

Govt. Polytechnic for Women, Sirsa

Topic: Principals of Management

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MANAGEMENT

The term administration is used for non-business activities, and management is used for business activities.Management involves "thinking" and administration involves "doing". Management is responsible for planning and organizing, and administration is responsible for directing and controlling.

Definitions:

- According to [Henri Fayol](#), "to manage is to forecast and to plan, to organise, to command, to co-ordinate and to control."^[1]
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- [Fredmund Malik](#) defines it as "the transformation of resources into utility."
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- Management included as one of the factors of production – along with machines, materials and money.
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- [Ghislain Deslandes](#) defines it as “a vulnerable force, under pressure to achieve results and endowed with the triple power of constraint, imitation and imagination, operating on subjective, interpersonal, institutional and environmental levels”.
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- [Peter Drucker](#) (1909–2005) saw the basic task of management as twofold: [marketing](#) and [innovation](#). Nevertheless, innovation is also linked to marketing (product innovation is a central strategic marketing issue). Peter Drucker identifies marketing as a key essence for business success, but management and marketing are generally understood as two different branches of business administration knowledge.

Features of Management

1. Continuous and Never Ending Process.
2. Art of Getting Work Done from People.
3. Is Result-Oriented.
4. Multidisciplinary in Nature.
5. Group and Not an Individual Activity.
6. Follows Established Principles or Rules.
7. Aided but Not Replaced by Computers.
8. Situational in Nature.
9. Separate from Ownership.
10. Both an Art as well as a Science.
11. Is All Pervasive.
12. Intangible but its Impact is Felt.
13. Uses a Professional Approach in Work.
14. Dynamic in Nature.

Principles of Management

The Principles of Management are the essential, underlying factors that form the foundations of successful management. According to **Henri Fayol** in his book *General and Industrial Management* (1916), there are fourteen 'Principles of Management'.

1. **Division of Work** - According to this principle the whole work is divided into small tasks. The specialization of the workforce according to the skills of a person, creating specific personal and professional development within the labour force and therefore increasing productivity; leads to specialization which increases the efficiency of labour.
2. **Authority and Responsibility** - This is the issue of commands followed by responsibility for their consequences. Authority means the right of a superior to give enhance order to his subordinates; responsibility means obligation for performance.
3. **Discipline** - It is obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.
4. **Unity of Command** - This principle states that each subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict.
5. **Unity of Direction** - All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.
6. **Subordination of Individual Interest to Mutual Interest** - The management must put aside personal considerations and put company objectives firstly. Therefore the interests of goals of the organization must prevail over the personal interests of individuals.
7. **Remuneration** - Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity. The quantum and methods of remuneration payable should be fair, reasonable and rewarding of effort.
8. **The Degree of Centralization** - The amount of power wielded with the central management depends on company size. Centralization implies the concentration of decision making authority at the top management.
9. **Line of Authority/Scalar Chain** - This refers to the chain of superiors ranging from top management to the lowest rank. The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels.
10. **Order** - Social order ensures the fluid operation of a company through authoritative procedure. Material order ensures safety and efficiency in the workplace. Order should be acceptable and under the rules of the company.
11. **Equity** - Employees must be treated kindly, and justice must be enacted to ensure a just workplace. Managers should be fair and impartial when dealing with employees, giving equal attention towards all employees.
12. **Stability of Tenure of Personnel** - Stability of tenure of personnel is a principle stating that in order for an organization to run smoothly, personnel (especially managerial personnel) must not frequently enter and exit the organization.
13. **Initiative** - Using the initiative of employees can add strength and new ideas to an organization. Initiative on the part of employees is a source of strength for organization because it provides new and better ideas. Employees are likely to take greater interest in the functioning of the organization.
14. **Esprit de Corps/Team Spirit** - This refers to the need of managers to ensure and develop morale in the workplace; individually and communally. Team spirit helps develop an atmosphere of mutual trust and understanding. Team spirit helps to finish the task on time.

Functions of Management

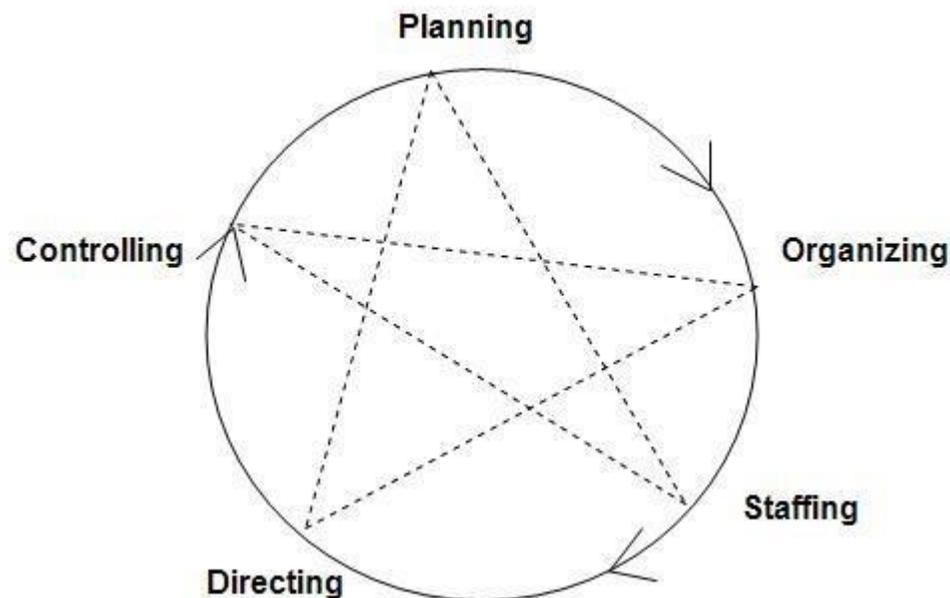
Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to *George & Jerry*, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”.

According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas Luther Gullick has given a keyword ‘**POSDCORB**’ where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O’DONNELL

i.e. **Planning, Organizing, Staffing, Directing and Controlling**.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.



1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance - what to do, when to do &

how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

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

3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O’Donell, “Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”. Staffing involves:

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

4. Directing

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

- Supervision
- Motivation

- [Leadership](#)
- [Communication](#)

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5. [Controlling](#)

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to *Theo Haimann*, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”. According to Koontz & O’Donell “Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”. Therefore controlling has following steps:

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

Management Process

Management is a systematic way of doing things. We [refer to management](#) as a process to emphasize that all managers, irrespective of their aptitude or skill, engage in some inter-related functions in order to achieve their desired goals.

Four Basic Functions of Management Process are;

1. [Planning](#) and decision making
2. Organizing
3. Leading
4. Controlling



1. Planning and Decision Making: **Determining Courses of Action**

Looking ahead into the future and predict possible trends or occurrences which are likely to influence the working situation is the most vital quality as well as the job of a manager.

Planning means setting an organization's goal and deciding how best to achieve them. Planning is decision making, regarding the goals and setting the future course of action from a set of alternatives to reach them.

The plan helps to maintain the managerial effectiveness as it works as a guide to the personnel for the future activities. Selecting goals as well as the paths to achieve them is what planning involves.

Planning involves selecting missions and objectives and the actions to achieve them, it requires decision-making or choosing future courses of action from among alternatives.

In short, planning means determining what the organization's position and the situation should be at some time in the future and decide how best to bring about that situation. Planning helps maintain [managerial effectiveness](#) by guiding future activities.

For a manager, planning and decision-making require an ability to foresee, to visualize, and to look ahead purposefully.

2. Organizing: Coordinating Activities and Resources

Organizing can be defined as the process by which the established plans are moved closer to realization.

Once a manager [set goals and develops plans](#), his next managerial function is organizing human and other resources that are identified as necessary by the plan to reach the goal.

Organizing involves determining how activities and resources are to be assembled and coordinated. The organization can also be defined as an [intentionally formalized structure of positions or roles](#) for people to fill in an organization.

Organizing produces a [structure of relationships in an organization](#) and it is through these structured relationships that future plans are pursued.

Organizing, then, is that part of managing which involves: establishing an intentional structure of roles for people to fill in the organization.

It is intentional in the sense of making sure that all the tasks necessary to accomplish goals are assigned to people who can do them best. The [purpose of an organization structure](#) is to create an environment for best human performance.

The structure must define the task to be done. The rules so established must also be designed in the light of the abilities and motivations of the people available.

Staffing is related to organizing and it involves filling and keeping filled, the positions in the organization structure.

This can be done by determining the positions to be filled, identifying the requirement of manpower, filling the vacancies and [training employees](#) so that the assigned tasks are accomplished effectively and efficiently.

The managerial functions of promotion, demotion, discharge, dismissal, transfer, etc. Are also included with the broad task "staffing." staffing ensures the placement of the right person at the right position.

Basically organizing is deciding where decisions will be made, who will do what jobs and tasks, who will work for whom, and how resources will assemble.

3. Leading: **Managing and Motivating People**

The third basic managerial function is [leading](#). The [skills of influencing people](#) for a particular purpose or reason is called leading. Leading is considered to be the most important and challenging of all managerial activities.

Leading is influencing or prompting the member of the organization to work together with the interest of the organization.

Creating a positive attitude towards the work and goals in among the members of the organization is called leading. It is required as it helps to serve the [objective of effectiveness and efficiency](#) by changing the behavior of the employees.

Leading involves a number of deferment processes and activates. The functions of direction, [motivation](#), [communication](#), and coordination are considered a part of leading process or system.

Coordinating is also essential in leading. Most authors do not consider it a separate function of management. Rather they regard coordinating as the essence of managership for achieving harmony among individual efforts towards accomplishing group targets.

Motivating is an essential quality for leading. Motivating is the function of management process of influencing people's behavior based on the knowledge of what cause and channel sustain human behavior in a particularly committed direction. [Efficient managers need to be effective leaders](#).

Since leadership implies fellowship and people tend to follow those who offer a means of satisfying their own needs, hopes and aspirations it is understandable that leading involves motivation leadership styles and approaches and communication.

4. Controlling: **Monitoring and Evaluating activities**

Monitoring the organizational progress toward goal fulfillment is called controlling. Monitoring the progress is essential to ensure the [achievement of organizational goal](#).

Controlling is measuring, comparing, finding deviation and correcting the organizational activities which are performed for achieving the goals or objectives.

Controlling consist of activities, like; measuring the performance, comparing with the existing standard and finding the deviations, and correcting the deviations. Control activities generally relate to the measurement of achievement or results of actions which were taken to attain the goal.

Some means of controlling, like the [budget for expenses](#), inspection records, and the record of labour hours lost, are generally familiar. Each measure also shows whether plans are working out.

If deviations persist, correction is indicated. Whenever results are found to differ from the planned action, persons responsible are to be identified and necessary actions are to be taken to improve performance.

Thus outcomes are controlled by controlling what people do. Controlling is the last but not the least important management function process.

It is rightly said, “planning without controlling is useless”. In short, we can say the controlling enables the accomplishment of the plan.

All the management functions of its process are inter-related and cannot be skipped. The management process designs and maintains an environment in which personnel’s, [working together in groups](#), accomplish efficiently selected aims.

All managers carry out the main functions of management; planning, organizing, staffing, leading and controlling. But depending on the skills and position on an organizational level, the time and labor spent in each function will differ.

Scientific management

Scientific management is a theory of [management](#) that [analyzes](#) and [synthesizes workflows](#). Its main objective is improving [economic efficiency](#), especially [labour productivity](#). It was one of the earliest attempts [to apply science](#) to the [engineering](#) of [processes](#) and to management. Scientific management is sometimes known as **Taylorism** after its founder, [Frederick Winslow Taylor](#).^[1]

Taylor began the theory's development in the [United States](#) during the 1880s and '90s within [manufacturing](#) industries, especially steel. Its peak of influence came in the 1910s;^[2] In 1913 [Vladimir Lenin](#) wrote that the "most widely discussed topic today in Europe, and to some extent in Russia, is the 'system' of the American engineer, Frederick Taylor"; Lenin decried it initially as a "'scientific' system of sweating" more work from laborers.^[3] Taylor died in 1915 and by the 1920s, scientific management was still influential but had entered into [competition](#) and [syncretism](#) with opposing or complementary ideas.

Although scientific management as a distinct theory or school of thought was obsolete by the 1930s, most of its themes are still important parts of [industrial engineering](#) and management today. These include analysis; synthesis; [logic](#); [rationality](#); [empiricism](#); [work ethic](#); efficiency and [elimination of waste](#); [standardization](#) of [best practices](#); disdain for tradition preserved merely for its own sake or to protect the [social status](#) of particular workers with particular skill sets; the transformation of [craft production](#) into [mass production](#); and [knowledge transfer](#) between workers and from workers into tools, processes, and documentation.

Definitions, Meaning & characteristics of Planning.

Meaning and Concept of Planning

In simple words, planning is deciding in advance what is to be done, when where, how and by whom it is to be done. Planning bridges the gap from where we are to where we want to go. It includes the selection of objectives, policies, procedures and programmes from among alternatives. A plan is a predetermined course of action to achieve a specified goal. It is an intellectual process characterized by thinking before doing. It is an attempt on the part of manager to anticipate the future in order to achieve better performance. Planning is the primary function of management.



Definitions of Planning

Different authors have given different definitions of planning from time to time. The main definitions of planning are as follows:

- According to Alford and Beatt, “Planning is the thinking process, the organized foresight, the vision based on fact and experience that is required for intelligent action.”
- According to Theo Haimann, “Planning is deciding in advance what is to be done. When a manager plans, he projects a course of action for further attempting to achieve a consistent co-ordinate structure of operations aimed at the desired results.
- According to Billy E. Goetz, “Planning is fundamentally choosing and a planning problem arises when an alternative course of action is discovered.”
- According to Koontz and O’ Donnell, “Planning is an intellectual process, conscious determination of course of action, the basing of decision on purpose, facts and considered estimates.”
- According to Allen, “A plan is a trap laid to capture the future.”

Nature / Characteristics of Planning

The main characteristics or nature of planning is given below:

Planning is an Intellectual Process

Planning is an intellectual process of thinking in advance. It is a process of deciding the future on the series of events to follow. Planning is a process where a number of steps are to be taken to decide the future course of action. Managers or executives have to consider various courses of action, achieve the desired goals, go in details of the pros and cons of every course of action and then finally decide what course of action may suit them best.

Planning Contributes to the Objectives

Planning contributes positively in attaining the objectives of the business enterprise. Since plans are there from the very first stage of operation, the management is able to handle every problem successfully. Plan try to set everything right. A purposeful, sound and effective planning process knows how and when to tackle a problem. This leads to success. Objectives thus are easily achieved.

Planning is a Primary Function of Management

Planning precedes other functions in the management process. Certainly, setting of goals to be achieved and lines of action to be followed precedes the organization, direction, supervision and control. No doubt, planning precedes other functions of management. It is primary requisite before other managerial functions step in. But all functions are inter-connected. It is mixed in all managerial functions but there too it gets precedence. It thus gets primary everywhere.

A continuous Process

Planning is a continuous process and a never ending activity of a manager in an enterprise based upon some assumptions which may or may not come true in the future. Therefore, the manager has to go on modifying revising and adjusting plans in the light of changing circumstances. According to George R. Terry, “Planning is a continuous process and there is no end to it. It involves continuous collection, evaluation and selection of data, and scientific investigation and analysis of the possible alternative courses of action and the selection of the best alternative.

Planning Pervades Managerial Activities

From primary of planning follows pervasiveness of planning. It is the function of every managerial personnel. The character, nature and scope of planning may change fro personnel to personnel but the planning as an action remains intact. According to Billy E. Goetz, “Plans cannot make an enterprise successful. Action is required, the enterprise must operate managerial planning seeks to achieve a consistent, coordinated structure of operations focused on desired trends. Without plans, action must become merely activity producing nothing but chaos.”

Role, Significance, Importance & Advantages of Planning

An organisation without planning is like a sailboat minus its rudder. Without planning, organisation, are subject to the winds of organizational change. Planning is one of the most important and crucial functions of management. According to Koontz and O'Donnell, “Without planning business becomes random in nature and decisions become meaningless and adhoc choices.” According to Geroge R. Terry, “Planning is the foundation of most successful actions of any enterprise.” Planning becomes necessary due to the following reasons:

Reduction of Uncertainty

Future is always full of uncertainties. A business organisation has to function in these uncertainties. It can operate successfully if it is able to predict the uncertainties. Some of the uncertainties can be predicted by undertaking systematic. Some of the uncertainties can be predicted by undertaking systematic forecasting. Thus, planning helps in foreseeing uncertainties which may be caused by changes in technology, fashion and taste of people, government rules and regulations, etc.

Better Utilization of Resources

An important advantage of planning is that it makes effective and proper utilization of enterprise resources. It identifies all such available resources and makes optimum use of these resources.

Increases Organizational Effectiveness

Planning ensures organizational effectiveness. Effectiveness ensures that the organisation is in a position to achieve its objective due to increased efficiency of the organisation.

Reduces the Cost of Performance

Planning assists in reducing the cost of performance. It includes the selection of only one course of action amongst the different courses of action that would yield the best results at minimum cost. It removes hesitancy, avoids crises and chaos, eliminates false steps and protects against improper deviations.

Concentration on Objectives

It is a basic characteristic of planning that it is related to the organizational objectives. All the operations are planned to achieve the organizational objectives. Planning facilitates the achievement of objectives by focusing attention on them. It requires the clear definition of objectives so that most appropriate alternative courses of action are chosen.

Helps in Co-ordination

Good plans unify the interdepartmental activity and clearly lay down the area of freedom in the development of various sub-plans. Various departments work in accordance with the overall plans of the organisation. Thus, there is harmony in the organisation, and duplication of efforts and conflict of jurisdiction are avoided.

Makes Control Effective

Planning and control are inseparable in the sense that unplanned action cannot be controlled because control involves keeping activities on the predetermined course by rectifying deviations from plans. Planning helps control by furnishing standards of performance.

Encouragement to Innovation

Planning helps innovative and creative thinking among the managers because many new ideas come to the mind of a manager when he is planning. It creates a forward-looking attitude among the managers.

Increase in Competitive Strength

Effective planning gives a competitive edge to the enterprise over other enterprises that do not have planning or have ineffective planning. This is because planning may involve expansion of capacity, changes in work methods, changes in quality, anticipation of tastes and fashions of people and technological changes etc.

Delegation is Facilitated

A good plan always facilitates delegation of authority in a better way to subordinates.

PLANNING PROCESS

Steps involved in Planning

Planning is a process which embraces a number of steps to be taken. Planning is an intellectual exercise and a conscious determination of courses of action. Therefore, it requires courses of action. The planning process is valid for one organisation and for one plan, may not be valid for other organizations or for all types of plans, because various factors that go into planning process may differ from organisation to organisation or from plan to plan. For example, planning process for a large organisation may not be the same for a small organisation. However, the major steps involved in the planning process of a major organisation or enterprise are as follows:

Establishing objectives

The first and primary step in planning process is the establishment of planning objectives or goals. Definite objectives, in fact, speak categorically about what is to be done, where to place the initial emphasis and the things to be accomplished by the network of policies, procedures, budgets and programmes, the lack of which would invariably result in either faulty or ineffective planning.

It needs mentioning in this connection that objectives must be understandable and rational to make planning effective. Because the major objective, in all enterprise, needs to be translated into derivative objective, accomplishment of enterprise objective needs a concrete endeavor of all the departments.

Establishment of Planning Premises

Planning premises are assumptions about the future understanding of the expected situations. These are the conditions under which planning activities are to be undertaken. These premises may be internal or external. Internal premises are internal variables that affect the planning. These include organizational policies, various resources and the ability of the organisation to withstand the environmental pressure. External premises include all factors in task environment like political, social technological, competitors' plans and actions, government policies, market conditions. Both internal factors should be considered in formulating plans. At the top level mainly external premises are considered. As one moves downward, internal premises gain importance.

Determining Alternative Courses

The next logical step in planning is to determine and evaluate alternative courses of action. It may be mentioned that there can hardly be any occasion when there are no alternatives. And it is most likely that alternatives properly assessed may prove worthy and meaningful. As a matter of fact, it is imperative that alternative courses of action must be developed before deciding upon the exact plan.

Evaluation of Alternatives

Having sought out the available alternatives along with their strong and weak points, planners are required to evaluate the alternatives giving due weight-age to various factors involved, for one alternative may appear to be most profitable involving heavy cash outlay whereas the other less profitable but involve least risk. Likewise, another course of action may be found contributing significantly to the company's long-range objectives although immediate expectations are likely to go unfulfilled.

Evidently, evaluation of alternative is a must to arrive at a decision. Otherwise, it would be difficult to choose the best course of action in the perspective of company needs and resources as well as objectives laid down.

Selecting a Course of Action

The fifth step in planning is selecting a course of action from among alternatives. In fact, it is the point of decision-making-deciding upon the plan to be adopted for accomplishing the enterprise objectives.

Formulating Derivative Plans

To make any planning process complete the final step is to formulate derivative plans to give effect to and support the basic plan. For example, if Indian Airlines decide to run Jumbo Jets between Delhi and Patna, obviously, a number of derivative plans have to be framed to support the decision, e.g., a staffing plan, operating plans for fuelling, maintenance, stores purchase, etc. In other words, plans do not accomplish themselves. They require to be broken down into supporting plans. Each manager and department of the organisation is to contribute to the accomplishment of the master plan on the basis of the derivative plans.

Establishing Sequence of Activities

Timing of a sequence of activities are determined after formulating basic and derivative plans, so that plans may be put into action. Timing is an essential consideration in planning. It gives practical shape and concrete form to the programmes. The starting and finishing times are fixed for each piece of work, so as to indicate when the within what time that work is to be commenced and completed. Bad timing of programmes results in their failure. To maintain a symmetry of performance and a smooth flow of work, the sequence of operation should be arranged carefully by giving priorities to some work in preference to others. Under sequence it should be decided as to who will do what and at what time.

Feedback or Follow-up Action

Formulating plans and chalking out of programmes are not sufficient, unless follow-up action is provided to see that plans so prepared and programmes chalked out are being carried out in accordance with the plan and to see whether these are not kept in cold storage. It is also required to see whether the plan is working well in the present situation. If conditions have changed, the plan current plan has become outdated or inoperative it should be replaced by another plan. A regular follow-up is necessary and desirable from effective implementation and accomplishment of tasks assigned.

POLICIES AND OBJECTIVES

Objectives are the desirable results or organizational or individual activities. They are the purposes for which the organization exists. They are the ends towards which organizations direct their energies and concerns. They are the 'reference points for the efforts of the organization'. Without objectives there is likely to be (i) haphazard activity, (ii) uneconomical commitment of funds (iii) poor utilization of people, and (iv) mediocre operating results in the long run. A policy on the other hand, is a guide to the action or decisions of people. It provides a standing answer to recurring questions. For example, promotions based on merit (a policy of) helps managers to fill up vacancies on the basis of talent and exceptional performance under repeated situations. According to R.C. Davis, when policies are properly established and applied uniformly throughout the organization they (i) prevent deviations from planned courses of action, (ii) ensure consistency of action, and (iii) facilitate co-ordination of action.

Differences between Objectives and Policies

| Objectives | Policies |
|---|---|
| <ul style="list-style-type: none">• Basic purpose, Organizations is basically goal attainment instruments. Objectives are the purposes for which the organization exists. Without objectives organization would be purposeless and chaotic.• Focus Objectives are the end toward which organizations I -individual efforts | <ul style="list-style-type: none">• Policies are not basic to the existence of an organization. However, without policies to guide decision executive thinking, organization actions are bound to be less optimal.• Policies are the means for the achievement of goals. They help achieve the objectives in a consistent way. |

| | |
|---|---|
| are directed. | <ul style="list-style-type: none">• Policies provide meaning and content to objectives. They provide standing answers to recurring questions. |
| <ul style="list-style-type: none">• Philosophy Objectives reflect management philosophy in a broad way. They summarize the pious intentions of management in a general way. | |

How to make planning effective?

In the words of **J.L. Massie** and **Douglas**, “an effective plan demands upon relating commitments among human, financial and physical resources sufficient to make the accomplishment feasible”.

As pointed out by **Duncan**, the characteristics of effective plans are that such plans should be action oriented, consistent and flexible and they should provide motivation and co-ordination. We shall now discuss some of the important points that are essential for the effective implementation of plans.



Image: Planning

Steps involved in making planning effective

1. **Forecasting future events:** Management has to make predictions while preparing plans for the future. Thus, a proper system for accurately forecasting the future events should be developed and followed.
2. **Good Environment:** There should be a proper climate in the organization for the effective implementation of plans. People at all levels of management should extend their co-operation willingly to make the plan successful.
3. **Initiative & Involvement:** The effective implementation of the plans depends very much upon the initiative on the part of the upper level management as well as the involvement in the work on the part of the lower level management.
4. **Motivation:** Plan must provide motivation if it is to become successful. Plan should be clear and specific with regard to its objective so that the human behavior can be motivated.
5. **Effective communication:** Plans should be communicated to all the persons concerned. All managers should be well informed as to its objectives, strategies, premises and policies. Managers should interpret and explain policies and plans to their subordinates who are to implement them.
6. **Flexibility in planning:** Planning should have flexibility because future is uncertain. In other words, it should have the feature of adapting itself for changing its direction when forced by unexpected events. If plans are flexible, losses on account of unexpected events could be minimized.

Organizing (management)

Organizing is a systematic process of structuring, integrating, co-ordinating task goals, and activities to resources in order to attain objectives.

The [organizing of information](#) could be seen since humans began to [write](#). Prior to that, history was passed down only through song and word. [\[citation needed\]](#) As can be seen with religion, books and spoken word, science (through journals and studies) organizing not only is history, but also supports the communication of history. Recording ideas in a written text, as opposed to verbally communicating with someone, and more specifically cataloging ideas and thoughts, is also an attempt to organize information.

Characteristics

The following are the important characteristics of organization.

- **Specialization and division of work.** The entire philosophy of organization is centered on the concepts of [specialization](#) and [division of work](#). The division of work is assigning responsibility for each organizational component to a specific individual or group thereof. It becomes specialization when the responsibility for a specific task lies with a designated expert in that field. The efforts of the operatives are coordinated to allow the process at hand to function correctly. Certain operatives occupy positions of [management](#) at various points in the process to ensure coordination.
- **Orientation towards goals.** Every organization has its own purposes and objectives. Organizing is the function employed to achieve the overall goals of the organization. Organization harmonizes the individual goals of the employees with overall objectives of the firm.
- **Composition of individuals and groups.** Individuals form a group and the groups form an organization. Thus, organization is the composition of individual and groups. Individuals are grouped into departments and their work is coordinated and directed towards organizational goals.
- **Continuity.** An organization is a group of people with a defined relationship in which they work together to achieve the goals of that organization. This relationship does not come to end after completing each task. Organization is a never ending process.
- **"FLEXIBILITY."** The organising process should be flexible so that any change can be incorporated. It ensures the ability to adapt and adjust the activities in response to the change taking place in the external environment. The programmes, policies and strategies can be changed as and when required if the provision for flexibility is made in the organising process.

Importance of Organizing Function

1. **Well defined jobs** - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.
2. **Clarifies authority** - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers do not take place. Well defined jobs and responsibilities attached helps in bringing efficiency into managers working. This helps in increasing productivity.
3. **Co-ordination** - Organization is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

Authority responsibility relationships can be fruitful only when there is a formal relationship between the two. For smooth running of an organization, the co-ordination between authority- responsibility is very important. There should be co-ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, "Authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective." Therefore, co-ordination of authority- responsibility is very important.

4. **Effective administration** - The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.
5. **Growth and diversification** - A company's growth is totally dependant on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grow. This is possible only when the organization structure is well-defined. This is possible through a set of formal structure.
6. **Sense of security** - Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co-ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.
7. **Scope for new changes** - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.

Formal organisation

When the managers are carrying on organising process then as a result of organising process an organisational structure is created to achieve systematic working and efficient utilization of resources. This type of structure is known as formal organisational structure.

Formal organisational structure clearly spells out the job to be performed by each individual, the authority, responsibility assigned to every individual, the superior- subordinate relationship and the designation of every individual in the organisation. This structure is created intentionally by the managers for achievement of organisational goal.

Features of Formal organisation:

- (1) The formal organisational structure is created intentionally by the process of organising.
- (2) The purpose of formal organisation structure is achievement of organisational goal.
- (3) In formal organisational structure each individual is assigned a specific job.

(4) In formal organisation every individual is assigned a fixed authority or decision-making power.

(5) Formal organisational structure results in creation of superior-subordinate relations.

(6) Formal organisational structure creates a scalar chain of communication in the organisation.

Advantages of Formal Organisation:

1. Systematic Working:

Formal organisation structure results in systematic and smooth functioning of an organisation.

2. Achievement of Organisational Objectives:

Formal organisational structure is established to achieve organisational objectives.

3. No Overlapping of Work:

ADVERTISEMENTS:

In formal organisation structure work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.

4. Co-ordination:

Formal organisational structure results in coordinating the activities of various departments.

5. Creation of Chain of Command:

Formal organisational structure clearly defines superior subordinate relationship, i.e., who reports to whom.

6. More Emphasis on Work:

Formal organisational structure lays more emphasis on work than interpersonal relations.

Disadvantages of Formal Organisation:

1. Delay in Action:

While following scalar chain and chain of command actions get delayed in formal structure.

2. Ignores Social Needs of Employees:

Formal organisational structure does not give importance to psychological and social need of employees which may lead to demotivation of employees.

3. Emphasis on Work Only:

Formal organisational structure gives importance to work only; it ignores human relations, creativity, talents, etc.

Informal Organisation:

In the formal organisational structure individuals are assigned various job positions. While working at those job positions, the individuals interact with each other and develop some social and friendly groups in the organisation. This network of social and friendly groups forms another structure in the organisation which is called informal organisational structure.

The informal organisational structure gets created automatically and the main purpose of such structure is getting psychological satisfaction. The existence of informal structure depends upon the formal structure because people working at different job positions interact with each other to form informal structure and the job positions are created in formal structure. So, if there is no formal structure, there will be no job position, there will be no people working at job positions and there will be no informal structure.

Features of informal organisation:

- (1) Informal organisational structure gets created automatically without any intended efforts of managers.
- (2) Informal organisational structure is formed by the employees to get psychological satisfaction.
- (3) Informal organisational structure does not follow any fixed path of flow of authority or communication.
- (4) Source of information cannot be known under informal structure as any person can communicate with anyone in the organisation.
- (5) The existence of informal organisational structure depends on the formal organisation structure.

Advantages of Informal Organisation:

1. Fast Communication:

Informal structure does not follow scalar chain so there can be faster spread of communication.

2. Fulfills Social Needs:

Informal communication gives due importance to psychological and social need of employees which motivate the employees.

3. Correct Feedback:

Through informal structure the top level managers can know the real feedback of employees on various policies and plans.

Strategic Use of Informal Organisation. Informal organisation can be used to get benefits in the formal organisation in the following way:

1. The knowledge of informal group can be used to gather support of employees and improve their performance.

2. Through grapevine important information can be transmitted quickly.

3. By cooperating with the informal groups the managers can skillfully take the advantage of both formal and informal organisations.

Disadvantages of Informal organisation:

1. Spread Rumours:

According to a survey 70% of information spread through informal organisational structure are rumors which may mislead the employees.

2. No Systematic Working:

Informal structure does not form a structure for smooth working of an organisation.

3. May Bring Negative Results:

If informal organisation opposes the policies and changes of management, then it becomes very difficult to implement them in organisation.

Types of Organisational Structures: their Advantages and Disadvantages!

All managers must bear that there are two organisations they must deal with-one formal and the other informal.

:

The formal organisation is usually delineated by an organisational chart and job descriptions. The official reporting relationships are clearly known to every manager.

Alongside the formal organisation exists are informal organisation which is a set of evolving relationships and patterns of human interaction within an organisation that are not officially prescribed.

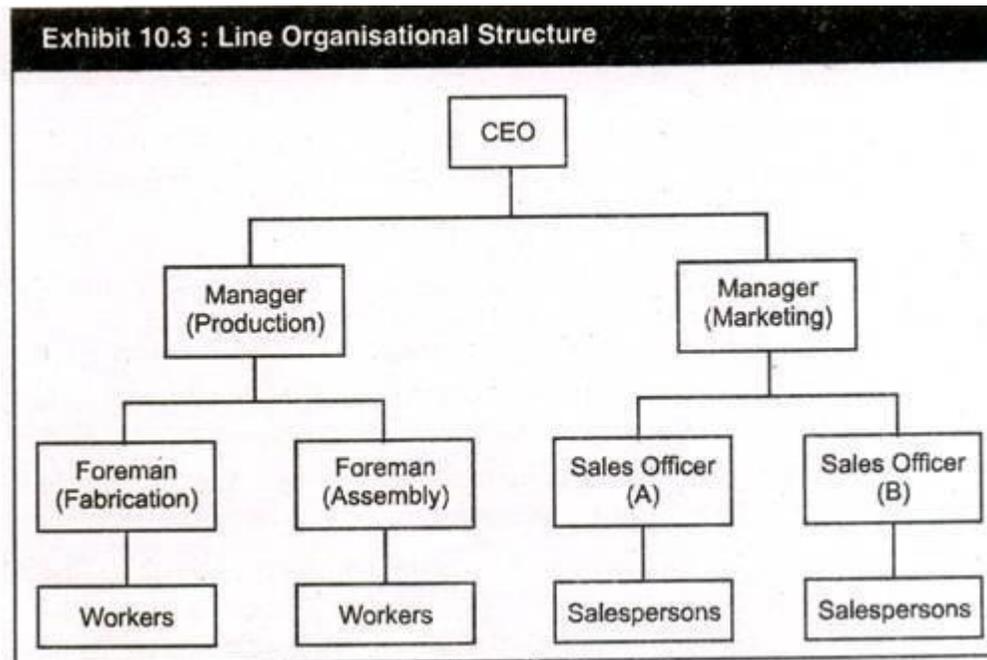
Formal organisational structures are categorised as:

- (i) Line organisational structure.
- (ii) Staff or functional authority organisational structure.
- (iii) Line and staff organisational structure.
- (iv) Committee organisational structure.
- (v) Divisional organisational structure.
- (vi) Project organisational structure.
- (vii) Matrix organisational structure and
- (viii) Hybrid organisational structure.

These organisational structures are briefly described in the following paragraphs:

1. Line Organisational Structure:

A line organisation has only direct, vertical relationships between different levels in the firm. There are only line departments—departments directly involved in accomplishing the primary goal of the organisation. For example, in a typical firm, line departments include production and marketing. In a line organisation authority follows the chain of command.



Features:

Has only direct vertical relationships between different levels in the firm.

Advantages:

1. Tends to simplify and clarify authority, responsibility and accountability relationships

2. Promotes fast decision making

3. Simple to understand.

Disadvantages:

1. Neglects specialists in planning

2. Overloads key persons.

Some of the advantages of a pure line organisation are:

(i) A line structure tends to simplify and clarify responsibility, authority and accountability relationships. The levels of responsibility and authority are likely to be precise and understandable.

(ii) A line structure promotes fast decision making and flexibility.

(iii) Because line organisations are usually small, managements and employees have greater closeness.

However, there are some disadvantages also. They are:

(i) As the firm grows larger, line organisation becomes more ineffective.

(ii) Improved speed and flexibility may not offset the lack of specialized knowledge.

(iii) Managers may have to become experts in too many fields.

(iv) There is a tendency to become overly dependent on the few key people who can perform numerous jobs.

2. Staff or Functional Authority Organisational Structure

The jobs or positions in an organisation can be categorized as:

(i) Line position:

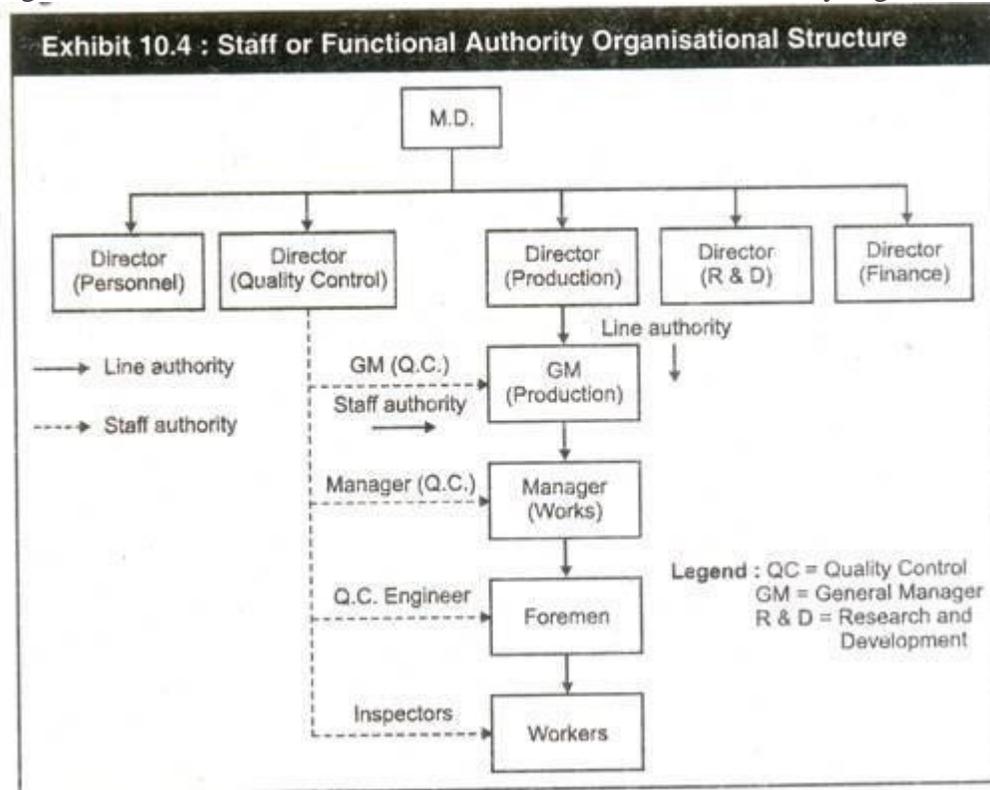
a position in the direct chain of command that is responsible for the achievement of an organisation's goals and

(ii) Staff position:

A position intended to provide expertise, advice and support for the line positions.

The line officers or managers have the direct authority (known as line authority) to be exercised by them to achieve the organisational goals. The staff officers or managers have staff authority (i.e., authority to advise the line) over the line. This is also known as functional authority.

An organisation where staff departments have authority over line personnel in narrow areas of specialization is known as functional authority organisation. Exhibit 10.4 illustrates a staff or functional authority organisational structure.



In the line organisation, the line managers cannot be experts in all the functions they are required to perform. But in the functional authority organisation, staff personnel who are specialists in some fields are given functional authority (The right of staff specialists to issue orders in their own names in designated areas).

The principle of unity of command is violated when functional authority exists i.e., a worker or a group of workers may have to receive instructions or orders from the line supervisor as well as the staff specialist which may result in confusion and the conflicting orders from multiple sources may

lead to increased ineffectiveness. Some staff specialists may exert direct authority over the line personnel, rather than exert advice authority (for example, quality control inspector may direct the worker as well as advise in matters related to quality).

While this type of organisational structure overcomes the disadvantages of a pure line organisational structure, it has some major disadvantages:

They are: (i) the potential conflicts resulting from violation of principle of unity of command and (ii) the tendency to keep authority centralized at higher levels in the organisation.

Concept of Delegation of Authority:

Delegation of authority could be defined as follows:

When, out of the total authority, held by a superior, a portion thereof is passed on by the superior to a subordinate to enable the latter to perform some job on behalf of the former, for organizational purposes; it is known as delegation of authority.

On the basis of the above definition, we can derive the following salient features of the concept of delegation of authority:

(i) No manager can delegate his total authority to a subordinate. He can pass on only a portion of his authority to the subordinate. In case otherwise, his own status would disappear; and that is not possible in or allowed by management theory. For example, in case of the Indian Administration, the Prime Minister has virtually all the powers for the administration of the Indian Economy.

However, certain emergency powers are reserved for the President of India; who represents the uppermost link in the management hierarchy of the nation.

Similarly, in the case of a corporate enterprise, the Board of Directors are clothed with substantial powers for the management of the company; but there are certain matters which can be decided by the Board, only after seeking approval of the Body of Members the latter being the uppermost link in the management hierarchy of the company

- (ii) No manager can give that authority to a subordinate, which the former himself does not possess. This doctrine is based on the legal maxim of “**nemo dat quod non habet**” which means that no one can give to others what he himself has not got.
- (iii) The idea behind delegation of authority is that of representation of the superior by the subordinate i.e. the subordinate, after delegation of authority by the superior, is supposed to behave and act in a manner, in which the superior, himself, would have behaved and acted.
- (iv) Delegation of authority is made by a superior to a subordinate, only for organisational purposes; and not for the fulfillment of the personal purposes of the superior. In the latter case, delegation of authority would amount to a misuse of authority by the superior; and would result in gross corruption.
- (v) Delegation of authority does not imply a reduction in the power of the superior. It is something like knowledge which is still retained by a teacher ever after imparting it to pupils.