwick, Gullick etc.

Henry Fayol (France, 1841 - 1925): Henry Fayol was born in 1941 at Constantinople in France. He graduated as a mining engineer in 1860 from the National School of Mining. After his graduation, he joined a French Coal Mining Company as an Engineer. After a couple of years, he was promoted as manager. He was appointed as General Manager of his company in 1888. At that time, the company suffered heavy losses and was nearly bankrupt. Henry Fayol succeeded in converting his company from near bankruptcy to a strong financial position and a record of profits and dividends over a long period.

Concept of Management: Henry Fayol is considered the father of modern theory of general and industrial management. He divided general and industrial management into six groups:

1. Technical activities - Production, manufacture, adaptation.

2. Commercial activities - buying, selling and exchange.

3. Financial activities - search for and optimum use of capital.

4. Security activities - protection of property and persons.

5. Accounting activities - stock-taking, balance sheet, cost, and statistics.

6. Managerial activities - planning, organization, command, co- ordination and control.

Fayol's Principles of Management: The principles of management are given below:

1. *Division of work:* Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

2. *Authority and Responsibility:* The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

3. *Discipline:* The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.

4. *Unity of Command:* In order to avoid any possible confusion and conflict, each member of an organization must received orders and instructions only from one superior (boss).

5. *Unity of Direction:* All members of an organization must work together to accomplish common objectives.

6. *Emphasis on Subordination of Personal Interest to General or Common Interest:* This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.

7. *Remuneration:* Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and nonfinancial incentives.

8. *Centralization:* There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

9. *Scalar Chain:* The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.

10. *Order:* Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.

11. *Equity:* An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.

12. *Stability of Tenure:* A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.

13. *Esprit of Co-operation: Esprit de corps* is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

14. *Initiative:* Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

C. *Bureaucratic Model:* Max Weber, a German Sociologist developed the bureaucratic model. His model of bureaucracy include

      (i) Hierarchy of authority.

      (ii) Division of labour based upon functional specialization.

      (iii) A system of rules.

      (iv) Impersonality of interpersonal relationships.

      (v) A system of work procedures.

      (vi) Placement of employees based upon technical competence.

      (vii) Legal authority and power.

Bureaucracy provides a rigid model of an organization. It does not account for important human elements. The features of Bureaucracy are:-

      1. Rigidity, impersonality and higher cost of controls.

      2. Anxiety due to pressure of conformity to rules and procedure.

      3. Dependence on superior.

      4. Tendency to forget ultimate goals of the organization.

Bureaucratic Model is preferred where change is not anticipated or where rate of change can be predicated. It is followed in government departments and in large business organizations.

Neoclassical Theory

Neo-classical Theory is built on the base of classical theory. It modified, improved and extended the classical theory. Classical theory concentrated on job content and management of physical resources whereas, neoclassical theory gave greater emphasis to individual and group relationship in the workplace. The neo-classical theory pointed out the role of psychology and sociology in the understanding of individual and group behaviour in an organization.

George Elton Mayo (Australia, 1880 - 1949): Elton Mayo was born in Australia. He was educated in Logic and Philosophy at St. Peter's College, Adelaide. He led a team of researchers from Harvard University, which carried out investigation in human problems at the Hawthorne Plant of Western Electrical Company at Chicago. They conducted some experiments (known as Hawthorne Experiments) and investigated informal groupings, informal relationships, patterns of communication, patterns of informal leadership etc. Elton Mayo is generally recognized as the father of Human Relations School. Other prominent contributors to this school include Roethlisberger, Dickson, Dewey, Lewin etc.

Hawthorne Experiment: In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiments brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them. Productivity of employees depends heavily upon the satisfaction of the employees in their work situation. Mayo's idea was that logical factors were far less important than emotional factors in determining

productivity efficiency. Furthermore, of all the human factors influencing employee behaviour, the most powerful were those emanating from the worker's participation in social groups. Thus, Mayo concluded that work arrangements in addition to meeting the objective requirements of production must at the same time satisfy the employee's subjective requirement of social satisfaction at his work place. The Hawthorne experiment consists of four parts. These parts are briefly described below:-

    1. Illumination Experiment.
    2. Relay Assembly Test Room Experiment.
    3. Interviewing Programme.
    4. Bank Wiring Test Room Experiment.

1. *Illumination Experiment:* This experiment was conducted to establish relationship between output and illumination. When the intensity of light was increased, the output also increased. The output showed an upward trend even when the illumination was gradually brought down to the normal level. Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory. There must be some other factor which affected productivity.

2. *Relay Assembly Test Room Experiment:* This phase aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions. In this experiment, a small homogeneous work-group of six girls was constituted. These girls were friendly to each other and were asked to work in a very informal atmosphere under the supervision of a researcher. Productivity and morale increased considerably during the period of the experiment. Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced. The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.

3. *Mass Interview Programme:* The objective of this programme was to make a systematic study of the employees' attitudes which would reveal the meaning which their "working situation" has for them. The researchers interviewed a large number of workers with regard to their opinions on work, working conditions and supervision. Initially, a direct approach was used whereby interviews asked questions considered important by managers and researchers. The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say. The findings confirmed the importance of social factors at work in the total work environment.

4. *Bank Wiring Test Room Experiment:* This experiment was conducted by Roethlisberger and Dickson with a view to develop a new method of observation and obtaining more exact information about social groups within a company and also finding out the causes which restrict output. The experiment was conducted to study a group of workers under conditions which were as close as possible to normal. This group comprised of 14 workers. After the experiment, the production records of this group were compared with their earlier production records. It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management. Because of this, workers would produce only that much, thereby defeating the incentive system. Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group. The findings of the study are:-

    (i) Each individual was restricting output.
    (ii) The group had its own "unofficial" standards of performance.
    (iii) Individual output remained fairly constant over a period of time.
    (iv) Informal groups play an important role in the working of an organization.

Contributions of the Hawthorne Experiment: Elton Mayo and his associates conducted their studies in the Hawthorne plant of the western electrical company, U.S.A., between 1927 and 1930. According to them, behavioural science methods have many areas of application in management. The important features of the Hawthorne Experiment are:-

    1. A business organization is basically a social system. It is not just a techno-economic system.

2. The employer can be motivated by psychological and social wants because his behaviour is also influenced by feelings, emotions and attitudes. Thus economic incentives are not the only method to motivate people.

3. Management must learn to develop co-operative attitudes and not rely merely on command.

4. Participation becomes an important instrument in human relations movement. In order to achieve participation, effective two-way communication network is essential.

5. Productivity is linked with employee satisfaction in any business organization. Therefore management must take greater interest in employee satisfaction.

6. Group psychology plays an important role in any business organization. We must therefore rely more on informal group effort.

7. The neo-classical theory emphasizes that man is a living machine and he is far more important than the inanimate machine. Hence, the key to higher productivity lies in employee morale. High morale results in higher output.

Elements of Behavioural Theory: There are three elements of behavioural theory.

1. *The Individual:* The neoclassical theory emphasized that individual differences must be recognised. An individual has feelings, emotions, perception and attitude. Each person is unique. He brings to the job situation certain attitudes, beliefs and ways of life, as well as skills. He has certain meaning of his job, his supervision, working conditions etc. The inner world of the worker is more important than the external reality in the determination of productivity. Thus human relations at work determine the rise or fall in productivity. Therefore human relationists advocate the adoption of multidimensional model of motivation which is based upon economic, individual and social factors.

2. *Work Groups:* Workers are not isolated; they are social beings and should be treated as such by management. The existence of informal organization is natural. The neo-classical theory describes the vital effects of group psychology and behaviour on motivation and productivity.

3. *Participative Management:* The emergence of participative management is inevitable when emphasis is laid on individual and work groups. Allowing labour to participate in decision making primarily to increase productivity was a new form of supervision. Management now welcomes worker participation in planning job contents and job operations. Neoclassical theory focuses its attention on workers. Plant layout, machinery, tool etc., must offer employee convenience and facilities. Therefore, neoclassical approach is trying to satisfy personal security and social needs of workers. Human relationists made very significant contribution to management thought by bringing into limelight human and social factors in organizations. But their concepts were carried beyond an appropriate limit. There are many other factors which influence productivity directly. Modern management thought wants equal emphasis on man and machine and we can evolve appropriate man-machine system to secure both goals – productivity and satisfaction.

Limitations of Human Relations Approach:-

1. The human relationists drew conclusions from Hawthorne studies. These conclusions are based on clinical insight rather than on scientific evidence.

2. The study tends to overemphasize the psychological aspects at the cost of the structural and technical aspects.

3. It is assumed that all organizational problems are amenable to solutions through human relations. This assumption does not hold good in practice.

4. The human relationists saw only the human variables as critical and ignored other variables.

5. The human relationists overemphasize the group and group decision-making. But in practice, groups may create problems and collective decision-making may not be possible.

Modern Theory (System Approach)

The systems approach to management indicates the fourth major theory of management thought called modern theory. Modern theory considers an organization as an adaptive system which has to adjust to changes in its

environment. An organization is now defined as a structured process in which individuals interact for attaining objectives.

Meaning of "System": The word system is derived from the Greek word meaning to bring together or to combine. A system is a set of interconnected and inter-related elements or component parts to achieve certain goals. A system has three significant parts:

   1. Every system is goal-oriented and it must have a purpose or objective to be attained.

   2. In designing the system we must establish the necessary arrangement of components.

   3. Inputs of information, material and energy are allocated for processing as per plan so that the outputs can achieve the objective of the system.

Systems Approach Applied to an Organization: When systems approach is applied to organization, we have the following features of an organization as an open adaptive system:-

   1. It is a sub-system of its broader environment.

   2. It is a goal-oriented – people with a purpose.

   3. It is a technical subsystem – using knowledge, techniques, equipment and facilities.

   4. It is a structural subsystem – people working together on interrelated activities.

   5. It is a psychosocial system – people in social relationships.

   6. It is co-ordinate by a managerial sub system, creating, planning, organizing, motivating, communicating and controlling the overall efforts directed towards set goals.

Characteristics of Modern Management Thought:

1. *The Systems Approach:* An organization as a system has five basic parts -

   (1) Input
   (2) Process
   (3) Output
   (4) Feedback and
   (5) Environment.

It draws upon the environment for inputs to produce certain desirable outputs. The success of these outputs can be judged by means of feedback. If necessary, we have to modify out mix of inputs to produce as per changing demands.

2. *Dynamic:* We have a dynamic process of interaction occurring within the structure of an organization. The equilibrium of an organization and its structure is itself dynamic or changing.

3. *Multilevel and Multidimensional:* Systems approach points out complex multilevel and multidimensional character. We have both a micro and macro approach. A company is micro within a business system. It is macro with respect to its own internal units. Within a company as a system we have:-

   (1) Production subsystem
   (2) Finance subsystem
   (3) Marketing subsystem
   (4) Personnel subsystem.

All parts or components are interrelated. Both parts as well as the whole are equally important. At all levels, organizations interact in many ways.

4. *Multimotivated:* Classical theory assumed a single objective, for instance, profit Systems approach recognizes that there may be several motivations behind our actions and behaviour. Management has to compromise these multiple objectives

eg: - economic objectives and social objectives.

5. *Multidisciplinary:* Systems approach integrates and uses with profit ideas emerging from different schools of thought. Management freely draws concepts and techniques from many fields of study such as psychology, social psychology, sociology, ecology, economics, mathematics, etc.

6. *Multivariable:* It is assumed that there is no simple cause-effect phenomenon. An event may be the result of so many factors which themselves are interrelated and interdependent. Some factors are controllable, some uncontrollable. Intelligent planning and control are necessary to face these variable factors.

7. *Adaptive:* The survival and growth of an organization in a dynamic environment demands an adaptive system which can continuously adjust to changing conditions. An organization is an open system adapting itself through the process of feedback.

8. *Probabilistic:* Management principles point out only probability and never the certainty of performance and the consequent results. We have to face so many variables simultaneously. Our forecasts are mere tendencies. Therefore, intelligent forecasting and planning can reduce the degree of uncertainty to a considerable extent.

Contingency Theory:

The 'Contingency Approach to Management' is relatively a new approach to management.

It is an extension of the system approach. The basic idea of the contingency approach is that the organisation has to come up with different situations in different ways. There is no single best way of managing applicable to all situations.

In order to be effective, the internal functioning of an organisation must be consistent with the demands of the external environment. The managers must keep the functioning of an organisation in harmony with the needs of its members and the external forces.

The main characteristics of the Contingency Approach to management are pointed out below:

1. Management is entirely situational. The application and effectiveness of any technique is contingent on the situation.

2. Management should match its approach to the requirements of the particular situation. To be effective, management policies and practices must respond to environmental changes. The organisation structure, the leadership style, the control system—all should be designed to fit the particular situation.

3. As management's success depends on its ability to cope with its environment, it should sharpen its diagnostic skills so as to anticipate and comprehend environmental changes.

4. The managers should understand that there is no one best way to manage.

5. Because of the specific organisation-environment relationship, no action can be universal. It varies from situation to situation.

It guides them to be alert and adaptive to environmental factors while choosing their techniques and styles. They get the opportunity of becoming innovative and creative.

The contingency approach has a wide-ranging applicability and practical utility in organisation and management. It advocates comparative analysis of the organisations to bring about matching between the organisational structure and situational peculiarities. Hence, this approach is also known as 'Situational Approach to Management'.

The contingency approach focuses attention on specific situational factors that affect the management strategy. It requires the managers to develop skill in situational analysis. It combines the mechanistic and humanistic approaches to fit the particular situation.

It is an improvement over the system approach as it not only examines the relationships between the sub-systems of an organisation but the relationship between the organisation and its environment too.

Factors that influence the contingency theory are numerous. These include the following:

- The size of the organization
- How the firm adapts itself to its environment
- Differences among resources and operations activities
- Assumption of managers about employees
- Strategies
- Technologies being used

However, the contingency approach suffers from two limitations:-

     1. It does not recognize the influence of management concepts and techniques on environment.

     2. Literature on contingency management is yet not adequate.

UNIT-II

PLANNING

MEANING

Planning means looking ahead. It is deciding in advance what is to be done. Planning includes forecasting. According to Henry Fayol - "purveyance, which is an essential element of planning, covers not merely looking into the future but making provisions for it. A plan is then a projected course of action".

DEFINITION:

"Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualization to achieve desire results." -GEORGE TERRY

"Planning is deciding advance what to do, how to do it, when to do it, who is to do it. It bridges the gap form where we are, to where we want to go. It makes it possible for things to occur which would not otherwise happen."   -KOONTZ & O'DONNEL

"Planning is the thinking process, the organized, foresight, the vision based on facts and experience that is required for intelligent action."   - ALFORD & BEATTY

Nature of Planning
1. *Planning is goal-oriented:* Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.
2. *Primacy of Planning:* Planning is the first of the managerial functions. It precedes all other management functions.
3. *Pervasiveness of Planning:* Planning is found at all levels of management. Top management looks after strategic planning. Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.
4. *Efficiency, Economy and Accuracy:* Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.
5. *Co-ordination:* Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.
6. *Limiting Factors:* A planner must recognise the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.
7. *Flexibility:* The process of planning should be adaptable to changing environmental conditions.
8. *Planning is an intellectual process:* The quality of planning will vary according to the quality of the mind of the manager.

Importance of Planning
As a managerial function planning is important due to the following reasons:-
1. *To manage by objectives:* All the activities of an organisation are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.
2. *To offset uncertainty and change:* Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.
3. *To secure economy in operation:* Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.
4. *To help in co-ordination:* Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organisation.
5. *To make control effective:* The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.
6. *To increase organisational effectiveness:* Mere efficiency in the organisation is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organisational effectiveness in the context of the stated objectives and take further actions in this direction.

Advantages of Planning
➢ All efforts are directed towards desired objectives or results. Unproductive work and waste of resources can be minimised.
➢ Planning enables a company to remain competitive with other rivals in the industry. Through careful planning, crisis can be anticipated and mistakes or delays avoided.
➢ Planning can point out the need for future change and the enterprise can manage the change effectively.
➢ Planning enables the systematic and thorough investigation of alternative methods or alternative solutions to a problem. Thus we can select the best alternative to solve any business problem.
➢ Planning maximises the utilisation of available resources and ensures optimum productivity and profits.
➢ Planning provides the ground work for laying down control standards.
➢ Planning enables management to relate the whole enterprise to its complex environment profitably.

Disadvantages of Planning
- Environmental factors are uncontrollable and unpredictable to a large extent. Therefore planning cannot give perfect insurance against uncertainty.
- Planning is many times very costly.
- Tendency towards inflexibility to change is another limitation of planning.
- Planning delays action.
- Planning encourages a false sense of security against risk or uncertainty.

Planning Process

The planning process involves the following steps:

1. *Analysis of External Environment:* The external environment covers uncontrollable and unpredictable factors such as technology, market, socio-economic climate, political conditions etc., within which our plans will have to operate.

2. *Analysis of Internal Environment:* The internal environment covers relatively controllable factors such as personnel resources, finance, facilities etc., at the disposal of the firm. Such an analysis will give an exact idea about the strengths and weakness of the enterprise.

3. *Determination of Mission:* The "mission" should describe the fundamental reason for the existence of an organisation. It will give firm direction and make out activities meaningful and interesting.

4. *Determination of Objectives:* The organisational objectives must be spelled out in key areas of operations and should be divided according to various departments and sections. The objectives must be clearly specified and measurable as far as possible. Every member of the organisation should be familiar with its objectives.

5. *Forecasting:* Forecasting is a systematic attempt to probe into the future by inference from known facts relating to the past and the present. Intelligent forecasting is essential for planning. The management should have no stone unturned in reducing the element of guesswork in preparing forecasts by collecting relevant data using the scientific techniques of analysis and inference.

6. *Determining Alternative course of Action:* It is a common experience of all thinkers that an action can be performed in several ways, but there is a particular way which is the most suitable for the organisation. The management should try to find out these alternatives and examine them carefully in the light of planning premises.

7. *Evaluating Alternative Courses:* Having sought out alternative courses and examined their strong and weak points, the next step is to evaluate them by weighing the various factors.

8. *Selecting the Best:* The next step - selecting the course of action is the point at which the plan is adopted. It is the real point of decision-making.

9. *Establishing the sequence of activities:* After the best programme is decided upon, the next task is to work out its details and formulate the steps in full sequences.

10. *Formulation of Action Programmes:* There are three important constituents of an action plan:
- The time-limit of performance.
- The allocation of tasks to individual employees.
- The time-table or schedule of work so that the functional objectives are achieved within the predetermined period.

11. *Reviewing the planning process:* Through feedback mechanism, an attempt is made to secure that which was originally planned. To do this we have to compare the actual performance with the plan and then we have to take necessary corrective action to ensure that actual performance is as per the plan.

Types of planning:

Plans commit the various resources in an organization to specific outcomes for the fulfillment of future goals. Many different types of plans are adopted by management to monitor and control organizational activities. Three such most commonly used plans are hierarchical, frequency-of-use (repetitiveness) and contingency plans.

Strategic Plans

Strategic plans define the framework of the organization's vision and how the organization intends to make its vision a reality.

- It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.

- Since it is planning the direction of the company's progress, it is done by the top management of an organization.

- It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.

- The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.

- These plans provide the framework and direction for lower level planning.

Tactical Plans

Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan.

- Tactical plans span a short time frame (usually less than 3 years) and are usually developed by middle level managers.

- It details specific means or action plans to implement the strategic plan by units within each division.

- Tactical plans entail detailing resource and work allocation among the subunits within each division.

Operational Plans

Operational plans are short-term (less than a year) plans developed to create specific action steps that support the strategic and tactical plans.

- They are usually developed by the manager to fulfill his or her job responsibilities.

- They are developed by supervisors, team leaders, and facilitators to support tactical plans.

- They govern the day-to-day operations of an organization.

- Operational plans can be −

  - o **Standing plans** − Drawn to cover issues that managers face repeatedly, e.g. policies, procedures, rules.

  - o **Ongoing plans** − Prepared for single or exceptional situations or problems and are normally discarded or replaced after one use, e.g. programs, projects, and budgets.

- ➢ Short-range and long-range plans
  - – Short-range plans = 1 year or less
  - – Intermediate-range plans = 1 to 2 years
  - – Long-range plans = 3 or more years

- ➢ People vary in their capability to deal effectively with different time horizons.
- ➢ Higher management levels focus on longer time horizons.
- ➢ Strategic and operational plans
  - – Strategic plans — set broad, comprehensive, and longer-term action directions for the entire organization.
  - – Operational plans — define what needs to be done in specific areas to implement strategic plans.
    - ➢ Production plans
    - ➢ Financial plans
    - ➢ Facilities plans
    - ➢ Marketing plans
    - ➢ Human resource plans
- ➢ Policies and procedures
  - – Standing plans
    - ➢ Policies and procedures that are designed for repeated use.
  - – Policy
    - ➢ Broad guidelines for making decisions and taking action in specific circumstances.
  - – Rules or procedures
    - ➢ Plans that describe exactly what actions are to be taken in specific situations.
- ➢ Policies and procedures
  - – Standing plans
    - ➢ Policies and procedures that are designed for repeated use.
  - – Policy
    - ➢ Broad guidelines for making decisions and taking action in specific circumstances.
  - – Rules or procedures
    - ➢ Plans that describe exactly what actions are to be taken in specific situations.
- ➢ Budgets and project schedules
  - – Single-use plans
    - ➢ Only used once to meet the needs and objectives of a well-defined situation in a timely manner.
  - – Budgets
    - ➢ Single-use plans that commit resources to activities, projects, or programs.
    - ➢ Fixed, flexible, and zero-based budgets.
  - – Projects
    - ➢ One-time activities that have clear beginning and end points.
    - ➢ Project management and project schedules.
- ➢ Forecasting
  - – Making assumptions about what will happen in the future.
  - – Qualitative forecasting uses expert opinions.

- Quantitative forecasting uses mathematical and statistical analysis.
- All forecasts rely on human judgment.
- Planning involves deciding on how to deal with the implications of a forecast.
- Contingency planning
    - Identifying alternative courses of action that can be implemented to meet the needs of changing circumstances.
    - Contingency plans anticipate changing conditions.
    - Contingency plans contain trigger points.
- Scenario planning
    - A long-term version of contingency planning.
    - Identifying alternative future scenarios.
    - Plans made for each future scenario.
    - Increases organization's flexibility and preparation for future shocks.
- Benchmarking
    - Use of external comparisons to better evaluate current performance and identify possible actions for the future.
    - Adopting best practices of other organizations that achieve superior performance.
- Use of staff planners
    - Coordinating the planning function for the total organization or one of its major components.
    - Possible communication gaps between staff planners and line management.
- Participation and involvement
    - Participatory planning requires that the planning process include people who will be affected by the plans and/or will help implement them.
    - Benefits of participation and involvement:
        - Promotes creativity in planning.
        - Increases available information.
        - Fosters understanding, acceptance, and commitment to the final plan.

DECISION MAKING

The word decision has been derived from the Latin word "decidere" which means "cutting off". Thus, decision involves cutting off of alternatives between those that are desirable and those that are not desirable. Decision is a kind of choice of a desirable alternative. A few definitions of decision making are given below:

In the words of Ray A Killian, "A decision in its simplest form is a selection of alternatives".

Dr. T. G Glover defines decision "as a choice of calculated alternatives based on judgement".

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

Felix M. Lopez says that "A decision represents a judgement; a final resolution of a conflict of needs, means or goals; and a commitment to action made in face of uncertainty, complexity and even irrationally".

According to Rustom S. Davar, "Decision-making may be defined as the selection based on some criteria of one behaviour alternative from two or more possible alternatives. To decide means to cut off or in practical content to come to a conclusion".

Fremont A. Shull Andrew L Delbecq and Larry L Cummings define decision making as "a conscious human process involving both individual and social phenomenon based upon factual and value premises which concludes with a choice of one behavioural activity from among one or more alternatives with the intention of moving toward some desired state of affairs".

From the above definitions, we can conclude that, Decision Making involves the process of establishing goals, tasks and searching for alternatives for a decision problem.

Characteristics of Decision Making

Decision making implies that there are various alternatives and the most desirable alternative is chosen to solve the problem or to arrive at expected results.

1. The decision-maker has freedom to choose an alternative.
2. Decision-making may not be completely rational but may be judgmental and emotional.

3. Decision-making is goal-oriented.

4. Decision-making is a mental or intellectual process because the final decision is made by the decision-maker.

5. A decision may be expressed in words or may be implied from behaviour.

6. Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.

7. Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives.

Decision Making Process

The decision making process is presented in the figure below:

Specific Objective: The need for decision making arises in order to achieve certain specific objectives. The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

Problem Identification: A problem is a felt need, a question which needs a solution. In the words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem". The objective of problem identification is that if the problem is precisely and specifically identifies, it will provide a clue in finding a possible solution. A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

1. *Diagnosis:* Diagnosis is the process of identifying a problem from its signs and symptoms. A symptom is a condition or set of conditions that indicates the existence of a problem. Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.

2. *Analysis:* Diagnosis gives rise to analysis. Analysis of a problem requires:
   ➢ Who would make decision?
   ➢ What information would be needed?
   ➢ From where the information is available?
Analysis helps managers to gain an insight into the problem.

3. *Search for Alternatives:* A problem can be solved in several ways; however, all the ways cannot be equally satisfying. Therefore, the decision maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision. A decision maker can use several sources for identifying alternatives:
   ➢ His own past experiences
   ➢ Practices followed by others and
   ➢ Using creative techniques.

4. *Evaluation of Alternatives:* After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria. /the decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it. Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.

5. *Choice of Alternative:* The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen.

6. *Action:* Once the alternative is selected, it is put into action. The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.

7. *Results:* When the decision is put into action, it brings certain results. These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly. Thus, results provide indication whether decision making and its implementation is proper.

Characteristics of Effective Decisions

An effective decision is one which should contain three aspects. These aspects are given below:

1. *Action Orientation:* Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment. Decisions should ultimately find their utility in implementation.

2. *Goal Direction:* Decision making should be goal-directed to enable the organization to meet its objectives.

3 *Effective in Implementation:* Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

TECHINIQUES OF DECISION MAKING

Group Decision-Making Techniques

For groups to be more effective, they must overcome some of the problems and dysfunctions that groups generally encounter: groupthink (Janis, 1982), risky shift (Stoner, 1968), group polarization (Bordley, 1983), and escalation of commitment Whyte, 1993). Traditional models of group effectiveness include creating the right climate where support, commitment, goals, rewards, communication systems, and physical space are all synchronized to allow the group to work in a productive atmosphere (Lunenburg, 1983). Group size should be kept ideally between five to 12 participants depending on the task (Hare, 1976; Seijts & Latham, 2000; Shaw, 1981; Thomas & Fink, 1963) and members should be selected based on their motivation and ability (Hersey & Blanchard, 2008). Furthermore, group cohesion should be built by either establishing homogeneous groups or overcoming potential problems associated with diversity; by encouraging interaction and contact; and by making the group seem somewhat "exclusive," so that members are honored to be included Moreover, group success tends to build greater cohesiveness (Mullen & Copper, 1994; van Kippenberg, DeDreu, & Homan, 2004).

Several other techniques have been developed to assist groups to make sound decisions that promote high performance levels and positive attitudes and avoid some of the potential dysfunctions of group decision making. These include techniques that involve the structuring of group discussions in specific ways. Five important alternative structures are brainstorming, nominal group technique, Delphi technique, devil's advocacy, and dialectical inquiry.

Brainstorming

Brainstorming, developed by Alex Osborn (1957) more than fifty years ago, is a technique for creatively generating alternative solutions to a problem. The unique feature of brainstorming is the separation of ideas from evaluation. Earlier, we noted the importance of generating a wide variety of new ideas during the generating alternatives step of the decision-making process. This increases the number of alternatives from which managers can choose when evaluating alternatives and making their decisions. People tend to evaluate solutions to problems when they are proposed, which often eliminates many creative and feasible ideas from further consideration. The following rules are central to brainstorming:

1. *Do Not Evaluate or Discuss Alternatives*. Evaluation comes later. Avoid criticism of your own or others' ideas.

2. *Encourage "Freewheeling."* Do not consider any idea outlandish. An unusual idea may point the way to a truly creative decision.

3. *Encourage and Welcome Quantities of Ideas*. The greater the number of ideas generated, the greater the number of useful ideas will remain after evaluation.

4. *Encourage "Piggybacking."* Group members should try to combine, embellish, or improve on an idea. Consequently, most of the ideas produced will belong to the group and not to a single individual.

As an idea-generating technique, group brainstorming may not be any more effective than individual brainstorming. However, the technique is in widespread use today in all types of organizations.

Nominal Group Technique: Another technique that can be used in group decision making, which incorporates some of the features of brainstorming, is the *nominal group technique* (Delbecq, Van de Ven, & Gustafsen, 1986). As in brainstorming, individuals are brought together to develop a solution to a problem. Unlike brainstorming, the nominal group technique is concerned with both the generation of ideas and the evaluation of these ideas. The process of decision making in nominal groups has several steps:

Silent generation of ideas: Allow five to ten minutes for this phase. The problem should be posted on a flip chart in the front of the room. Group members are asked to solve the problem on the chart. They are cautioned not to talk to or look at the worksheets of other participants.

Round-robin recording of ideas: The leader circulates around the room eliciting one idea from each group member and recording it on the flip chart. This continues, round-robin fashion, until all ideas are exhausted. The chief objective of this step is to place before the group an accurate list of ideas that can serve as a compilation of group ideas.

Discussion of ideas: Each idea on the flip chart is discussed in the order it appears on the chart. The leader reads each item and asks the group if there are any questions, needs for clarification, agreement, or disagreement.

Preliminary vote on item importance: Each participant makes an independent judgment about the alternatives by rank ordering them secretly on 3 x 5 inch cards. The average of these judgments is used as the group's decision. The nominal group process may end here, or the decision may be further refined through discussion and revoting.

Additional discussion: The voting patterns are analyzed and reasons examined to determine if a more accurate decision can be made.

Final vote: The final voting occurs in the same manner as the preliminary vote, by secret rankings. This action completes the decision process and provides closure.
As noted, the nominal group technique separates ideation from evaluation. Ideas are generated nominally (without verbal communication). This prevents inhibition and conformity, which occurs in the phenomenon of groupthink (Janis, 1982). Evaluation occurs in a structured manner that allows each idea to get adequate attention.
The research on the effectiveness of the nominal group technique is encouraging. In terms of the number and quality of ideas generated, studies indicate that the nominal group technique is superior to both ordinary group decision making and brainstorming (Corey, 2011). Furthermore, nominal group techniques often facilitate the implementation of decisions. In any event, the nominal group technique provides for both greater expression and evaluation of creative ideas by group members than either brainstorming or ordinary group decisions. Despite the research support for the nominal group technique, many managers still do not takes advantage of its benefits in group decisions.

Delphi Technique
Researchers at the Rand Corporation developed the *Delphi technique* in the 1960s (Dalkey, 1969). Unlike brainstorming and the nominal group technique, the Delphi approach relies completely on a nominal group; that is, participants do not engage in face-to-face discussions. Instead their input is solicited by mail at their various home bases, thus allowing the polling of large numbers of experts, clients, executives, or constituencies who are removed from the organization by distance and scheduling problems. For example, suppose the president of a large manufacturing firm wishes to evaluate a new technology for manufacturing a new product line. Selected members of the organization, plant managers, executives, consumers, and nationally renowned experts could participate in the various phases of the Delphi process.

The Delphi technique has many variations, but generally it works as follows.

1. The organization identifies a panel of experts, both inside and outside the organization, and solicits their cooperation.

2. Each member of the panel receives the basic problem.

3. Each individual expert independently and anonymously writes comments, suggestions, and solutions to the problem.

4. A central location compiles, transcribes, and reproduces the experts' comments.

5. Each panelist receives a copy of all the other experts' comments and solutions.

6. Each expert provides feedback on the others' comments, writes new ideas stimulated by their comments, and forwards these to the central location.

7. The organization repeats Steps 5 and 6 as often as necessary until consensus is reached or until some kind of voting procedure is imposed to reach a decision.

Success of the Delphi technique depends on the expertise, communication skills, and motivation of the participants and the amount of time the organization has available to make a decision.

There are several benefits of the Delphi approach. First, it eliminates many of the interpersonal problems associated with other group decision-making approaches. Second, it enlists the assistance of experts and provides for the efficient use of their time. Third, it allows adequate time for reflection and analysis of a problem. Fourth, it provides for a wide diversity and quantity of ideas. And, finally, it facilitates the accurate prediction and forecasting of future events. The major objectives of the Delphi technique include the following:

1. To determine or develop a range of possible program alternatives.
2. To explore or expose underlying assumptions or information leading to different judgments.
3. To seek out information that may generate a consensus among the group members.
4. To correlate informed judgments on a subject that spans a wide range of disciplines.
5. To educate group members concerning the diverse and interrelated aspects of the subject.

Today, numerous organizations in business, government, the military, health-care agencies, and schools are using the Delphi technique. Research shows that the technique is superior to ordinary group decision making in terms of the number and quality of ideas generated and group members overall satisfaction (Corey, 2011). The major disadvantage of the Delphi technique is the amount of time involved in going through the questionnaire phases of the process. Variations of the Delphi technique have been used to overcome this problem. One special type of Delphi approach is a procedure called *ringi* used by the Japanese. This version of the Delphi technique involves the circulation of a written document from member to member, in nominal group fashion, for sequential editing until no more changes are required and each participant has signed off the final document. Another Japanese variation of the Delphi technique is assigning parts of the problem to each of several subgroups who prepare responses for their assignments. This version differs from the pure Delphi approach in that the written mini-reports are then circulated among the group members before face-to-face discussion starts. In essence, the latter Japanese version of the Delphi technique combines with simple group decision making (Eto, 2003).

Devil's Advocacy

Devil's advocacy, another technique for improving the quality of group decisions, introduces conflict into the decision-making process (Schwenk, 1984). Janis (1982) suggests that this concept is an antidote for groupthink. Groupthink, one of the dysfunctions of group decision making, results in inhibitions and premature conformity to group norms. Devil's advocacy can nullify these and other group phenomena to which group members are subjected (Schwenk, 1990). After a planning group has developed alternative solutions to a problem, the plan is given to one or more staff members, with instructions to find fault with it. If the plan withstands the scrutiny of the devil's advocates, it can be presumed to be free of the effects of groupthink and thus viable. Although devil's advocacy can be used as a critiquing technique after alternative solutions to a problem have been developed, it can also be used during the early stages of the decision-making process. For example, during a decision-making session one member could be assigned the role of devil's advocate, expressing as many objections to each alternative solution to a problem as possible (Schweiger & Finger, 1984).

Dialectical Inquiry

Like devil's advocacy, *dialectical inquiry* is an alternative approach for controlling group phenomena such as groupthink in decision making (Schweiger, Sandberg, & Ragan, 1986). The process can be described as follows:

1. The process begins with the formation of two or more divergent groups to represent the full range of views on a specific problem. Each group is made as internally homogeneous as possible; the groups, however, are as different from one another as possible. Collectively they cover all positions that might have an impact on the ultimate solution to a problem.

2. Each group meets separately, identifies the assumptions behind its position, and rates them on their importance and feasibility. Each group then presents a "for" and an "against" position to the other groups.

3. Each group debates the other groups' position and defends its own. The goal is not to convince others but to confirm that what each group expresses as its position is not necessarily accepted by others.

4. Information, provided by all groups, is analyzed. This results in the identification of information gaps and establishes guidelines for further research on the problem.

5. An attempt to achieve consensus among the positions occurs. Strategies are sought that will best meet the requirements of all positions that remain viable. This final step permits further refinement of information needed to solve the problem

Although agreement on a management plan is a goal of this approach, a full consensus does not always follow. Nevertheless, the procedure can produce useful indicators of the organization's planning needs.

Leadership styles:

Different Types of Leadership Styles

You can select any approach to leadership depending on your own preferences, your business needs, and the situation you are facing.

Lewin's Leadership Styles

In 1930s a well-known psychologist Kurt Lewin developed his leadership styles framework. This framework provided the foundation of many of the approaches that are developed afterwards. Following are the three major Kurt Lewin leadership styles:

1. **Autocratic Leadership**. Autocratic leadership style is also known as authoritarian leadership. In this approach leaders make decisions without consulting with their team members. Such leaders do not take suggestions from team members even if their input would be useful. Simply Autocratic leaders make choices based on their own ideas, experience and judgments and rarely accept advice from team members. This approach is suitable for those situations when you need to make decisions quickly, when team agreement is not necessary for a successful outcome and when there is no need for team input. However, this leadership style can be demoralizing for an organization as well as it can lead to high levels of staff turnover and absenteeism.

2. **Democratic Leadership.** Democratic leadership style is also known as participative leadership. In this style leaders make the final decisions, but they also include their business or project team members in the decision-making process. This style encourages creativity of team members, and they are often highly engaged in projects and decisions. Researchers have found that this leadership style is one of the most effective among leadership styles and this lead to higher productivity, better contributions and increased team morale. This also results in high job satisfaction and high productivity.

3. **Laissez-faire Leadership.** Laissez-faire leadership is also known as delegated leadership style. These are the leaders who give their team members a lot of freedom in how they do their work, how they set goals and objectives, and how they set their deadlines. Leaders in this style provide support, resources and advice to group member if needed, except this they don't get involved. This autonomy may lead to high job satisfaction, but it usually decrease the productivity damaging if team members do not manage their time well, or if they lack the skills,, knowledge, or self motivation to do their work effectively.

This style may also automatically take place when managers don't have control over their work and their team.

Lewin's leadership styles are popular and useful, because it encourages leaders/managers to be less autocratic than they might instinctively be.

Blake and Mouton Managerial Grid

This was first published in 1964, the **Blake and Mouton Managerial Grid** focuses on the best leadership style to use, this grid give importance to people and also greatly concern with production/tasks.

The main features of Blake Mouton Managerial Grid are:

1. People-oriented style
2. Supporting & encouraging
3. Participative approach
4. Highly task-oriented

This people-oriented leadership style focus on organizing, motivating, and developing team members. This participatory leadership style encourages good teamwork and provides a platform for creative collaboration.

As this is a task-oriented leadership style so it focuses on achieving tasks. People who follow this leadership style define the task and the roles required, put structures in place via assigning responsibilities, then organize, and monitor work.

This managerial grid model focuses on both, a high concern for team members and a high concern for the task so this is an important idea.

Hersey-Blanchard Situational Leadership Theory

This well-known Hersey Blanchard Situational Leadership Theory was first published in 1969, this theory argues that an organization or a leader need to use different types of leadership styles depending on the maturity of project team or team members. For example immature team members need a more directing approach, while members with higher maturity and capability need a participative or delegating styles of leadership. This theory can be used in different business situations.

Path-Goal Theory

Path-Goal Leadership Theory was published in 1971 and this theory focuses on that leader should think about what your team members want and need.

Path goal theory of leadership example, highly-capable team or project members, who are assigned to a complex task or typical responsibilities, will definitely need a different leadership approach as compared to people with low capability. Highly capable team will want a participative approach, while the low capable team needs to be told what to do.

With Path-Goal leadership Theory, management of an organization can chose a best leadership style based on their particular requirements of team members, the task that they're doing, and the environment in which they will work.

Six Emotional Leadership Styles

In 2002, Daniel Goleman, Richard Boyatzis and Annie McKee described their Six Emotional Leadership Styles theory in their book Primal Leadership. This theory tells in details about the strengths and weaknesses of six leadership styles that management or leader can use. Theory also shows how each leadership style can affect the emotions of team members. The six leadership styles are as under:

1. Visionary
2. Coaching
3. Affiliative
4. Democratic

5. Pacesetting and
6. Commanding

Transformational Leadership Style

Transformational leadership theory was first published in 1978, and after that it was further developed in 1985. Transformational leadership style frameworks are all useful in different situations. In organizational or business environment "transformational leadership" is often the most effective leadership style to use and many organizations consider this as the best leadership style.

Transformational leaders are those leaders who have integrity and high emotional intelligence. In this best leadership style leaders motivate their team with a shared vision of the future, and they also communicate well. Transformational leaders are also typically self-aware, empathetic, authentic and humble.

Transformational leaders motivate and regularly inspire their team members because they expect the best from everyone, and they hold themselves responsible for their actions. They set clear goals and objectives and then communicate them to team as well as they have good conflict-resolution skills. This leadership finally leads to high productivity and engagement.

Below I am sharing some other leadership styles although these are interesting, but do not fit with any of the frameworks I mentioned above.

Bureaucratic Leadership Style

Bureaucratic leaders remain stick to the purpose or objective and follow rules strictly. They ensure that their team members follow procedures precisely. This leadership style is most suited for those work which involving serious safety risks like working with heavy machinery, with toxic elements or substances, or with large sums of money. Bureaucratic leadership style is also helpful for managing those employees who perform routine tasks.

Bureaucratic leadership style is less effective for those organizations that rely on flexibility, creativity, or innovation.

Charismatic Leadership Style

A charismatic leadership style is almost resembles with transformational leadership. In both thee styles leaders inspire and motivate their team members.

The main difference between these two leadership styles lies in their intent. Transformational leaders actually want to transform their team members and organizations, while charismatic leaders rely on themselves and their own ambitions, so they usually not want to change anything.

Charismatic leaders believe in themselves and they think that they can do no wrong. This feeling of invincibility can severely damage a project team or a company, as this already happened in the 2008 financial crisis.

Transactional Leadership Style

This leadership style states that "project team members should agree to obey their leader when they accept a job or task". The "transaction" actually refers to the organizational pay for team members in return for their effort on a short-term task. Transactional leaders have a right to "punish" any team members if his/her work doesn't meet an appropriate or described standard.

Transactional leadership is present in many organizations, and it does offer some benefits. For instance, it clarifies the roles and responsibilities of each and every team member.

The drawback of transactional leadership style is that, on its own, it can be chilling and unethical, and this style can lead to high staff turnover. This style of leadership also has serious limitations for creative or knowledge-based work so team members cannot improve their job satisfaction.

Pulling it all together I will say that in business, transformational leadership is often considered the best leadership style to use. However, no one style of leadership fits all business situations, so it's useful to understand different leadership frameworks and select best type of leadership style which meets your requirements best.

MODULE – III

INTRODUCTION:

Organisation involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies. Organisation is the foundation upon which the whole structure of management is built. It is the backbone of management. After the objectives of an enterprise are determined and the plan is prepared, the next step in the management process is to organise the activities of the enterprise to execute the plan and to attain the objectives of the enterprise.

The term organisation is given a variety of interpretations. In any case, there are two broad ways in which the term is used. In the first sense, organisation is understood as a dynamic process and a managerial activity which is necessary for bringing people together and tying them together in the pursuit of common objectives. When used in the other sense, organisation refers to the structure of relationships among positions and jobs which is built up for the realisation of common objectives.

Without organising managers cannot function as managers. Organisation is concerned with the building, developing and maintaining of a structure of working relationships in order to accomplish the objectives of the enterprise. Organisation means the determination and assignment of duties to people, and also the

establishment and the maintenance of authority relationships among these grouped activities. But a poor organisation structure makes good performance impossible, no matter how good the individual may be.

DEFINITIONS:

The term 'Organisation' connotes different things to different people. Many writers have attempted to state the nature, characteristics and principles of organisation in their own way.

According to Sheldon, "Organisation is the process of so combining the work which individuals or groups have to perform with facilities necessary for its execution, that the duties so performed provide the best channels for efficient, systematic, positive and coordinated application of available effort."

Chester I Bernard: "Organisation is a system of co-operative activities of two or more persons."

Mc Ferland has defined organisation as, "an identifiable group of people contributing their efforts towards the attainment of goals".

According to *Louis A Allen,* "Organisation 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.

In the words of *Koontz and O'Donnell,* "Organisation involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination."

NATURE OF ORGANISING

The formal organisation refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organisation is built by the management to realize objectives of an enterprise and is bound by rules systems and procedures. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organisation, which does not appear on the organisation chart, supplements the formal organisation in achieving organisational goals effectively and efficiently.

Formal Organisation

Chester I Bernard defines formal organisation as -"a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability." The essence of formal organisation is conscious common purpose and comes into being when persons–
> (i) Are able to communicate with each other
> (ii) Are willing to act and
> (iii) Share a purpose

The formal organisation is built around four key pillars. They are:
- Division of labour
- Scalar and functional processes
- Structure and
- Span of control

Thus, a formal organisation is one resulting from planning where the pattern of structure has already been determined by the top management.

Characteristic Features of formal organisation
> 1. Formal organisation structure is laid down by the top management to achieve organisational goals.
> 2. Formal organisation prescribes the relationships amongst the people working in the organisation.
> 3. The organisation structures is consciously designed to enable the people of the organisation to work together for   accomplishing the common objectives of the enterprise

4. Organisation structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.

5. In a formal organisation, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organisation arise from the pattern of responsibilities that are created by the management.

6. A formal organisation is bound by rules, regulations and procedures.

7. In a formal organisation, the position, authority, responsibility and accountability of each level are clearly defined.

8. Organisation structure is based on division of labour and specialisation to achieve efficiency in operations.

9. A formal organisation is deliberately impersonal. The organisation does not take into consideration the sentiments of organisational members.

10. The authority and responsibility relationships created by the organisation structure are to be honoured by everyone.

11. In a formal organisation, coordination proceeds according to the prescribed pattern.

Advantages of formal organisation

1. The formal organisation structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.

2. A formal organisation is bound by rules, regulations and procedures. It thus ensures law and order in the organisation.

3. The organisation structure enables the people of the organisation to work together for accomplishing the common objectives of the enterprise

Disadvantages or criticisms of formal organisation

1. The formal organisation does not take into consideration the sentiments of organisational members.

2. The formal organisation does not consider the goals of the individuals. It is designed to achieve the goals of the organisation only.

3. The formal organisation is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

Informal Organisation

Informal organisation refers to the relationship between people in the organisation based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organisation is an organisation which is not established by any formal authority, but arises from the personal and social relations of the people.

These relations are not developed according to procedures and regulations laid down in the formal organisation structure; generally large formal groups give rise to small informal or social groups. These groups may be based on same taste, language, culture or some other factor. These groups are not pre-planned, but they develop automatically within the organisation according to its environment.

Characteristics features of informal organisation

1. Informal organisation is not established by any formal authority. It is unplanned and arises spontaneously.

2. Informal organisations reflect human relationships. It arises from the personal and social relations amongst the people working in the organisation.

3. Formation of informal organisations is a natural process. It is not based on rules, regulations and procedures.

4. The inter-relations amongst the people in an informal organisation cannot be shown in an organisation chart.

5. In the case of informal organisation, the people cut across formal channels of communications and communicate amongst themselves.

6. The membership of informal organisations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.

7. Membership of informal groups can be overlapping as a person may be member of a number of informal groups.

8. Informal organisations are based on common taste, problem, language, religion, culture, etc. it is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in the organisation.

Benefits of Informal organisation

1. It blends with the formal organisation to make it more effective.

2. Many things which cannot be achieved through formal organisation can be achieved through informal organisation.

3. The presence of informal organisation in an enterprise makes the managers plan and act more carefully.

4. Informal organisation acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.

5. An informal organisation has a powerful influence on productivity and job satisfaction.

6. The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.

7. Informal organisation helps the group members to attain specific personal objectives.

8. Informal organisation is the best means of employee communication. It is very fast.

9. Informal organisation gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organisation because they get a platform to express their feelings.

10. It serves as an agency for social control of human behaviour organisation in achieving organisational goals effectively and efficiently. The working of informal groups and leaders is not as simple as it may appear to be. Therefore, it is obligatory for every manager to study thoroughly the working pattern of informal relationships in the organisation and to use them for achieving organisational objectives.

Differences between Formal and Informal Organisation

Formal Organisation	Informal Organisation
1. Formal organisation is established with the explicit aim of achieving well-defined goals.	1. Informal organisation springs on its own. Its goals are ill defined and intangible.
2. Formal organisation is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management.	2. Informal organisation is characterized by a generalised sort of power relationships. Power in informal organisation has bases other than rational legal right.
3. Formal organisation recognises certain tasks and activities which are to be carried out to achieve its goals.	3. Informal organisation does not have any well-defined tasks.
4. The roles and relationships of people in formal organisation are impersonally defined	4. In informal organisation the relationships among people are interpersonal.
5. In formal organisation, much emphasis is placed on efficiency, discipline, conformity, consistency and control.	5. Informal organisation is characterized by relative freedom, spontaneity, homeliness and warmth.
6. In formal organisation, the social and psychological needs and interests of members of the organisation get little attention.	6. In informal organisation the socio psychological needs, interests and aspirations of members get priority.
7. The communication system in formal organisation follows certain pre-determined patterns and paths.	7. In informal organisation, the communication pattern is haphazard, intricate and natural.

8. Formal organisation is relatively slow to respond and adapt to changing situations and realities.	8. Informal organisation is dynamic and very vigilant. It is sensitive to its

SPAN OF MANAGEMENT

It is one of the organization principle. It refers to the number of subordinates for whose activities an executive should be held responsible. The limit to the number of subordinates who can be effectively managed by a manager.

The factors determining span of control of a superior are:

1. Nature of activities involved.
2. Ability of the superior (knowledge)
3. Nature and ability of subordinates.
4. Time available.
5. Well defined authority & Responsibility
6. Type of technology
7. Type of communication techniques
8. Geographic locations
9. Staff assistance provided
10. Economic Consideration etc.

SPAN OF CONTROLE

GRAICUNA'S FORMULA

French management consultant V. A. Graicuna offer analyzing subordinate and superior relationship developed a mathematical formula. His theory identifies three types of the subordinates & superior relationships namely.

1. Direct single relationships.
2. Direct group relationships.
3. Cross relationship between subordinates.

These relationships vary (considenancy) with the size of the subordinates group while the supervisions own direct relationship with individuals increase n (proption) to the addition to subordinates the groups and cross relationships increase much more than proportionately.

He said the total number of relationships grows in geometrical ratio, every time a new subordinate is added.

FORMULA

$$R = Nx [2^{n-1}+(n-1)$$

Where $N =$ Number of subordinates

$R =$ Total relations.

1. When two subordinates $R = 6$
2. 4 Subordinates $R = 44$

$$= 4x\ (2^{4-1}+ (4-1))$$

$$= 4x\ [2^{3}+ (3)\}$$

$$= 4x\ \{8+3\}$$

$$= 44$$

Span of supervision require following skills :

- ➢ Supervision requires attention.
- ➢ Supervision requires Emotional stability.
- ➢ Supervision requires time.
- ➢ Supervision requires ability of subordinates.
- ➢ Supervision requires nature of work.

USE OF GRAICUNAS FORMULA
It clearly shows complexity and difficulty of wider spans.
1. It reminds manager of wisdom of striking to narrower spans.

Limitation
1. Mathematical precision is debatable
2. Direct group relation may be far – fetched.
3. The main problem is not number of RL but their frequency and the volume of stress and strain they generate.
4. It does apply in cases of cross relations of a big enterprise.

Limited span of control ensures the following
1. Tighter control and closer supervision
2. Ease of managing fewer.
3. Availability of time to think and plan

On the other hand limited span of control has some shortcomings also as given below

1. Additional costs having more manager
2. Complexities in communication will arise
3. Prevention of democratic participation

Span   of   Management   Factors   governing   Span   of   Management
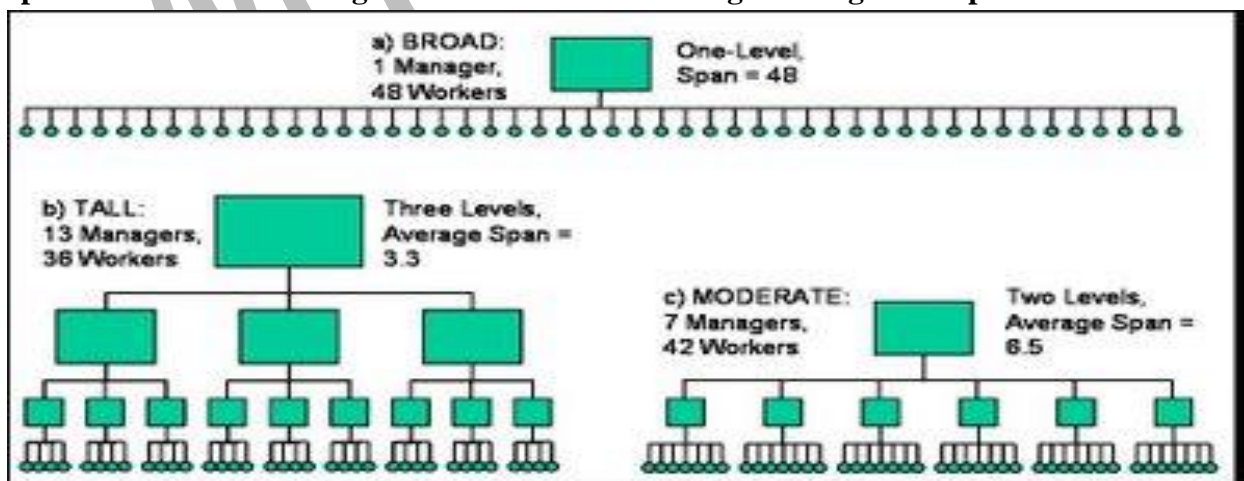
Organisation with Narrow span – superior with less number of subordinate to monitor

Advantages:

-Close supervision-Close control

-Fast Communication, between communication between subordinates & superiors

Disadvantages

-Superiors tend to get too involved in subordinate work - Many levels of Management-High cost due to much levels-Excessive distance between lowest level and top level

Organisation with wide span - superior with more number of subordinate to monitor

Advantages

- ➢ Superiors are forced to delegate
- ➢ Clear policies must be made-
- ➢ Subordinates must be carefully selected

Disadvantages

-Tendency of overloaded superiors to become decision bottlenecks-Danger of superiors loss of control-Requires exceptional quality of managers

DEPARTMENTATION

First task in designing an organization structure is the identification of activities and to group them properly. The process of grouping activities is commonly known as departmentation.

NEED AND IMPORTANCE OF DEPARTMENTATION

The basic need for Departmentation arises because of specialization of work and the limitation on the number of subordinates controlled by a superior.

1. **Advantages of specialization :** Thus if the managerial function is conceived as a set of activities facilitating the work of organization, these activities can be carried out more efficiently and effectively through the division of work leading to a specialization of managerial function.
2. **Fixation of responsibility:** Departmentation helps in fixing the responsibility and consequently accountability for the results.
3. **Developed of managers:** Departmentation helps in the development of managers.
4. **Facility in Appraisal:** Managerial performance can be measured when the area of activities can be specified and standards in respect of these can fixed. Departmentation provides helps in both these areas.
5. **Feeling of Autonomy:** Departmentation provides motivation by developing feeling of autonomy to the extent possible. There are several bases of Departmentation. The more commonly used bases are function, product, territory, process, customer, time etc. Some of these bases are internal-operation – oriented like function, process, time while others like product, territory and customer are output-oriented.

FUNCTIONAL DEPARTMENTATION

The grouping of common or homogeneous activities to form an organization unit is known as functional Departmentation. Functional Departmentation is the most widely used basis for organizing activities and is present almost in every large organization at some level.

Functional Departmentation is most commonly used because it offers certain advantages which include advantages of specialization, ensuring performance of activities necessary for the achievement of organizational objectives, elimination of un-necessary activities, easier control over functions, and easier way for pinpointing training need of the managers and maintaining the relative importance of functions in the organization.

PRODUCT WISE DEPARTMENTATION

Product departmentation involves the grouping together of all activities necessary to manufacture a product or product line. Product departmentation is preferred for product expansion and diversification when manufacturing and marketing characteristics of each product are of primary concern. Product departmentation offers several advantages places attention to product lines, reduces problems of coordination for different products, provides opportunities for further diversification and expansion of organization and provides product specialization necessary for managers especially when each product is different from other.

TERRITORY – WISE DEPARTMENTATION

Territorial or geographical departmentation is specially useful to large-sized organizations having activities which are physically or geographically spread such as banking, insurance, transportation etc., Territorial departmentation provides certain efficiency in operation. Local factors such as customers, culture, styles, preferences etc., always affect organizational functioning.

PRODUCTION PROCESSES – WISE DEPARTMENTATION

In process departmentation, processes involved in production or various types of equipments used are taken as basis for departmentation. When the production activities involve the use of several distinctive processes, these can be used as the base for grouping of activities. Such activities may be textiles, oil production etc., The process are set in such a way that a series of operations is feasible making operations economic. It provides advantages of specialization required at each level of total processes, maintenance of plant can be done in better way, and manpower can be utilized effectively.

CUSTOMER – WISE DEPARTMENTATION

Customer based departmentation is basically market – oriented in which departments are created around the markets served or around marketing channels. The basic idea of this departmentation is to provide services to clearly identified groups of customers. Each group of customers has different purchase behavior, payment schedule, demand pattern etc., Therefore they can be attracted to the organization's business by satisfying them by providing services, payment schedule demand pattern etc.

CHOICE OF BASES FOR DEPARTMENTATION

The selection of bases for departmentation involves a consideration of the relative advantages of each base for the organization. Ideally speaking, a suitable basis of departmentation is one which facilitates the performance of organizational functions efficiently and effectively so that its objective is achieved.

1. Specialization: The basis of departmentation should reflect the specialization in performing the work.
2. Coordination: Coordination involves that all the related activities are performed in a way that their performance is synchronized so that each activity contributes to others.
3. Economy: A balance should be maintained between the cost of creating a department and its contribution. The existence of a department is desirable only when it contributes more than its cost.
4. Focus on Result: Those activities which contribute to the achievement to these results should be given proper attention.
5. Local Conditions: Local requirements of the organization should also the taken into account while creating departments.
6. Human Considerations: Departments should be created on the basis of availability of personnel, their aspirations and value systems, informal work groups and attitudes of people towards various forms of organization structure.

TYPES OF ORGANIZATION

Organisation requires the creation of structural relationship among different departments and the individuals working there for the accomplishment of desired goals. Organisation structure is primarily concerned with the allocation of tasks and delegation of authority. The establishment of formal relationships among the individuals working in the organisation is very important to make clear the lines of authority in the organisation and to coordinate the efforts of different individuals in an efficient manner. According to the different practices of distributing authority and responsibility among he members of the enterprise, several types of organisation structure have been evolved. They are:
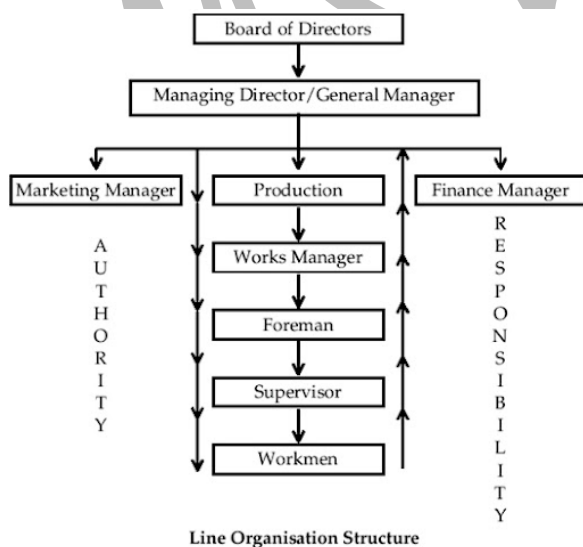
1. Line organisation
2. Line and Staff organisation
3. Functional organisation
4. Committee organisation
5. Matrix organisation

Line Organisation

This is the simplest and the earliest form of organisation. It is also known as "Military", "traditional", Scalar" or "Hierarchical" form of organisation. The line organisation represents the structure in a direct vertical relationship through which authority flows. Under this, the line of authority flows vertically downward from top to bottom throughout the organisation. The quantum of authority is highest at the top and reduces at each successive level down the hierarchy. All major decisions and orders are made by the executives at the top and are handed down to their immediate subordinates who in turn break up the orders into specific instructions for the purpose of their execution by another set of subordinates. A direct relationship of authority and responsibility is thus established between the superior and subordinate. The superior exercises a direct authority over his subordinates who become entirely responsible for their performance to their commanding superior. Thus, in the line organisation, the line of authority consists of an uninterrupted series of authority steps and forms a hierarchical arrangement. The line of authority not only becomes the avenue of command to operating personnel, but also provides the channel of communication, coordination and accountability in the organisation. Prof. Florence enunciates three principles which are necessary to realise the advantages of this system and the non-observance of which would involve inefficiency.

1. Commands should be given to subordinates through the immediate superior; there should be no skipping of links in the chain of command.
2. There should be only one chain. That is, command should be received from only one immediate superior.
3. The number of subordinates whose work is directly commanded by the superior should be limited.

The following picture depicts the line organisation:

Line Organisation Structure

Advantages or merits of line organisation

1. It is the easiest to establish and simplest to explain to the employers.
2. It fixes responsibility for the performance of tasks in a definite manner upon certain individuals.

3. There is clear-cut identification of authority and responsibility relationship. Employees are fully aware of the boundaries of their job.

4. It is most economical and effective.

5. It makes for unity of control thus conforming to the scalar principle of organisation.

6. It ensures excellent discipline in the enterprise because every individual knows to whom he is responsible. The subordinates are also aware of the necessity of satisfying their superior in their own interests.

7. It facilitates prompt decision-making because there is definite authority at every level.

8. As all the activities relating to one department or division are managed by one executive, there can be effective coordination of activities.

9. This system is flexible or elastic, in the sense that, as each executive has sole responsibility in his own position and sphere of work, he can easily adjust the organisation to changing conditions.

10. Under this system, responsibility and authority are clearly defined. Every member of the organisation knows his exact position, to whom he is responsible and who are responsible to him. Because of the clear fixation of responsibility, no person can escape from his liability.

*Disadvantages or demerits of line organisation*

1. With growth, the line organisation makes the superiors too overloaded with work. Since all work is done according to the wishes of one person alone, the efficiency of the whole department will come to depend upon the qualities of management displayed by the head of that department. If therefore, something happens to an efficient manager, the future of the department and of the concern as a whole would be in jeopardy.

2. Being an autocratic system, it may be operated on an arbitrary, opinionated and dictatorial basis.

3. Under this system, the subordinates should follow the orders of their superior without expression their opinion on the orders. That means there is limited communication.

4. There may be a good deal of nepotism and favoritism. This may result in efficient people being left behind and inefficient people getting the higher and better posts.

5. The line organisation suffers from lack of specialised skill of experts. Modern business is so complex that it is extremely difficult for one person to carry in his head all the necessary details about his work in this department.

6. Line organisation is not suitable to big organisations because it does not provide specialists in the structure. Many jobs require specialised knowledge to perform them.

7. If superiors take a wrong decision, it would be carried out without anybody having the courage to point out its deficiencies.

8. The organisation is rigid and inflexible.

9. There is concentration of authority at the top. If the top executives are not capable, the enterprise will not be successful.

Prof. Florence, sums up the inefficiencies of the line organisation system under three heads-"(i) Failure to get correct information and to act upon it; (ii) red-tape and bureaucracy; (iii) Lack of specialised skill or experts… while commands go down the line under the hierarchical system information is supposed to be coming up the line." In spite of these drawbacks, the line organisation structure is very popular particularly in small organisations where there are less number of levels of authority and a small number of people.

Line and Staff Organisation

In line and staff organisation, the line authority remains the same as it does in the line organisation. Authority flows from top to bottom. The main difference is that specialists are attached to line managers to advise them on important matters. These specialists stand ready with their speciality to serve line mangers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organisation as they are employed to provide expert advice to the line officers. The combination of line organisation with this expert staff constitutes the type of organisation known as line and staff organisation. The 'line' maintains discipline and stability; the 'staff' provides expert information. The line gets out the production, the staffs carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken. The following figure depicts the line and staff organisation:

Line and Staff Organisation Chart
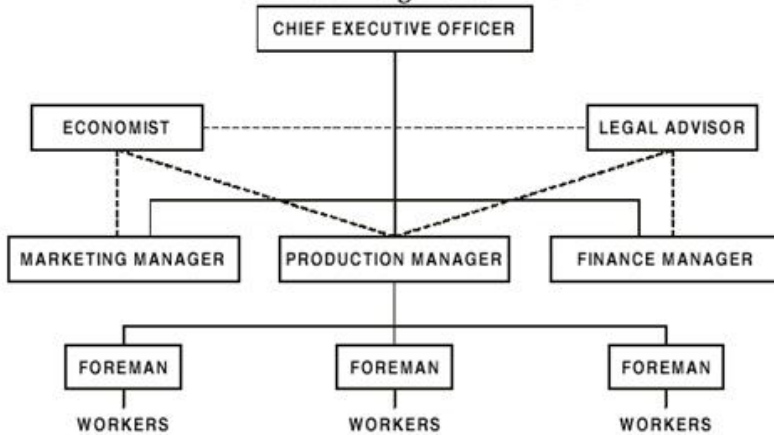
Note: Straight lines represent **line** and broken lines represent **staff.**

Types of Staff

The staff position established as a measure of support for the line managers may take the following forms:

1. Personal Staff: Here the staff official is attached as a personal assistant or adviser to the line manager. For example – Assistant to managing director

2. Specialised Staff: Such staff acts as the fountainhead of expertise in specialised areas like R & D, personnel, accounting etc. For example-R & D Staff

3. General Staff: This category of staff consists of a set of experts in different areas who are meant to advise and assist the top management on matters called for expertise. For example—Financial advisor, technical advisor etc..

Features of line and staff organisation

1. Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.

2. Under this system, the staff officers prepare the plans and give advise to the line officers and the line officers execute the plan with the help of workers.

3. The line and staff organisation is based on the principle of specialisation.

Advantages or merits of line and staff organisation

- It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialised knowledge of staff specialists at various levels.
- The expert advice and guidance given by the staff officers to the line officers benefit the entire organisation.
- As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialised functions.
- Staff specialists help the line managers in taking better decisions by providing expert advice. Therefore, there will be sound managerial decisions under this system.
- It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialisation. Thus, the organisation takes advantage of functional organisation while maintaining the unity of command.
- It is based upon planned specialisation.
- Line and staff organisation has greater flexibility, in the sense that new specialised activities can be added to the line activities without disturbing the line procedure.

Disadvantages or demerits of line and staff organisation

- Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organisation as to the functions and positions of staff members with relation to the line supervisors.
- There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.
- Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.
- The staff experts may be ineffective because they do not get the authority to implement their recommendations.
- This type of organisation requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.
- Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.
- Since staff managers are not accountable for the results, they may not be performing their duties well.
- Line mangers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organisation.

Functional Organisation The difficulty of the line organisation in securing suitable chief executive was overcome by F. W. Taylor who formulated the Functional type of organisation. As the name implies, the whole task of management and direction of subordinates should be divided according to the type of work involved. As far as the workman was concerned, instead of coming in contact with the management at one point only, he was to receive his daily orders and help directly from eight different bosses; four of these were located in the planning room and four in the shop. The four specialists or bosses in the planning room are:

 (i) Route Clerk
 (ii) Instruction Card Clerk
 (iii) Time and Cost Clerk
 (iv) Shop disciplinarian.

The four specialists or bosses at the shop level are:

 1. Gang Boss
 2. Speed Boss
 3. Inspector
 4. Repair Boss

- ❖ *The Route Clerk:* To lay down the sequence of operations and instruct the workers concerned about it.
- ❖ *The Instruction Card Clerk:* To prepare detailed instructions regarding different aspects of work.
- ❖ *The Time and Cost Clerk:* To send all information relating to their pay to the workers and to secure proper returns of work from them.
- ❖ *The Shop Disciplinarian:* To deal with cases of breach of discipline and absenteeism.
- ❖ *The Gang Boss:* To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.
- ❖ *The Speed Boss:* To ensure that machines are run at their best speeds and proper tools are used by the workers.
- ❖ *The Repair Boss:* To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.
- ❖ *The Inspector:* To show to the worker how to do the work.

The following chart depicts the functional foremanship:
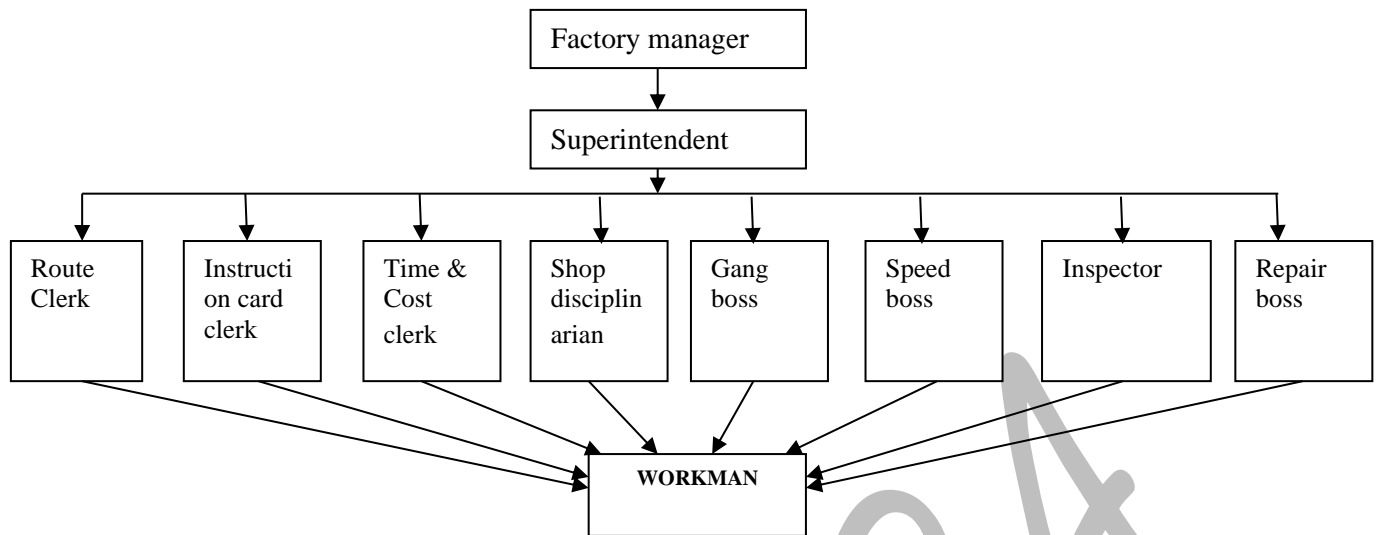
It was F. W. Taylor who evolved functional organisation for planning and controlling manufacturing operations on the basis of specialisation. But in practice, functionalisation is restricted to the top of the organisation as recommended by Taylor.

Features of functional organisation

The features of functional organisation are as follows:

1. The work of the enterprise is divided into different functional departments and the different functional departments are placed under different specialists.

2. The functional specialist has the authority or right to give orders regarding his function whosesoever that function is performed in the enterprise.

3. Under this system, the workers have to receive instructions from different specialists.

4. If anybody in the enterprise has to take any decision relating to a particular function, it has to be in consultation with the functional specialist.

5. Under this system, the workers have to perform a limited number of functions.

Advantages of functional organisation

1. Functional organisation is based on expert knowledge. Every functionary in charge is an expert in his area and can help the subordinates in better performance in his area.

2. Division of labour is planned not incidental.

3. As there is not scope for one-man control in this form of organisation, this system ensures co-operation and teamwork among the workers.

4. This system ensures the separation of mental functions from manual functions.

5. It helps mass production by standardization and specialization.

6. This system ensures maximum use of he principle of specialisation at every work point.

7. As there is joint supervision in the organisation, functional organisation reduces the burden on the top executives.

8. Functional organisation offers a greater scope for expansion as compared to line organisation. It does not face the problem of limited capabilities of a few line managers.

9. The expert knowledge of the functional mangers facilitates better control and supervision in the organisation.

Disadvantages or demerits of Functional organisation

a) It is unstable because it weakens the disciplinary controls, by making the workers work under several different bosses. Thus, functional organisation violates the principle of unity of command.

b) Under this type of organisation, there are many foremen of equal rank. This may lead to conflicts among them.

c) The co-ordination influence needed to ensure a smoothly functioning organisation may involve heavy overhead expenses.

d) The inability to locate and fix responsibility may seriously affect the discipline and morale of the workers through apparent or actual contradiction of the orders.

e) This system is very costly as a large number of specialists are required to be appointed.

f) A functional manager tends to create boundaries around him self and think only in term of his own department rather than of the whole enterprise. This results in loss of overall perspective in dealing with business problems.

g) It is difficult for the management to fix responsibility for unsatisfactory results.

Committee Organisation

Committee organisation as a method of managerial control has very little practical importance, because it is managed by a senior member of the committee only. But the committee organisations are widely used for the purpose of discharging advisory functions of the management. Committees are usually relatively formal bodies with a definite structure. They have their own organisation. To them are entrusted definite responsibility and authority.

According to Hicks, "A committee is a group of people who meet by plan to discuss or make a decision for a particular subject."

According to Louis A Allen, "A committee is a body of persons appointed or elected to meet on an organised basis for the consideration of matters brought before it." A committee may formulate plans, make policy decisions or review the performance of certain units. In some cases, it may only have the power to make recommendations to a designated official. Whatever may be the scope of their activities, committees have come to be recognised as an important instrument in the modern business as well as non business organisations.
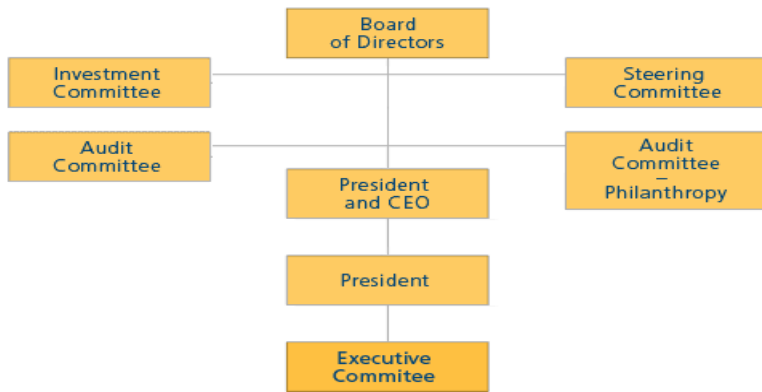
Objectives of committees

Committees are constituted to achieve one or more of the following objectives:
- ❖ To have consultations with various persons to secure their view-points
- ❖ To give participation to various groups of people
- ❖ To secure cooperation of different departments
- ❖ To coordinate the functioning of different departments and individuals by bringing about unity of directions.

Types of committees

1. *Line committee:* If a committee is vested with the authority and responsibility to decide and whose decisions are implemented, it is known as line committee.

2. *Staff committee:* If a committee is appointed merely to counsel and advise, it is known as a staff committee.

3. *Formal committee:* When a committee is constituted as a part of the organisation structure and has clear-cut jurisdiction, it is a formal committee.

4. *Informal committee:* An informal committee is formed to advice on certain complicated matters. It does not form part of the organisation structure.

5. *Coordinating committee:* It is constituted to coordinate the functioning of different departments.

6. *Executive committee:* It is a committee which has power to administer the affairs of the business.

7. *Standing committee:* are formal committees that are of permanent character.

8. *Ad hoc committee:* They are temporary bodies. It is appointed to deal with some special problem and stops functioning after its job are over.

The following chart depicts the functional foremanship:

Advantages or merits of committee type of organisation

　　1. A committee is an effective method of bringing the collective knowledge and experience of a number of persons.　　Therefore, many multi-dimensional and complex problems of modern enterprises, which cannot be solved satisfactorily　　by individual managers, can be solved by committees.

　　2. Committees offer scope for group deliberations and group judgment. Results obtained by group deliberation and group　　judgment are likely to be better than those obtained by individual judgment.

　　3. When it is necessary to integrate varying points of view, which cannot conveniently be coordinated by individuals, the　　committee may be used to bring about coordination.

　　4. The management can give representation to the employees in various committees. This will motivate the employees for better performance as they feel that they have a say in the affairs of the organisation.

　　5. A committee form of organisation facilitates pooling of authority of individual managers for making some type of　decisions of an inter-departmental nature.

　　6. A committee form of organisation tends to promote organisational cohesiveness. Group endeavour, team spirit and　　collective responsibility are control to the philosophy of committees.

Disadvantages of committee type of organisation

　　(a) If a manager has an opportunity to carry a problem to a committee, he may take it as a means of avoiding decision-　making or to escape the consequences of an unpopular decision.

　　(b) Sometimes, a committee may not be able to take the needed decision because of the conflicting views of the　members.

　　(c) Committees take more time in procedural matters before any decision is taken. In some cases, slowness seriously　　handicaps the administration of the organisation.

　　(d) Committees are an expensive device both in terms of cost and time.

　　(e) When the committee findings represent a compromise of different viewpoints, they may be found to be weak and　　indecisive.

　　(f) No member of a committee can be individually held responsible for the wrong decision taken by the committee.

　　(g) It is very difficult to maintain secrecy regarding the deliberations and the decisions taken by a committee, especially when there are many members in the committee.
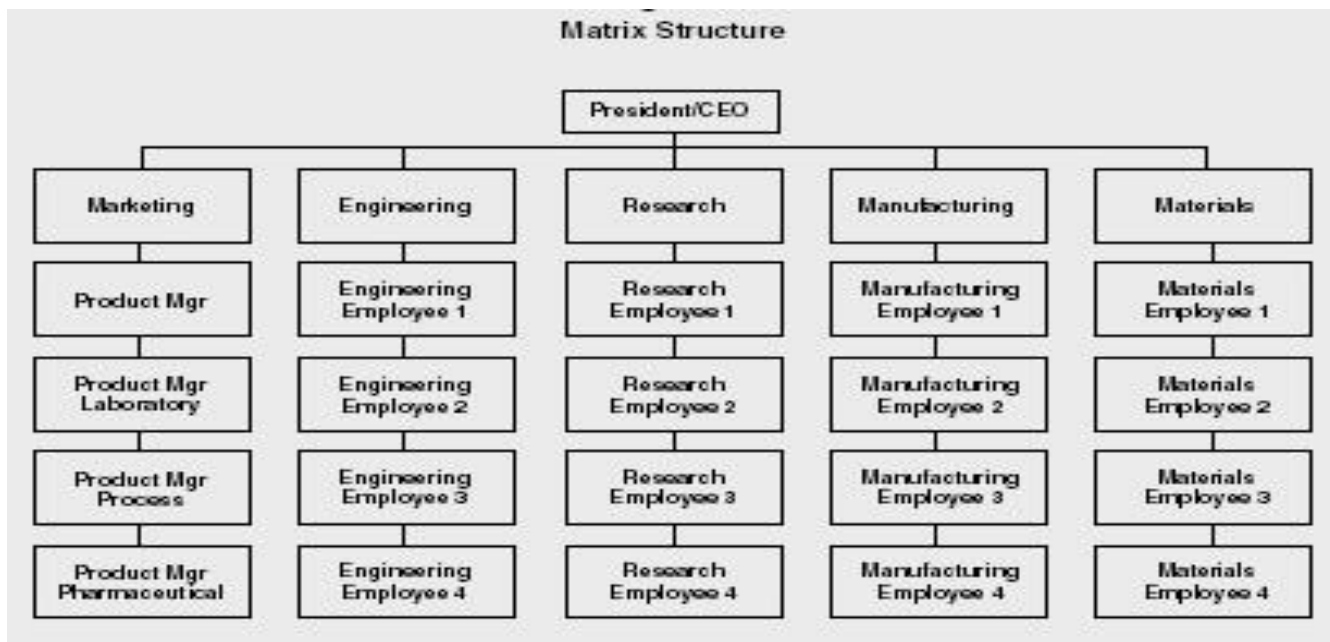
MATRIX ORGANISATION

　　An organizational structure that facilitates the horizontal flow of skills and information is known as matrix organisation. It is used mainly in the management of large projects or product development processes, drawing employees from different functional disciplines for assignment to a team without removing them from their respective positions.

Employees in a matrix organization report on day-to-day performance to the project or product manager whose authority flows sideways (horizontally) across departmental boundaries. They also continue to report on their overall performance to the head of their department whose authority flows downwards (vertically) within his or her department. In addition to a multiple command and control structure, a matrix organization necessitates new support mechanisms, organizational culture, and behavior patterns. Developed at the US National

Aeronautics & Space Administration (NASA) in association with its suppliers, this structure gets its name from its resemblance to a table (matrix) where every element is included in a row as well as a column.

A Matrix structure organisation contains teams of people created from various sections of the business. These teams will be created for the purposes of a specific project and will be led by a project manager. Often the team will only exist for the duration of the project and matrix structures are usually deployed to develop new products and services.

Matrix Structure

President/CEO				
Marketing	Engineering	Research	Manufacturing	Materials
Product Mgr	Engineering Employee 1	Research Employee 1	Manufacturing Employee 1	Materials Employee 1
Product Mgr Laboratory	Engineering Employee 2	Research Employee 2	Manufacturing Employee 2	Materials Employee 2
Product Mgr Process	Engineering Employee 3	Research Employee 3	Manufacturing Employee 3	Materials Employee 3
Product Mgr Pharmaceutical	Engineering Employee 4	Research Employee 4	Manufacturing Employee 4	Materials Employee 4

The advantages of a matrix include;

- Individuals can be chosen according to the needs of the project.
- The use of a project team which is dynamic and able to view problems in a different way as specialists have been brought together in a new environment.
- Project managers are directly responsible for completing the project within a specific deadline and budget.

The disadvantages include;

- A conflict of loyalty between line managers and project managers over the allocation of resources.
- If teams have a lot of independence can be difficult to monitor.
- Costs can be increased if more managers (ie project managers) are created through the use of project teams.

MODERN ORGANISATION STRUCTURES:

Organizations in the recent times have been gearing themselves to suit

to the growing demands from their stakeholders in terms of responsiveness,

flexibility, agility, adaptability etc. In this process, they are following organic

structure, which are more agile, flexible and adaptable to the changing

circumstances. Virtual organizations, cellular organizations, team structure,

boundaryless organization and inverted pyramid and different forms of organic

structure that are widely seen among most of the sun-rise sectors such as

financial services, Information Technology (IT) and IT enabled services. These structures have been contributing to the organic growth of the organization.

The focus of organic structures is to do away with those activities which do not directly contribute to the growth of the organization and focus only on those activities which directly lead the organization for the achievement of the given goals.

These are discussed below:

1. Team Organisation sturcture
2. **Virtual** Organisation sturcture
3. **Boundary less** Organisation sturcture
4. **Inverted pyramid**
5. **Cellular** Organisation sturcture

1. The Team Structure

In an organizational structure based on teams, the structure breaks down department barriers and decentralizes decision making to the level of the team. Team structures usually require employees to be generalists as well as specialists.

A team structure can define a whole company. Whole Foods Market boasts a team-based organizational structure, with the teams shaped around their departments within the store—there was a produce team, a meat team, and so on. Based on the shape of the organizational chart in Figure 1, you can understand why Whole Foods refers to its mission statement as the "Declaration of Interdependence." Indeed, each of the teams is dependent on and answers to the other members of their own team and the other teams.
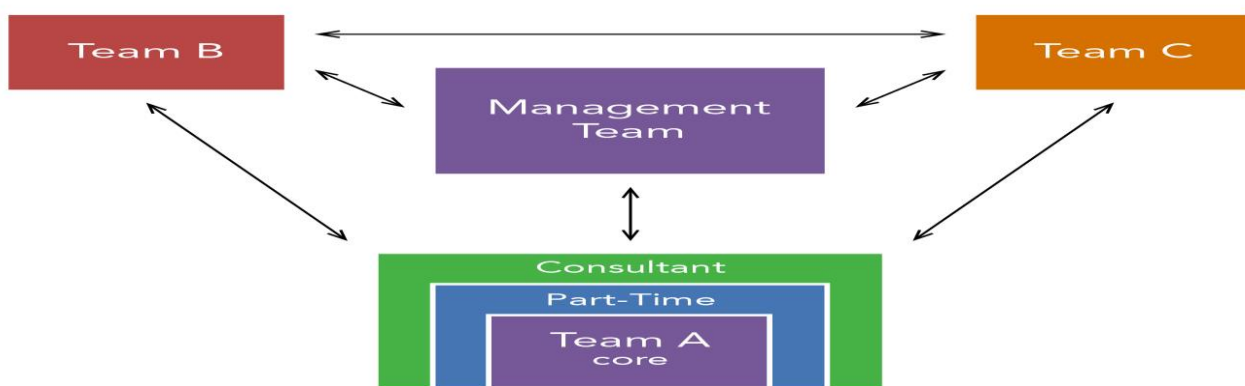

Figure 1. Team-Based Organizational Chart

More often than not, when larger organizations decide to use teams, they do so as a part of a bureaucratic structure rather than a straight team structure. Moving from a bureaucratic to a team structure requires a great deal of change, so larger organizations will assemble teams and add a quasi-team structure into their bureaucratic org chart.

2. Virtual Organization

A virtual organization is a small, core organization that outsources major business functions. Think of it as "renting" departments rather than owning them.

Back in the early days of Hollywood, movies were made by big studios with large bureaucratic organizational structures and a laundry list of celebrities. Now, when you sit down to watch a movie, you see several different production companies' logos on the screen before the movie even starts. It might begin with "Paramount." And then you see "Bad Robot." And maybe two other companies. Each one of those companies has played a role in making the film. During the credits, you see animation companies and sound editing companies. Paramount may be acting as the central "organization." The businesses to which Paramount sends work would make up the balance of the virtual organization.
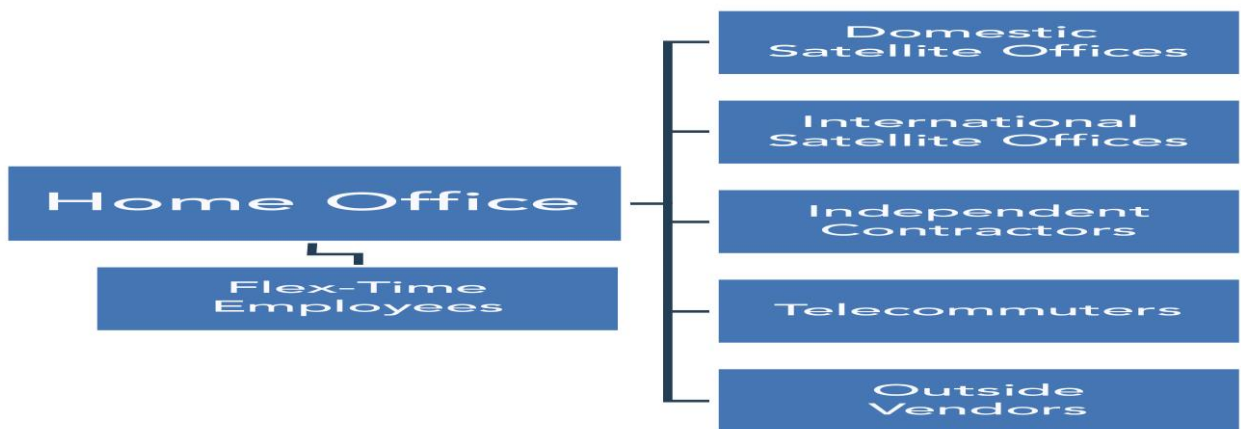

Figure 2. Virtual Organizational Chart

The chart in Figure 2 illustrates a typical virtual organization, which includes employees that practice flex-time in a home office, ones that are in satellite offices domestically and internationally, and then a group of independent contractors, telecommuters and vendors.

Paul Newman's food product company, Newman's Own, runs on a virtual organizational structure. Newman's Own employs only 18 people, and outsources almost everything—manufacturing, procurement, shipping and the like.

Large organizations dabbling in the virtual organizational structure usually do so to outsource manufacturing. Thousands of well-known organizations are virtual in one way or another. General Motors, Nike, and Cisco are just a few of them. The flexibility a virtual organization provides is hard for organizations to resist, as it allows them to contract out any function they feel another organization can do more cheaply than them.

The virtual organization is definitely on the other side of the spectrum from bureaucratic organizational structure. The bureaucratic organizational structure seeks control in multiple levels and, if there is a downfall to the virtual organizational structure, it is that there is far less control over the different parts of the business.

3. Boundaryless Organizational Structure

American business executive and former CEO of General Electric, Jack Welch, coined the term "boundaryless organization" when he described his ideal General Electric. He wanted to eliminate vertical and horizontal boundaries within GE and break down barriers between the company and its customers and suppliers.

When an organization removes the vertical boundaries, the hierarchy flattens. Status and rank are minimized. Functional departments create horizontal boundaries, and those boundaries can stifle interactions between departments. Functional departments can be replaced with cross-functional teams, and activities can be organized around process.

General Electric used tools like 360 performance appraisals, where peers, subordinates and managers could evaluate an employee's performance. They put together cross-hierarchical teams and employed participative decision making processes.

The boundaryless organizational structure, when fully operational, breaks down barriers to external partners (suppliers, customers, etc.) and barriers created by geography. Telecommuting blurs organizational boundaries as well. In fact, this structure relies heavily on technology to achieve, and so sometimes it's called the T-form structure.

4. Cellular Organization:

Organizations structured around the units/cells that complete the entire assembly process are called cellular organizations. In the modern organizations, cellular organizations have been replacing the continuous line or linear production process system. In cellular organizations, workers manufacture total product or sub-assemblies in teams (cells). Every team (cell) of workers has the responsibility to improve or maintain the quality and quantity of its products. Each team is free to recognize itself to improve performance and product quality. These cells comprise self-managed teams. They monitor themselves and also correct where necessary on their own. Cellular organizations are characterized by much smaller staff all over the organization with middle management positions reduced and lean management members at the top. It is both a lean and flat structure.

opportunity. Here employees are more involved and empowered because of reduced barriers among functional areas. Sometimes, when there is pressure on teams to perform and there is no clear chain of command, team structure fails to deliver results.

5. Inverted Pyramid:

This is an alternative to the traditional chain of command. This is a structure, which is narrow at the top and wide at the base. It includes a few levels of management. For instance, sales people and sales support staff sit on the top as the key decision makers for all the issues related to sales and dealing with the customers. Since the sales staffs are in touch with the customer and aware of the requirements of the customers, they are given all the freedom to follow their own best judgment at all levels.