Module 2

Basic Function Of Management

Management is an art of getting things done through others. Major functions of management are;

Planning

Planning is the fundamental management function, which involves deciding beforehand, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an intellectual process which lays down an organisation's objectives and develops various courses of action, by which the organisation can achieve those objectives. It chalks out exactly, how to attain a specific goal.

Planning is nothing but thinking before the action takes place. It helps us to take a peep into the future and decide in advance the way to deal with the situations, which we are going to encounter in future. It involves logical thinking and rational decision making.

Characteristics of Planning

1. Managerial function: Planning is a first and foremost managerial function provides the base for other functions of the management, i.e. organising, staffing, directing and controlling, as they are performed within the periphery of the plans made.

2. Goal oriented: It focuses on defining the goals of the organisation, identifying alternative courses of action and deciding the appropriate action plan, which is to be undertaken for reaching the goals.

3. Pervasive: It is pervasive in the sense that it is present in all the segments and is required at all the levels of the organisation. Although the scope of planning varies at different levels and departments.

4. Continuous Process: Plans are made for a specific term, say for a month, quarter, year and so on. Once that period is over, new plans are drawn, considering the organisation's present and future requirements and conditions. Therefore, it is an ongoing process, as the plans are framed, executed and followed by another plan.

5. Intellectual Process: It is a mental exercise at it involves the application of mind, to think, forecast, imagine intelligently and innovate etc.

6. Futuristic: In the process of planning we take a sneak peek of the future. It encompasses looking into the future, to analyse and predict it so that the organisation can face future challenges effectively.

7. Decision making: Decisions are made regarding the choice of alternative courses of action that can be undertaken to reach the goal. The alternative chosen should be best among all, with the least number of the negative and highest number of positive outcomes.

Importance of Planning

1. Planning Provides Direction: Planning provides us with direction. How to work in the future includes planning. By stating in advance, how work has to be done, planning provides direction for action.

2. Planning Reduces the Risk of Uncertainties: Uncertainty means any events in the future that change our course of action. Planning helps the manager to face uncertainty. We cannot remove

such uncertainty from our life. However, due to planning, we can work on such uncertainty. Just like an unforeseen event is going to come in which we are going in loss. So, if we are already ready, we have made funds for it, then we will be able to use it to fight that unforeseen situation.

3. Planning Reduces Overlapping and Wasteful Activity: Overlapping means the working relationship has not been allocated specifically. If we plan, our time will not be wasted.

4. Planning Promotes Innovative Ideas: If you are planning, then you get feedback from your senior managers or juniors, from there you can get innovative ideas. Besides, if you make your employees part of the decision-making, then you can get new creative ideas from there too.

5. Planning Facilitates Decision: Planning helps in decision-making. The more efficient you plan, the more right you will be in the decision. With good planning, our decision-making gets accurate, it becomes feasible and it also gets improved.

6. Planning Establishes a Standard for Controlling: Controlling is incomplete without planning and planning is incomplete without controlling. If you have done the planning but you do not know if the thing is happening or not, then the planning is useless. In case, there is no planned output then the controlling manager will have no base to compare whether the actual output is adequate or not.

7. Focuses Attention on Objectives of that Company: Through planning, efforts of all the employees are directed towards the achievement of organizational goals and objectives.

Panning Prosses

1. Setting Objectives

- This is the primary step in the process of planning which specifies the objective of an organisation, i.e. what an organisation wants to achieve.

- The planning process begins with the setting of objectives.

- Objectives are end results which the management wants to achieve by its operations.

- Objectives are specific and are measurable in terms of units.

- Objectives are set for the organisation as a whole for all departments, and then departments set their own objectives within the framework of organisational objectives.

2. Developing Planning Premises

- Planning is essentially focused on the future, and there are certain events which are expected to affect the policy formation.

- Such events are external in nature and affect the planning adversely if ignored.

- Their understanding and fair assessment are necessary for effective planning.

- Such events are the assumptions on the basis of which plans are drawn and are known as planning premises.

3. Identifying Alternative Courses of Action

- Once objectives are set, assumptions are made.

- Then the next step is to act upon them.

- There may be many ways to act and achieve objectives.

- All the alternative courses of action should be identified.

4. Evaluating Alternative Course of Action

- In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved.

- Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

5. Selecting One Best Alternative

- The best plan, which is the most profitable plan and with minimum negative effects, is adopted and implemented.

- In such cases, the manager's experience and judgement play an important role in selecting the best alternative.

6. Implementing the Plan

- This is the step where other managerial functions come into the picture.

- This step is concerned with "DOING WHAT IS REQUIRED".

- In this step, managers communicate the plan to the employees clearly to help convert the plans into action.

- This step involves allocating the resources, organising for labour and purchase of machinery.

7. Follow Up Action

- Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.

- Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.

- Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.

Limitations of Planning

1) Planning Leads to Rigidity- Once the planning is made, then it gets very difficult to change something in it.

2) Planning May Not Work in a Dynamic Environment- If continual changes are happening in the environment, then planning will not be effective as things will not run according to the plan we have prepared. We have made a plan according to the situation. But If there are continual changes occurring in the environment, then the right prediction, right planning becomes almost impossible.

3) It Reduces Creativity- Planning reduces the creativity of employees of any organization because employees just have to implement the plan which is already decided by the top management. Hence, they do not get the opportunity to show their creativity or their innovativeness. Therefore, much of the initiative or creativity inherent in employees get lost or reduced, and also innovative ideas stop coming.

4) Planning Involves Huge Costs- When plans are formulated, huge costs are involved in their formulation. These may be in terms of time and money. For example, lots of time is spent checking the accuracy of facts. Detailed plans demand scientific calculations to verify facts and figures. The costs incurred sometimes may not justify the benefits derived from the plans. Several incidental costs are also involved, like expenses on boardroom meetings,

discussions with professional experts, and preliminary investigations to find out the feasibility of the plan.

5) Planning Does Not Guarantee Success- Planning only provides a base for analyzing for the future. It is not a solution for the future course of action.

6) Lack of Accuracy- In planning, many assumptions are made to decide about the future course of action. Sometimes planning is not accurate. Assuming for the future cannot be 100% accurate.

Organising

Organizing is the second key management function, after planning, which coordinates human efforts, arranges resources and incorporates the two in such a way which helps in the achievement of objectives. It involves deciding the ways and means with which the plans can be implemented.

Characteristics of Organizing

- Division of Labour: Work is assigned to the employee who is specialised in that work.

- Coordination : Different members of the organization are given different tasks to perform when all the tasks are put together logically and sequentially, it results in the objectives, so coordination is required.

- Objectives: Objectives need to be specifically defined.

- Authority-Responsibility Structure: For an effective authority responsibility structure, the position of each manager and executive is specified, as per the degree of the authority and responsibility assigned to them, while performing the duties.

- Communication: The techniques, flow and importance of communication must be known to all the members.

Importance of Organizing

- Advantage of Specialization: Organizing helps in the classification of jobs systematically amongst the workforce, which helps in the reduction of workload, as well as improved productivity. This is because the organization will get the benefit of specialization wherein workers will perform specific work on a regular basis, according to their competency.

- Describes work relationships: The definition of work relationships describes the flow of communication and determine the superior-subordinate relationship. This removes confusion and chaos, in getting orders and instructions.

- Effective utilization of resources: Organizing function ensures the best possible utilization of resources whether it is human, material, financial or technical. This is because jobs are assigned to the employees which avoid overlapping and duplication of work.

- Adaptation to change: Organizing process helps the organization to survive and adapt the changes, by making substantial changes in the strategies, hierarchy, relationships, etc.

- Development of personnel: Organising encourages creativity in executives. Delegation of authority reduce their workload and they get time to identify new methods to perform the work. It also enables them to explore new areas for their growth and development.

Steps In Organising

The following steps are to be undertaken in the organising process.

(i)   Identification and Division of Work: The first step in the process of organising involves identifying and dividing the work that has to be done in accordance with previously determined plans. Work is divided into manageable tasks so that duplication can be avoided and workload can be shared among employees.

(ii)   Departmentalisation: Once, work has been divided into small and manageable activities, then those activities which are similar in nature, are grouped together. This process is called departmentalisation. Departments can be created on the basis of products, functions and territory.

(iii)   Assignment of Duties: Once the departments are created, each department is placed under the charge of an individual, called departmental head. Then, each job is allocated to an individual, according to his knowledge and skill. There should be a proper match between the nature of jobs and the ability of an individual.

(iv)   Establishing Reporting Relationships: In the organisation, each employee has some authority as well as responsibility. It is necessary that every individual must know whom he has to take orders from and to whom he is answerable. This creates superior subordinate hierarchy and helps in coordinating various activities in the organisation.

Limitations of organising

1) Ignorance of Organisational Objectives:

Each departmental head works according to his sweet will. They always give more importance to their departmental objectives. Hence, overall organisational objectives suffer. For example, to establish its image, the production department may produce quality product ignoring the fact that market trend favors accepting medium quality product.

2) Difficulty in Interdepartmental Coordination:

All departmental heads may work as per their own wish. No doubt this facilitates coordination within the department but it makes interdepartmental coordination difficult.

3) Conflict of Interest:

Every departmental head wants to become a functional empire. To satisfy their ego every one demands maximum resources for their department. This situation leads to conflicts among the various departmental heads.

4) Hurdle in Complete Development:

This system is a hurdle in the way of the complete development of the employees. Each employee specialises only in a small part of the whole job.

Staffing

Staffing is the process of hiring eligible candidates in the organisation or company for specific positions. In management, the meaning of staffing is an operation of recruiting the employees by evaluating their skills, knowledge and then offering them specific job roles accordingly.

Staffing is the process of filling the vacant position of the right personnel at the right job, at right time. Hence, everything will occur in the right manner.

Characteristics of Staffing

 Responsibility of Manager

Staffing is the basic function of management which involves that the manager is continuously engaged in performing the staffing function. They are actively associated with the recruitment, selection, training, and appraisal of his subordinates. Therefore the activities are performed by the chief executive, departmental managers and foremen in relation to their subordinates.

◦ Human Skills

Staffing function is mainly concerned with different types of training and development of human resource and therefore the managers should use human relation skill in providing guidance and training to the subordinates. If the staffing function is performed properly, then the human relations in the organization will be cordial and mutually performed in an organized manner.

◦ Continuous Function

Staffing function is to be performed continuously which is equally important for a new and well-established organization. Since in a newly established organization, there has to be recruitment, selection, and training of personnel. As we compare that, the organization which is already a running organization, then at that place every manager is engaged in various staffing activities.

◦ Staffing is a Goal-oriented Effort

Staffing refers to a goal-oriented effort of organization, because it is matter of fact that in organization an individual cannot able to carry out all activities alone on his shoulders, for achieving the pre-set goals of organization. Thus, organization needs a group of people having with collections of ability by means of staffing process to achieve pre-set goals in well manner. Hence, it is clear that staffing is a goal-oriented effort of organization.

◦ Staffing is a Continuous Function

Staffing is the continuous function for every organization either it may be big organization or small organization, because it is not an activity which is concerned with the point of time. It requires to organization for ever, because in every organization man power is an active resource and all other resources, like money, material and machines etc are inactive resources. Thus, to take optimum

advantages from these inactive resources efficient man power are needed on time to time through staffing system.

Importance Of Staffing

   i.   Efficient Performance of Other Functions

For the efficient performance of other functions of management, staffing is its key. Since, if an organization does not have the competent personnel, then it cannot perform the functions of management like planning, organizing and control functions properly.

   ii.   Effective Use of Technology and Other Resources

What is staffing and technology's connection? Well, it is the human factor that is instrumental in the effective utilization of the latest technology, capital, material, etc. the management can ensure the right kinds of personnel by performing the staffing function.

iii. Optimum Utilization of Human Resources

The wage bill of big concerns is quite high. Also, a huge amount is spent on recruitment, selection, training, and development of employees. To get the optimum output, the staffing function should be performed in an efficient manner.

iv. Development of Human Capital

Another function of staffing is concerned with human capital requirements. Since the management is required to determine in advance the manpower requirements. Therefore, it has also to train and develop the existing personnel for career advancement. This will meet the requirements of the company in the future.

v. The Motivation of Human Resources

In an organization, the behaviour of individuals is influenced by various factors which are involved such as education level, needs, socio-cultural factors, etc. Therefore, the human aspects of the organization have become very important and so that the workers can also be motivated by financial and non-financial incentives in order to perform their functions properly in achieving the objectives.

vi. Building Higher Morale

The right type of climate should be created for the workers to contribute to the achievement of the organizational objectives. Therefore, by performing the staffing function effectively and efficiently, the management is able to describe the significance and importance which it attaches to the personnel working in the enterprise.

Steps involved in Staffing

1. Manpower requirements-

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

2. Recruitment-

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

3. Selection-

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

4. Orientation and Placement-

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

5. Training and Development-

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

6. Remuneration-

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

7. Performance Evaluation-

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

8. Promotion and transfer-

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

RECRUITMENT

(A) Recruitment:

Recruitment may be defined as the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

Sources of Recruitment

(A) Internal Sources

(B) External Sources

(A) Internal Sources of Recruitment

Internal sources refer to inviting candidates from within the organization. Following are important sources of internal recruitment:

1. Transfers:

It involves the shifting of an employee from one job to another, from one department to another or from one shift to another shift.

2. Promotions:

It refers to shifting an employee to a higher position carrying higher responsibilities, prestige, facilities and pay.

3. Lay-Off:

To recall the temporary worker for work is called Lay-Off, who were temporarily separated from organization due to lack of work.

Advantages of Internal Sources Recruitment:

(1) Employees are motivated to improve their performance.

(2) Internal recruitment also simplifies the process of selection & placement.

(3) No wastage of time on the employee training and development.

(4) Filling of jobs internally is cheaper.

Limitation of Internal Sources

(1) The scope for induction of fresh talent is reduced.

(2) The employee may become lethargic.

(3) The spirit of competition among the employees may be hampered.

(4) Frequent transfers of employees may often reduce the productivity of the organization.

External Sources of Recruitment

When the candidates from outside the organization are invited to fill the vacant job position then it is known as external recruitment. The common methods of external sources of recruitments are:

1. Direct Recruitment: Under the direct recruitment, a notice is placed on the notice board of the enterprise specifying the details of the jobs available.

2. Casual callers: Many reputed business organizations keep a data base of unsolicited applicants in their office. This list can be used for Recruitment.

3. Advertisement: Advertisement in media is generally used when a wider choice is required. Example– Newspapers, Internet, Radio, Television etc.

4. Employment Exchange: Employment exchange is regarded as a good source of recruitment for unskilled and skilled operative jobs.

5. Campus recruitment and labour contractors can be used for the purpose.

Merits of External Sources

1. Qualified Personnel: By using external source of recruitment the management can attract qualified and trained people to apply for the vacant jobs in the organization.

2. Wider Choice: The management has a wider choice in selecting the people for employment.

3. Fresh Talent: It provides wider choice and brings new blood in the organization.

4. Competitive Spirit: If a company taps external sources, the staff will have to compete with the outsiders.

Limitations of External Sources of Recruitment

1. Dissatisfaction among existing employees: Recruitment from outside may cause dissatisfaction among the employees. They may feel that their chances of promotion are reduced.

2. Costly process: A lot of money has to be spent on advertisement therefore this is costly process.

3. Lengthy Process: It takes more time than internal sources of recruitment.

Selection

Selection is the process of choosing from among the candidates from within the organization or from outside, the most suitable person for the current position or for the future position.

PROCESS OF SELECTION

The successive stages in selection process are:

1. Preliminary Screening:

After applications have been received, they are properly checked as regarding qualification etc. by screening committee. A list of candidates to be called for employment tests made and unsuitable candidates are rejected altogether.

2. Selection Tests:

These tests include:

(a) Psychological tests which are based on assumption that human behaviour at work can be predicted by giving various tests like aptitude, personality test etc.

(b) Employment test for judging the applicant's suitability for the job.

3. Employment Interviews:

The main purpose of interview is:

(a) To find out suitability of the candidates.

(b) To seek more information about the candidate.

© to give the candidate an accurate picture of job with details of terms and conditions.

4. Reference Checks:

Prior to final selection, the prospective employer makes an investigation of the references supplied by the applicant. He undertakes a thorough search into candidates family background, past employment, education, police records etc.

5.Selection Decisions:

A list of candidate who clear the employment tests, interviews and reference checks is prepared and then the selected candidates are listed in order of merit.

6.Medical/Physical Examination:

 A qualified medical expert appointed by organization should certify whether the candidate is physically fit to the requirements of a specific job. A proper physical exam will ensure higher standard of health & physical fitness of employees thereby reducing absenteeism.

7.Job Offer:

 After a candidate has cleared all hurdles in the selection procedure, he is formally appointed by issuing him an Appointment Letter. The broad terms and conditions, pay scale are integral part of Appointment Letter.

8.Contract of Employment:

After getting the job offer, the candidate has to give his acceptance. After acceptance, both employer and employee will sign a contract of employment which contains terms & conditions, pay scale, leave rules, hours of work, mode of termination of employment etc.

Training:

Training is the act of increasing the knowledge and technical skills of an employee for doing a particular job efficiently. Both existing employees and new employees get acquainted with their jobs and this increases job related skills.

Training Methods

(A) On the Job Method: It refers to the methods that are applied at the work place, where the employee is actually working. It means learning while doing.

The following are the methods of On-the job training:

1. Apprenticeship Training: Under this, the trainee is placed under supervision of an experienced person (master worker) who imparts him necessary skills and regulates his performance. The trainee is given stipend while learning so that he/she can enjoy "earn while you learn" scheme.

2. Internship Training: Under this method an educational institute enters into agreement with industrial enterprises for providing practical knowledge to its students by sending them to business organizations for gaining practical experience.

3. Induction training: it is a type of training given to help a new employee in settling down quickly into the job by becoming familiar with the people, the surroundings, the job and the business. The duration of such type of training may be from a few hours to a few days. The induction provides a good opportunity to socialize and brief the newcomer with the company's overall strategy, performance standards etc. If carefully done, it saves time and cost (in terms of effectiveness or efficiency etc.)

Training and Development

Training is concerned with imparting technical knowledge in doing a particular job. But development is a wider process concerned with growth of an individual in all respects. However, both are related processes; training helps the employees in learning job skills whereas development shapes attitude of the employees.

Directing

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

Characteristics of Directing

⬜   Initiates Action

A directing function is performed by the managers along with planning, staffing, organizing and controlling in order to discharge their duties in the organization. While other functions prepare a platform for action, directing initiates action.

⬜   Pervasive Function

Directing takes place at every level of the organization. Wherever there is a superior-subordinate relationship, directing exists as every manager provides guidance and inspiration to his subordinates.

⬚   Continuous Activity

It is a continuous function as it continues throughout the life of organization irrespective of the changes in the managers or employees.

⬚   Descending Order of Hierarchy

Directing flows from a top level of management to the bottom level. Every manager exercises this function on his immediate subordinate.

⬚   Human Factor

Since all employees are different and behave differently in different situations, it becomes important for the managers to tackle the situations appropriately. Thus, directing is a significant function that gets the work done by the employees and increases the growth of the organization.

Importance of directing

          a.   Makes the organisation goal oriented

Planning as we all know lays down goals. But the mere laying down of goals isn't enough. It is directing in terms of those goals that gets them achieved. It is that process that retains the goal oriented-ness with which the business process begins. If not for direction the business will proceed in hap hazard manners thereby making all other processes difficult and also making the business fragile.

          b.   Creates a motivated workforce

As already discussed above, motivation acts a sub set of the broader function of direction. Direction ensures that the workforce is motivated and remains motivated. This is so because the process will be successful only with the effort of motivated people and motivated people is the secret of a budding effective business. Thus managers pay extra attention to motivating workers while directing the business.

    c.   Ensures conformity and facilitates Controlling and Coordination

Direction as stated above deals with specifying what to do. Thus direction lays down the benchmark on what is to be expected from a person or a process. This instruction or direction given ensures such tasks and effort conform to goals. The benchmark so created allows for coordination whereby other tasks can aligned to make a congruous whole and controlling whereby one better understands where and what went wrong in the entire framework.

    d.   Initiates Action

Direction is the process that kicks the plan into motion by using the resources organised and humans staffed to achieve what is envisioned in the plan. It is the stepping stone to carrying out business processes which till then remain only on paper.

    e.   Ensures Employee Discipline

Direction goes a long way in ensuring employee discipline. It involves the process of giving an instruction and the instruction being unconditionally followed. Such conformity with instructions is ensured by controlling, however it cannot exist in isolation without direction which is the source of the instruction. This ensures that the employee doesn't stray away from what is to be done and keeps him disciplined.

Steps in Directing

1. Set goals

First you need to set a team goal that supports organizational goals. Goals don't need to be expressed in measurable terms; in fact goals are typically stated in abstract and general terms. They do need to support the organization's overall mission, vision, and values. Involving your team members in developing a goal will give them a sense of ownership and increase their commitment to achieving the goal.

2. Create objectives

In line with the goals set for the team, you need to create objectives to make sure the team achieves those goals. Objectives must be measurable so that progress can be tracked. You should use the SMART model, ensuring that the objectives you set are specific, measurable, achievable, realistic, and time-bound.

3. Define a plan of action

Once you've set goals and objectives, you have to specify what must be done to accomplish them. This is the action plan for your team. An action plan identifies the tasks and deliverables that must be completed to achieve objectives, which in turn enable the team to achieve its goals. You must also provide direction in the form of targets and timelines. At a team level, it's really the action plan that sets direction and pace. Define a new action plan for each budget period to ensure that your team's work is aligned with the goals and vision of the organization.

4. Follow up

After providing direction in the form of an action plan, you need to monitor progress. This is the purpose of the final step of following up. You need to ensure that what's laid out in the plan is being achieved. If necessary, modify the action plan to get progress back on track or to reflect changes made at higher levels of the organization. During the follow-up step, you can also evaluate the overall performance of the team and the effectiveness of its goals and objectives, and provide feedback and encouragement to keep team members on track.

Techniques of Directing

There are various elements involved in direction are as follows-

1. Issuing Orders and Instructions to Subordinates

The first and foremost element of direction is to issue orders and instructions which are considered an essential step in the process of directing subordinates. An order is a fundamental tool for getting things

done. Therefore, the orders and instructions reflect managerial decisions and initiate action on the part of subordinates. Orders may be general or specific, formal or informal, written or oral.

2. Supervision in an overall manner

It refers to monitor the progress of routine work of one's subordinates and guiding them properly. Supervision is an important element of the directing function of management. Supervision has an important feature which includes face-to-face interaction between the supervisor and his subordinates.

3. Motivating Subordinates

The term motivation can be referred to as that process which excites people to work for the attainment of the desired objective. Among the various factors of production, it is only the human factor which is dynamic and provides mobility to other physical resources.

4. Providing Leadership

The term Leadership defines as to influence others in such a manner as to guide them to do what the leader wants them to do. Leadership plays an important role in directing. Only through this leadership skill, a manager can develop trust and zeal among his subordinates. Therefore it leads to guide and provide overall counselling to subordinates in the best way for achieving their objectives and also for the organization.

5. Communicating with Subordinates

It refers to an act of transferring facts, ideas, feeling, etc. from one person to another and making him understand them. A manager has to continuously t guides and also at the same time, monitors his subordinates about what to do, how to do, and when to do various things.

6. Maintaining discipline and Rewarding Effective People

By maintaining an atmosphere of discipline and trust in the organization, the manager can easily give directions. So that the work done by his employees is in most efficient and effective manner.

Limitations of Directing

1. Management techniques and policies should be adjusted according to specific circumstances. One principle may be good for one enterprise, but it may not be suitable for another enterprise. Likewise, a technique may be extremely useful in England, but it may be unworkable in India.

2. Principles of management are not static in nature. The concepts about management changes with the development of science and technology. New ideas are innovated, new products being put on the market, new likes and dislikes are developing every year. So what was successful in 2015 may lead to failure in 2016. Thus, a great deal of adjustment is to be done to cope with the changing times.

3. Management is concerned with human element in an organization. Different groups and different persons even in the same group, behave differently under different circumstances. This human aspect of management provides the greater challenge to its scientific treatment. As written by 0liver Sheldon.

Communication

Communication is fundamental to the existence and survival of humans as well as to an organization. It is a process of creating and sharing ideas, information, views, facts, feelings from one place, person or group to another. Communication is the key to the Directing functions of management.

A manager may be highly qualified and skilled but if he does not possess good communication skills, all his ability becomes irrelevant. A manager must communicate his directions effectively to the subordinates to get the work done from them properly.

Process of Communication

Communications is a continuous process that mainly involves three elements viz. sender, message, and receiver. The elements involved in the communication process are explained below in detail:

1. Sender

The sender or the communicator generates the message and conveys it to the receiver. He is the source and the one who starts the communication

2. Message

It is the idea, information, view, fact, feeling, etc. that is generated by the sender and is then intended to be communicated further.

3. Encoding

The message generated by the sender is encoded symbolically such as in the form of words, pictures, gestures, etc. before it is being conveyed.

4. Media

It is the manner in which the encoded message is transmitted. The message may be transmitted orally or in writing. The medium of communication includes telephone, internet, post, fax, e-mail, etc. The choice of medium is decided by the sender.

5. Decoding

It is the process of converting the symbols encoded by the sender. After decoding the message is received by the receiver.

6. Receiver

He is the person who is last in the chain and for whom the message was sent by the sender. Once the receiver receives the message and understands it in proper perspective and acts according to the message, only then the purpose of communication is successful.

7. Feedback

Once the receiver confirms to the sender that he has received the message and understood it, the process of communication is complete.

8. Noise

It refers to any obstruction that is caused by the sender, message or receiver during the process of communication. For example, bad telephone connection, faulty encoding, faulty decoding, inattentive receiver, poor understanding of message due to prejudice or inappropriate gestures, etc.

Importance of Communication

1. The Basis of Co-ordination

The manager explains to the employees the organizational goals, modes of their achievement and also the interpersonal relationship amongst them. This provides coordination between various employees and also departments. Thus, communications act as a basis for coordination in the organisation.

2. Fluent Working

A manager coordinates the human and physical elements of an organization to run it smoothly and efficiently. This coordination is not possible without proper communication.

3. The Basis of Decision Making

Proper communication provides information to the manager that is useful for decision making. No decisions could be taken in the absence of information. Thus, communication is the basis for making the right decisions.

4. Increases Managerial Efficiency

The manager conveys the targets and issues instructions and allocates jobs to the subordinates. All of these aspects involve communication. Thus, communication is essential for the quick and effective performance of the managers and the entire organization.

5. Increases Cooperation and Organizational Peace

The two-way communication process promotes co-operation and mutual understanding amongst the workers and also between them and the management. This leads to less friction and thus leads to industrial peace in the factory and efficient operations.

6. Boosts Morale of the Employees

Good communication helps the workers to adjust to the physical and social aspects of work. It also improves good human relations in the industry. An efficient system of communication enables the management to motivate, influence and satisfy the subordinates which in turn boosts their morale and keeps them motivated.

Types of Communication

1. Formal Communication

Formal communications are the one that flows through the official channels designed in the organizational chart. It may take place between a superior and a subordinate, a subordinate and a superior or among the same cadre employees or managers. These communications can be oral or in writing and are generally recorded and filed in the office.

Formal communication may be further classified as Vertical communication and Horizontal communication.

Vertical Communication

Vertical communication as the name suggests flows vertically upwards or downwards through formal channels. Upward communication refers to the flow of communication from a subordinate to a superior whereas downward communication flows from a superior to a subordinate.

Application for grant of leave, submission of a progress report, request for loans etc. are some of the examples of upward communication. Sending notice to employees to attend a meeting, delegating work to the subordinates, informing them about the company policies, etc. are some examples of downward communication.

Horizontal Communication

Horizontal or lateral communication takes place between one division and another. For example, a production manager may contact the finance manager to discuss the delivery of raw material or its purchase.

Types of communication networks in formal communication:

- • Single chain: In this type of network communications flows from every superior to his subordinate through a single chain.

- **Wheel:** In this network, all subordinates under one superior communicate through him only. They are not allowed to talk among themselves.

- **Circular:** In this type of network, the communication moves in a circle. Each person is able to communicate with his adjoining two persons only.

- **Free flow:** In this network, each person can communicate with any other person freely. There is no restriction.

- **Inverted V:** In this type of network, a subordinate is allowed to communicate with his immediate superior as well as his superior's superior also. However, in the latter case, only ordained communication takes place.

2. Informal Communication

Any communication that takes place without following the formal channels of communication is said to be informal communication. Informal communication is often referred to as the 'grapevine' as it spreads throughout the organization and in all directions without any regard to the levels of authority.

Informal communication spreads rapidly, often gets distorted and it is very difficult to detect the source of such communication. It also leads to rumours which are not true. People's behaviour is often affected by rumours and informal discussions which sometimes may hamper the work environment.

However, sometimes these channels may be helpful as they carry information rapidly and, therefore, may be useful to the manager at times. Informal channels are also used by the managers to transmit information in order to know the reactions of his/her subordinates.

Types of Grapevine network:

- **Single strand:** In this network, each person communicates with the other in a sequence.

- Gossip network: In this type of network, each person communicates with all other persons on a non-selective basis.

- Probability network: In this network, the individual communicates randomly with other individuals.

- Cluster Network: In this network, the individual communicates with only those people whom he trusts. Out of these four types of networks, the Cluster network is the most popular in organizations.

3. Unofficial Communication

There is also an unofficial way of communication. Unofficial communication refers to employee communication outside of the workplace on matters unrelated to work. Friendly meetings, dinner outings, and social gatherings among employees are examples of unofficial communication channels. The management must be aware of the existence of such a channel and the information flowing through it.

Barriers of Communication

The communication barriers may prevent communication or carry incorrect meaning due to which misunderstandings may be created. Therefore, it is essential for a manager to identify such barriers and take appropriate measures to overcome them.

1. Semantic Barriers

These are concerned with the problems and obstructions in the process of encoding and decoding of a message into words or impressions. Normally, such barriers result due to the use of wrong words, faulty translations, different interpretations, etc.

2. Psychological Barriers

Emotional or psychological factors also act as barriers to communication. The state of mind of both sender and receiver of communication reflects in the effective communication. A worried person cannot communicate properly and an angry recipient cannot understand the message properly.

Thus, at the time of communication, both the sender and the receiver need to be psychologically sound. Also, they should trust each other. If they do not believe each other, they cannot understand each other's message in its original sense.

3. Organizational Barriers

The factors related to organizational structure, rules and regulations authority relationships, etc. may sometimes act as barriers to effective communication. In an organization with a highly centralized pattern, people may not be encouraged to have free communication. Also, rigid rules and regulations and cumbersome procedures may also become a hurdle to communication.

4. Personal Barriers

The personal factors of both sender and receiver may act as a barrier to effective communication. If a superior thinks that a particular communication may adversely affect his authority, he may suppress such communication.

Also, if the superiors do not have confidence in the competency of their subordinates, they may not ask for their advice. The subordinates may not be willing to offer useful suggestions in the absence of any reward or appreciation for a good suggestion.

Communication Channels

Communication channels are the means by which people in a company communicate and interact with one another. Without the proper communication channel, it is exceedingly difficult for employees to align with the business objectives and goals, as well as drive innovation and progress in the workplace.

- Digital communication channels –

To reach and engage their staff, most firms use digital communication platforms. They include a variety of online tools that employees utilize to stay in touch with one another and stay up to date on corporate news and developments. This form of communication channel is thought to be the most effective of all.

A few examples are social media, intranets, employee collaboration software, project management tools, feedback software, etc.

- Face-to-face communication channels –

Face-to-face communication is still vitally crucial in the workplace, despite the fact that electronic forms of communication are gaining over. It is still crucial since many situations require nonverbal communication (body language, gestures, signs, facial expressions, etc.).

- Written communication channels –

Within corporations, this sort of communication is nearly extinct. However, textual communication is still required when communicating critical policies, letters, memos, manuals, notices, and announcements to employees. But, for external communications with the customers, retailers, distributors and other individuals, written communication is still the most effective.

A few examples are emails, live chat, text messages, blogs, newsletters, written documents, etc.

Models of Communications

The communication process is divided into three standard models: linear, interactive, and transactional. They are useful because they simplify the fundamental structure of communication and can help us understand it not only verbally, but also visually. Most importantly, they identify the many communication pieces and act as a form of a map to explain how different portions of the communication process are interconnected.

- Linear Model –

In this model, a sender encrypts a message and sends it to the recipient via a channel. The message is decoded by the receiver. There could be obstacles or background noise in the communication process. Also known as Straight-line communication, it is most common in mainstream media such as television, radio, and newspapers. There is no way to get immediate feedback in this model.

- Interactive Model –

The Interactive model is similar to the Linear model, except it includes feedback. The feedback concept was introduced to the model, which gave a closer simulation of interpersonal human interaction than was previously known. Interactional models follow two channels in a more dynamic perspective of communication. After receiving the message, the receiver encodes and transmits a response to the original sender, who has now become the receiver. A common example of this model is a telephonic call.

- Transactional Model –

In the Transactional Model, the receiver and sender can both perform the same roles at the same time, as messages can be sent back and forth at the same time. People generate shared meaning in a more dynamic process in the transactional model. To create common meaning, there must be some overlap in realms of experience. In other words, if people are to communicate at all, communicators must share at least some degree of cultural, linguistic, or environmental commonality.

Verbal Communication

Vocal communication is accompanied by auditory signals produced by a vibrating organ, such as the larynx in mammals' throats. The vocal communication is the process through which speakers' express emotions by changing the nonverbal components of their speech, and listeners use nonverbal aspects of speech to infer the speaker's emotional experience. This comprises aspects of the voice such as intonation, stress, volume, speed, and accent interference. We use vocal communication to frame our message more effectively. This form of communication, as well as voice features such as pauses and focus stress, are used to build a structure that allows the listener to follow your message.

- Intonation – Intonation defines how the pitch of your voice increases and falls during a speech. A shift or variation in pitch can have an impact on the meaning of what we say.

- Stress – Stressing is the process of emphasizing a word or statement in order to bring attention to it. Stress syllables and words are said louder, for a longer period of time, and with a higher pitch. When the speaker is monotone, these crucial cues are missing, and the message becomes puzzling.

- Pauses – The pause allows the speaker to gather his or her thoughts before making the final argument. This allows the audience to stay up with you while also giving them time to process what you just stated.

- Focus Stress – The listener's attention is drawn to a certain word or phrase when there is focus tension. The employment of focus stress is used to clarify, emphasize, or demonstrate the difference.

- Pace – Pace is the rate at which you speak. The pace might be rapid, slow, or moderate, and it can fluctuate throughout. It is claimed to vary the tempo, quickening up at times and then slowing down depending on the scenario and the significance of the context, in order to keep the audience's attention.

Nonverbal Communication

Non-Vocal Communication is the technique of transmitting meaning without the use of written or spoken words. Non-verbal communication refers to any communication between two or more people that involves the use of facial expressions, hand motions, body language, postures, and gestures. These non-vocal cues can provide insights, supplementary information, and significance in addition to spoken communication.

Non-vocal elements such as unspoken symbols, signs, and signals to express meaning are examples of verbal communication. Non-vocal elements such as body language, gestures, facial emotions, and eye contact are examples of nonverbal communication.

- Signals

Signals are movements that are used to express to others one's wants, desires, and feelings. Signaling is a type of expressive communication. The primary goal of signals is to change a single environmental aspect in order to attract attention and convey meaning.

- Signs

Signs do not belong to any specific language, although they are found in practically every region of the world. The primary distinction between a sign and a signal is that a sign (such as traffic lights or a police officer's badge) has inherent meanings, but a signal (such as a scream for aid) is only a means through which extrinsic meanings can be formulated.

- Symbols

The symbol has been defined as any device that can be used to create an abstraction. Symbols are visual representations of an event, activity, object, person, or location that can be used to convey information about that event, action, thing, person, or location. Symbols can be used to communicate in both receptive and expressive modes. The more closely a symbol resembles what it represents, the more tangible it is.

- Icons

An icon is a visual representation of an application, a capability, or another concept or distinct thing that has meaning for the user. Icons are typically thought to be dense collections of linked and unconnected symbols.

- Gestures

A gesture is a movement of the hand, arms, or other bodily part meant to express or accentuate something, most often while speaking. Gestures can also develop a communication lexicon that is more or less unique to each culture.

- Proxemics

Proxemics is the study of how people from diverse cultures use time and space, as well as body positions and other elements, to communicate. The proxemics is the study of what people express by standing closer or farther apart. Standing very close to someone to whom we are about to disclose something private is one example. Another example is backing away from someone when we feel our personal space is being infringed upon.

Mass and Public Communications

The process of developing, sending, receiving, and analyzing messages for large audiences via vocal and written media is known as Mass communication. Print media, outdoor media, digital media and the Internet, social media, films, radio, and television are all examples of these mediums. The method through which media companies develop and disseminate messages to large audiences, as well as the process by which those messages are sought, used, interpreted, and influenced by the audience, is known as mass communication.

When a person or a group of individuals meet and begin sharing information with an audience or give a presentation on specific themes to deliver a message, this is referred to as public communication. Public communication can be defined as the act of sharing information with the general public. Public speaking events, conferences, seminars, and press conferences are all instances of public communication.

Control of mass communications

In serving the people, public communicators are not totally free to follow their own whims. In several nations, national authorities have complete control over all broadcasting, and in some areas, print and cinema media are strictly regulated by the government. Written and visual communications may be subject to censorship and limits under local law.

Effects of mass communications

Mass communications are capable of creating learning and changing attitudes and opinions in their listeners, with the depth of the learning and changes restricted by the situation's connected elements. Some people believe that the overall impacts of mass communication are safe for both children and adults. Many sociologists believe that mass communication influences attitudes and behaviour. In the

voting behaviour of so-called undecided voters, the influence of newspapers, journals, and television in shaping political opinions are fairly well recognized. Advertising firms well-versed in television tactics have been introduced into the political arena to organize campaigns and promote their customers' images.

Limitations of Communication

a) Rigidity: Communication model is rigid in nature. Communication is an everchanging process. So the ever changing process of communication cannot always be presented in a rigid model.

b) Non-inclusion of some aspects: In a communication model, only the important aspects of communication process are included and less important aspects are ignored. But in some cases these unimportant aspects become important.

c) Lack of detailed explanation: Communication model represents the communication process through symbols. Elaborate explanation is not always available in the communication model

d) Non-availability of experts: Another limitation in developing a communication model is that expert hands are not always available. As a result, development of time befitting model is difficult.

e) Requirement of Skilled Manpower: The development of communication model requires skilled manpower. Such manpower may not be available always.

f) May not be cost effective: Formulation of communication model for transmitting message requires a lot of valuable time. But the benefits may be less from the cost of application of such model.

Motivation

The word Motivation derives from the   Latin word "Movere". The Latin word "Movere" means "To move", "To drive" or "To drive forward" etc. Motivation can be defined as stimulating, inspiring and inducing the employees to perform to their best capacity. Motivation is a psychological term which means it cannot be forced on employees. It comes automatically from inside the employees as it is the willingness to do the work.

According to W. G. Scot, "Motivation means a process of stimulating people to action to accomplish the desired goals."

Process of Motivation

1. Unsatisfied need: Motivation process begins when there is an unsatisfied need in a human being.

2. Tension: The presence of unsatisfied need gives him tension.

3. Drive: This tension creates an urge of drive in the human being an he starts looking for various alternatives to satisfy the drive.

4. Search Behaviour: After searching for alternatives the human being starts behaving according to chosen option.

5. Satisfied need: After behaving in a particular manner for a long time then he evaluates that whether the need is satisfied or not.

6. Reduction of tension: After fulfilling the need the human being gets satisfied and his tension gets reduced.

Types of Motivation

1. Achievement Motivation: It is the drive to pursue and attain goals. An individual with achievement motivation wishes to achieve objectives and advance up on the ladder of success. Here, accomplishment is important for its own shake and not for the rewards that accompany it. It is similar to 'Kaizen' approach of Japanese Management.

2. Affiliation Motivation: It is a drive to relate to people on a social basis. Persons with affiliation motivation perform work better when they are complimented for their favourable attitudes and co-operation.

3. Competence Motivation: It is the drive to be good at something, allowing the individual to perform high quality work. Competence motivated people seek job mastery, take pride in developing and using their problem-solving skills and strive to be creative when confronted with obstacles. They learn from their experience.

4. Power Motivation: It is the drive to influence people and change situations. Power motivated people wish to create an impact on their organization and are willing to take risks to do so.

5. Attitude Motivation: Attitude motivation is how people think and feel. It is their self, their belief in themselves, their attitude to life. It is how they feel about the future and how they react to the past.

6. Incentive Motivation: It is where a person or a team reaps a reward from an activity. It is "You do this and you get that", attitude. It is the types of awards and prizes that drive people to work a little harder.

7. Fear Motivation: Fear motivation coercion's a person to act against will. It is instantaneous and gets the job done quickly. It is helpful in the short run.

Features of Motivation

1. Motivation is a psychological phenomenon: Motivation is an internal feeling which means it cannot be forced on employees. The internal feelings such as need, desire, aspirations etc. influence human behaviour to behave in a particular manner. For example, desire to have a new house, respect and recognition etc.

2. Motivation produces goal directed behaviour: Motivation induces people to behave in such a manner so that they can achieve their goal. Motivated person need no supervision or direction. He will always work in desired manner. For example of a person has a motive to get promotion so he will work efficiently to get promotion.

3. Motivators can be positive as well as negative: To motivate employees managers use various motivators. Some motivators are positive and some are negative few examples of positive motivators are promotion, increment, bonus, respect, recognition etc. if employee does not improve his performance with positive motivators then manager uses negative motivators such as warning, issue of memo, demotion, stopping increments etc. sometimes fear of negative motivators also induces person to behave in a desired manner.

4. Motivation is a complex process: Motivation is a complex and difficult task. In order to motivate people a manager must understand various types of human need. Human needs are mental feelings which can be measured accurately. If manager measures them accurately then also every person uses different approaches to satisfy his need. Some get satisfied with monetary incentives, some with non-monetary, some with positive and some with negative motivators. So it is not possible to make generalization in motivation.

5. Motivation is a dynamic and continuous process: Human beings are ever-changing. Human needs are unlimited and go on changing continuously. Satisfaction of one need gives rise to another so managers have to continuously perform the function of motivation.

Importance of Motivation

1. Motivation helps to change from negative attitude to positive attitude

Without motivation the employees try to perform minimum activities in the organization. But the motivation fills in the desire to perform to their maximum level. All the resources of the organization are of no use unless and until the employees use these resources. The motivated employees make best use of the resources.

2. Motivation improves performance level of employees

The motivation improves the efficiency level of employees which means the employees start performing the job to the best of their ability with minimum wastage of time and resources because motivated employees always go for best utilization of resources. The motivation bridges the gap between the ability to work   and willingness always improves efficiency.

3. Help in achieving the organisational goal

The motivated employees always try to achieve the organizational goal and contribute their best efforts for the realization of organizational goal as they know with the achievement of organizational goal only they can achieve their personal goal. All the employees contribute their efforts in one direction of accomplishment of goal.

4. Motivation creates supportive work environment

In motivation the relations between superior and subordinates are always improved. When the employees get their need satisfied or get the recognition and respect in the organization then they always offer a supportive hand to superiors. There is more co-operation and co-ordination in the organization and all the employees work with the team spirit.

5. Motivation helps the managers to introduce changes

The motivated employees show less resistance in accepting the organisation according to changes in the business environment because they know if the changes are not implements in the organization, not only the organization will lose by this but the employees also will find it difficult to get their needs fulfilled. Motivated employees are always supportive and co-operative in accepting changes in

6. Reduction in Employee Turnover

The motivation creates confidence in the employees to get their need satisfied in the organization itself. They always select the alternative to remain in the organization and increase their earning rather than leaving the organization and increasing their earnings. With motivation employee turnovers are less because the satisfied employees never leave the job.

Advantages of Motivation

Advantages to Management or Organization:

- Increase in the efficiency and productivity of employees. Motivation ensures a high level performance of employees.

- Better co-operation from employees and cordial labour-management relations.

- Reduction in the rate of labour absenteeism and turnover.

- Reduction in the wastages and industrial accidents.

- Improvement in the morale of employees.

- Quick achievement of business/corporate objectives and favourable corporate image.

Advantages to Employees or Workers:

- Employees get various monetary and non-monetary facilities/benefits which provide better life and welfare to them.

- Security of employment and other benefits due to cordial relations with the management.

- Job attraction and job satisfaction.

- Higher status and opportunities of participation in management.

- Positive approach and outlook of employees towards company, management and superiors.

- Reduction in the rate of labour turnover which is harmful to employees and management.

- Better scope for improvement in knowledge and skills of employees.

Disadvantages of motivation

- Unmotivated employees do not take an interest in their organization.

- They include in spreading 'rumours'.

- There is no co-operation from unmotivated employees.

- The threats of strikes, demonstrations, etc. creates problems for the management.

Controlling

Controlling is the process of ensuring that actual performance conform to planned performance. It also ensures that an organisation's resources are being used effectively for the achievement of predetermined goals. So controlling is a goal oriented function. The controlling functions measure actual performance against standards, find out the deviations, analyse the causes of such deviations and take corrective actions.

Features of Controlling in management

1) Controlling is a dynamic process

Controlling is a dynamic process. A manager is required to take a different course of actions when an employee fails to match the standards of performance. A manager should have the skills to decide how to react to a certain situation.

2) Controlling is an end function

Controlling is an end function because it comes into action once the task is completed. The performance standards are decided before the work is assigned to the employees and once the work is complete the performance of employees is compared with the standard performance, and if the performance of the employees is same as that of the standard perfomance then no actions are required to be taken but in case the performance doesn't match then the manager is required to take the corrective actions.

3) Planning and controlling go hand in hand

It is not wrong to say that planning and controlling works together. A manager is required to plan so that he can control the actions of employees in order to achieve the desired outcome.

4) Controlling is a pervasive function

Controlling is a pervasive function because it can't be escaped at any level of the management. All management is required to control at all levels.

For example, a top-level manager will control the actions of a middle-level manager and supervise the performance of the manager and similarly, a low-level manager is answerable to a middle-level manager.

5) Controlling is looking forward

A manager can control the performance of an employee by controlling the past actions. A manager keeps track of the performance of the employee, so that follow up can be made when the time comes to compare the performance.

Controlling Process

Controlling is a systematic process involving the following steps.

1. Setting performance standards

2. Measurement of actual performance

3. Comparison of actual performance with standards

4. Analysing deviations

5. Taking corrective action

1. Setting Performance Standards:

 Standards are the criteria against which actual performance would be measured. Standards can be set in both quantitative as well as qualitative terms.

2. Measurement of Actual Performance:

 After establishing standards, the next step is measurement of actual performance. Performance should be measured in an objective and reliable manner.

3. Comparing Actual Performance with Standards:

This step involves comparison of actual performance with the standard. Such comparison will reveal the deviation between actual and desired results.

4. Analysing Deviations:

The deviations from the standards are assessed and analysed to identify the causes of deviations.

5. Taking Corrective Action:

The final step in the controlling process is taking corrective action. No corrective action is required when the deviations are within the acceptable limits.

Importance of Controlling

1. Accomplishing organisational goals:

The controlling function measures progress towards the organisational goals and brings to light the deviations, if any, and indicates corrective action.

2. Judging accuracy of standards: A good control system enables management to verify whether the standards set are accurate.

3. Making efficient use of resources: By exercising control, a manager seeks to reduce wastage of resources.

4. Improving employee motivation: A good control system motivates the employees and helps them to give better performance.

5. Ensuring order and discipline: Controlling creates an atmosphere of order and discipline in the organisation.

6. Facilitating co-ordination: An efficient system of control helps to co-ordinate all the activities in the organisation.

Relationship between Planning and Controlling

- Planning and control are interdependent and inseparable functions of management.

- Planning is a prerequisite for controlling.

- Planning initiates the process of management and controlling complete the process.

- Planning is prescriptive where as controlling is evaluative.

- Planning and controlling are both backward looking as well as forward looking functions.

- Planning based on facts makes controlling easier and effective.

Techniques of Managerial Control

1) Traditional Techniques:

i)   Personal Observation: It creates a psychological pressure on the employees to perform well as they are aware that they are being observed personally on their job.

ii)   Statistical Reports: Statistical analysis in the form of averages, percentages, ratios, correlation, etc., present useful information to the managers regarding performance of the organisation.

iii)   Break Even Analysis: Break even analysis is a technique used by managers to study the relationship between costs, volume and profits. The sales volume at which there is no profit, no loss is known as breakeven point. It helps in estimating profits at different levels of activities.

B.E.P = $\frac{F}{S-V}$

F = Fixed cost

S = Selling price per unit

V = Variable cost per unit

iv)   Budgetary Control: Budgetary control is a technique of managerial control in which all operations are planned in advance in the form of budgets and actual results are compared with budgetary standards.

2) Modern Techniques:

i) Return on Investment: Return on Investment (ROI) can be used to measure overall performance of an organisation. It helps to know the invested capital has been used effectively for generating reasonable amount of return.

Return on investment = Net Income Total Investment

ii) Ratio Analysis: Ratio Analysis refers to analysis of financial statements through computation of ratios.

iii) Responsibility Accounting: Responsibility accounting is a system of accounting in which different sections, divisions and departments of an organisation are set up as 'Responsibility Centres'. The head of the centre is responsible for achieving the target set for his centre. E.g. Cost centre, Revenue centre, Profit centre, Investment centre, etc.

iv) Management Audit: Management audit may be defined as evaluation of the functioning, performance and effectiveness of management of an organisation.

v) PERT and CPM: PERT (Programme Evaluation and Review Technique) and CPM (Critical Path Method) are important network techniques useful in planning and controlling. PERT and CPM are techniques of project management useful in the basic managerial functions of planning, scheduling and control. PERT stands for "Programme Evaluation & Review Technique" and CPM are the abbreviation for "Critical Path Method". The techniques of PERT and CPM help greatly in completing the various jobs on schedule. They minimise production delays, interruptions and conflicts. These techniques are very helpful in coordinating various jobs of the total project and thereby expedite and achieve completion of project on time.

Limitations of Controlling

(1) Difficulty in Setting Qualitative Standards:

It is important to note that the setting of standards is possible if the nature of the work is quantitative but in respect of work which is qualitative in nature, the setting of standard is rather difficult and, therefore, for their measurement the help of some indirect standards is taken.

(2) No Control over External Factors:

It will not be true to say that a manager by completing the function of controlling will be able to establish complete discipline in the organisation.

A manager can control internal factors (like manpower, material, machine, etc.) but it is impossible to control the external factors (like government policies, technical changes, competition, etc.) Therefore, a situation of absolute discipline cannot be established.

(3) Resistance from Employees:

The business environment undergoes a constant change. Latest techniques of controlling have to be used in order to face this change. However, the employees oppose these techniques.

(4) Costly Affair:

In order to implement the process of controlling a lot of money, time and efforts are required. Small organisations cannot bear such expenditure. Therefore, they are useful for only big organisations and for the small organisations they are simply a luxury. The managers should employ only those controlling techniques which yield profit more than their costs.