

# UNIT – 1

## INTRODUCTION TO MANAGEMENT

### 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 to determine and accomplish the objectives by the use of people and resources,”

- GEORGE R. TERRY

“Management is the creation and maintenance of internal environment in 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

### 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 which can be grouped under basic heads, namely

1. Planning
2. Organizing
3. Staffing
4. Motivating
5. Directing
6. Coordinating
7. Controlling

## **PLANNING**

It means “Preparing a sketch or an outline of any proposed plan of actions”. It implies considering and arranging in advance a projected course of action. It can also be defined as determining what is to be done, making the decisions to do it, and devising a procedure, method and time table to do it. Planning is a general activity. It is a necessary part of all operations of an enterprise, and for the operations of each of the departments and sections. It stimulates people to action and also determines their mode of action.

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.

## **ORGANISATION**

To organize means to put into working order and arrange in a system. In this sense, an organization is an organized body or persons. Organizing 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.

Generally, identifiable units of tasks are put under the charge of a department, section or division. The head of that department, section or unit being given with the authority to perform those tasks. 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.

## **STAFFING**

It has been defined as manning and keeping manned the positions provided by the organization structure. Thus staffing involves four things:

Assessment of personnel needs of the enterprise and selection and training of employees.

Determination of employees remuneration.

Evaluation of employees performance.

Establishment of effective communication skills.

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**

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. We have seen that in organisatin executives assign responsibilities and duties to their subordinates and delegate to them with requisite authority to perform the assigned responsibilities of duties. This in fact is of very essence of management the art and process of getting things done by others. No doubt, executives have the authority to force their subordinates to comply with their directives. In case any subordinates faisl or refuses to comply, be may be thrown out or punished in some other manner. But this a wrong view of the enterprise entire process of management. On any case, with strong trade unions and a number of labour laws to protect the worker, it would not be wise to demand compliance from one's subordinated. For securing whole-hearted compliance from subordinated, the function of direction assumes considerable significance.

Direction function involves

1. Issuing orders and instructions to subordinated.
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. The process of direction comprises of the following elements viz.

- i. Leadership
- ii. Communication
- iii. Motivation and
- iv. Supervision

A detailed discussion about these aspects is given in the subsequent chapters.

## **CO-ORDINATION**

Some authorities emphasis co-ordination as a separate function of Management. This approach has not been adopted here because it is felt that co-ordination is emphasized in each of the functions of management process. Co-ordination must be sought from the very first step, namely, planning, so that plans of all departments are integrated into a master plan, issuing the adequate co-ordination. Similarly organizing of people into groups and work into activities involves adequate co-ordination. It can also be secured through proper motivation of the workers towards organized efforts in terms of organizational objectives and personal objectives of the employees through an integration of such objectives. Finally the controlling aspect also indicates further co-ordination is required resulting in improvements and fresh plans.

## **CONTROL**

Controlling can be defined as “comparing results with plans and taking corrective actin when results deviate from plans.”

In an organizational set up, It every Manager's responsibility to control the performance of work and workers places under his charge.

**Pre-requisites of control:**

1. Control is possible only where there is a plan according to which actual performance is intended to proceed.
2. The second requirement of control is measurement of the results of actual operations.
3. The third requirement of control is taking corrective action as soon as deviation from the plan is discovered.

Fundamentally, control is any process that guides activity towards some pre-determined goal. The essence of this concept is in determining whether the activity is achieving the desired 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.

Thus the above functions are said to be the important functions of Management.

**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 summarizes 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 Sprigal 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. They 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.

***MANAGEMENT: AN ART OR SCIENCE*****MANAGEMENT AN ART**

According to G. TERRY; Art is “Bringing about a desired result through the application of will in any activity is called as an art,” The emphasis is on applying skills with knowledge and accomplishing an end through deliberate effort. Thus the function of the art is accomplishing concrete ends efforts, results; predict situations that would not come about without the deliberate effort, to secure them.

## **MANAGEMENT IS A SCIENCE**

Science has been defined as “body of systemized knowledge accumulated and accepted with respect to the understanding of general tools concerning particular phenomenon subject or object of study.

It is absolutely necessary that it should have codified principles and techniques that explains certain truth with respect to basic phenomenon.

In this sense management is certainly regarded as science as it has also develop in to a systemized knowledge regarding a particular phenomenon, namely, managerial function.

## **MANAGEMENT AS PROFESSION**

Profession is defined as an occupation based upon the specialized intellectual study and training, the purpose of which is to supply skilled service or advice to others for the definite fee or salary.

## **CHARACTERISTICS OF PROFESSION**

### 1. Existence of knowledge :

Profession emerges from the establishment of fact that there is a body of knowledge which cannot start around but has to be studied for being a successful professional.

### 2. Acquisition of knowledge :

An individual can enter profession only after acquiring knowledge and skills through formal training for example, only the law graduates can enter the profession of legal practice.

### 3. Professional association :

An occupation which claims to be profession should have an association. However manager do not have single unified professional group like Indian medical council for medical practitioners from this new management cannot be termed as trade profession.

### 4. Ethical code :

For every profession some ethical standards are provided and every individual of the profession is expected to maintain conformity with these standards. In management also, code of conduct has been formulated to suggest the behavioral pattern for professional managers.

### 5. Service motive:

It is essential because the monetary value of professional service cannot be measured easily in absence of market mechanism except the competition among the professionals themselves. The success of any profession is measured not in terms of money. It earns but by the amount of social service it provides. Similarly contributions of management cannot be measured in terms of money alone because without integrating effort of management, resources worth millions of rupees may be useless.

Once organization grows beyond certain size, changes in the nature of management process demands that ownership and management should be divorced. So management positions should be held by persons who have professional skill and adequate training.

**Henri Fayol** (Istanbul, 29 July 1841–Paris, 19 November 1925) was a French mining engineer and director of mines who developed a general theory of business administration. He and his colleagues

developed this theory independently of scientific management but roughly contemporaneously. He was one of the most influential contributors to modern concepts of management.

1. *Division of work.* This principle is the same as Adam Smith's 'division of labour'. Specialisation increases output by making employees more efficient.
2. *Authority.* Managers must be able to give orders. Authority gives them this right. Note that responsibility arises wherever authority is exercised.
3. *Discipline.* Employees must obey and respect the rules that govern the organization. Good discipline is the result of effective leadership, a clear understanding between management and workers regarding the organization's rules, and the judicious use of penalties for infractions of the rules.
4. *Unity of command.* Every employee should receive orders from only one superior. Like from top to bottom in an organization.
5. *Unity of direction.* Each group of organisational activities that have the same objective should be directed by one manager using one plan.
6. *Subordination of individual interests to the general interest.* The interests of any one employee or group of employees should not take precedence over the interests of the organization as a whole.
7. *Remuneration.* Workers must be paid a fair wage for their services.
8. *Centralisation.* Centralisation refers to the degree to which subordinates are involved in decision making. Whether decision making is centralized (to management) or decentralized (to subordinates) is a question of proper proportion. The task is to find the optimum degree of centralisation for each situation.
9. *Scalar chain.* The line of authority from top management to the lowest ranks represents the scalar chain. Communications should follow this chain. However, if following the chain creates delays, cross-communications can be allowed if agreed to by all parties and superiors are kept informed.
10. *Order.* People and materials should be in the right place at the right time.
11. *Equity.* Managers should be kind and fair to their subordinates.
12. *Stability of tenure of personnel.* High employee turnover is inefficient. Management should provide orderly personnel planning and ensure that replacements are available to fill vacancies.
13. *Initiative.* Employees who are allowed to originate and carry out plans will exert high levels of effort.
14. *Esprit de corps.* Promoting team spirit will build harmony and unity within the organization.

Fayol's work has stood the test of time and has been shown to be relevant and appropriate to contemporary management. Many of today's management texts including Daft<sup>[4]</sup> have reduced the six functions to four: (1) planning; (2) organizing; (3) leading; and (4) controlling. Daft's text is organized around Fayol's four functions

**Frederick Winslow Taylor** (March 20, 1856 – March 21, 1915) was an American mechanical engineer who sought to improve industrial efficiency. He is regarded as the father of scientific management and was one of the first management consultants. Taylor was one of the intellectual leaders of the Efficiency Movement and his ideas, broadly conceived, were highly influential in the Progressive Era.,

1. Replace rule-of-thumb work methods with methods based on a scientific study of the tasks.
2. Scientifically select, train, and develop each employee rather than passively leaving them to train themselves.
3. Provide "Detailed instruction and supervision of each worker in the performance of that worker's discrete task" (Montgomery 1997: 250).

4. Divide work nearly equally between managers and workers, so that the managers apply scientific management principles to planning the work and the workers actually perform the tasks.

## **Managers and workers**

Taylor had very precise ideas about how to introduce his system:

It is only through *enforced* standardization of methods, *enforced* adoption of the best implements and working conditions, and *enforced* cooperation that this faster work can be assured. And the duty of enforcing the adoption of standards and enforcing this cooperation rests with *management* alone.

Workers were supposed to be incapable of understanding what they were doing. According to Taylor this was true even for rather simple tasks.

'I can say, without the slightest hesitation,' Taylor told a congressional committee, 'that the science of handling pig-iron is so great that the man who is ... physically able to handle pig-iron and is sufficiently phlegmatic and stupid to choose this for his occupation is rarely able to comprehend the science of handling pig-iron.'

Taylor believed in transferring control from workers to management. He set out to increase the distinction between mental (planning work) and manual labor (executing work). Detailed plans specifying the job, and how it was to be done, were to be formulated by management and communicated to the workers.

The introduction of his system was often resented by workers and provoked numerous strikes. The strike at Watertown Arsenal led to the congressional investigation in 1912. Taylor believed the laborer was worthy of his hire, and pay was linked to productivity. His workers were able to earn substantially more than those under conventional management and this earned him enemies among the owners of factories where scientific management was not in use

## **Forms of Business Organization**

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### **Sole Proprietorship**

The vast majority of small businesses start out as sole proprietorships. These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business. Sole proprietorships own all the assets of the business and the profits generated by it. They also assume complete responsibility for any of its liabilities or debts. In the eyes of the law and the public, you are one in the same with the business.

#### **Advantages of a Sole Proprietorship**

- Easiest and least expensive form of ownership to organize
- Sole proprietors are in complete control, and within the parameters of the law, may make decisions as they see fit
- Profits from the business flow-through directly to the owner's personal tax return.
- The business is easy to dissolve, if desired.

#### **Disadvantages of a Sole Proprietorship**

- Sole proprietors have unlimited liability and are legally responsible for all debts against the business. Their business and personal assets are at risk

- May be at a disadvantage in raising funds and are often limited to using funds from personal savings or consumer loans
- May have a hard time attracting high-caliber employees, or those that are motivated by the opportunity to own a part of the business
- Some employee benefits such as owner's medical insurance premiums are not directly deductible from business income (only partially as an adjustment to income).

## **Partnerships**

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed; Yes, its hard to think about a “break-up” when the business is just getting started, but many partnerships split up at crisis times and unless there is a defined process, there will be even greater problems. They also must decide up front how much time and capital each will contribute, etc.

### **Advantages of a Partnership**

- Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement
- With more than one owner, the ability to raise funds may be increased.
- The profits from the business flow directly through to the partners' personal tax return.
- Prospective employees may be attracted to the business if given the incentive to become a partner.
- The business usually will benefit from partners who have complementary skills.

### **Disadvantages of a Partnership**

- Partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others
- Since decisions are shared, disagreements can occur
- Some employee benefits are not deductible from business income on tax returns.
- The partnership may have a limited life; it may end upon the withdrawal or death of a partner.

### **Types of Partnerships that should be considered:**

#### 1. General

Partnership

Partners divide responsibility for management and liability, as well as the shares of profit or loss according to their internal agreement. Equal shares are assumed unless there is a written agreement that states differently.

#### 2. Limited Partnership and Partnership with limited liability

“Limited” means that most of the partners have limited liability (to the extent of their investment) as well as limited input regarding management decision, which generally encourages investors for short term projects, or for investing in capital assets. This form of ownership is not often used for operating retail or service businesses. Forming a limited partnership is more complex and formal than that of a general partnership.



### 3. Joint Venture

Acts like a general partnership, but is clearly for a limited period of time or a single project. If the partners in a joint venture repeat the activity, they will be recognized as an ongoing partnership and will have to file as such, and distribute accumulated partnership assets upon dissolution of the entity.

### **Corporations**

A Corporation, chartered by the state in which it is headquartered, is considered by law to be a unique entity, separate and apart from those who own it. A Corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

#### **Advantages of a Corporation**

- Shareholders have limited liability for the corporation's debts or judgments against the corporation.
- Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes
- Corporations can raise additional funds through the sale of stock.
- A Corporation may deduct the cost of benefits it provides to officers and employees.
- Can elect S Corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.

#### **Disadvantages of a Corporation**

- The process of incorporation requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income; thus this income can be taxed twice.

#### **Subchapter S Corporation**

A tax election only; this election enables the shareholder to treat the earnings and profits as distributions, and have them pass through directly to their personal tax return. The catch here is that the shareholder, if working for the company, and if there is a profit, must pay his/herself wages, and it must meet standards of "reasonable compensation". This can vary by geographical region as well as occupation, but the basic rule is to pay yourself what you would have to pay someone to do your job, as long as there is enough profit. If you do not do this, the IRS can reclassify all of the earnings and profit as wages, and you will be liable for all of the payroll taxes on the total amount.

#### **Limited Liability Company (LLC)**

The LLC is a relatively new type of hybrid business structure that is now permissible in most states. It is designed to provide limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership. Formation is more complex and formal than that of a general partnership.

The owners are members, and the duration of the LLC is usually determined when the organization papers are filed. The time limit can be continued if desired by a vote of the members at the time of expiration. LLC's must not have more than two of the four characteristics that define corporations: Limited liability to the extent of assets; continuity of life; centralization of management; and free transferability of ownership interests

## UNIT – 2 PLANNING

### MEANING

It means determining what is to be done, how, when and by whom it is to be done. It lays down and object to pursuit and chalks out a specific course of action to achieve it. It is the first step in the management process concerned with establishment of objectives and goals to be attained in the future in the light of an analysis of present limitations for attaining such goals with a views to their removal or reduction, anticipation and designing the course of action and programmes for attaining such pre-determined goals.

### 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

As a process, planning has certain features as given below.

- It s the thinking process.
- “Choosing” is at the root of planning.
- It is pervasive – prevailing in all activities
- Accomplishment of enterprise objectives.
- Primacy of planning – Prime
- It is all embracing.
- It leads to increase in efficiency.
- It is an integrated process consisting of objectives, policies, procedures

### PURPOSE OF PLANNING

The significance of planning function could be indentified from the follows

- To tackle increasing complexity in modern business.
- To face increasing competition.
- To provide for complex technological changes.
- To insure against business failure.
- To meet the changing economic and political situations.
- To exercise effective control.
- To bring greater economy.

## Steps in planning process

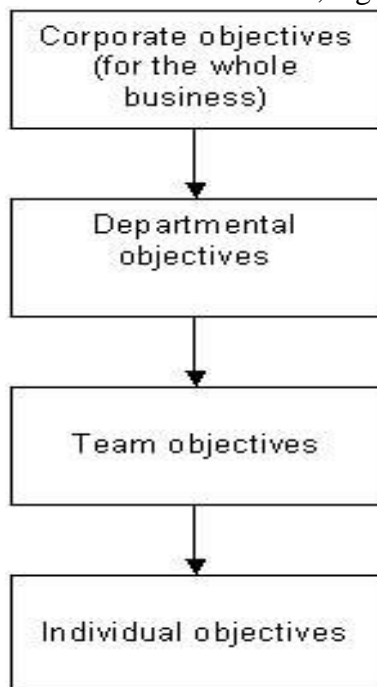
**Goal setting:**  
**Developing the planning premises**  
**Reviewing Limitations**  
**Deciding the planning period**  
**Formulation of policies and strategies**  
**Preparing operating plans**  
**Integration of plans**

## OBJECTIVES:

An end that can be reasonably achieved within an expected timeframe and with available resources. In general, an objective is broader in scope than a goal, and may consist of several individual goals. Objectives are a basic tools that underlying all planning and strategic activities. They serve as the basis for policy and performance appraisals.

### *Setting aims and objectives*

An objective is the end or ends that an organisation is trying to achieve. Typically, objectives will be set at a number of levels, e.g:



## SMART

Objectives, wherever possible, should be **SMART**

**Specific** - clear and easy to understand.

**Measurable** - i.e. able to be quantified.

**Achievable** - possible to be attained.

**Realistic** - not 'pie in the sky'.

**Time bound** - associated with a specific time period.

**Management by objectives (MBO)** is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization in order to achieve them

## Process of MBO

Peter Drucker outlined the five-step process for MBO shown in figure 1, below. Each stage has particular challenges that need to be addressed for the whole system to work effectively.

Figure 1: The Five-Step MBO Process



## DECISION MAKING

“It is the process of selecting an alternative from two or more alternatives to determine an opinion or a course of action.”

- GEORGE TERRY

Factors involved in decision making :

Tangible factors: Profits, Quality of output and all other quantitative factors  
Such as Man-hours, Machine hours.

Intangible factors:

- a.) Employee morale.
- b.) The prestige of business concern.
- c.) Consumer behaviour.
- d.) Such other abstract factors.

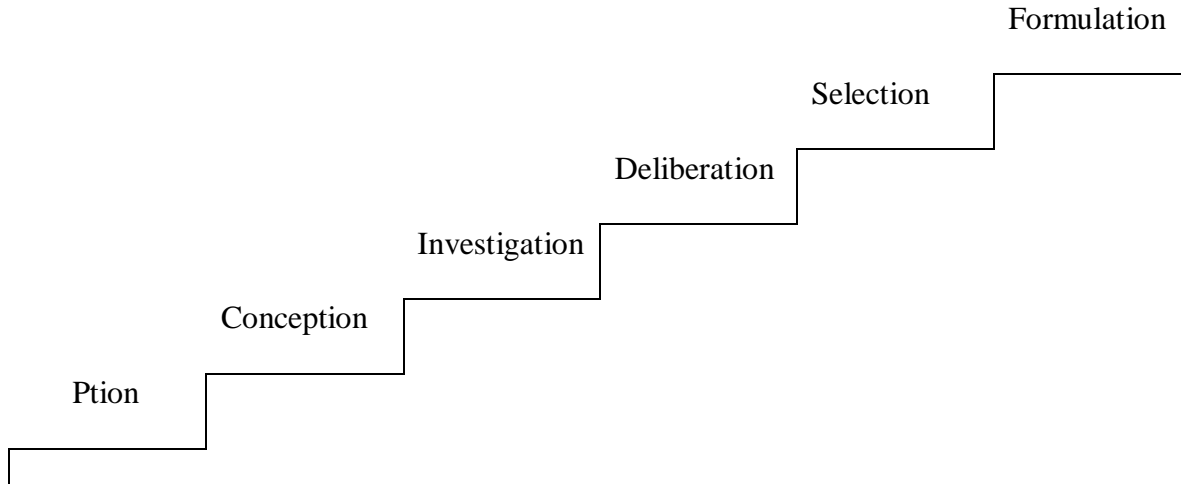
Need :

Weighing the consequences of each alternative course of action.

Steps in Decision-making process:

- Defining and analyzing the problem,
- Finding relevant facts.
- Developing alternative solutions.
- Selecting the best solution.
- Converting the decision into effective action.

## Decision-making Process



### **CRITERIA**

Some of the rationales to be adopted in decision-making process are:

Reduction of cost, Maximization of profit, saving of time, development of managerial skill, increasing productivity etc.

### **TYPES OF PLANNING**

1. Standing or repeated use plans
2. Objectives
3. Policies
4. Procedures.
5. Rules
6. Strategies.

1. Single use of plans:
  1. Programmes.
  2. Budgets

A brief description about these sub-types of plans are given below:

- a.) Objectives

It may be defined as the specific goals or targets to be accomplished viz., profit making, cost reduction, increase in productivity goodwill, personnel development. Healthy employee relations, social responsibility.

Fixing of objectives in an organizational planning function ensures the following advantages.

It is vital to planning function.  
It helps to Integrate planning.  
It ensure performance control.

Limitations :

However, fixation of objectives is subject to certain limitations viz.,

Difficult to define the objectives.

Difficult to devise suitable means.

Difficult to avoid conflict.

Remedies:

1. Objectives should be specific,
2. Objective should be realistic,
3. Objective should be backed by suitable sub-goals.
4. Objectives should be flexible.

b. Policies

It may be defined as a guide to thinking and action of those who have to make decisions in the course of accomplishment of the enterprise objectives. They are formulated in broad forms and provide a compressive and flexible course of action to be pursued to attain the given objectives

### **KINDS OF POLICIES**

1. Internal or originated polices.
2. External or imposed policies.
3. Addealed policies.
4. State or explicit policies.
5. Unstated or implied policies

Factors to be considered while formulation policies are :

1. Values, Beliefs, Ambitions, and Foresight of the owners and members of the top management.
2. Prevalent Technology.
3. Finance availability.
4. Employee reaction.
5. Accomplishment and activities of competitors,
6. Governmental regulation and control.
7. General business environment.
8. Price levels.
9. Public attitudes and behaviour.

Merits :

1. Guide to think and act.
2. Ensures Consistency in all actions.
3. Broader applicability.
4. Confidence booster.

Demerits :

1. It won't help to solve all problems.
2. Instant solutions to problems may not be available.
3. It cannot substitute human judgment.
4. It may nor encourage initiative.

### c. **Procedures**

“The process of establishing time sequences for work to be done.”

They may be described as plans prescribing the exact chronological sequence of specific tasks required to perform designated work.

To determine the specific tasks to be performed.

The time when those tasks will be performed.

The person who will perform them.

Merits :

1. Basis of control
2. Standardisation of activities can be done.
3. Ensure consistency in all operations.
4. Aid to communication and co-ordination.

Limitations :

1. Redundancy may takes place in course of time.
2. Updating becomes must.

d. Rule :

It is decision made by the management regarding what is to be done and what is not to be done in a given situation. It applies to specific situations. Rules do not leave any scope for decision making nor do they permit any deviation.

e. **Strategies** :

It is derived form the greek word strategies, meaning general,

It means the art of projecting and planning the choice of means by which the enterprises forces ay be employed most effectively in order to accomplish it's intended goal. It is said to be formulated only to meet the challenge posed by competitions policies and activity. The following factors may be considered for formulating strategies.

- Correct assessment of reaction of the parties concerned.
- What human and physical resources are available to draw up a strategy.
- Temperamental make-up of the persons to check-mate whom the strategy is being would up.

### **TYPES OF STRATEGIES**

- Strike while the iron is hot-act prompt a while the action is likely to get results.
- Camel's head in the tent – creation of confidence regarding plan to some
- Unity is strength
- Time is greater heater.
- Offence if the best form of a defence.
- Divide and rule.

Successful implementation of strategies :

1. Communicating strategies to all key decision-making managers.
2. Developing and communicating planning premises.
3. Ensuring that action plans contribute to and reflect major objectives and strategies.
4. Reviewing strategies regularly.
5. Developing contingency strategies and program.
6. Making the organization structure fit planning needs.



7. Continuing to emphasis planning implementing strategy.
8. Creating a company climate that forces planning.

f. Programme

It lays down the operation to be carried out to accomplish a given work. It prescribes how enterprise resources should be used.

Merits

1. Action based – practical guide to managerial action.
2. Greater motivation.

Demerits

1. Greater risk of failure
2. Inadequate motivation.

g. Budget

It is a plan relating to a period of time expressed in numerical terms. “as a pre-determined statement of management policy, during a given period, which provide a standard for comparison with the results actual achieved.

Objectives of Budgeting :

1. To ensure effective planning.
2. to facilitate Co-ordination function.
3. To exercise Controlling effective and achieving desire goals.
4. To motivate the workforce for achieving desired results.

Merits :

Instrument of management policy

1. Time bound
2. Specific targets.
3. Synthesis of past, present and future.
4. Right motivation.
5. Basis of control.

Limitations

1. Cabined and confined.
2. Excessive reliance on past experience.
3. Danger of inaccuracy in estimates.
4. Hampers initiative – rational and pragmatic initiative is stifled.

## **PLANNING PREMISES**

Managerial plans are based on certain assumptions which are called planning premises. They constitute the ground on which plans will stand. Meaningful premises facilitate consistency and coordination of plans. The premises may be of

Non-controllable premises such as economic conditions, political situations, tastes, preferences of people etc.

Semi-controllable premises such as firms market shares, union management relations etc.

Controllable premises such as policies of the organization, procedures, rules etc.

Effective Premising :

To effectuate the planning premises following guidelines may be adopted.

Selection of the premises that bear materially on program.

Development of alternative premises for contingency planning.

Verification of the consistency of premises

Communication of the premises.

### **Forecasting**

Forecasting is a process of predicting or estimating the future based on past and present data. Forecasting provides information about the potential future events and their consequences for the organisation. It may not reduce the complications and uncertainty of the future. However, it increases the confidence of the management to make important decisions. Forecasting is the basis of premising. Forecasting uses many statistical techniques. Therefore, it is also called as Statistical Analysis.

Steps in Forecasting

1. Analyzing and understanding the problem
2. Developing sound foundation
3. Collecting and analyzing data
4. Estimating future events
5. Comparing results
6. Follow up action

### **FEATURES OF FORECASTING**

- forecasting is concerned with future events.
- It shows the probability of happening of future events.
- It analysis past and present data.
- It uses statistical tools and techniques.
- It uses personal observations.

## **UNIT– III ORGANIZING**

The term organization is derived from the word “organism” which means structure with parts so integrated that their relation to each other is governed by their relation to whole.

The term organization is used both structural and functional sense. As a structure it means a developed enterprise being operated to achieve the given goals. As a function it refers to establishing relationship between activities and authority pertaining to an enterprise.

Organization is nothing but a process of integrating and co-ordinating the efforts of men and materials for the accomplishment of a set objective.

### **DEFINITION**

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

-ALLEN

Organisation thus is an arrangement for internal administration of the enterprise. It describes the part which each employee is intended to play in the operation of an enterprise and ensures that concerned endeavour of all of them will be conducive to the full implementation of the plans of the enterprise.

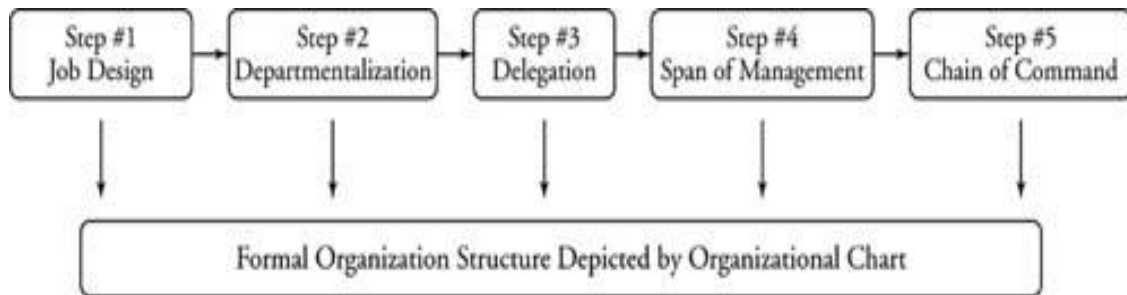
### **Nature of organizing:**

- Specialization and division of work
- Orientation towards goals
- Composition of individuals and groups
- Differentiated functions
- Continuity

### **Purpose of organization:**

- Helps to achieve organizational goals
- Optimum use of resources
- To perform managerial function
- Facilitates growth and diversification
- Human treatment of employees

**Organizational process consists of five steps:**



## **Organizational structure**

- Pre-bureaucratic structures
- Bureaucratic structures
- Post-bureaucratic
- Functional structure
- Divisional structure
- Matrix structure

## **ORGANISATIONAL CHART**

It is important tool for portraying net work of an organization structure. It shows

1. The main portion, nature of relationship between
2. Levels of management.

“It is diagrammatic form which shows important aspects of an organization, including the major function and their respective relationship, the channels of supervision and the relative authority of each employees who is incharge of each respective functions.”

-FEORGE TERRY

## **TYPES OF CHARTS**

1. Vertical chart
2. Horizontal chart
3. Circular chart
4. Tree chart

Merits of Organisational Chart :

1. Clarity in relationship
2. Easy to understand at a glance
3. Familiarizing new employees
4. Helps in formulating training programme
5. Helps to organizational change
6. It serves as a better method of visualizing the tone and character of an organisation.

## Limitations

1. Likely to be outdated
2. Rigidity
3. It shows only relationships
4. Shifting of responsibility to somebody else
5. Does not show extents of authority or responsibility.
6. It may go against team spirit
7. It ignores the informal aspects of organization.

## TYPES OF ORGANIZATION

The problem of organization is to select and combine the efforts of men of proper characteristics so as to produce the desired result. Although character and type of organization would depend largely on the size and nature of enterprise, the following broad patterns of organizing the personnel have been evolved.

Line organization	Staff Organisation
Functional Organisation	Line and Staff Organisation
Matrix Organisation	Projectised Organisation

A brief outline about the three basic organization structures are given below

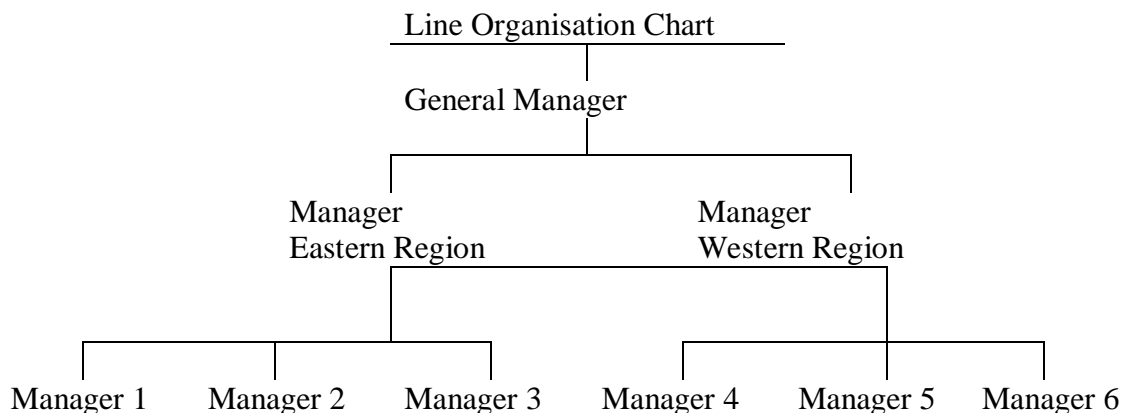
## LINE ORGANISATION

It is the oldest type of organisation in use in which authority flows from the men at the top to the lowest man vertically. i.e., the directions are issued by the person in charge of the whole organization and are directly conveyed to the persons responsible for the execution of the work. The advantages of this structure are:

- Simple to understand and develop.
- Clear-cut division of authority and responsibility is possible
- Discipline can be easily maintained.
- It makes for quick action

However, this structure has following shortcomings:

- Makes the organization more rigid and inflexible
- Lack of expert advice may be there.
- Key man are loaded heavily.
- Loss of one or two capable men may mar the organisation.



## LINE AND STAFF ORGNISATION

A manager today cannot hope to think of all possible factors in a given situation. Therefore, he hs a set of expert advisers. Those functions which have direct responsibility for accomplishing the major objectives of the firm are called line functions. The staff functions are supposed to help and assist the line in discharging their responsibility. The staff position established as a measure of support for the line organization may be of personal staff, specialised staff and general staff. This form has certain advantages and limitations. They are

It is based planned specialization

It brings expert knowledge to bear upon management

It provides more opportunity for advancement for able workers.

Limitations:

Relationship between line and staff member may creates confusion.

Lack of authority may affect the interest of the staff member.

Prestige and influence of line member ay suffer in front of specialist.

## FUNCTIONAL ORGANISATION

Here the whole task of management and direction of subordinates should be divided according to the type of the work involved. The functional management carries this idea to its logical limit and divides up management into a number of functions such as production, sales, finance and personae, and research and development etc. Each of these departments would serve its best for the organization. Its advantages are;

It ensures a greater division of labour

It Improves the efficiency of the organization.

It brings specialization and innovations.

It facilitates mass productin.

However, it has certain limitations as given below;

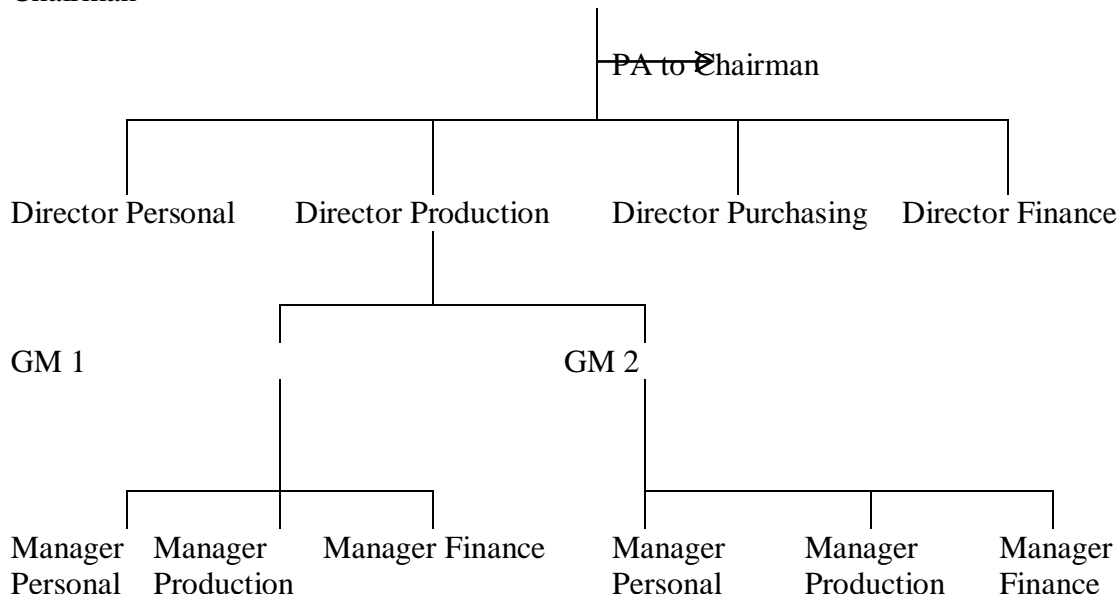
Strict enforcement of discipline is questionable.

Creates complexity in structuring activities.

Responsibility cannot be fixed effectively.

A model of line staff and functional organization structure is given below.

Chairman



## **FORMAL ORGANISATION**

“A Network of personal and social relation not established or required by the formal organization but arising spontaneously as people associate with one another.”

### Types of informal groups

1. Social overlays
2. Functional overlays
3. Decision overlays
4. Power overlays
5. Communication overlays

### Benefits

1. Sense of belonging
2. Safety value for emotional problem
3. Aid to the job
4. Breeding ground for innovation and originality
5. Important channel of communication
6. Social control
7. Check of authority
8. Self – policing
9. Fills gaps in a managers abilities
10. Gives the managers feedback about employees and their work experience

### Limitations

1. Resistance to change
2. Suboptimization
3. Rumor
4. Group think philosophy
- 5.

## **INFORMAL ORGANIZATION**

The **informal organization** is the interlocking social structure that governs how people work together in practice. It is the aggregate of behaviors, interactions, norms, personal and professional connections through which work gets done and relationships are built among people who share a common organizational affiliation or cluster of affiliations. It consists of a dynamic set of personal relationships, social networks, communities of common interest, and emotional sources of motivation. The informal organization evolves organically and spontaneously in response to changes in the work environment, the flux of people through its porous boundaries, and the complex social dynamics of its members.

### **Characteristics of the informal organization:**

- evolving constantly
- grass roots
- dynamic and responsive
- excellent at motivation
- requires insider knowledge to be seen
- treats people as individuals
- flat and fluid
- cohered by trust and reciprocity

- difficult to pin down
- essential for situations that change quickly or are not yet fully understood

## **AUTHORITY AND RESPONSIBILITY**

Authority is the basis of organization in as much as organization is described as a system of authority relationships. Authority is the power to command others to act in a manner deemed by the possessor of the authority to further enterprise or departmental purpose. It is the power to make decisions which guide the actions of others. The person who makes the decisions is the superior and the person who accepts them and is guided by them is called one subordinate.

Authority is the right to give orders and the power to exact obedience.

- HENRI FAYOL

Authority may be of formal authority, acceptance authority, authority of situation, position authority, and technical authority.

	<b>Authority</b>	<b>Power</b>
1	It is the institutionalized right of a superior to command and compel his subordinates to perform a certain act.	It is the ability of a person to influence another person to perform an act.
2	It rests in the chair	It rests in the person
3	It is delegated	It is earned by own efforts
4	It is well defined	It is undefined
5	It is what exists in the eye It is a de jure concept	It exists in fact. It is de facto concept
6	Basis for formal organization	Basis for informal organ

Responsibility is an obligation of the individual to perform assigned duties to the best of his ability under the direction of his executive leader.

- KEITH DAVIS

Responsibility refers to duty, activity or sometimes even authority. It really means that the obligation of a subordinate to perform the duty assigned to him. The essence of responsibility is, then obligation. In the normal functioning of an enterprise much of the responsibility is in the nature of continuing obligation which means that the subordinate has an obligation to discharge his functions as required by the superior continually. Responsibility involves Compliance, obedience and Dependability. A failure to observe these elements may call forth a penalty, punishment or disciplinary action against the erring subordinate.

The term accountability can also be used as a substitute for responsibility. Accountability refers to the liability of a subordinate for a proper discharge of his functions. It includes responsibility and arises from it. But accountability cannot be delegated. Thus to be accountable is to be answerable for the fulfillment or non-fulfillment of the authority or responsibility assigned.

## **DELEGATION**



To delegate means to grant or confer. Delegation means conferring authority from one manager to organizational unit to another in order to accomplish particular assignments. Delegation determines the effectiveness of the manager in his work. The way in which delegation will influence the relationship between the subordinate and his superior and through it the performance of the subordinate. In the absence of delegation, he may receive orders from many people and may, therefore, be unsure of his job.

### **ELEMENTS OF DELEGATION**

The process of delegation involves three basic actions whether expressed or implied. They are  
The delegator should assign duties to subordinates.

He has to grant authority to subordinates to the delegated part of his work.

Delegation should create obligation on the part of subordinate to complete the job.

Merits

1. Relieves manager's workload.
2. Leads to better decisions.
3. Speed up decision – builds up morale.
4. Train subordinates and
5. Helps to create formal organization structure.

### **BARRIERS TO DELEGATION.**

On the manager's side:

1. Fear of loss of power
2. Lack of confidence in subordinates.
3. Fear of being exposed.
4. Difficulty in briefing.

On the subordinates side:

1. Fear of criticism
2. Lack of adequate information
3. Lack of self confidence and initiative and resources.
4. No positive personal gain.

### **STEPS IN DELEGATION**

The entire process of delegation of authority can be completed through the following steps.

Determination of results protected.

Assignment of duties.

Authorization for action.

Creation of obligation.

### **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. Place available etc.

## **DECENTRALIZATION**

It is the situation which exists as a result of systematic delegation of authority through out the organization.

The term decentralization carries different meanings to different people.

Decentralization is an extension of delegation.

Decentralization implies a systematic delegation of authority through out the whole organization.

### **WHY DECENTRALIZATION?**

Large companies having independent product or service lines may adopt a form of decentralization.

Under decentralization the whole organization is divided in to self-sufficient divisions.

Having experienced many difficulties in the smooth running of such centralizes organizations, decentralizations of authority has been suggested and largely resorted to particularly to achieve the following purposes.

- Easing burden of chief executive.
- Facilitating diversification,
- Providing product of market emphasis.
- Developing managers and
- Improving motivation.

### **ADVANTAGES OF DECENTRALIZATION**

- Decentralization leads to specialization.
- Encourages decision making and assumption of authority and responsibility.
- Decentralization makes the sub – ordinates to work with involvement
- Facilitates diversification in large scale.
- Promote the development of general managers.
- Aids in adoption of fast changing Environment.

### **DISADVANTAGES OF DECENTRALIZATION**

- Makes it more difficult to have a uniform policy.
- Decentralization leads to problem in co – ordination.
- May be limited to External forces.
- Leads to increase in cost.
- May some time leads to mis-use of power in high levels.
- Leads to expenses in training a manager.
- May be limited by the availability of qualified managers.

### **DELEGATION Vs DECENTRALIZATION**

1. Delegation is the process while decentralization is the end result.
2. Superior is responsible for delegation where as in decentralization subordinates are responsible.
3. Delegation is vital and decentralization is optional.

## **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.

### **Departmentation by different strategies**

- **Functional departmentalization** - Grouping activities by functions performed. Activities can be grouped according to function (work being done) to pursue economies of scale by placing employees with shared skills and knowledge into departments for example human resources, IT, accounting, manufacturing, logistics, and engineering. Functional departmentalization can be used in all types of organizations.
- **Product departmentalization** - Grouping activities by product line. Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager. Each major product area in the corporation is under the authority of a senior manager who is specialist in, and is responsible for, everything related to the product line. LA Gear is an example of company that uses product departmentalization. Its structure is based on its varied product lines which include women's footwear, children's footwear and men's' footwear.
- **Customer departmentalization** - Grouping activities on the basis of common customers or types of customers. Jobs may be grouped according to the type of customer served by the organization. The assumption is that customers in each department have a common set of problems and needs that can best be met by specialists. The sales activities in an office supply firm can be broken down into three departments that serve retail, wholesale and government accounts.
- **Geographic departmentalization** - Grouping activities on the basis of territory. If an organization's customers are geographically dispersed, it can group jobs based on geography. For example, the organization structure of Coca-Cola has reflected the company's operation in two broad geographic areas – the North American sector and the international sector, which includes the Pacific Rim, the European Community, Northeast Europe, Africa and Latin America groups.

- **Process departmentalization** - Grouping activities on the basis of product or service or customer flow. Because each process requires different skills, process departmentalization allows homogenous activities to be categorized. For example, the applicants might need to go through several departments namely validation, licensing and treasury, before receiving the driver's license.

### **Staffing Definition**

"Staffing is the function by which managers build an organization through the recruitment, selection, and development of individuals as capable employees"

- McFarland

### **Importance of Staffing**

- Filling the Organisational positions
- Developing competencies to challenges
- Retaining personnel - professionalism
- Optimum utilisation of the human resources

### **Steps involved in staffing process**

1. Analyzing Manpower requirements
2. Recruitment
3. Selection
4. Placement
5. Training and Development
6. Performance Appraisal

### **Selection:**

The process of interviewing and evaluating candidates for a specific job and selecting an individual for employment based on certain criteria. Employee selection can range from a very simple process to a very complicated process depending on the firm hiring and the position. Certain employment laws such as anti-discrimination laws must be obeyed during employee selection.

### **Steps involved in selection process**

- Preliminary Interviews
- Application blanks
- Written Tests
- Employment Interviews
- Medical examination
- Appointment Letter

### **HRD**

Human Resources Development (HRD) as a theory is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement. Adam Smith states, "The capacities of individuals depended on their access to education". The same statement applies to organizations themselves, but it requires a much broader field to cover both areas.

### **Need/Importance of HRD**

- Growth of organization
- Development of work culture

- Developing potentialities
- Growth of employees
- 

### **Managerial effectiveness:**

Managerial effectiveness is gauged by the results a leader achieves. Results are generally believed to be influenced by the organization's established culture. A good leader must adapt to the organization's culture and make sure her skills are aligned with organizational goals in order to achieve positive results.

### **Definition:**

The degrees to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing."

# Unit-IV

## Direction

Direction is instructing the subordinates to follow a certain process to attain a give objectives. It is getting the work done through instructions and orders. It is the function of diversion in the management process to get the work from the subordinates by means of guiding, motivation, communication, supervising, leading and if need be commanding.

It is sum of total of managerial efforts that is applied for guiding and inspiring the working teams to make better accomplishments in the organization.

It is the heart and soul of management.

### PROCESS OF DIRECTION

1. Defining the objectives.
2. Organizing the efforts.
3. Measuring the work.
4. Developing the people.

Ever manager in the organization gives direction to his subordinates as superior and receives direction s subordinate from his superior.

Direction may be defined as the function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organization objective. The direction is not merely issuing orders and instructions by a superior to his subordinates, but is includes the process of guiding and inspiring them. The analysis of definition reveals that direction function consist of three elements.

- Motivation
- Leadership
- Communication

Direction has the following characteristics

- Direction is an important managerial function. Through direction management can initiates actions in the organization.
- Direction function is performed at every level of management.
- Direction is a continuous process and it continuous through out the life of the organization.
- Direction initiates at the top level in the organization follows and bottom through there hierarchy. It emphasizes that a subordinates is to be directed by his own superior only.

### SCOPE OF DIRECTION

The importance of direction function in the organization can be presented as follows.

- Direction initiates action.
- Direction integrates employees efforts.
- Direction attempts to get maximum out of individuals.
- Direction facilitates charges in the organization.
- Direction provides stability and balance in the organization.

**Human factors in managing:**

The individual involved the needs and objectives that are especially important to them.

**Multiplicity of roles:**

Individual are not only the productive factor in management plans. They are members of social system of many organizations.

**Individuality:**

Each individual is unique they have different needs, different ambitions, different attitude, different desires for responsibility.

**Personal dignity:**

Managing implies achieving enterprise objectives achieving result are important at the same time the means of achieving it should not violate the dignity of people.

**Creativity and innovation:**

**Creativity** refers to the invention or origination of any new thing (a product, solution, artwork, literary work, joke, etc.) that has value. "New" may refer to the individual creator or the society or domain within which novelty occurs. "Valuable", similarly, may be defined in a variety of ways

**Creative process**

- Incubation
- Convergent and Divergent thinking
- Creative Cognition Approach
- The Explicit-Implicit Interaction

Innovation:

**Innovation** is the development of new customer value through solutions that meet new needs, unarticulated needs, or old customer and market needs in new ways. This is accomplished through different or more effective products, processes, services, technologies, or ideas that are readily available to markets, governments, and society. Innovation differs from invention in that innovation refers to the use of a better and, as a result, novel idea or method, whereas invention refers more directly to the creation of the idea or method itself. Innovation differs from improvement in that innovation refers to the notion of doing something different

**LEADERSHIP**

**Leadership** has been described as "a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task". Other in-depth definitions of leadership have also emerged.

**Types of leadership style:**

- Autocratic or authoritarian style
- Participative or democratic style
- Laissez-faire or free-rein style
- Narcissistic leadership

## MOTIVATION

Motivation is an art of stimulating someone or oneself or oneself to get designed course of action, to push the right button to get desire action. Motivation is an act of inducement.

Motivation —————> Results —————> Satisfaction

M = is a drive to satisfy a want  
S = is experienced when the outcome has been achieved.

The basic principle of motivation is based upon the following policy i.e., carrot or stick policy. “Put a carrot in front of donkey to make it move or Jab his with a stick being.”

## THEORIES OF MOTIVATION& TECHNIQUES:

Management experts have formulated different theories on motivation at different dimensions. They are :

1. Maslow’s theory of motivation.
2. Herzberg’s theory
3. Mcgegor’s theory
4. Vrooms theory.

Need hierarchy theory: Abraham Maslow’s book on motivation and personality emphasizes multiplicity of human needs are arranged in an order.

- \* Physiological needs
- \* Safety needs
- \* Social needs
- \* Esteem needs
- \* Self actualization.

The first two sets of needs are called Lower order needs (1,2)

The other sets of needs are called Higher order needs (3,4)

According to him when one needs fulfils another need will emerge automatically. While going for achieving the particular need, people like to give priority to the pressing needs first and the rest in next.

### Short – coming of Maslow’s theory are:

- Order cannot be regarded as rigid.
- No indication regarding satisfaction of needs.
- It may not have universal applicatibility.
- Motivation is piecemeal exercise by means of splitting of human needs.

## HERZBERGS’ THEORY

According to Herzberg, factors that give real satisfaction to an individual are motiators. He classified the factors in to two viz,

Factors that prevent dissatisfaction - Hygiene factors.



	<b>Maintenance factors</b>	<b>Motivators</b>
1.	Fair co policy and administration	Opportunity to accomplish something significant.
2.	Supervisor knows the work	Recongnition.
3.	Supervisors relationship	Chance for development
4.	Peers relationship	Opportunity to grow
5.	Fair salary	Chance for increased responsibility
6.	Job security	The job inself
7.	Subordinates relationship	
8.	Personal life	
9.	Status	
10.	Good working condition	

Needs priority, to a great extent, characterizes the types of behavior. It will be either directed towards achieving certain desirable positive goals, or conversely, towards avoiding other undesirable negative consequences. Thus, a question may arise as to what variables are perceived to be desirable goals to achieve and conversely undesirable conditions to avoid. In this connection a research study was conducted by Frederick. Herzbergl of Case-Western reserve University and associates. This study consisted of an intensive analysis of the experiences and feeling of 200 Engineers and accountants in 9 different companies in Pittsbrug area, U.S.A. During the structured interview. They were agreed to desirable a few previous job experience in which they felt exceptionally good or exceptionally bad about jobs. They were also agreed to rate the degree to which their feelings were influenced for better or worse by each experience which they described.

In concluding the information from the interview, Herzberg concluded that there were two categories of needs essentially independent of each other affecting behavior indifferent ways. His findings are that there are some job conditions which operate primarily to dis-satisfy employees when the conditions are absent, their presence does not motivate them in a strong way. Another set of job conditions operates primarily to build strong motivation and high job satisfaction, but their absence carely proves strongly dissatisfying. The first 80 job conditions has refused to as maintain or hygiene factors and second set job conditions as motivational factors.

## **HYGIENE FACTORS**

According to Herzberg there are 10 maintenance or hygiene factors. They are company policy and Administration technical supervision, inter-personal relationship with supervisors with peers, with subordinates, salary, job security, personal life, working conditions and status. These are not intrinsic part of job but they are related to conditions under which a job is performed. They produce no growth in a worker's output; they only prevent prevent losses in workers performance due to work restrictions. These maintenance factors are necessary to maintain a reasonable level to satisfaction employees; however any cut below this level will dis-satisfactory them. As such these are also called dis-satisfiers since any increase to these factors will not affect employee's level of satisfaction. Hence, these are in no way motivation them.

## **MOTIVATIONAL FACTORS**

These factors are capable of having a positive effort on job satisfaction often resulting in an increasing one's total output. Herzberg includes 6 factors that motivate employees. These are achievement, recognition, advancement work itself, possibility of growth and responsibility. Most of these factors are related with job contents. An increase in these factors will satisfy the employees;

however, any decrease will not affect their level of satisfaction. Since, the increase level of satisfaction in the employees can be used in motivating them for higher output. Herzberg maintains that potency to various factors is not entirely a function to factors themselves. It is also influenced by the personality characteristics to the individuals. From this point of view, individuals may be classified into two parts. Motivation seekers, maintenance seekers. The motivation seekers generally are individuals who are primarily motivated by the satisfiers such as advancement, achievement and other factors associated with work itself. On the other-hand, the maintenance seekers tend to be more concerned with factors surrounding the job such as supervision; working conditions, pay etc.

The shortcomings of Herzberg's theory are:

1. Infact job satisfaction and dis-satisfaction are two opposite points on a single continuum Individuals on the job are affected by any change either in the job environment or in the job content.
2. Herzberg model is method bound and a number of other methods used for similar study have shown different results not supporting his contentions other the theory has limitation is general acceptability.
3. This theory does not attach much importance to pay, status, or inter-personal relationships which are help generally as important contents of satisfaction.

#### Comparison of maslows and herzberg theory

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<b>MASLOW'S NEED THEORY</b>		<b>HERZBERG THEORY</b>	
1.	Self actualization	M O T I V	Challenging work, achievement, growth in the job.
2.	Esteem or status	A T O R	Responsibility, Advancement and recognition
3.	Social needs	M A I N	Status, Interpersonal, working conditions.
5.	Physiological needs	N T E N A N C E	Job security, salary

#### **MC GREGORE'S THEORY**

Prof. Douglas Mc. Gregore has introduced a fresh dimension in the discussion on theories relating to motivation. He has classified the prevalent theories into two groups viz.,

1. Traditional or X theory and
2. Modern or y theory.

### **Traditional or X theory.**

It completely excludes workers from the process of managerial decision making the theory stress that would here only when forced to do so through ruthless exercise of managerial authority over them through constant rebuking scolding reprimanding. Decisions whether right or wrong have to be made by managers only, the only rule assigned to workers being to mainly incline the decision.

### **Assumptions of X theory**

1. Lack of inclination to work.
2. Fear can alone force action.
3. Inbuilt dislike for responsibility
4. Living – off others.
5. Obsession with security.
6. Money alone can make the people to work.
7. Labour is only a factor of production.
8. Authority is synonymous with control.

### **Modern theory or Y theory**

It is the exact opposite of x theory, it gives workers a pride of place in the process of management. It emphasis fuel and active cooperation, between workers and management to accomplish the enterprise objectives as per theory if workers are properly matured, they would willingly accept responsibility and show the sense of creativity and imagination in their work performance. It can be said to be positive and optimistic outlook.

### **Assumptions of Y theory**

1. Work is reward in itself
2. Inherent sense of responsibility
3. Recongnition.
4. Sense of security.
5. Financial reward is not the only inspiration.
6. Decision – making ability is not the monopoly
7. Democratically inclined

## **GROUP DYNAMICS**

Essentially dynamics is a branch of physics which means any matter in motion. It also means a moral force that produce activity or change. Group dynamics means the action of a group engaged in a common endeavor. The world dynamics comes from the Greek work meaning force. The phrase Group Dynamics thus means a study of cohesive and disruptive force operating within a group.

The importance of group dynamic to a manager lies in the fact that many people tent to behave differently as individual and member of a group. The manager must thus study them both as individual and as group, as these are two interrelated elements of a motivational situation. The group dynamic will be structured around the three key element such as basic element of group behaviour, group cohesiveness and the group structure.

The three basic elements which generally of use in understanding the behavior of a group are activities, interactions and sentiments. Group cohesiveness refers to the degree to which its members are attracted to the group, are motivated to remain in the group, and mutually influence on another. Highly cohesive groups are more likely to conform to group pressures than are members of low-cohesive groups. Group structure if meant that the nature and characteristics of the interrelationships among the members of a group and the roles they play in it.

## THE EXPECTANCY THEORY OF MOTIVATION – VICTOR H. VROOM

People will be motivated to do things to reach a goal if they believe in the worth of that goal and if they can see that what they do will help them in achieve it.

Vroom makes the point that motivate is a product of the anticipated worth that an individual places on a goal and the chances the or she sees of achieving that goal. He states that:

$$\text{FORCE} = \text{VALENCE} * \text{EXPECTANCY}$$

Force = Strength of the person motivation.

Valence = Strength of an individual preference for an outcome.

Expectancy = Probability that a particular action will lead to a desired outcomes.

Basic concepts of the theory are :

1. First and second level outcomes.
2. Instrumentality
3. Expectancy
4. Motivation.

Motivation is the multiplicative function of the valence for each first level outcome ( $V_i$ ) and the believed expectancy ( $E$ ) that a given effort will be followed by a particular first level outcome.

Merits of Vrooms Theory are:

1. It recognizes the importance of various individual needs and motivations.
2. It fits the concept of harmony of objectives
3. It is completely consistent with the system of management by objectives.

Demerits of Vrooms Theory are

1. Perception of value vary among individuals at different times and in various places.
2. Difficulty to apply the practice.

## THE PORTER AND LAWLER MODEL

Lyman W Porter and Edward Lawler III derived a substantially more complete model of motivation.

The strength of motivation and energy exected = value of reward + amount of energy required + probability of receiving reward.

Motivation is an extremely significant subject for managers get work done through others. Important characteristics of motivation are individual differ in their motivation, individuals are unaware of motivation sometimes, motivation may change and vary, motivation is a complex one. Maslow, Herzberg, Mc Gregore, V Room and Porter and Lawler are some the important writers on motivation.

### Job enrichment

**Job enrichment** is an attempt to motivate employees by giving them the opportunity to use the range of their abilities. It is an idea that was developed by the American psychologist Frederick Herzberg in the 1950s. It can be contrasted to job enlargement which simply increases the number of tasks without changing the challenge. As such job enrichment has been described as 'vertical loading' of a job, while job enlargement is 'horizontal loading'. An enriched job should ideally contain:

- A range of tasks and challenges of varying difficulties (Physical or Mental)
- A complete unit of work - a meaningful task
- Feedback, encouragement and communication

## COMMUNICATION

The word communication originates from the latin word “communis” denoting common. It involves imparting a common idea or understanding and covers any type of behavior resulting in an exchange of facts, ideas, opinions, or emotions by two or more persons.

Management tasks of planning, directing, coordinating and motivation can be carried out by the process of receiving issuing recording and interpreting.

The information of facts and figures related to the varied aspects of business activities necessarily implies transmission of information intended to convey the idea of what is desired or required to be done. This would necessitate determination of information to link all the levels and enable the concerned officers and operative to act upon such information. This process of transmitting information as between different levels of authority and among the officers at the same level is called communication.

- Louise Allen

## CHARACTERISTICS OF COMMUNICATION

1. Giving information on matters regarding things done or to be done.
2. Receiving information on matters of actions expedited or yet to be expedited
3. Creating understanding in others about their responsibility and position and prospects of a situation concerning them.
4. Making others listen attentively to the facts, figures, views, opinions under transmissions.
5. Identifying the common intentions and interest by interaction of views through channels of communications.

## ESSENTIALS OR PRINCIPLES OF GOOD COMMUNICATION

1. Principle of clarity - It must give clear message in simple words and easily understandable form.
2. Principle of attention -
3. Principle of adequacy - It should be consistent with plans, policies program and objective of the enterprise.
4. Principle of adequacy - It must be a complete one.
5. Principle of time - It should be given at proper time.
6. Principle of integration - It should ensure cooperation at all levels.
7. Principle of informality
8. Principle of feedback - Communication must be a two way traffic message policies, programs, direction, opinions etc are communicated downward Grievances, complaints and suggestions etc are communicated upward.

## TYPES OF COMMUNICATION

On the basis of nature of passing information

- Formal communication

- Informal communication

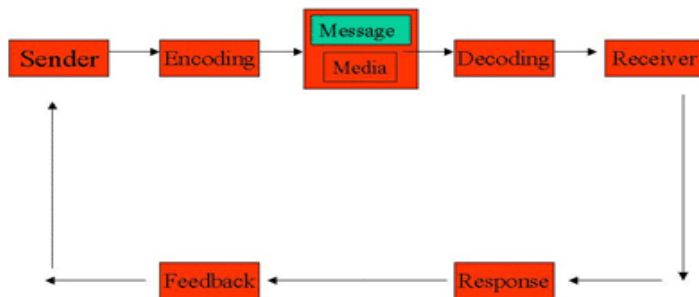
On the basis of direction i.e. flow of message :

On the basis of mode of operation

- Oral communication
- Written communication
- Gesture communication

### Communication process:

Communication is a process of exchanging verbal and non verbal messages. It is a continuous process. Pre-requisite of communication is a message. This message must be conveyed through some medium to the recipient. It is essential that this message must be understood by the recipient in same terms as intended by the sender. He must respond within a time frame. Thus, communication is a two way process and is incomplete without a feedback from the recipient to the sender on how well the message is understood by him.



## BARRIERS IN COMMUNICATION

There might be a number of such barriers impeding the flow of communication in the organization. This may be classified as

- (i) External
- (ii) Organizational,
- (iii) Personal factors.

### EXTERNAL BARRIERS

Barriers to communication may be either external to the parties involved or they might be internal to them.

#### 1. Semantic barriers :

Semantic barriers are obstruction caused in the process of receiving or understanding of the message during the process of encoding and decoding ideas and words.

- Badly expressed message.
- Faulty translations
- Un-clarified Assumption.

- Specialist's language.

## 2. Emotional or psychological barriers

Emotional or psychological factors are the prime barriers in inter-personal communication. The meaning ascribed to a message depends upon the emotional or psychological status of both the parties involved.

- Premature evaluation.
- Inattention
- Loss by transmission and poor retention.
- Undue reliance on the return word.
- Distrust of communicator.
- Failure to communicate.

## 3. Organizational barriers :

An organization being a deliberate creation for the attainment of certain specified objectives, day-to-day happening within it requires being regulated in such a manner that they contribute to attain these objectives in the most efficient manner.

- Organizational policy
- Organizational rules and regulations.
- Status relationships.
- Complexity in organization structure
- Organizational facilities.

## 4. Personal barriers :

While the organizational factors discussed above are, no doubt important influences operating on communication, a host of factors internal to the two parties-sender and receiver-to this process also exert important influences on its operation, so communication is basically an inter – personal process.

## **METHODS OF OVERCOMING THE BARRIERS OR EFFECTIVE COMMUNICATION:**

Considering the importance of effective communication in the successful functioning of business organizations, it is essential on the part of the management to overcome these barriers.

1. It is imperative that organizational policy must be clear explicit and encouraging the communication flow so that people at all levels realize the full significance of communication.
2. This policy should also specify the subject matter to be communicated.
3. Though the communication through proper channel is essential for orderly flow of information.
4. Even person in the organization shares the responsibility of good communication.
5. Organization should have adequate facilities for promoting communication.
6. Communication being an inter-personal process, the development of inter-personal relationship based on mutual respects, trust and confidence is essential for its promotion.
7. There should be continuous programme of evaluating the flow of communication in different directions.

Thus communication may be defined as the process of passing information and understanding from one person to another. Communication provides employees both the skill to work and the will to work. It may be formal and informal. Whether it is formal or informal it must be done in a proper manner to serve the purpose. Ideation, encoding, transmission, receiving, decoding and acting are some of important steps in communication process. Badly expressed messages, faulty organization, distrust of the communicator, restricting communication, poor retention, different backgrounds are called as barriers to effective communication.

### **Electronic media in communication:**

Electronic media are media that use electronics or electromechanical energy for the end-user(audience) to access the content. This is in contrast to static media (mainly print media), which today are most often created electronically, but don't require electronics to be accessed by the end-user in the printed form. The primary electronic media sources familiar to the general public are better known as video recordings, audio recordings, multimedia presentations, slide presentations, CD-ROM and online content. Most new media are in the form of digital media. However, electronic media may be in either analog or digital format

- digital video
- computer animation
- website or mobile device
- photographs
- air



# UNIT-V

## CONTROLLING

### CONTROLLING

Control is any process that guide activity towards some predetermined goals. Thus control can be applied in any field such as price control, distribution control pollution control etc. Thus control process tries to find out deviations between planned performance and actual performance and to suggest corrective action wherever these are needed. For example Terry has defined control as follows :

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

Control is checking event performance against pre-determined standards contained in the plans, with a view to ensuring adequate progress and satisfactory performance.

Controlling consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles established. Its object is to point out weakness and errors in order to rectify them and prevent recurrence.

1. Control is forward looking
2. Control is both executive process and from the point of view of the organization of the system, a result
3. Control is a continuous process.
4. A control system is a coordinated – integrated system.

### STEPS IN CONTROLLING

The various steps in control process which are necessary for its relationship to planning. This steps may broadly be classified into four parts.

1. Establishment of control standards
2. Measurement of performance
3. Comparison between performance and standards and the communication and
4. Correction of deviations from standards

(1) Establishment of control standards

Every function in the organizations begins with plans which are goals, objectives or targets to be achieved. In the light of these standards are established which are criteria against which actual results are measured.

(2) Measurement of performance

The second major step in control process is the measurement of performance. The step involves measuring the performance in respect of a work in terms of control standards.

(3) Comparing Actual and Standard Performance

The third major step in control process is the comparison of actual and standard performance. It involves two steps

- finding out the extent of deviations and
- identifying the causes of such deviations.

#### (4) Correction of deviations

This is the last step in the control process which requires that actions should be taken to maintain the desired degree of control in the system or operation.

### **REQUIREMENTS FOR EFFECTIVE CONTROL SYSTEM**

Control is necessary in every organization to ensure that everything is going properly. Every manager, therefore, should have an effective and adequate control system to assist him in making sure that events conform to plans.

In this tailoring of control system, there are certain requirements which should be kept in mind.

#### 1. Reflecting Organizational Needs ;

All control systems and techniques should reflect the jobs they are to perform.

#### 2. Forward Looking :

Control should be forward looking. Though many of the controls are instance, they must focus attention as to how future actions can be conformed with plans.

#### 3. Promptness in Reporting Deviations

The success of a thermostat lies in the fact that it points the deviation promptly and takes corrective actions immediately.

#### 4. Pointing out Exceptions at Critical points :

Control should point exception at critical points and suggest whether action is to be taken for deviations or not.

#### 5. Objectives :

The control should be objective, definite and determinable in a clear and positive way.

#### 6. Flexible

Control system should be flexible so that it remains workable in the case of changed plans, unforeseen circumstances or failures.

#### 7. Economical

Control should be economical and must be worth its costs. Economy is relative since the benefits vary with the importance of the activity, the size of the operation the expense that might be incurred in the absence of control and the contribution the control system can make.

8. Simple

Control system must be simple and understandable so that all managers can use it effectively.

9. Motivating :

Control system should motivate both controller and controlled

10. Reflecting Organizational Pattern:

The control should reflect organizational pattern by focusing attention on positions in organization structure through which deviations are corrected.

## TECHNIQUES OF CONTROL

To control the activities in the organization, managers can use variety of tools and techniques. They are broadly grouped under two heads.

1. Traditional techniques.
2. Modern techniques.

Traditional techniques are those which have long been used by the managers. Some of the important techniques under this heads are budgetary control, financial statement and ratio analysis, auditing, break-even analysis and report writing etc.

“Budgetary control is a process of comparing the actual results with the corresponding budgeting data in order to approve accomplishments or to remedy differences by either adjusting the budget estimates or correcting the cause of the difference.”

- GEORGE R TERRY

The different budgets such as production budget, sales budget, overhead budget, labour budget etc. clearly indicate the limits for expenses and also the results to be achieved in a given period. It ensures effective co-ordination of the work of the entire organization. It promotes co-operation and team spirit among the employees

**Standard Costing** is one of the techniques of cost control and it is being increasingly used by modern business concerns for the purpose of cost reduction and cost control. It involves a comparison of actual with the standards and the discrepancy is called variance.

**Break-even analysis** is useful in planning and control because it emphasize the marginal cost and benefit concept. It helps to make profit estimation at the different levels of activity, ascertaining turnover for desire profit and estimating the impact of the variations of fixed and variable costs. It magnifies a set of relationships of fixed costs, variable cost, price, level of output and sales mix to the profitability of the organization.

**Financial statement analysis** such as Found Flow analysis, Cash Flow analysis and Ratio analysis help to know the financial performance and financial position of the business unit. The liquidity, profitability and solvency position of the business unit can be ascertained and efforts can be taken to maintain these factors in an optimum proportion,

**Auditing** is the process of investigating financial and other operation of a business establishment. It may be carried out by internal and external members. It helps to scrutinizes the applicability and

relevance of policy, procedure and method which have a tendency to become obsolete. This it helps in choosing a suitable working procedures and methods.

**Adoption of reporting system** helps to analyse a particular problem and to take necessary corrective action over it. Reports may be prepared regarding taxation, legislation and its effect on profit, make or buy decisions, replacement of capital equipment, social pricing analysis etc.

A manager can also exercise effective control over his subordinates by observing them while they are engaging in work. Personal observation helps the managers not only in knowing the workers attitude towards work but also in correcting their work and method, if necessary.

### **MODERN TECHNIQUES**

These are of recent origin, which provide information not readily available with traditional methods. These techniques help to give sharper focus and promise increasingly to improve the quality of control. Program Evaluation Review Technique (PERT) and Critical Path Method (CPM) are two major techniques coming under this head.

**PERT** has been developed by an U.S. Office in 1958 in connection with the Polaris Weapon System and is credited with reduction the completion time of the program by two years. **CPM** has been jointly developed by DUPoint and Remington Rand USA in order to facilitate the control of large, complex industrial projects. These techniques are used to minimize total time, minimize to cost, minimize idle resources etc. It is helpful in solving problems of scheduling the activities of on-time projects. These tools re widely being used in construction industry, planning and launching a new projects, scheduling ship construction etc. It ensures improved management of resources by facilitating better decision making. It aims to have future oriented control mechanism for the organization.

**Management Information System** provides needed information to each manager at the right time, in right form which aids his understanding and stimulate his action. MIS is a refined form of traditional information collection and supply to the organization points.

**Management Audit** is an evaluation of management as a whole. It examine the total managerial process of planning, staffing, directing and controlling. To evaluate the management achievement, the organization plans, policies, procedures, organization structure, system of control personnel relation should be measure with its end results.

- |    |                                      |   |  |
|----|--------------------------------------|---|--|
| 1. | Budgetary control                    | - | Financial performance                            |
| 2. | Cost control                         | - | Cost performance                                 |
| 3. | Production control                   | - | PERT CPM<br>Production, performance, quality     |
| 4. | Inventory control                    | - | Stores function performance                      |
| 5. | Profit & Loss<br>Control ROL control | - | Overall organizational objective<br>performance. |
| 6. | External audit control               | - | Statutory performance                            |
| 7. | Management self audit                | - |  |

# DIRECT CONTROL VERSUS PREVENTIVE CONTROL

## DIRECT CONTROL:

1. Cause of negative Deviations from standards.  
Un certain, Lac of knowledge, experience or judgment
2. Questionable assumptions underlying direct control  
  
Assumption that that performance can be measured  
Assumption that personal responsibility exists  
Assumption that time expenditure if warranted  
Assumption that mistake can be discovered in time  
Assumption that the person responsible will take.  
Corrective steps.

## PREVENTIVE CONTROL

Assumption :

Qualified managers make a minimum of errors.  
Management fundamental can e used to measure performance  
Application of management fundamentals can be evaluated.

Advantages :

1. Greater accuracy
2. Encourage self control
3. Lighten the managerial burden
4. Impressive

Thus control is a very important process through which managers ensure that actual activities confirm to planned activities. It is mainly used to measure progress, to uncover deviations and to indicate corrective action.

## IT IN CONTROLLING TECHNIQUE

Students will be familiar with the principles of stock management from the AS level studies. Increasingly, businesses use real time data from EPOS, on-line stores and electronic sales ledgers to drive their re-order processes.

**EDI** (Electronic Data Interchange) facilitates exchange of orders between different businesses and allows **Just In Time** stock ordering. Other businesses place orders electronically once production schedules have been set for the next period.

**CAD/CAM** - Computer Aided Design/Computer Aided Manufacture

Computer Aided Design and Computer Aided Manufacture are two systems that tend to work together.

Computer Aided Design helps design products on computers, rather than having to create endless drawings. The system can create realistic 3D images of the finished product.

CAD also allows virtual testing of the product before it is actually made, dramatically reducing lead times and minimising waste in new product development.

As CAD acts together with CAM, its outputs are designed to optimise designs for efficient manufacture with CAM systems.

CAM uses computers to control tooling such as CNC and other robotised machinery. Benefits would be expected to include; improved quality, reduced wastage, faster production and less reliance on labour, in other words, it is more capital intensive. In many cases, CAM facilitates the manufacture of designs that would have been impossible without this technology.

### **Project management**

The key Project Management tool that appears in A-level Business Studies is Critical Path Analysis (CPA), also known as Network Analysis – see separate Tutor2U revision note for details of CPA.

Project Planning software, such as Microsoft Project, allows project managers to enter tasks, lead times, dependencies and staff skills and availability, even allowing for holiday, and the system will produce an optimised work schedule. Any student who has attempted to produce even a simple CPA will appreciate how helpful such a software package would be!

The system produces regular reports for project managers to check progress and take any corrective action. Networked versions enable different people to query the system and keep it up to date

The economic merits of applying computers in information storage, retrieval and dissemination have usually been considered with respect only to the cost of operating the information services concerned. This has tended to indicate that computer use is economically justified mainly for housekeeping operations in the larger scale organizations.

### **PRODUCTIVITY:**

A measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. Productivity is computed by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel) consumed in that period. Productivity is a critical determinant of cost efficiency.

Labour productivity

$$\frac{\text{Total output in a given time period}}{\text{Quantity of labour employed}} = \text{Output per worker}$$

**Capital productivity**

$$\frac{\text{Total output in a given time period}}{\text{Quantity or Value of Capital employed}} = \text{Output per capital input}$$

## PROBLEM AND MANAGEMENT:

The majority of problem behaviors which we identify in shelter dogs are normal canine behaviors-behaviors that are not any different than we see in owned dogs. The difference with shelter dogs is that in many cases no one has shown them alternative, more acceptable behavior.

In this section, you will find recommendations for training and management of common shelter dog behavior problems. Our goal is to teach every dog a new way of thinking and acting when they are in a situation where they would typically exhibit a problem behavior. For instance, when jumpy mouthy dogs see people, they will learn to sit to get the attention they want, rather than jumping up.

While saving the lives is our primary goal, it is also important to make sure dogs do not harm other dogs or people. It is recommended that organizations carefully evaluate the risks in each case in order to determine whether or not to start a behavior modification plan.

Before you implement a behavior modification program, determine whether your shelter has the capacity to manage the issue or not. Requirements to consider before you decide to manage a behavior problem

Provide basic care (food, water, shelter, cleaning) to every animal

- Maintain and/or improve physical health
- Maintain and/or improve behavioral health
- Evaluate dog behavior
- Follow and adhere to behavior modification plans
- Continue to provide care and training until a home is found
- Find a home for the dog (would people in your community want to take a dog with this problem home?)
- Provide adoption counseling
- Provide post- adoption follow-up support

If your organization does NOT have the capacity to meet the dog's needs, it is worthwhile to determine whether other organizations might be in a better position to help.

For a step by step guide to managing a behavioral problem, please click on a problem listed below.

Planning and control are increasingly being treated as an interrelated system. Along with techniques for partial control, control devices have been developed for measuring the overall performance of an enterprise or an integrated division or project within it “ against total goals.

There are many reasons for control of overall performance. In the first place as overall planning must apply to enterprise or major division goals so must overall controls be applied to the enterprise. In the second place, decentralization of authority “ especially in product or territorial divisions creates semi-independent units and these must be subjected to overall controls to avoid the chaos of complete independence. In the third place, overall controls permit measuring an integrated area manager’s total effort, rather than parts of it.

Many overall controls in business are, as one might expect, financial. Business owes its continued existence to profit-making; its capital resources are a scarce; life-giving element. Since finance is the binding force of business, financial controls are certainly an important objective gauge of the success of plans.

Financial measurements also summarize as a common denominator of the operation of a number of plans. Further, they accurately indicate total expenditure of resources in reaching goals. This is true in all forms of enterprise. Although the purpose of an educational or government enterprise is not to make monetary profits, any responsible manager must have some way of knowing what goal achievement

has cost in terms of resources. Proper accounting is important not only for business but for government as well. Professor Anthony at Harvard points out that in government, accounting often hides important facts. As a result several cities, including New York, were nearly bankrupt before their financial conditions became clear

### **BUDGET REPORTING:**

Budget reports are financial documentation reports that provide informational data in terms of the company's truthful and honest financial standing. The report is written by someone in the business, such as an accountant, who knows the business' financial details. Documents, such as income statements and receipts, are often used to compose the information in the report

### **LIBERALIZATION:**

The removal of or reduction in the trade practices that thwart free flow of goods and services from one nation to another. It includes dismantling of tariff (such as duties, surcharges, and export subsidies) as well as non tariff barriers (such as licensing regulations, quotas

Globalization is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. In particular, advance

In transportation and telecommunications infrastructure, including the rise of the Internet, are major factors in globalization and precipitate further interdependence of economic and cultural activities.