
UNIT 2 FUNCTIONS OF MANAGEMENT

Structure

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2.0 OBJECTIVES

After going through this unit, you will be able to:

- describe the concept, importance, and process of planning;
- discuss the concept, and purpose of organizational design;
- recognize the importance of the logical relationship between the division of work, departmentalization, hierarchy, and coordination in organizations;
- describe the nature and logic of staffing function; and
- explain the concept, importance, and steps of controlling.

2.1 INTRODUCTION

In Unit 1 we have understood the concept and context of management along with different levels and types of managers. We have also learned various

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tasks undertaken by the managers and the qualities and skills required for managers at different levels. Unit 2 discusses in detail the five essential functions of management namely planning, organizing, staffing, directing, and controlling.

Planning is the most basic of all managerial functions since it involves selecting from among alternative courses of action. Planning provides the foundation for the four other functions of management. A manager organizes staff, directs, and controls to assure the attainment of goals and plans designed to achieve them. Decision-making regarding the future course of action for the long term as well as short-term sustainability is the core of planning. A plan does not exist unless a decision on the commitment of resources and the direction is set. To facilitate the people to work effectively, toward accomplishing the goals and objectives established during planning, structures of roles or positions are to be maintained. This is the purpose of the managerial function of organizing. The managerial process of organizing involves making decisions about creating the framework so that the organizations provide continuity. The managerial process of Organizing provides the basis for other managerial functions covering staffing, directing, and controlling.

The function of staffing deals with providing staff as per the organization's structure. The staffing function should assure that competent staff is provided to meet the current and future requirements of the enterprise. Enterprises focus on the continuous availability of competent staff as per requirements. The staffing function deals with various aspects connected with Human Resource Management (HRM). Directing is concerned with the interpersonal relations of managers and non-managers. Planning, organizing, and staffing functions need to be supported by guiding people by good communication and by an ability to lead. Leadership must be based on an understanding of what motivates people. Supervisors play an important role in directing employees in accomplishing the set tasks. Controlling helps managers to monitor the effectiveness of planning, organizing, staffing, and directing, and take corrective actions as needed. Though the function comes last it is the most important function. Organizations use control procedures to ensure that they are making satisfactory progress towards their goals and using their resources efficiently. In short, whenever there is an existence of activity of planning, that must be followed by the activity of control.

2.2 PLANNING

We all have dreams or aspirations for the future. To realize our dreams we need to set specific measurable goals within a time frame. The same is true for organizations. Planning is the process of establishing goals and a suitable course of action for achieving them. You can appreciate that planning is deciding in advance:

What to do?

How to do?

When to do?

Where to do?

And who does it?

Planning bridges the gap from where we are now to where we want to go.

Planning is a particular kind of decision-making that deals with the future that managers desire for their Organization. Planning is not a single event with a clear beginning and end. It is an ongoing process that reflects and adapts to changes in the environment surrounding the Organization.

2.2.1 Importance of Planning

You may appreciate that without plans managers do not know how to organize people or resources effectively. Planning implies that managers think through their goals and actions in advance.

Plans give the organization its objectives and provide the best procedures to realizing them.

Planning helps in providing some logical way of proceeding with our efforts to achieve the goals and objectives of our organization.

Planning helps organizations in committing resources required for achieving objectives.

Plans facilitate members of the organization to carry on their activities consistent with the chosen objectives.

Plans provide the basis to measure the progress towards the objectives. This helps in initiating corrective actions where necessary.

Planning logically precedes all other managerial functions namely: Organizing, Staffing, Leading, and control.

Planning establishes objectives necessary for group effort in an Organization.

Planning and control are inseparable.

Planning is a function of all managers, but the involvement may vary with their functions and levels.

Fig.2.1. Shows plans providing a foundation of management

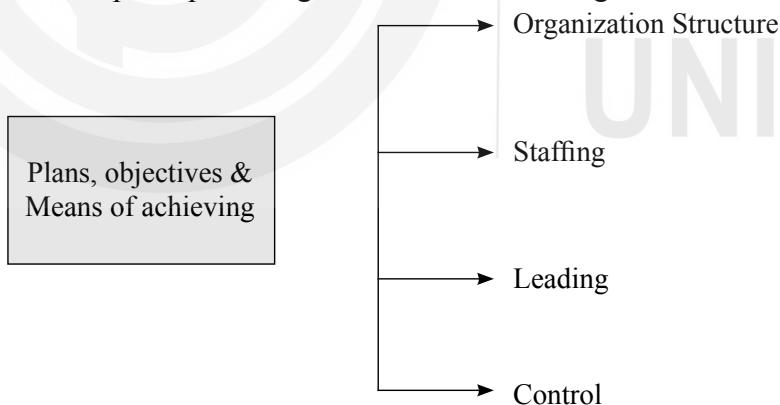


Fig.2.1: Plans-Foundation for Management

Check Your Progress 2.1

Note: a) Write your answers in the space given below.

b) Match your answers with those given at the end of the unit.

1. What is planning?

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2.2.2 Process of Planning

Planning is an intellectual process that requires knowledge and experience of the specific business environment. Presently we are in the era of rapid changes in economic, market technological, social, and political spheres. You appreciate that rapid changes pose challenges and also provide opportunities. Planning is required not only for the growth but also for the survival of the organizations.

In providing the environment for the effective performance of individuals working together in groups, it is essential to provide the purpose, objectives, and methods of attaining them. This is the process of planning.

The exact future cannot be predicted due to factors beyond the control of the best-formulated plans. However, planning minimizes the risks and helps in taking the advantage of opportunities.

Steps in the planning process are given in Fig.2.2.

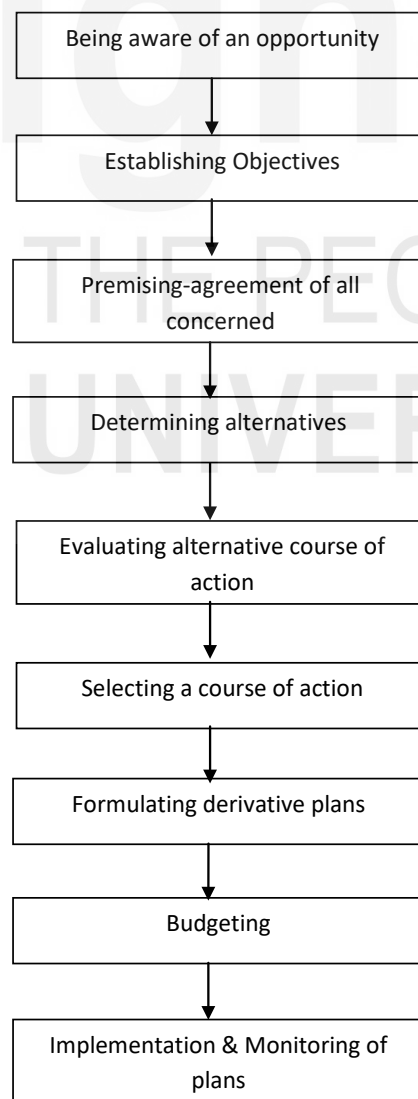


Fig.2.2: Steps in Planning

The process of planning begins by finalizing organizational and Unit objectives. The planning period will be longer or shorter depending upon the extent to which flexibility can be built into the plan. Plans for the apex level of an Organization will be for longer periods. As we go down the hierarchy the plans will be for shorter periods.

We must also recognize that a systems approach is essential in planning. The systems approach covers an organization’s interaction with its environment which includes economic, market, technological, social, and political factors. To incorporate flexibility and adaptability in the planning system the feedback loop needs to be introduced at the appropriate levels.

Planning must include awareness and acceptance of the change.

Check Your Progress 2.2

- Note:** a) Write your answer in the space given below.
 b) Compare your answer with those given at the end of the unit.

1. What are the steps involved in the planning process?

.....

Activity 2.1

Taking a planning problem which you are now facing, indicate how you plan for future in accordance with the steps involved in planning process.

.....

2.3 ORGANIZING

Why do we require an organization? We can appreciate that our homes, the college where we study represent typical organizations. “An organization is a pattern of relationships”. People work in organizations through many interwoven and simultaneous relationships under the direction of managers to contribute to achieving organizational goals. The managerial process of organizing involves making decisions about creating the kind of framework to ensure that organizations can last from the present into the future. Naturally, managers want the organizations to endure for a long time. Members of an organization need a stable framework within which they can work together towards organizational goals. Organizational goals and strategic plans provide the basis for the existence of any Organization.

Let us understand what is organization design? Organization design is a determination of the organization structure that is most appropriate for the strategy, people, technology, and tasks of the organization.

Do you like to know what organization structure is? Organizational structure is the framework, in which an organization's activities are divided, organized, and coordinated.

The organization is an ongoing process. An organization's environment and strategy can change, but the organizational activity must always ensure the effectiveness and efficiency of the organization in that environment.

Organizations can be formal or informal.

Formal organization: An organization will be formal when the activities of two or more persons are consciously cordial to a given objective. A formal organization is mainly guided by its rules, systems, and procedures. In a formal organization, interactions, responsibilities, and relationships must be clear, fixed, and definite.

Informal organization: Refers to the activities of people in particular to their actions in terms of needs, emotions, and attitudes. The informal organization is not devised or designed by the management. It emerges on its own due to various reasons in any organization. In informal organizational authority is generally based on a person's acceptance. Managements can neither establish nor abolish the informal organization.

2.3.2 Organization Structure

The purpose of an organization structure is to establish a formal system of roles that people can perform. This helps in people working together to achieve the enterprise's goals. An organization structure is effective if it facilitates the contribution of individuals to the attainment of the enterprise's objective.

Let us understand the importance of organization:

- The organization is the backbone of management.
- Encourages specialization.
- Provides guidelines of authority and responsibility
- Eliminates the problems of duplicating and overlapping
- Brings order and cohesiveness
- Improves administration
- Stimulates creative thinking
- Facilitates effective communication
- Helps in providing a balanced emphasis on various activities.
- Helps to build up and expand the enterprise.
- Helps in the smooth delegation of authority

Factors to be considered in designing an organization structure:

- The structure must reflect the objectives and plans because activities are derived from them.

- The structure guides the decision-making process in the organization.
- The structure must reflect the authority available to an enterprise's management.
- The structure must reflect the environment of the organization.
- The organization must take into account the people to be employed in terms of their capabilities and limitations.
- The structure must have the characteristics of flexibility and adaptability.

Check Your Progress 2.3

Note: a) Write your answers in the space provided below.
 b) Match your answers with those given at the end of the unit.

1. What do you understand by the term “organization”?

2. What is organization structure? Explain the importance of organizational structure.

3. What are the factors that need to be considered in designing an organization structure?

2.3.3 Organizing Process

The purpose of an organization structure is to establish a formal system of roles that people can perform. This helps in people working together to achieve the enterprise's goals. Organizing essentially involves the following:

- Establishing enterprise objectives, strategies, plans, and policies.
- Formulation of supporting objectives, plans, and policies.
- Identification and classification of activities necessary to accomplish them.
- Group these activities in the light of human and material resources available.
- Grouping of similar activities into tasks, sections, and departments.
- Define the responsibility and accountability for every person.
- Delegating to the head of each group the authority to perform the activities.
- Providing adequate physical facilities to perform the tasks effectively.
- Integrating these groups horizontally and vertically through authority and responsibility relationships by facilitating proper information flow.

The following specific steps to be taken by managers in organizing:

- Division of work: Divide the workload into tasks that can be logically and comfortably performed by individuals or groups.
- Departmentalization: Grouping tasks logically and efficiently.
- Organizational hierarchy: Specifying who reports to whom in the organization.
- Coordination: Setup mechanisms for integrating departmental activities into a cohesive whole and monitoring the effectiveness of that integration.

1) Division of Work

The breakdown of a complex task into components so that individuals are responsible for a limited set of activities instead of the task as a whole. This is also called division of labor. Example: For example, in a restaurant, the persons who cook are different from those who serve at the tables. The person who collects the payment is different from those who serve. In a factory, the activities of the worker who operates the machine and who helps the operator as a semi-skilled or unskilled worker are normally different.

2) Departmentalization

The similar work activities that are similar are logically grouped into departments.

Advantages:

- Specialization
- Determining responsibility
- Skills and talents can be developed

Basis of Departmentalization:

- Function
- Process
- Product or service
- Customer
- Location
- Communication

Example: In a Bank, we see departments like fixed deposits, Advances, Foreign exchange, etc.

In a manufacturing organization, we see departments like R&D, Marketing, Production, Quality Control, Materials Management, Finance, HR, etc.

3) Organizational Hierarchy

Since the early days of industrialization, managers worried about the number of people and departments one could effectively handle. This question pertains to the span of control.

Span of control: The number of subordinates reporting directly to a manager. The span of control is also known as the span of management.

Factors determining the span of management:

- Number of Hierarchy in the organization structure
- Nature and significance of the tasks
- Degree of decentralization
- Abilities and qualities of the executives and subordinates
- The trade-off between tall and flat structure
- Clarity, precision and perfection of plans and responsibility

Chain of command: The plan that specifies who reports to whom in an organization. Such reporting lines are prominent features of any organization.

Hierarchy: A pattern of multiple levels of an organization structure at the top of which is the senior ranking manager (or managers) responsible for the operations of the entire organization. Other lower-ranking managers are located down the various levels of an organization.

Tall hierarchies: Many levels of management as given in Fig 2.3.

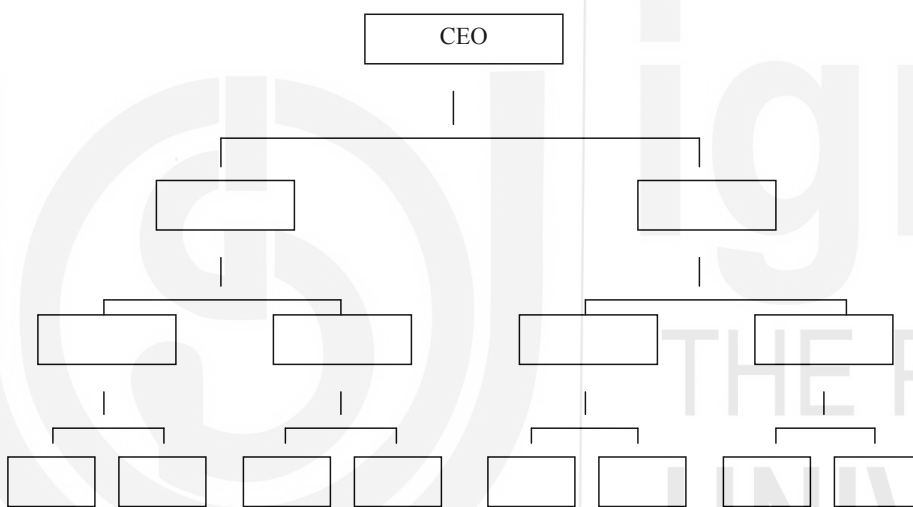


Fig 2.3: Tall Hierarchy Organization

Flat Hierarchies: Few levels of management as given in Fig.2.4.

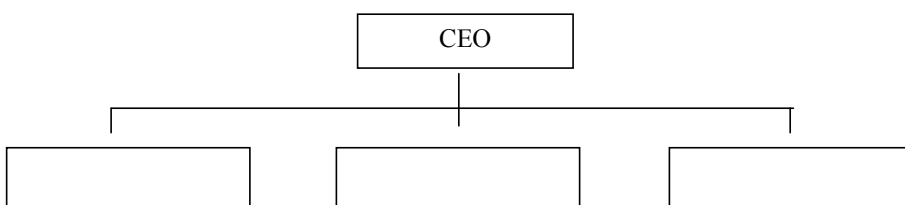


Fig 2.4: Flat Hierarchy organization

Examples:

Tall hierarchies: Government Departments, Large manufacturing organizations.

Flat Hierarchies: Educational Institutes, Hospitals, Consultancy organizations.

Now a day, several progressive organizations are moving to flatter organizations to ensure faster response, performance, and accountability.

Fundamentals of Management 4) Coordination

It is a process of integrating the activities of separate departments to pursue organizational goals effectively. Without coordination, people would lose sight of their roles within the total organization. They tend to their departmental interests at the cost of organizational goals.

The extent of coordination depends on the nature of the tasks and the interdependence of people in the various departments performing them. A high degree of coordination is essential when tasks require high communication/support between departments/units. When information exchange is less important, work may be completed with less interaction and coordination between the departments. High-performance objectives require a higher level of coordination.

Differentiation and integration:

Coordination is a compliment and is a counterbalance to the division of work and job specialization.

Specialization tends to separate people in the organization. Coordination involves bringing people back together. This ensures that work relationships between people with different but interrelated jobs can contribute to organizational goals.

Differentiation: Differences in attitudes and working styles, arising naturally among members of different departments that can complicate the coordination of an organization.

Four types of differentiation:

- **Perspective:** People in different work units tend to develop their perspectives on organizational goals. Example: Production department looks from the angle of continuous production in the plant in bulk quantity and finance department looks only from the point of cost control.
- **Time orientation:** People working in different units often differ in their time orientation. Example: While the marketing department's priority is meeting delivery dates to customers, the Production department is interested in carrying out production uninterrupted with minimum changes.
- **Interpersonal styles:** Mode of decision making and communication. Example: R&D is more participative while Production is more commanding.
- **Formality:** Departments may differ in their formality. Example: While production units may need very specific standards of performance, while in HR, and Administration the standards may be general.

Differentiation can lead to conflict among individuals and organization units. If handled properly, conflicts may be healthy for an organization's operation.

Integration: The degree to which members of various departments work together in a unified manner.

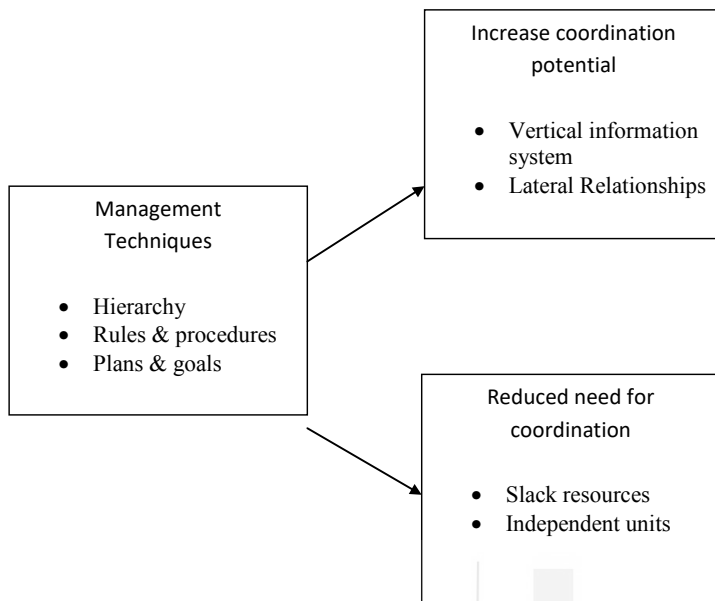


Fig 2.5: Effective coordination

Check Your Progress 2.4

Note: a) Write your answers in the space provided below.

b) Match your answers with those given at the end of the unit.

1. Explain the importance of organizing as a process.
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2. Explain the concept and basis of departmentalization.
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.....
3. Explain the concept of span of control and the factors for determining the span.
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.....
4. What do you understand by the terms tall hierarchies and flat hierarchies?
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.....
5. What is coordination?
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Activity 2.2

Take an organization structure with which you are familiar. Indicate the deficiencies you noticed.

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2.4 STAFFING

Harimann states that “Staffing relates to the recruitment, selection, development, training, compensation of subordinate managers”. Staffing is concerned with human elements which are dynamic. Staffing is a complex and challenging function of management. Staffing deals with investment in human resources and provides the key to making capital and technology productive. The managerial function of staffing involves manning the organization structure through proper and effective recruitment and selection process, appraisal of performance, and development of people to fill the roles designed into the structure.

It is in the staffing function that the enterprises today must be assured that their managers for the next generation are properly selected and developed. In staffing function, external forces in the environment of the enterprise will become more broad and demanding. Government regulations and controls also need to be taken care of in staffing.

2.4.1 Elements of Staffing

The elements of staffing indicating their logical sequence is given in Fig.2.6

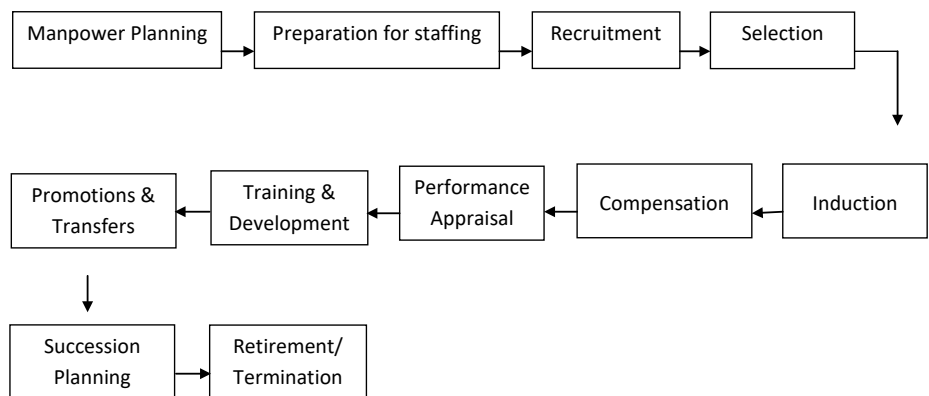


Fig. 2.6: Elements of staffing

2.4.2 Common Deficiencies in Staffing

Some of the common deficiencies in staffing are:

- Difficulties in following a logical approach.
- The failure to see staffing as a critical system and the lack of seriousness of managers.
- Tardy recognition of the problems of staffing.
- Slow steps that managers take to develop suitable candidates.
- Considerable uncertainty in staffing programs and activities of the organization.
- Lack of understanding of the requirements of the job and the lack of job specifications for recruiting the right candidates.
- Lack of proper management education and training for managers.
- Lack of proper planning.
- Environmental uncertainties.

Check Your Progress 2.5

Note: a) Write your answers in the space provided below.

b) Match your answers with those given at the end of the unit.

1. What is staffing?

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2. What are the elements of staffing?

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2.4.3 Preparation for Staffing Programmes

Preparation for staffing starts with forecasting the requirements of personnel for the organization. It covers job analysis, job description, job specifications which are essential for recruitment and selection. The calculation of an exact number of personnel with specific skills and training required for the organization is also a prerequisite for proper manpower planning and staffing. Preparation for staffing also keeps in view the compensation for the jobs. Generally, job evaluation provides a sound basis for working out the compensation system.

Individuals differ significantly in ability, learning, attitudes, and behavior. Moreover, the same person changes over time as s/he gains experience and as her/his personal needs shift. Each specific job within an organization be filled by a specific person and that person may not fit neatly into a job as it has been conceived.

1) Job Analysis

Job analysis is the process of collecting the relevant job information and determining the component elements of a job. Manpower planning is also facilitated by the job analysis. Job analysis provides the basis for job description and job specifications which are essential for recruitment and selection.

Fundamentals of Management Steps in job analysis include

- Identification of the components of a task for a job.
- Analyzing the causes, effects, and the timings of task performance.
- Identification of the main duties of the job.
- Identifying the areas of responsibility regarding the assignment of work, people, money, etc.
- Considering the personal demands of the employee.

Information required for job analysis is obtained through

- Interviews: To conduct interviews with workers and supervisors.
- Observation: Direct observation of the employees and their work.
- Questionnaires: Obtaining the information through questionnaires distributed to employees and their superiors.

2) Job Description

Job analysis provides the basis for a job description. Job description normally documented. A job description should emphasize the functional responsibilities. It should be complete and comprehensive. The job description needs the concurrence of the employee and his supervisor. The job description should not be rigid to create problems.

3) Job Specifications

Job specifications emphasize the personal requirements and inclinations necessary for the successful performance of a job. The mental, physical qualities, education, skills, and experience required are covered in the job specification. Job specification provides vital information for selecting the right person for the right job.

Apart from facilitating recruitment and selection the job specifications help in:

- Training and development of employees.
- Establishing the physical requirements for employees for performance.
- Conducting salary survey to provide the basis for compensation.

Preparing individual specification: The following problems are kept in view in the overall process of matching jobs and individuals:

- What kind of person do we need for the job?
- What are the abilities of the people now in the organization?
- How can we match individuals and jobs in the short term?
- Should we train or replace the individual or should we adjust the job?
- How can we obtain people to match our long-term needs?

Translating duties in our amplified job descriptions into individual specifications is very important in matching individuals with the jobs.

Most of the statements of individual specification for executive and jobs include a combination of desirable experience and personality characteristics stated in lay terms. Important personality characteristics indicated in job specifications for managers include:

- Knowledge: In matching an individual with a job, the important question is “what does s/he need to know? Knowledge in terms of specialization, depth, coordination, and management.
- Decision making talent: Analytical ability, Conceptual ability, Creativity, Judgment, and Open-mindedness.
- Self-reliance and initiative.
- Social sensitivity.
- Emotional stability.

4) Clarifying Job Specifications

If an organization is designed properly, we have a series of job descriptions. A job description set forth the objectives, duties, relationships, and results expected of a person on the job. To match the jobs and individuals, job descriptions must be made explicit and need to be frequently updated. In addition to specifying duties of the job, we must make explicit the relationships required by a position.

5) Job Evaluation

Job evaluation is a process by which job factors are identified, such factors identified and measured to find the relative worth of different jobs in the organization. Job evaluation provides a sound basis for remuneration/compensation to be paid to the employees.

Check Your Progress 2.6

- Note:** a) Write your answers in the space provided below.
b) Match your answers with those given at the end of the unit.

1. What is job analysis?

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2. Explain the concept of the job description.

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.....

3. Explain the concept of the job specification.

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Activity 2.3
Take an organization like a supermarket/hospital/educational institute with which you are familiar.

- a. Based on your observation of the activities and tasks performed by the employees, prepare job description for 3 or 4 positions covering supervisory and non supervisory positions.
- b. For the positions identified above prepare job specifications.
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2.5 DIRECTING

The challenge of envisioning a desired future for an organization and moving the same into the future is a central task of management. Planning, organizing, and staffing functions precede directing in management. Directing is the managerial effort to keep people focused on the goals of an organization. Directing is also referred to as leading. Leading is concerned about the human skills of management, leadership, communication, and motivation which are essential for keeping focused on the goals of the organization.

Direction is the regular task of making decisions and converting them into specific and general orders and instructions. Directing also refers to providing continuous guidance to people. It is a process by which the activities and achievements of all workers are guided towards the accomplishment of common goals. In simple words, directing means telling people, what to do and seeing that they do it to the best of their ability.

Directing and leading are synonymous terms, but leading is more appropriate in modern business. Leading is the managerial function of initiating activities to fulfill organizational goals.

2.5.1 Definitions

Haimann: Leading consists of the process and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned. Directing is the process around which all performance revolves.

Koontz and O'Donnell: Leading is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise objectives.

From the above definitions, we can note that leading includes issuing instructions, providing guidance, exercising supervision, organizing leadership, and inspiring subordinates.

2.5.2 Nature of Leading

Leading is a process of activation. It provides an electrifying effect to the organization makes people action-oriented and bridges gaps within the organization. The entire organization is activated with leading.

The focus of leading is to:

- Issue clear, complete, and comprehensive orders within the capabilities of subordinates to accomplish;
- Provide continuous guidance and support to subordinates for carrying out the assignments;
- Supervise the work performance of subordinates;
- Maintain order and discipline;
- Communicate with the employees to facilitate performance and accomplishment of tasks assigned; and
- Inspire the subordinates to secure their best cooperation.

Characteristics of leading:

- It is a continuous activity;
- Leading functions from top to bottom;
- It includes not only issuing orders but also regular supervision; and
- Leading deals with human factors.

Leading and other managerial activities: Direction can induce effectiveness and efficiency, both for the individuals and for the organization. Managers should direct individuals with different ambitions, aspirations, capabilities, and attitudes.

Leading has a direct impact on managerial activities which cover:

- Authority and responsibility: The manager should know his limits of power, authority, and responsibility.
- Decision making: The direction function requires special skills in decision-making.
- Communication: Effective communication skills are important in Direction.
- Leadership: Effective leadership provides goal orientation.
- Learning: Direction involves a continuous process of learning.
- Innovation and change: Change is a constant factor and leading can be improved by adapting to technological, managerial, and organizational changes involving innovation.

Check Your Progress 2.7

Note: a) Write your answers in the space provided below.

b) Match your answers with those given at the end of the unit.

1. Explain the concept of directing.

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2. What are the factors focused on leading?

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3. Indicate the managerial activities which are impacted by leading.

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2.6 CONTROLLING

Controlling helps managers monitor the effectiveness of planning and leading and to take corrective actions needed. The essence of control lies in checking progress against plans, setting up individual and organizational performance standards, and ensuring that they are achieved as per the plan. The objective of control is to point out weaknesses and errors to rectify them and to prevent their recurrence.

“Control is the process that ensures the actual activities conform to planned activities”. Control is more pervasive than planning.

Koontz & O’Donnel state that Control is the measurement and correction of the performance of subordinates, to make sure that enterprise objectives and plans devised to attain them are being accomplished.

George R Terry: Control is determining what is being accomplished, that is evaluating the performance and if necessary, applying corrective measures so that performance takes place according to plans.

Henry Fayol states “In an undertaking, control consists of verifying whether everything occurs in conformity with the plans adopted, the instructions issued and the principles established.

Need for Control:

- Without control plans go awry;
- Control helps managers to monitor performance and progress;
- It identifies the areas of weaknesses and the range of deviations from the original plans;
- Control stimulates action which will gear up all departments;
- Control helps in taking correct decisions and timely corrective action;
- Controls facilitate performance appraisal and motivation;
- Control encourages top management for more and more delegation and decentralization; and
- Control makes planning effective and meaningful.

Example: Quality control revolutionized management practices followed by enterprises in the area of quality management by providing approaches like Total Quality Management (TQM), SIX SIGMA, etc. The quality provided a competitive edge for enterprises in the global market and in achieving organizational excellence.

Characteristics of Control:

- Control and planning are inseparable; no business can exist without these twin concepts in some form or other.

- Control is a continuous process: Control is a process of constant revision and analysis of standards, and understanding of the variation between the plans and performance.
- Control is forward-looking: One cannot exercise any control over past events. Control is possible only of the future performance.
- Control is all-pervasive: Even though the scope of control varies, control as such functions at all levels of responsibility to execute plans.
- Control has a positive approach: Control can never be negative and it is not an obstacle or a bottleneck. It is a managerial necessity to get successful results.

Elements of Control :

An executive who is exercising control need to understand each of the following elements:

- Authority
- Knowledge
- Guidance
- Direction
- Constraints
- Restraint

All these elements are essential to exercise control.

Limitations of Control :

- It is difficult to establish standards for intangible activities;
- Control cannot be exercised effectively over external factors which are uncontrollable or beyond the preview of the organization;
- Intensive control measures may be resisted by employees; and
- Control may be resisted on the ground; it interferes with freedom of individual thinking and action.

Check Your Progress 2.8

Note: a) Write your answers in the space provided below.

b) Match your answers with those given at the end of the unit.

1. Explain the concept and importance of control.

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2. List the characteristics of control.

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3. List the elements of control.

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.....

Standards: A standard is a measure of the level of achievement desired. For all future evaluations, it becomes a model. A standard helps in comparing accomplishments with the desired results. If there are major deviations from the plan, standards will help in ascertaining whether there are any deviations from the original plan. If there are any deviations, it triggered the signal for corrective actions.

Benchmarking: It is the process of finding the best available product features, processes, and services and using them as a standard for improving a company’s products, processes, and services. Benchmarks provide a reference point for comparison with the best or nearest competitor. Benchmarks for performance evaluation can be within the organization or from outside. Benchmarks provide the gap between the current level of performance and the desired performance.

2.6.2 Steps in Control Process

The primary aim of the control process is to ensure that the results of operations conform as closely as possible to the desired goals. The Control process provides timely information that may prompt corrective action. These aims are achieved by setting standards, comparing predicted and actual results against these standards, and taking corrective action.

Robert J Mockler’s definition of control: “Management control is a systematic effort to get performance standards with planning objectives, to design information feedback system, to compare actual performance with these predetermined standards, to determine whether there are any deviations and to measure their significance, and to take any action required to assure that all corporate resources are being used most effectively and efficiently possible in achieving corporate objectives”.

Mockler’s definition divides control into four steps as given in Fig. 2.7.

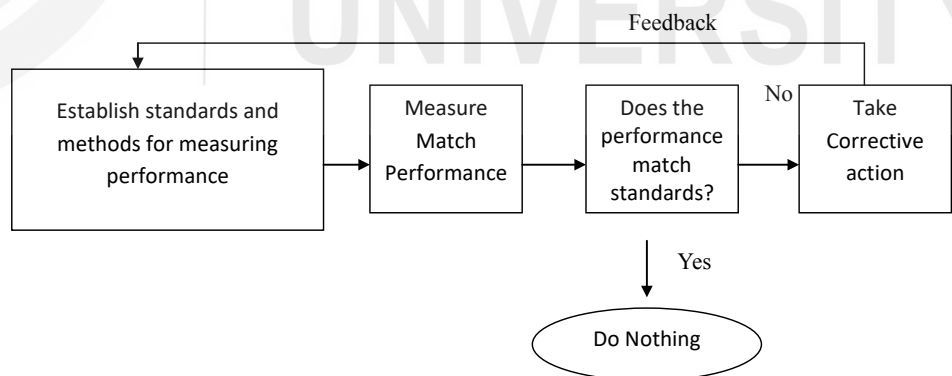


Fig.2.7: Mockler’s- Basic steps in the control process

- 1. Establishing standards and methods for measuring performance:** Goals and objectives established during the planning process are expected to be clear, and measurable with specific time frames. This is important for several reasons.

Example: Vaguely worded goals such as “to improve employee skills” are just slogans. Precisely worded goals such as “improve employee skills by conducting weekly onsite seminars during October- March” are easier to evaluate for accuracy.

Precisely worded measurable objectives are easy to be communicated and translated into standards and methods that can be used to measure performance. The ease of communicating precisely worded goals and objectives is especially important for control. This ease of communicating precisely worded goals and objectives is especially important for control since some people usually fulfill the planning roles and other people are assigned the control roles.

Examples: Industrial enterprises –Standards and measurements include sales, production targets, capacity utilization, wastage in production, etc.

Services like Banks: waiting time of customers in the queue, number of new customers added because of an advertisement campaign, etc.

2. **Measure the performance:** Measurement is a continuous process. The frequency of measurement depends upon the type of activity being measured.

Example: In a manufacturing unit gas particles in the air could be continuously monitored for safety. The progress on a long expansion project might be measured by top management every quarter.

3. **Determine whether the performance matches the standards:** This step involves comparing measured performance with the established targets or standards previously set. If performances match no action is required.

4. **Take corrective action:** This step is necessary if performance falls short of standards and the analysis indicated that action is required. The corrective actions often involve a change in one or more activities of the organizational operations.

For example, in a service organization if the waiting time in the queue increases, the management can consider providing one more counter for providing service.

In the control process, the focus should be on finding constructive ways to bring the performance up to the standard rather than on identifying past failures.

2.6.3 Control as a Feedback System

Managerial control is essentially the same basic process as is found in physical, biological, and social systems. Management control is usually perceived as a feedback system. This system places control in a more complex and realistic light than regarding it merely as a measure of establishing standards, measuring performance, and correcting for deviations. Fig 2.8 indicates the Feedback loop of management control.

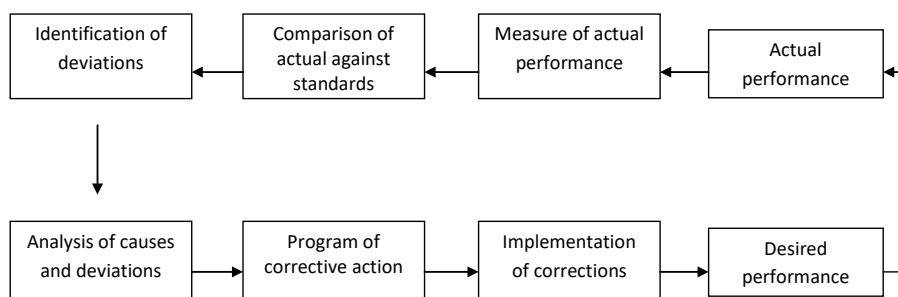


Fig 2.8: A feedback loop of management control

Note: Write your answers in the space provided below.

Match your answers with those given at the end of the unit.

1. What are the steps in a control process?

.....
.....

2. Explain the concept of feedback in control.

.....
.....

2.7 LET US SUM UP

- Planning is important for all types of Organizations to achieve the mission and objectives. In planning the objectives and goals should be clear, verifiable, and measurable. Strategy is important in planning. In strategy formulation environmental scanning and a self-appraisal are important.
- Strategic plans, operational plans, policies, and procedures provide the framework for plans. Since plans deal with the future which is always uncertain, contingency plans are important. Planning must be organized and require the participation of all concerned.
- The organization is the task of mobilizing necessary resources of all varieties including information. Members of an organization need a stable, understandable framework within which they can work towards organizational goals.
- Organization design is the process of deciding on the appropriate way to divide and coordinate organizational activities given the goals and strategic plans of an enterprise.
- Managers make decisions about organizing by working out four conceptual building blocks- viz. Division of work, Departmentalization, Hierarchy, and coordination
- Staffing is one of the important functions of management. Human Resource Management department looks after staffing. Staffing involves manpower planning, job analysis, job descriptions, job specifications, and job evaluation.
- Directing and leading are synonymous, but in modern business, the term leading is more relevant. Leading is concerned with the interpersonal roles of managers and non-managers.
- Control is the process through which managers ensure that actual activities conform to plans. Control is useful in evaluating the effectiveness of planning, organizing, and leading. The control process consists of (1) establishing standards and methods for measuring performance (2) Measuring the performance (3) Determining if performance matches the standards, and if needed (4) taking corrective action.

2.8 KEYWORDS

Authority	: A form of power often used broadly to refer to a people's ability to wield power.
Bureaucracy	: Organization with a legalized formal hierarchical structure.
Centralization	: The extent to which authority is concentrated at the top of the organization.
Chain of command	: The plan that specifies who reports to whom in an organization.
Coercive power	: The negative side of reward power.
Coordination	: The integration of the activities of the separate parts of an organization to accomplish organizational goals.
Decentralization	: The delegation of power and authority from higher to lower levels of the organization.
Division of work	: The breakdown of a complex task into components so that individuals are responsible for a limited set of activities.
Flat hierarchies	: Organization structures characterized by wide spans of management control and few hierarchical levels.
Formal authority	: Power that exists when a subordinate or influence acknowledges that the influencer has a right to exert influence.
Functional authority	: The authority of members of staff departments to control the activities of other departments they relate to specific staff responsibilities.
Functional organization	: A form of departmental organization in which everyone engaged in one functional activity such as marketing, finance, etc is grouped into one.
Functions	: A classification referring to a group of similar activities in an organization.
Goal	: The purpose that an organization strives to achieve.
Hierarchy	: A pattern of multiple levels of an organizational structure.
Informal organization	: The undocumented and officially unrecognized relationship between members of an organization.
Job description	: A written description of a non-management job covering title, duties, and responsibilities, and the location of the job in the organization chart.
Job design	: The division of an organization's work among its employees.

Fundamentals of Management	Job enlargement	: The combining of various operations at a similar level to provide more variety for workers and increase satisfaction.
	Job rotation	: The practices of shifting employees from job to job within the same company to enable them to develop a variety of skills.
	Job specialization	: The division of work into specialized simplified tasks.
	Organization design	: The determination of the organization structure that is most appropriate for the strategy, people, technology, and tasks of the organization.
	Organization structure	: The way in which the organization's activities are divided, organized, and coordinated.
	Power	: The ability to exert influence is the ability to change the attitude or behavior of individuals or groups.
	Project	: The smaller and separate portion of the program.
	Recruitment	: The development of a pool of candidates following a human resource plan for the need of the organization.
	Selection	: The mutual process whereby the organization decides whether or not to make a job offer and the candidate decides whether or not to accept it.

2.9 SUGGESTED READINGS

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2.10 CHECK YOUR PROGRESS: POSSIBLE ANSWERS

Check Your Progress 2.1

1. Planning is the process of establishing goals and a suitable course of action for achieving them.
2. Planning helps in providing some logical way of proceeding with our efforts to achieve the goals and objectives of our organization. Planning helps organizations in committing resources required for achieving objectives. Plans facilitate members of the Organization to carry on their activities consistent with chosen objectives.

Check Your Progress 2.2

1. Steps of the planning process are: Being aware of an opportunity, Establishing Objectives, Premising-agreement of all concerned on critical planning premise, determining alternatives, evaluating alternative courses of action, selecting a course of action, Formulating derivative plans, budgeting, monitoring of plans.

Check Your Progress 2.3

1. “An organization is a pattern of relationships”. People work in organizations through many interwoven and simultaneous relationships under the direction of managers to contribute to organizational goals.
2. Organizational structure is “The framework in which an organization’s activities are divided, organized and coordinated”. Members of an organization need a stable framework within which they can work together towards organizational goals.
3. The structure must reflect the objectives and plans, the authority available to an enterprise’s management, and the environment of the organization. The organization must take into account the people to be employed in terms of their capabilities and limitations.

Check Your Progress 2.4

1. The purpose of an organization structure is to establish a formal system of roles that people can perform. This helps in people working together to achieve the enterprise’s goals.
2. The groupings into departments of work activities that are similar are logically connected.

The basis for departmentalization includes function, Product or service, Customer, Location, Process, and communication.

3. Span of control: The number of subordinates reporting directly to a manager. The span of control also is known as the span of management.
 - Factors determining the span of management:
 - Abilities and qualities of the executives and subordinates
 - Nature and significance of the tasks
 - Tall and Flat Structure

- Clarity, precision and perfection of plans and responsibility
 - Degree of decentralization
4. Hierarchy: A pattern of multiple levels of an organization structure at the top of which is the senior ranking manager (or managers) responsible for the operations of the entire organization. Other lower-ranking managers are located down the various levels of the organization.
- Tall hierarchies involve many levels of management.
Flat Hierarchies involve a few levels of management
5. Coordination is a process of integrating the activities of separate departments to pursue organizational goals effectively. Without coordination, people would lose sight of their roles within the total organization. They tend to their departmental interests at the cost of organizational goals.

Check Your Progress 2.5

1. “Staffing relates to the recruitment, selection, development, training, compensation of subordinate managers”. Staffing is concerned with human elements which are dynamic. 2) The elements of staffing include, Manpower Planning, Preparation for staffing, Recruitment, Selection, Induction, Compensation, Performance appraisal, Training & Development, Promotions, Transfers, Succession planning, Retirement, and termination/separation.

Check Your Progress 2.6

1. Job analysis is the process of collecting the relevant job information and determining the component elements of a job. Manpower planning is also facilitated by job analysis.
2. Job analysis provides the basis for job description. Job description normally documented. A job description should emphasize the functional responsibilities. It should be complete and comprehensive. The job descriptions need the concurrence of the employee and his supervisor. The job description should not be rigid and create problems.
3. Job specifications emphasize the personal requirements and inclinations necessary for the successful performance of a job. The mental, physical qualities, education, skills, and experience required are covered in the job specification. Job specification provides vital information for selecting the right man for the right job.

Check Your Progress 2.7

1. Direction is the regular task of making decisions and converting them into specific and general orders and instructions. Directing also refers to providing continuous guidance to people. It is a process by which the activities and achievements of all workers are guided towards the accomplishment of common organizational goals.
2. Leading focuses on:
- Issue clear, complete, and comprehensive orders within the

capabilities of subordinates to accomplish.

- Provide continuous guidance and support to subordinates for carrying out the assignments.
 - Supervise the work performance of subordinates
 - Maintain order and discipline
 - Communicate with the employees to facilitate performance and accomplishment of tasks assigned
 - Inspire the subordinates to secure their best cooperation.
3. Leading has a direct impact on managerial activities which cover:
- Authority and responsibility
 - Decision making.
 - Communication.
 - Leadership.
 - Learning.
 - Innovation and change.

Check Your Progress 2.8

1. Controlling helps managers to monitor the effectiveness of planning and leading and to take corrective actions needed. Control is the process that actual activities conform to planned activities. Control is more pervasive than planning.
2. Control and planning are inseparable; no business can exist without these twin concepts in some form or other.
 - Control is a continuous process.
 - Control is forward-looking.
 - Control is all-pervasive.
 - Control has a positive approach.
3. An executive who is exercising control needs to understand the elements namely authority, knowledge, Guidance, Direction, Constraints, and Restraint. All these elements are essential to exercise control.

Check Your Progress 2.9

1. Steps in the control process: Measure the performance, Check whether performance matches established standards or targets set, and take corrective action.
2. Managerial control is essentially the same basic process as is found in physical, biological, and social systems.

Management control is usually perceived as a feedback system. This system places control in a more complex and realistic light than regarding it merely as a measure of establishing standards, measuring performance, and correcting for deviations.

