

Unit 3 – Functions of Management

Session 1 : Planning			
Learning Objectives	Knowledge Evaluation	Performance Evaluation	Teaching and Training Method
To understand the meaning and significance of Planning	<ul style="list-style-type: none"> • Meaning of Planning. • Importance of Planning. • Types of Plans. • Process of Planning. 	<ul style="list-style-type: none"> • Explain the significance of Planning. • Enumerate various types of Plans. • List out the steps in Planning process. 	Interactive discussion and lecture method.
Session-2 - Organising			
To understand the meaning and significance of Organising.	<ul style="list-style-type: none"> • Meaning of Organising. • Importance of Organising. • Organising as a process. • Organisation as a structure. • Types of Organisation. 	<ul style="list-style-type: none"> • Explain the importance of organising. • Describe Organisation as a structure. • Enumerate the process of Organisation. 	Interactive discussion and lecture method.
Session-3 - Staffing			
To Understand the meaning and significance of staffing.	<ul style="list-style-type: none"> • Meaning of staffing. • Importance of staffing. • Staffing process. 	<ul style="list-style-type: none"> • Explain the importance of staffing. • Discuss the steps in staffing process. 	Interactive Discussion – Lecture Method.
Session-4 - Directing			
To understand the meaning and significance of Directing.	<ul style="list-style-type: none"> • Meaning of Directing. • Importance of Directing. • Elements of Directing. 	<ul style="list-style-type: none"> ▪ Explain the meaning and importance of Directing. ▪ Enumerate the Elements of Directing. 	Interactive Discussion – Lecture Method.
Session-5 – Controlling			
To understand the meaning and Importance of Controlling.	<ul style="list-style-type: none"> • Meaning of Controlling. • Importance of Controlling. • Relationship between Planning and Controlling 	<ul style="list-style-type: none"> ▪ Explain the importance of Controlling. ▪ Discuss the relationship between Planning and Controlling. 	Interactive Discussion – Lecture Method.
Session-6 - Coordination			
To understand the meaning and Importance of Coordination.	<ul style="list-style-type: none"> • Meaning of Coordination. • Importance of Coordination. • Coordination as essence of management. 	<ul style="list-style-type: none"> ▪ Discuss the significance of Coordination. ▪ “Coordination as essence of Management” – Discuss. 	Interactive Discussion – Lecture Method.

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1.1 Functions of Management

Management is an activity consisting of process which is mainly concerned with important task of goal achievement. No business enterprise can achieve its objective until all the members of the organization work in planned and integrated way .Therefore the process of management involves the determination of objectives and putting them in action.

According to G.R. Terry ‘Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish stated objectives by the use of human beings and other resources”

Management is considered a continuing activity made up of basic management functions which are Planning , Organising, Staffing, Directing and Controlling. The managers have to perform all these functions in order to achieve the desired organizational goals.



1.2 Planning

The first and the most important function of management is Planning. Planning involves setting objectives in advance, a goal which is to be achieved within a stipulated time. Various alternatives are formulated in order to achieve the goals. The best alternative courses of action is then selected which will help the organization to achieve its objectives. Planning is the most basic function of management. It is deciding in advance what to do and how to do when to do and by whom it is to be done. It bridges the gap between where we are and where we want to go. All the other functions of management like organising, staffing, directing, controlling are dependent on planning. Planning is related to future and is a continuous process. All the organisation have to make a concrete plan before they start business or execute any project.

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1.3 Definition of Planning

According to Theo Haiimann

“Planning is deciding in advance what is to be done .When a manager plans, he projects a course of action for the future, attempting to achieving a consistent, coordinated structure of operation aimed at desired result ”.

1.4 Importance of Planning

Planning increases the efficiency of an organisation. All business organizations would like to be successful, have a goodwill in the market, have higher profits. For attaining these attributes the thinking process has to be very effective. Now let’s understand why planning is important for the organization.



1. **Planning increase efficiency** –Planning makes optimum utilization of all available resources. It helps to reduce wastage and avoids duplication of work.
2. **Planning reduces business related risks-** Planning helps to forecast the business related risk and also helps to take necessary precautions to avoid these risks and prepare for future uncertainties
3. **Planning provides direction** – Direction means to give proper information, accurate instructions and guidance to the subordinates. Planning tells us what to do, how to do and when to do . It help the organization to achieve the goals through systematic coordination of the employees.

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4. **Planning encourages creativity and innovation-** Planning helps the managers to express their creativity and innovation. It brings satisfaction to the managers and eventually success to the organization.
5. **Planning helps in motivation-** A good plan provides various financial and non-financial incentives to both managers and employees. These incentives motivate them to work hard and achieve the objectives of the organisation.
6. **Planning helps in decision making** – A manager makes many different plans. Then they evaluate every course of action and choose the best strategy. So decision making is facilitated by planning.
7. **Planning helps to achieve objectives-** Without Planning each and every activity will be based on trial and error which will give rise to confusion Every organization has certain targets. Planning helps an organization to achieve their aims by avoiding overlapping, confusion and misunderstanding.
8. **Planning provides basis of control-**Planning is the first function of management. The other functions like organising, staffing, directing and controlling etc. are organized for implementing plans. Controlling records the actual performance and compares it with standards set. In case the performance is less than the standards set then deviations are ascertained and proper corrective measures are taken to improve the performance in future. Planning and controlling both are dependent on each other. Planning establishes standards for controlling. Therefore, Planning is necessary for effective and efficient functioning of every organisation irrespective of its size, type and objectives.

1.5 Steps in Planning Process

1. **Establishing verifiable goals-** The first step in planning is to determine the enterprise objectives. These are more often set by upper level managers. The objective may vary from a desired sales volume or growth rate to development of a new product.
2. **Establishing Planning Premises-** Plans are made to operate in the future. The second step in planning is to establish planning premises i.e. assumption on the basis of which plans will be ultimately formulated. Planning premises are vital to the success of planning as they supply important facts and information related to future like population trends, economic condition, production cost, government control etc.
3. **Deciding the Planning Period** –The next task is to decide the period of the plan whether it's a yearly plan or a plan which is spread over for longer span of time. Choice of planning period is decided based on time required in development of new product, time required to recover capital investment and length of commitments already made.
4. **Finding alternative course of action** – The next in planning is to search for and examine alternative course of action. For Ex-Products may be sold directly to the consumers by the company's salesman or through exclusive agencies.

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5. **Evaluating and selecting a course of action-** Having searched the alternative courses, the next step is to evaluate and analyze them in the light of premises and goals and select the best alternative. This is done with the help of quantitative techniques and operations research.
6. **Implementing the Plan-** The best possible course of action has now to be implemented i.e. putting the plan into action . For this the managers have to develop derivative plans for each department. A draft version of the action plan should be communicated to inform those directly affected and gain their cooperation.
7. **Measuring and Controlling the Programme** –The process of controlling is a critical part of any plan. Managers need to check the progress of their plans i.e. follow up, so that they can take remedial action if the plan is not working as per schedule or change the original plan if it is unrealistic.

1.6 Types of Plans

1. **Objectives** - Objectives may be defined as the goals which an organisation tries to achieve. Objectives are the ends towards which the activities of the enterprise are aimed. Objectives provide direction to various activities and serve as benchmark of measuring the efficiency and effectiveness of the organization
2. **Strategies** - A strategy is a special kind of plan formulated to meet the challenge of the policies of the competitors. Strategy can be shaped by the general forces operating in an industry and the economy. The strategy must be consistent with external environment
3. **Policies** - Policies may be described as plans which are meant to serve as broad guidelines to decision making in a firm. Policies exist at various levels of the enterprise. A policy should be definite, positive and clear. A policy is a standing plan which assist decision making and should be referred as a general statement of the established rule. For example –A firm has a policy of promotion from within the organisation. If a vacancy arises; the first preference is given to existing employees.
4. **Procedure** – Procedure lays down the manner or method by which work is to be performed in a standard and uniform way. Procedure is a standing plan acting as a means of implementing a policy. For Example –Sales department lays down a policy to execute all orders within 48 hours. So a procedure has to be followed in a chronological and systematic order to fulfill the orders.
5. **Programmes** – Programmes are precise plans which need to be made to discharge a non –repetitive task. The essential ingredient of every programme are time phasing and budgeting. Specific dates should be laid down for the completion of each successive stage of a programme. For Example –An enterprise has a programme of opening 5 branches in different parts of a country so they have to allocate funds and time period for -
 - a) Securing the necessary accommodation
 - b) Recruiting personnel to manage business
 - c) Arrange the supply of goods that are to be sold through the branches

Often a single step in a programme is set up as a project.

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6. **Rules** – Rules are an explicit statement that tells the members of the organization what they can or cannot do. Rules do not allow any room for interpretation because it clearly specifies the action needed to be done in a particular situation. Rules enforce discipline. For e.g. - Use of Mobile Phone at workplace during office hours is restricted.

7. **Budgets** - Budgets are plans for future period of time containing statements of expected results in numerical terms. Budgets are very useful for an enterprise. Being expressed in numerical terms, they facilitate comparison of actual results with planned ones and serve as a control device. The important budgets are sales budget, production budget, cash budget, Revenue –Expense Budget.

2.1 Organising

After planning the next function of management is organising. Organising involves division of work among people whose efforts must be coordinated to achieve specific objectives and to implement pre-determined strategies. It is the backbone of management. After the objectives of an enterprise are determined and the plan is prepared, the next step in the management process is to organize the activities of the enterprise.

According to Louis Allen "Organising is the process of identifying and grouping the work to be performed defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

According to the Haiimann "Organising is the process of defining and growing the activities of the enterprise and establishing authority relationships among them. "

With reference to above definitions its clear that organising refers to the way in which the work of a group of people is arranged and distributed among group members.

2.2 Importance of Organising

The following points highlight the crucial role that organizing plays in any business enterprise-

1. **It facilitates efficient management** - Organising is necessary for the performance of other functions of management .Poor organisation may result in duplication of work and efforts.

2. **It facilitates coordination and communication** - Organisation creates a clear cut relationships between the departments and helps in laying down balanced emphasis on various activities. It also provides channels of communication and coordination of activities of different departments.

3. **It facilitates growth and diversification-** Sound organization helps in the growth and expansion of the enterprise by facilitating its efficient management .It also increases the capacity of the enterprise to undertake more activities.

4. **It ensures optimum use of resources** -Organising leads to the optimum use of all material, financial and human resources. It matches the jobs with the individuals and vice versa and ensures that job position is clearly defined. It minimizes confusion and wastage of resources.

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5. **It provides for optimum use of technological innovations**-Sound organisation structure is not rigid. It is flexible and provides adequate scope for adoption of new technology.

6. **It facilitates specialization**- Organising provides a great scope for bringing specialization in every department of an enterprise through proper allocation of jobs among the employees.

Organising thus can be understood in two ways

1. Organising as a process
2. Organising as a structure

2.3 Organisation as a process

It refers to the way in which the work of a group is arranged and distributed among members to efficiently achieve the objectives. It creates a relationship of one job to another and lays down the scope of authority and responsibility. The duties are fixed in such a manner so that the work is performed with speed, accuracy and economy.

Steps in the process of organising

The process of organising involves the following steps

1. **Determination of objectives** - The purpose of the organisation must be identified. Objectives determine resources and various activities which should be done to achieve the organisational goals.
2. **Identification and grouping of activities**- If group members are to pool their efforts successfully, there must be proper division of the major activities. Each job should be accurately classified and grouped. This will avoid duplication of work.
3. **Assignment of duties**- After grouping the activities into various jobs, as per the nature of work, Similar activities should be placed under one department . Each individual should be given a particular task according to his ability and skills.
4. **Establishing relationship among individuals and group**- The activities which are performed by person holding different positions must be related. Every person in the organisation should know about his responsibility, authority and accountability so that there is coordination, among individuals and departments.

The organizing process results in organization structure with precisely defined authority and responsibilities.

2.4 Organisation Structure

An Organisation Structure shows the authority responsibility relationship between the various positions in the organization by showing who reports whom, It lays down the pattern of communication and coordination in the enterprise. It facilitates growth of the enterprise by

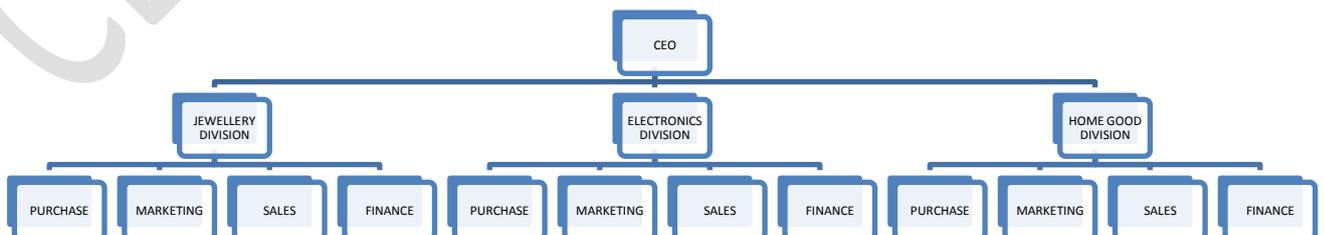
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increasing capacity to handle diversified situations. Organisation structure is usually shown on an organisation chart. There are basically 2 types of organization structure.

- 1. Functional structure-** This type of organization structure is formed by grouping together all activities into functional department and putting each department under one head. Functional structure leads to specialization. It promotes efficiency and results in increased profits. Its suitable to organization where operations require high degree of specialization . For example –A steel manufacturing Company .has divided its structure into Manufacturing, Finance, Marketing Personnel, Research and Development, as it has diversified activities and its operation require a high degree of specialization.



- 2. Divisional Structure-** Large Companies often find it to operate as one large unit under a functional organizational structure. The size of the company makes it difficult for managers to oversee operations and screen customers. To overcome this problem, most large companies are now structured as divisional organisations. Each division functions relatively autonomously because it contains most of the functional expertise under each unit. Division can be formed according to product, customers, processes or geographical division. For Example Samsung has multiproduct based division Each Product division has its own Manufacturing, Research and Development, Marketing, Finance departments.



2.5 Types of Organisation

1. **Formal organization** – Formal organization refers to a structure which is consciously designed to enable people of the organization to work together in accomplishing the common objectives. It is predetermined by top management to facilitate smooth functioning of the organization. The authority responsibility relationship created by the organization structure are to be followed by all the employees in the organisation. It is created as result of Company's rules and policies.
2. **Informal Organisation** – Informal Organisation refers to the relationship between the people in the organization based on personal likes, dislikes, emotions, attitude etc. These relationship are not in terms of procedure and regulation laid down in the formal organisation. These groups are not preplanned, they develop automatically within the organization. The membership in informal organization is voluntary. It originates as a result of social interaction.

3.1 Staffing

After planning and organizing the next function of management is 'Staffing'. It is important to have a good organization structure, but it is even more important to fill the jobs with the right people. Filling and keeping the position provided for by the organization structure with right people at the right place is the staffing phase of the management function. All the managers have a responsibility for staffing. The staffing function deals with the human elements of management. The staffing function has assumed great importance these days because of rapid advancement of technology, increasing size of organizations and complex behavior of human beings.

According to Koontz and O'Donnell, "Staffing involves manning the organization structure through proper and effective selection appraisal and development of personal to fill the roles designed into the structure."

3.2 Importance of Staffing

Staffing is people centered. Success in dealing with people will depend upon the degree to which they are perceived as making realistic contribution to the solution of management's problems. It should be remembered that every manager is expected to perform this function because he is engaged in getting things done through and with the help of people. There are various benefits of proper and efficient staffing. These are as under:

- a) **Helps in finding efficient worker**- Staffing helps in discovering talented and competent workers and develops them to work more efficiently for achievement of organizational goals.
- b) **Helps in increased Productivity** – Staffing ensures greater production by putting right man at the right job. It helps in improved organisational productivity through proper selection according to requirement
- c) **Maintains Harmony**- Staffing maintains harmony in the organisation. Through proper staffing, individuals are not just recruited and selected but their performance is regularly appraised and promotions are done. This gives everyone an equal opportunity for getting better compensation which finally results in peace and harmony.

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- d) **Helps in morale boosting-** Job satisfaction keeps the morale high of the employees. Through training and development programmes their efficiency improves and they feel assured of their career advancement
- e) **Helps in Optimum utilization of human resources-** Staffing helps in proper utilization of the available personnel. Manpower forecasting provides a basis for recruitment, transfer and training of employees. Shortage or surplus of manpower will be revealed by proper manpower planning.

3.3 Staffing process

Staffing function is performed by all managers at all levels. However, its scope is different in small and large organization. In large organization there is a separate department called Human Resources Department (HRD), with specialists to manage the people. Staffing is an inherent part of Human Resources Management as it is the practice of finding evaluating and establishing a working relationship with people.

Following are the steps involved in staffing process

1. **Manpower planning-** Estimation of manpower requirements in the future is the first stage in the staffing process. It is known as manpower or human resources planning. Its purpose is to make right kind of personnel available so that there is no surplus or shortage of people in any department. To determine the qualifications needed to meet the requirements of jobs, the organisation first of all has to analyse the jobs, write the jobs description and prepare job specifications.
2. **Recruitment** - Once the requirement of manpower is known, the process of recruitment starts. It is the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. It is a positive process as it attracts suitable candidates to apply for available jobs. The process of recruitment and the cost involved in it depends on the size of the undertaking and the type of persons to be recruited. The sources of recruitment can be
 - a) Internal sources (recruitment from within the enterprise)
 - b) External Sources (recruitment from outside)
3. **Selection** -The process of selection leads to employment of persons who possess the ability and qualifications to perform the jobs which have fallen vacant in the organisation. Selection is frequently described as a negative process as it eliminates all the candidates those who do not match up to the requirements of the job offered. As the employees are placed in the jobs for which they are best suited, they derive maximum job satisfaction reducing the labour turnover and increasing the overall efficiency of the organization. The candidates have to go through the whole selection process of an organization i.e. interviews, tests, medical examination etc.
4. **Placement-** The candidate selected for appointment are to be offered specific jobs. A personnel should be placed on a position where there is full use of his strength and capabilities. Proper placement reduces absenteeism and turnover.
5. **Induction and Orientation-** Induction is the process of familiarizing a new employee to the new workplace, surroundings, company's rule and regulations. Induction

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programme is generally informal in case of small organization. But in large organization the orientation or induction is carried on formally so that the new employee develops a favorable attitude towards the company

6. **Training and Development-** Training is an organized activity for increasing the knowledge and skills of people for a definite purpose .Its purpose is to achieve a change in the behavior of the employees and to enable them to do their jobs better. The initiative for training usually comes from the management. Development emphasizes on growth of an individual. It's a continuous process Development helps in overall growth of the employee.
7. **Performance Appraisal-** It refers to all the formal procedures used in an organization to evaluate the employees and their contributions. It also reveals as to how efficiently the subordinate is performing his job and to know his aptitudes and other qualities necessary for performing the job assigned to him.
8. **Promotion and Transfers-** Promotion refers to being placed at a higher job position with more salary, job satisfaction and responsibility. On the basis of feedback report of employees performance they are given promotion and other opportunities Transfer means shifting of an employees from one job to another or one department to other. Transfer may take place due to change in organization structure or changes in the volume of work.
9. **Compensation-** Compensation of employees for their services is an important responsibility of any organization. Every organization must offer good wages, pay, salary and other rewards to attract and retain talented employees. Compensation to workers will vary depending upon the nature of jobs, skills required, risk involved, nature of work etc.

4.1 Directing

Directing is concerned with the initiation of organized action and stimulating people to work. It involves issuance of orders, instructions and leading and motivating the employees to execute them. Directing is the inter-personal aspect of management which deals directly with influencing, guiding, supervising and motivating the subordinates for the accomplishment of pre-determined objectives. Planning, organizing, staffing are merely preparations for doing the work but the work actually initiates through directing function.

According to Koontz and O'donnell "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise objectives."

The manager must stimulate action by giving direction to his subordinates through orders and also supervise their work to ensure that the plans and policies achieve the desired actions and results.



4.2 Importance of Directing

Direction is one of the most complex functions of management which can be learned and perfected only through long experience. It is the central point around which accomplishment of goals take place. It is also called an activity function of management because it is through direction the operation of an enterprise actually starts. It provides many benefits to an organisation which are as under –

1) Initiates action:

Direction initiates action that motivates people to convert the resources into productive outputs. It gives substance to managerial function of planning, Organising, Staffing and controlling. People learn to manage the resources in the most effective way that results in their optimum utilization.

2) Creates a Sound work environment:

If direction are issued in consultation with employees, it creates an environment of understanding where people work to their maximum potential, willingly and enthusiastically to contribute towards organizational goals.

3) Develops managers:

Managers who are personally motivated to work can also direct others to work. Managers develop their skills and competence. Motivation, leadership and communication help in bringing people together. This is beneficial for both the employees and organisation. Direction, thus, prepares future managers

4) Behavioral satisfaction:

Since direction involves human behavior and psychology, employees feel behaviorally satisfied and personally inspired to achieve organizational goals.

5) Increase in productivity:

Personally satisfied employees contribute towards output and efficiency of the organisation. Direction gets maximum out of subordinates by exploiting their potential and increasing their capabilities to work.

6) Achieves coordination

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Directing aims at continuous supervision of activities. It achieves coordination by ensuring that people work towards planned activities in a coordinated manner. It integrates the action of employees that increase their understanding of mutual interdependence and their collective effort to achieve the organisational goals.

7) **Facilitates control:**

Coordination brings actual performance in conformity with planned performance. The controlling function is, thus, facilitated through effective direction.

8) **Facilitates change:**

Direction helps in introducing change in the organization structure and adapting the organization structure to external environment. People are not easily receptive to changes. Direction helps in changing attitude of people in a positive way.

9) **Facilitates growth:**

Organisation open to change is responsive to growth. Direction harmonizes physical, financial and human resources, balances various parts of the organization and creates commitment amongst people to raise their standards of performance.

4.3 Elements of Directing

Directing deals with inter-personal relations. It is the doing or implementing phase of management. Hence it is also called management-in-action. All the activities related to directing can be categorized into 4 different elements of directing. They are Supervision, Communication, Motivation and Leadership.



- 1) **Supervision** – Supervision is an important element of directing. It implies overseeing the work of subordinates in order to guide and regulate their efforts. Supervision is very important at the operating level of management. The Supervisor is in direct contact with the workers and acts as the link between workers and management. The purpose of supervision is to ensure that subordinates perform their tasks according to prescribed procedures and as efficiently as possible.
- 2) **Communication**- It is the process of passing information view point, facts, ideas , opinion and understanding from one person to another .It is a two way process and is complete when there is some response from the receiver of information. Communication may take several forms like order, instructions, report, suggestion etc.

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- 3) **Leadership**- Leadership may be defined as the process by which a manager guides and influences the work of his subordinates. The success of every enterprise is dependent upon the quality of its leadership. For example Reliance would not have attained their present success but for the able leadership of Dhiru Bhai Ambani. A leader exercises his influence over the followers through the use of informal authority or power.
- 4) **Motivation**- Motivation means inspiring the subordinates with a zeal to do work for accomplishment of organizational objectives. A manager should make appropriate use of motivational tools to actuate the subordinates to work harmoniously towards achievement of organisational goals. Different people are motivated by different type of rewards, which can be financial incentives or non-financial incentives.

5.1 Controlling

Controlling is seeing that actual performance is guided towards expected performance .All other functions of management cannot be completed effectively without performance of the control function. It implies measurement of accomplishment against the standards and correction of deviation, if any, to ensure achievement of organizational goals. The efficient system of control helps to predict deviation 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."

Controlling ensures that there is effective and efficient utilization of organisational resources so as to achieve the organisational goals. Controlling has two basic purposes

- a) It facilitates coordination
- b) It helps in planning

5.2 Importance of Controlling

A Good control system provides timely information to the manager which is very much useful for taking various operations. The road signals at a road crossing illustrates the significance of

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control. Road signals are necessary to ensure accident free and smooth traffic management controls are essential in any organisation for its smooth functioning.

Significance of good control system are as follows-

- 1) **Basis of future action-** Control provides the basis for future actions. It will reduce the chances of mistakes being repeated in future by suggesting preventive steps.
- 2) **Facilitates decision making-** The process of control is complete only when corrective measures have been taken. This requires taking a right decision as to what type of follow up action is to be taken.
- 3) **Facilitates discipline and order** – The existence of control system has a positive impact on the behavior of the employees. They are cautious while performing their duties as they know they are being observed by their superiors.
- 4) **Facilitates Coordination-** Control helps in Coordination of the activities of various departments of the enterprise. It provides them unity of direction.
- 5) **Facilitates motivation** – A control system is most effective when it motivates people to high performance. Since most people respond to a challenge, successfully meeting a tough standard may provide a greater sense of accomplishment.
- 6) **Effective plan Implementation-**Controlling and planning are interdependent. Control is the only means to ensure that the plans are being implemented control points out short comings of not only planning but also other functions of management. Comparison can be done through various Performance report, Personal Observation.

5.3 Controlling Process



Controlling as a management function involves following steps-

- 1) **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. It acts as a basis of evaluations of actual performance. Standards can be set in quantitative or qualitative terms. Quantitative or measurable standards can be in form of cost, output, time, profit etc. Qualitative or non-measurable standards can be in form of performance of a manager, attitude of worker improving motivational level of employees. Standards should be flexible i.e. capable of being changed according to the circumstances.

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- 2) **Measurement of Performance** –This step involves measuring of actual performance of various individuals, group or units. Measurement of tangible standards is easy as it can be expressed in quantitative terms. Frequency of measurement depends on the nature of task being controlled Qualitative.
- 3) **Comparison of Actual and Standard Performance**-Comparison of actual performance with the planned targets is very important. Deviations can be defined as the gap between actual performance and the standards laid down. The manager has to find out extent of deviation and cause of deviation. The manager has to exercise control by exception. He has to target those deviation which are critical and important for business.
- 4) **Taking remedial action**-Once the causes and extent of deviation are known, the manager has to detect those errors and take remedial measures so that these deviations don't occur again. Remedial or corrective actions can be replanning of standards, classification of duties, training of workers etc.

5.4 Relation between Planning and Controlling

Planning and Controlling are closely related to each other. After a plan becomes operational, control is necessary to measure progress, to uncover deviation and to take corrective steps. It is also not possible to think of an effective control system without existence of good plans. Relationship between planning and Controlling is discussed below-

1. **Control is always based on Planning**- Every manager uses certain Standards for measuring the performance which are laid down by planning. So planning is a pre-requisite for controlling
2. **Planning without Controlling is meaningless and control without Planning is blind**- A good plan will not bring any concrete result if the management is lacking in controlling Planning identifies the goals and determines the ways to achieve them whereas control ensures attainment of goals by evaluating performance and taking corrective action.
3. **Planning and controlling are both forward looking and backward looking** -Planning is looking ahead because plans are prepared for future Controlling is looking forward because it aims to improve future performance and helps in better planning in future. Planning is looking backwards because new planning is guided by past experiences. Controlling is looking backwards as it compare actual performance with standards fixed in the past.

Conclusion

Planning must be done before the actual operation and control should follow plans during and after the actual performance. The experience gained in controlling will help improve the process of planning. Thus we can say Controlling and Planning are interdependent and interrelated.

6.1 Coordination

The management of a modern enterprise is based on the principle of specialization or division of labour. Jobs are broken down into single repetitive tasks and are entrusted to

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individual either working in the same department or in different departments. To attain the desired results with so much diversification, coordination becomes necessary.

So, Coordination is the management of interdependence in work situations. Coordination leads to blending the activities of different individuals and group of individuals for the achievement of certain objectives. In an enterprise which consists of number of departments, such as production, purchase, sales, finance etc. there is a need for all of them to work in synchronisation and achieve the organizational objectives. According to Henri Fayol “Coordination harmonizes synchronizes and unifies individual efforts for better action and for the achievement of the business objectives.”

6.2 Coordination as the essence of management

Some writers in the area of administration and management consider Coordination as a separate managerial function. However, coordination might be considered as an essential part of all the managerial functions of planning, organizing, directing and controlling. It is a managerial activity which is needed at all the levels of management.

- The planning function facilitates coordination by properly integrating and interrelating the plans of various departments.
- The organisation function facilitates coordination when a manager groups and assigns the various activities to subordinates or creates departments.
- The staffing function facilitates coordination for placing right number and quality of people at various positions.
- The directing function facilitates coordination when a manager instructs, guides and motivates the subordinates.
- The control function facilitates coordination when the manager evaluates the tasks and checks whether performance is in conformity with the desired standards and takes remedial action in case of any deviation.

6.3 Importance of Coordination

When a number of people are working to carry out a task, coordination is the only method of synchronisation. Through coordination, duplication of work and excessive burden on a single department can be eliminated. The task of coordination is becoming increasingly complex and difficult. The need for coordination arises because of the following factors-

- 1) **Division of labour** – When managers divide work into specialized function or departments, they at the same time create a need for the coordination for these activities. Greater the division of labour, greater the need for the coordination.
- 2) **Growth in size** - With the growth in size of an enterprise and large employment of people, the task of integrating the activities becomes more complicated. To achieve the desired results its important to harmonise individual goals with organisation goals through coordination.
- 3) **Interdependence of units** - The need for coordination in an organisation also arises because of the interdependence of various units. Greater the interdependence of the units, the greater the need for coordination. As all the department have their own set of policies

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and procedures, but to achieve the organisation goals the activities of various departments have to be coordinated.

- 4) **Growing specialization** - Modern business has become increasingly complex as various functions are to be performed by specialists. Specialisation, brings about need for more coordination because of diversity of tasks to be performed.

Key Words

- | | | |
|--------------|-------------------------|--------------|
| * Motivation | * Strategies | * Objectives |
| * Policies | * Manpower Planning | * Inductions |
| * Training | * Performance Appraisal | |

SUMMARY

- **Planning** – It bridges the gap between where we are and where we want to go.
- **Importance of Planning** –
 - Increase efficiency
 - Reduces business related risks
 - Provides direction
 - Encourages creativity and innovation

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- Helps in motivation
- Helps in decision making
- Helps to achieve objectives
- Provides basis of control
- **Steps in Planning Process –**
 - Establishing verifiable goals
 - Planning Premises
 - Deciding the Planning Period
 - Finding alternative course of action
 - Evaluating and selecting a course of action
 - Implementing the Plan
 - Measuring and Controlling the Programme
- **Types of Plans –**
 - Objectives
 - Strategies
 - Policies
 - Procedure
 - Programmes
- **Organising –** It involves division of work among people to achieve the desired objectives.
- **Importance of organization –**
 - Facilitates efficient management
 - Coordination and communication
 - Growth and diversification
 - Optimum use of resources
 - Provides for optimum use of technological innovations
- **Organization as a process –**
 - Determination of objectives
 - Identification and grouping of activities
 - Assignment of duties
 - Establishing relationship among individuals and group
- **Organization structure –**
 - Functional Structure
 - Divisional Structure
- **Types of organization –**
 - Formal Organisation
 - Informal Organisation.
- **Staffing –** It is concerned with planning right kind of people at right place.
- **Importance of staffing –**
 - Helps in finding efficient worker
 - Helps in increased productivity
 - Maintains Harmony
 - Helps in morale boosting
 - Helps in Optimum utilization of human resources.

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- **Staffing Process –**
 - Manpower planning
 - Recruitment
 - Selection
 - Placement
 - Induction and Orientation
 - Training and Development
 - Performance Appraisal
 - Promotion and Transfers
 - Compensation.
- **Directing –** It is the process of instructing guiding motivating the people in the organization to achieve the objectives.
- **Importance of Directing –**
 - Initiates action
 - Creates a sound work environment
 - Develops managers
 - Behavioral satisfaction
 - Increase in Productivity
 - Achieves coordination
 - Facilitates control
 - Facilitates change
 - Facilitates growth.
- **Elements of Directing –**
 - Supervision
 - Communication
 - Leadership
 - Motivation.
- **Controlling –** It refers to comparison of actual performance with standards laid down and taking corrective action in case of deviation.

- **Importance of Controlling –**
 - Basis of future action
 - Facilitates decision making
 - Facilitates discipline and order
 - Facilitates coordination
 - Facilitates motivation.
- **Coordination –** It refers to synchronization and harmonization of efforts of subordinates towards achievement of common goals.
- **Importance of Coordination –**
 - Division of Labour
 - Growth in size
 - Interdependence of units
 - Growing specialization.

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Self Test Questions

I. Fill the Correct Answer —

- 1) Grouping of activities on the basis of product lines is a part of Organization.
- 2) Is the formal procedure used to evaluate an employee in the organization.
- 3) The process of sharing ideas, opinions from one person to another is called
- 4) Controlling and Planning are interdependent and
- 5) The need for arises due to interdependence of various departments in an organization.

II. Match the following

- | | |
|-----------------|---|
| 1. Procedure | 1. Includes the process of interview, tests |
| 2. Rule | 2. Essence of management |
| 3. Coordination | 3. Method of performing a task |
| 4. Selection | 4. Measurement of actual performance with standards |
| 5. Controlling | 5. Enforces discipline |

III. Answer in brief —

1. Distinguish between Functional and Divisional structure of organization.
2. Explain the following –
 - a) Recruitment
 - b) Training and Development
 - c) Policies
3. How does directing help in facilitating changes in the organization?
4. Explain the importance of planning as a function of management.
5. How does control facilitate coordination?

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IV. Answer in detail —

1. “Planning is looking ahead and controlling is looking back”. Comment.
2. Coordination is the essence of management. Discuss.
3. Explain the steps in planning process.
4. Discuss the significance of organizing as a function of management.
5. Discuss the elements of directing.

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