

**Management Principle Application
(B.Com) Semester III**

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Management Principle Application/Management Process

Introduction:-

Man has unlimited wants but very limited capacity to satisfy his various and varied wants. Therefore he has to seek the help of other individuals and working in groups. We never like living alone. In order to satisfy this basic needs we formed society and we are known as social being. We have got various groups such as family, School, Mohallas, army, sports team and business units, where people work together.

Every individual is different from others as regards his physical construction, capacity, ability, preferences, aspirations, social and economics status and attitudes so it becomes very difficult to extract work from various individually different people together at the same time. It requires effective management to co-ordinate and guide the efforts of individuals towards cherished goal. In other words, it requires effective planning, organising, staffing, directing and controlling to integrate individual efforts in the business and channelise it towards achieving the desired objective. This activity is safely termed as management.

Modern business is very complete and complicated. It requires high degree of technical, professional and managerial ability. Specialisation of working force, mass scale production, continue technological advancements, complexities of human relationship, constantly changing socio-economic situations and business opportunities, require an effective and efficient management to lakle these diverse problems.

Meaning of Management –

Traditionally management means getting things done by others. In the context C.S. George views. “Management courist of getting things done through others, a manager is one, who accomplishes objectives by directing the efforts of others.” Traditional concept of management restricted management to getting things done. According to modern view, management covers wide range of business related activities. According to modern thinker’s management is a process, an activity, a discipline and an effort to co-ordinate, control and direct individual and group efforts towards attaining the cherished goal of the business. Several management thinkers have defined management in the following ways:

Hennry Fayol, “Management is meant by forecasting, planning, organising, commanding, co-ordinate and controlling.”

Peter F. Drucker, “Management is a multipurpose mechanism which manages the business, managers, workers and the works.

F.W. Taylor, “Management is an art of Knowing that what you want the people to get work, thereafter to see that how they are doing the work in the best manner and economically.

Lawrence A. Appley, “Management is that development of people not the direction of commodities. Management is personnel administration.”

TheoHaimen, “Management is a social and technical process, which utilises the resources to achieve the goals of organisation, it effects the human activities and make easy the changes.”

On the basis of above definitions and concept it can be said that management is integrated groups of works and processes. It is structured to direct the group efforts towards determined goals of the organisation and achieving the cherished goals of organisation by efficiency, techniques and activities through utilization of physical and human resources.

Importance of Management

The modern business owes its formation efficient operation and development to the management Business itself is inactive. It is the management which activates it. The success of the business lies in the effective combination and integration of men, machine, material, money and methods. It is the management who is responsible for this effective integration of factors of production. The important role of the management can be justified on the following grounds:

1. Achieving business objectives- The management makes the arrangement the factors of productions. He effectively integrates, leads and channelise them to the desired result.
2. Optimum use of the business resources - An efficient manager achieves the maximum output at the minimum cost by making the best possible use of man, machine, material, capital and equipment's.
3. Effective leadership and motivation- The effective management is the source of stimulus to the employees. The subordinates are motivated to contribute their best efforts in their jobs. The management leads employees to the cherished goal and provides maximum satisfaction to employees.
4. Effective organisation and co-ordination- The management plays an important role by arranging and integrating the physical and human resources. It also co-ordinates the efforts of different employees and departments.
5. Establishing clear authority and responsibility management being a team work, clearly assigns duties, establishes authority and fixes responsibility of every employee and department. It eliminates overlapping, confusion and duplication of efforts and thus results in economy.
6. Solution of labour problem – Workers, these days are conscious of their precious contribution to the enterprise. They have been demanding not only fair wages but also bonus, improved working conditions and participation in the management. In these circumstances it is the management who does not allow the recurrence of disputes. If these arise any dispute, it is solved immediately.
7. Fulfilling social responsibility – An effective management honours its commitment to workers, investors, consumers, shareholders and public. He satisfies both the employer and employees.

Concepts of Management

Like other social sciences, management cannot be defined clearly which may be universal. Different thinkers have presented the different concepts. They have defined management as per the requirement of organisation which can meet the goal of organisation. Whatever they feel and they experience about the management, according to them they gave the concept of management. As a result, several concepts of management have been developed. Some of the management concepts are as follows:-

(i) Concept of management by Theohaimen

Theohaimen has used the word of management in three different meanings

- (i) As a Noun
 - (ii) As Process
 - (iii) As discipline
- (i) As a Noun- Generally the word management is used for those employees who manage the works of organisation. Therefore management is human based because the functions of management (e.g. planning, organising, Direction and controlling) are done by man. It is true that automatic machines, computerisation etc. have developed very much but managerial functions are performed by man and in future managerial functions will be performed by men not by machines. It is a manager who directs and controls the groups of employees to achieve the goals of organisation. All levels of management are included in management e.g. Top level management, middle level management and low level management. Therefore from managing Director or General Manager of an enterprise to the foreman or Supervisor are all management and management is meant by managerial authority who control the activities of the groups of employees working in an enterprise.
- (ii) As a Process – Management is a process in this process generally planning, organising, motivation and control are included. The basic elements of management are used in the best elements of management are used in the best utilization of working staffs, resources, machines, procedure, human efforts, and money to achieve the predetermined goal of enterprise.
- (iii) Management as a discipline – The word management is also used as a discipline. Knowledge of every independent branch is called discipline. e.g. Science, Commerce, Arts, Law, Engineering, medicine etc. Similarly Philosophy of management is also an independent branch of knowledge and from this point of view management is a confluence of science which states that what is included in the management process and how it is performed. The situation of management as a discipline, its increasing significance, conducted investigation in the field of management science and by the publicity and advertisement of management science and by

the publicity and advertisement of management literature management is prosperous.

Concept of Management by F.W.Taylor

Scientific Management

The concept of scientific management was evolved by Sri F.W. Taylor in 1920. According to this concept management is meant by looking for the best method of doing work and producing maximum by minimum cost and efforts scientific management is concerned with the basic assumption that every work is done with the best method which is termed as scientific method. This concept of the management was born as per the prevailing situation on that very time. In that period industrial revolution came into existence i.e., which resulted maximum production at minimum cost. Consequently people began to think and experience the management in that form. Briefly we can say that scientific management is to look for the best method of doing work.

Human Resource concept of Management by Lawrence A. Appley

Due the pressure of sociologists and psychologists in the 20th Century, this concept of management was evolved. The base of this concept of management is that management is an art and science of getting work done through others. The supporters of this concept assume that objectives of organisation can be achieved by developing the man working in that organisation. In short, the targets and objectives of the institutions can be achieved at minimum and efforts if the management develop its employees in proper ways. The first and foremost name of the supporter of this concept is Lawrence A. Appley who tells that, "Management is the development of persons but not the direction of the commodities, employee administration is the management."

The Concept of management by Henry Fayol- The father of Administrative Management

Henry Fayol, the Universal list and the father of General Management was born in France in 1841. He graduated in 1860 as mining engineer and joined a fresh mining company the same year. He worked as junior executive in the company upto 1892 Thereafter he was promoted as General Manager of the company. In 1898 he was appointed as the chief executive of the company. His managerial experience was reflected by the fact that he turned the losing company into flourishing organisation.

After his retirement in 1916 he devoted himself for writing principles and practice of management. Fayol's original classic Book 'Administration Industrial General was written in French and Published in 1916. It was translated into English as 'General and Industrial Administration in 1929 but remains unnoticed until it was translated as 'General and Industrial management in 1949.

Fayol developed theory of management. He opined that managerial excellence is a technical ability and can be acquired. He developed theories and principles of management which are universally accepted and make him Universalist. He was pioneer of the formal education in management. Fayol's principles of management meet the requirements of modern management as such he is rightly accepted as the father of general management.

Fayol's Theory of Management

Fayol classified the business operations into the following six categories:-

- (i) Technical (Production)
- (ii) Commercial (Buying, Selling and exchange)
- (iii) Financial (Financial planning and capital management)
- (iv) Security (Protection of person and property)
- (v) Accounting (recording transactions and compiling statistics)
- (vi) Managerial or Administrative (Planning, organising commanding, co-ordinating and controlling)

According to Fayol the first five activities are well-known, so he concentrated himself on the sixth managerial activity, According to him the management is the process of five elements i.e., planning, organising, commanding, Co-ordinating and Controlling.

Fayol's General Principles of management

Henry Fayol views management to be more technical or lower level and more administrative at higher level. In order to illustrate his general theory of management. Fayol suggests the following 14 principles.

1. Division of work
2. Parity of authority and responsibility
3. Discipline
4. Unity of Command

5. Unity of Directions
6. Subordination of individual interest to general interest
7. Fair remuneration to employees
8. Centralisation and Decentralisation
9. Scalar chain
10. Order
11. Equity
12. Stability of tenure of personnel
13. Initiative
14. Espirit decorps (Spirit of Co-operation)

F.W. Taylor

Taylor, commonly known as the father of scientific management was born in 1856 in Philadelphia, USA. He started his career as an operator in small machine making shop in 1870 and rose to the position of Chief Engineer of Midvale steel works in 1884 at the age of 28. He conducted a series of experiments in management science for two decades. After leaving Midvel Steel Works he joined Bethlehem steel company, where he introduced his scientific management. He was opposed by both workers and management and unceremoniously terminated in 1901.

Meaning of Scientific Management

Scientific Management is logical approach towards the solution of management problems. The traditional Management applied trial and errors method' in finding correct solution to the management problems. According to traditional approach, equipment, methods and techniques were applied at random and changed were made from time to time. It was uneconomical approach, wherein a lot of resources were misused and lost

When F.W. Taylor assumed the responsibility of management he realised the weakness of traditional method and consequentially made factual study of energy work independently and advocated the use of standardised raw material, equipment, methods and techniques and the most appropriate worker on every job.

Definition of Scientific Management

According to Diemer, "Scientific management is obtaining and arranging all obtainable knowledge, relating to conditions, methods, processes and relations in the field of management and developing these into an organised body of principle."

In the words of F.W. Taylor, "Scientific management is the art of knowing exactly what you want your men to do and then seeing that they do it in the best and cheapest way."

After making the careful study of the above definitions we can summarise that the scientific management includes:

- (i) Scientific Study and analysis of work.
- (ii) Scientific Selection and training of employees.
- (iii) Standardisation of Raw material, equipment and working conditions.
- (iv) Reasonable remuneration to employees.
- (v) Scientific management is economical method which makes the best possible use by integration and co-ordination of available resources.

Scientific management as such is the logical approach, towards the scientific solution of management problems through scientific study and analysis of work, scientific selection, training, remuneration and development of employees, standardisation of raw material, machines, equipment's and working conditions and making the best possible integration and utilization of available resources.

Characteristics of Scientific Management

1. Predetermined Objectives
2. Predetermined Plans
3. Scientific Analysis of Plans
4. Set of rules
5. Firmness
6. Work Studies
7. Review of Standards
8. Fixing Responsibility
9. Effective Controls

Principles/Assumptions of Scientific Management

1. Replacing rule of thumb with science.
2. Harmony in group or Harmony not discord.(Cooperation between Labour and management)
3. Division of Responsibility between workers and management.
4. Scientific Selection, training and development or workers.
5. Maximum output in place of restricted output.
6. Mental revolution

Techniques/Elements of Scientific Management

1. Work Studies – Methods, motion, Time and fatigue
2. Standardisation – Product, Raw material, Machine, Methods
3. Administrative re-organisation

4. Differential piece rate system.

Importance/Advantages of Scientific Management

1. Reducing cost of production
2. Effective planning and control
3. Simplification of Productive process
4. Benefits of Standardisation
5. Increasing Profits
6. Better relation between labour and management
7. Improvement of working conditions
8. Higher standard of living
9. Free training
10. Interesting job
11. Incentive wages system
12. Increased production
13. Industrial harmony
14. Prosperity
15. Fair price.

Criticisms/Disadvantages of Scientific Management

1. Rigid control
2. Monotonous work
3. Lack of initiative
4. Exploitation
5. Lack of employment opportunity
6. Weak unions
7. Expensive System
8. Dependence on Specialist
9. Instability
10. Lack of trained and experienced workers.
11. Lack of freedom
12. Burden in depression.

Planning

Planning means to decide future course of action. It is the very first function of management. Planning is a systematic activity which determines, when, how and who is going to perform a specific job. It is a sort of detailed programme, regarding test to be completed in future. It studies and analyses the work to be done, makes the arrangement of requisite men, machines material, money and methods, so that the job may be completely effective. It is rightly said that well planned is half done, because planning takes into consideration the available and prospective human and physical resources of the organisation and gets their effective co-ordination, requisite contribution and perfect adjustment. Planning in this way is concerned with both the processes of determining the objectives of business and electing the most suitable course of action. It is really looking ahead and preparing for future.

Urwik defines planning, “Planning is a mental predisposition to do things in orderly way to think before acting and to act in the light of facts rather than guess.”

Henry Fayol, “Planning is deciding the best alternative among others to perform different managerial operations in order to achieve the predetermined goal.”

Concludely we can say that planning is a continuous intellectual process, based upon facts to decide, arrange and co-ordinate the available and prospective physical and human factors in the best possible way to achieve predetermined goal.

Nature of Planning

An efficient planning is the key to success, so it is necessary that an efficient management must take into consideration the following characteristics of management which are also considered to be the nature of planning.

1. Planning is an intellectual process- A good plan is based upon collection, study and analysis of requisite facts, evaluating alternative combination of requisite facts, evaluating alternative combination of factors and deciding the most appropriate line of action depending upon the ability and intelligence of the management.
2. Planning is goal oriented – Planning is to make to achieve the desired goal of the business. The goal established should have general acceptance otherwise individual efforts and energies will be misguided and misdirected.
3. Planning is the primary functions of management -
The management has to formulated plans first and afterwards it has to make arrangement of necessary resources, select and appoint the most suitable persons for every specific job and direct their efforts and energies towards desired goal.

4. Planning pervades all managerial activities planning is essential for every sort of business activities. Every department whether, Purchase, Sales, Accounts, Auditing, marketing etc. needs systematic planning. Co-ordination of different department plans and direction of their integrated energies towards the desired goal of the business depend on planning.
5. Planning is selective in nature. Planning is choice making of the best possible alternative out of the various alternatives. In order to accomplish the predetermined objectives of the business, there can be various alternative possible courses of action.
6. Planning is forward looking – No doubt, we always plan for future. We anticipate future requirements & availability of resources. While determining the future demands, we have to take into consideration the existing and prospective resources of the business and fiscal, monetary and industrial policy of the Govt. Plans are always put to practice in future.
7. Planning does not eliminate future risk but enables to face it- what is fated cannot be averted. Planning presumes certain general uncertainties but unforeseen natural calamities cannot be predicted and as such there is always risk and we can never claim to have eliminated it. Planning only prepares the enterprise to face uncertainties and reduces the adverse effects of uncertainties and reduces the adverse effects of uncertainties.
8. Planning is a continuous process – planning always continuous in the organisation in one or the other form. The actual business situations may demand certain amendments or moderations in the plans, therefore, plans are modified. The controlling may also point out certain deficiencies in the plans and they are framed accordingly. The completion of one plan requires the other plan to be undertaken. In this way, Planning is a continuous process.

Importance of Planning

1. Planning is helpful in achieving business objectives.
2. Planning reduces future uncertainties and also enables us to face it.
3. Planning enables the best possible use of resources.
4. Effective co-ordination
5. Planning facilitates decision making and promotes creativity
6. Helpful in development and expansion
7. Effective organisation and control.

Organising

Meaning of organising –

The term organisation is derived from the word ‘Organism’ which means a structure of body divided into parts. The different parts of human body performing different activities combine themselves into sound body structure. In the same way organisation in an enterprise means the integration and co-ordinates of efforts to achieve the cherished goal of the business enterprise.

Elements of organisation

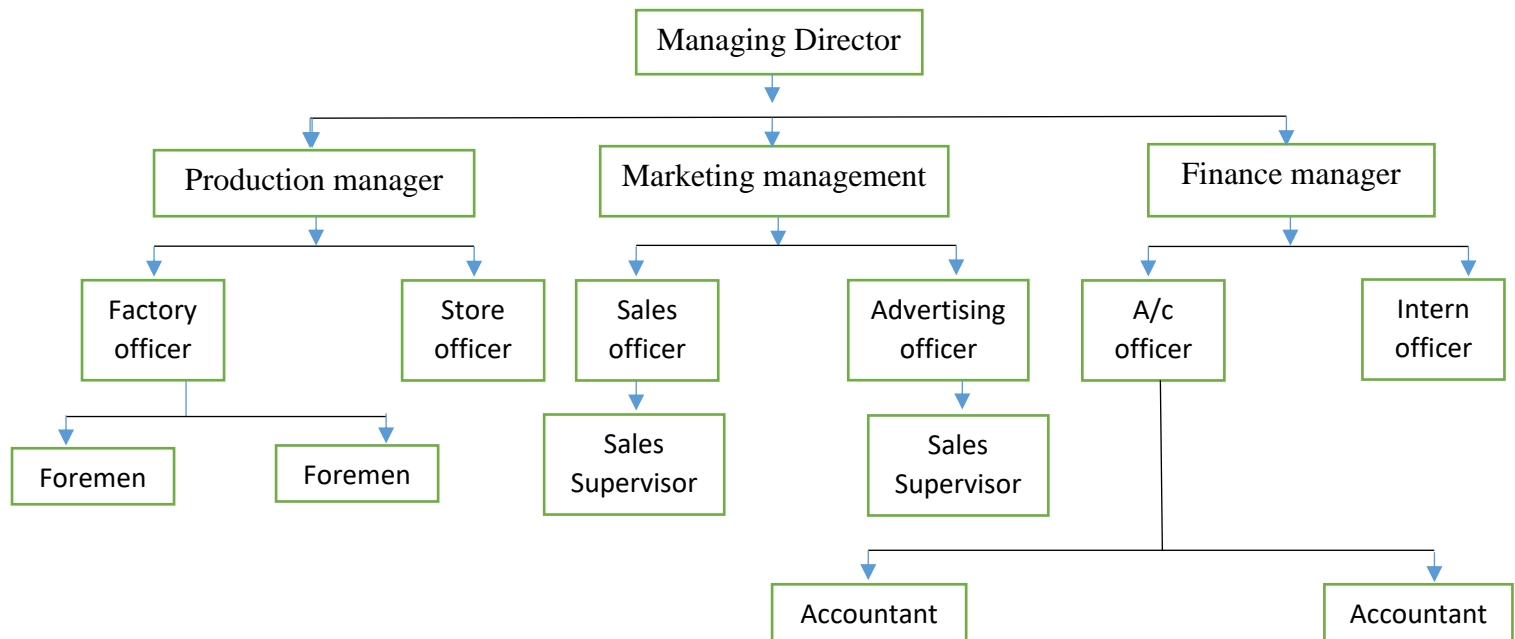
1. Organisation is a group activity.
2. Organisation consists of – Assigning duties, granting authority, fixing responsibility and co-ordination activities.
3. Organisation is the mean to achieve the objective of the enterprise.
Organisation is used in the following two forms in the business:
 - a. Organisation as a structure
 - b. Organisation as a process

Organisation as a structure

Organisation as structure means the organisation as structure of relationship between formal positions and jobs. It is a classical or static concept, because it establishes relationship between various positions in the enterprise instead of maintaining cordial relationship between person occupying positions. According to this view organisation as structure means co-ordinated relationship. The view is not accepted by the modern thinkers because this concept ignores informal relation between the individual.

In the words of Haney – “Organisation is a harmonious adjustment of specialised parts for the accomplishment of some common purpose or purposes.” Theo Haimann defines, “Organisation is the structural frame work within which the various efforts are co-ordinated and related to each other.”

Organisation Structure



Special feature of organisation as structure:-

1. Relationship between membership of group
2. Means to attain desired objectives
3. Co-operation between members
4. Formal relationship
5. Communication

Structure of organisation

An administrative organisation has well defined and clearly laid down functions to be performed in order to achieve the desired goal of the enterprise. The tasks of various management executives their authorities and responsibilities are clearly defined and expressed. The administration organisation can broadly be classified as:

1. Functional organisation
2. Divisional organisation
 - a. Line organisation
 - b. Line and Staff organisation

1. Functional Organisation –

According to F.W. Taylor, “Functional management consist of so dividing the management than each man from the assistant superintendent down shall have as few functions as possible to perform. If practicable, the work of each man in the management should to the performance of a single leading function.” In function organisation the entire work of enterprise is divided into many convenient special parts

and sub-parts. Even piece of the work is entrusted to the specialist of the job. These specialists are responsible for commanding and directing activities in their own field.

The basis of this organisation is to entrust the jobs to the most appropriate persons, who is the authority in that piece of work. Taylor recommends the appointment of specialist foremen. He classified the work into two department planning and production department. Every department has four foremen:-

1. Route clerk
2. Instruction card clerk
3. Time and cost clerk
4. Shop disciplinarian

Production Department has

1. Gang Boss
2. Speed Boss
3. Repair Boss
4. Instructor

Advantages of functional Organisation

1. Services of specialist.
2. More efficiency
3. Rational organisation
4. Economics of large scale organisation
5. Flexible organisation

Disadvantages of Functional Organisation

1. Mutual Conflicts
2. Laxity in discipline
3. Difficulty in Co-ordination
4. Shirking responsibility
5. Lack of initiative

2. Divisional Organisation

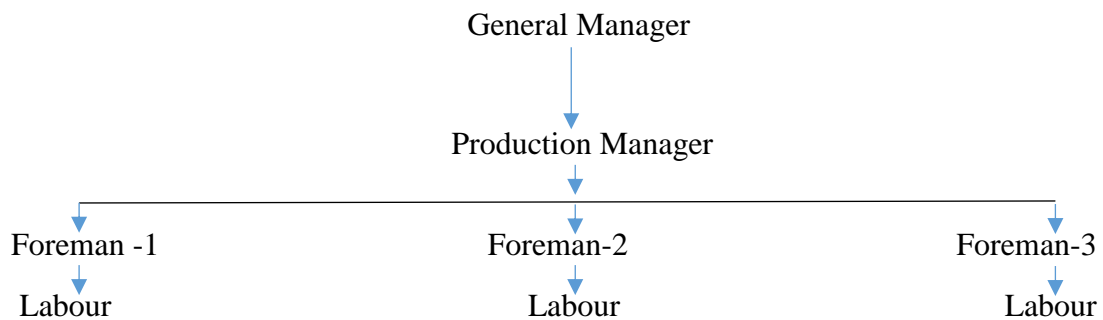
Divisional organisation can be classified into:-

- a. Line Organisation and
 - b. Line and Staff organisation
-
- i. Line/Verticle Organisation – Line or verticle or Melitary organisation is an arrangement, where authorities flow vertically downward right from top level to bottom level of management and responsibility flow upward right from worker to top level management. Here, the route of authorities and responsibility are prescribed and every communication, whether upward or downward has to follow this route rigidly. There is strict discipline and the principle of unity of command is strictly followed.

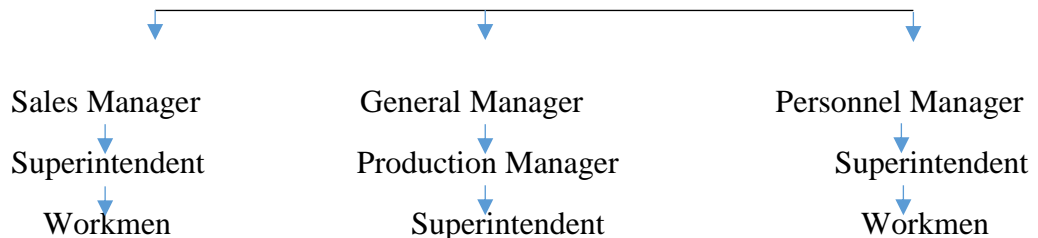
In the words of McFarland, “Line structure consists of the direct vertical relationship; which those above and below it.”

Line organisation is also known as traditional, military, scalar, hierarchical or vertical organisation. Line organisation structure may be of two types:

- a. Pure line organisation – Under this type of organisation activities at every level are the same and every one performs the same type of work. Grouping is there for the purpose of control and direction. Its structure may be explained by the following chart:



- b. Departmental line organisation – Activities are divided into certain departments which are put under the charge of departmental heads. These heads have complete authority and control over their departments. The departments are autonomous body in themselves. The structure of the organisation is explained by the following chart:



Special feature of line Organisation

1. Many levels of management.
2. Unity of Command
3. Scalar Chain
4. Vertical flow of authority and responsibility
5. Limited number of subordinates
6. Planning and execution of work
7. Effective co-ordination

Advantage of Line Organisation

1. Simplicity
2. Establish clear authorities and responsibilities
3. Unity of command
4. Unity of direction
5. Discipline
6. Promptness of action
7. Flexibility

Disadvantage of Line Organisation

1. Lack of Specialisation
2. Heavy work Load
3. Centralisation of authority
4. Favouritism

B. Line and Staff Organisation

In order to remove the weakness of Line organisation, wherein the services of specialists were not available, line and staff organisation was introduced. This organisation has both line officers for planning and execution of work and staff manager for advice in complicated matters. The staff manager plays advisory role. It is up to the line manager to accept or reject it. This is why line managers are made responsible for end results. In this way, Line portion maintains stability and discipline, whereas staff or functional portion serves with the expert knowledge.

Important Features of Line and Staff Organisation

1. Presence of line officers and staff officers.
2. Availability specialist services.
3. More Promotional avenues.
4. Lease administration.
5. Line and staff rivalry.

Advantage of Line and Staff Organisation

1. Ambiguity
2. Limited authority to staff managers
3. Expensive
4. Irresponsibility
5. Lack of initiative

Formal and Informal Organisation

Organisation builds harmonious relationship between individuals. It integrates the individual efforts and leads to the achievement of common objectives of the enterprise. Relationship between individuals in the organisation can be classified into formal and informal organisation.

Formal Organisation -

The formal organisation is legally, deliberately and rationally constituted by defining the duties, authorities and responsibilities of employees individually and collectively. The mutual relationship between different individuals and groups is determined as per rules, regulations and policies of the enterprise.

Characteristics of Formal Organisation

1. This organisation is predetermined and deliberately committed.
2. The organisation is based upon scientific analysis and serious consideration.
3. The relationship is determined according to the jobs and its nature.
4. The organisation is based upon the jobs to be performed not according to the individuals whom it has been entrusted.
5. Organisation structure is determined by the top level.
6. The relationship established by formal organisation has to be honoured.
7. The organisation does not take into consideration emotional aspect.

Advantages of Formal Organisation

1. Fixing of responsibilities in case of failures.
2. Clear determination of duties, authorities and responsibilities.
3. Reasonable and balanced division of the activities.
4. Easy and effective Co-ordination and Control over activities.

In this way formal organisation is a planned organisation structure describing the set pattern of authority and responsibility. It is a power structure to achieve corporate goals.

Informal Organisation -

Informal organisation is a psycho-social system developed due to interpersonal and social relationship. It arises spontaneously on the basis of friendship and common interest, which may or may not be work related. This organisation is formed informally between workers, employees, travellers, pilgrims, players and friends etc.

Characteristics of Informal Organisation -

1. Informal relationship is established spontaneously.
2. The relation is based upon friendship and common interest.
3. It is voluntary organisation.
4. The relationship is based upon social, emotional and psychological needs.
5. The relationship is based upon personal preference and understanding.
6. It is not pre planned and not even determined officially.
7. It reflects human relationship.
8. Management does not create informal organisation and cannot abolish it.

In this way, it is voluntary and independent organisation, developed automatically and spontaneously between individuals to satisfy their social and human needs.

Importance of Informal Organisation –

1. Informal organisation influences the attitudes of human element in the enterprise towards the work and enterprise.
2. Satisfies human desire of co-existence, fellow feeling and brotherhood
3. It provides social status and sense of social security
4. It removes the weakness of formal organisation.
5. It is an effective means of communication. It is a grapevine communication and spreads where formal organisation fails to do.
6. It keeps a check on the authoritative behaviour of managers.

Difference between Formal and Informal Organisation

Points of Difference	Formal organisation	Informal organisation
1. Formation	It is result of company's rules, policies and regulation.	It is the result of working together.
2. Predetermined purpose	It achieves predetermined purpose	It has no predetermined purpose
3. Authority & responsibility	It is well thought predetermined and made known to individuals	It is spontaneously a automatically develop. It unpredictable.
4. Relationship or Behaviour	The relationship between boss and subordinates and even employees is clearly ascertained Behaviours are directed and governed by the rules and procedures laid down by the management.	There is no specific and clear relationship. Behaviour are spontaneous overflow of heart and governed by the personal belief, values and attitudes.
5. Bases	It is official organisation, based on delegation	It is sentimental organisation, based upon common interest, region, caste and language.
6. Examples	Formal group exist in every organisation, committee's project, teams, small sections or cells and task forces are its examples.	It's examples are relationship between travellers passengers, players and pilgrims. It develops on the basis of common interest.
7. Emphasis	It emphasises jobs and functions of enterprise.	It emphasis emotion of members.
8. Cherished goal	It intends to achieve organisational goal	It provides social satisfaction to people.
9. Communication	Communication have to pass through prescribed channels	There is no prescribed channel of communication
10. Leadership	Managers and Leaders	Leaders and voluntarily chasen.

Co-ordination

Meaning –

In order to achieve the goal of the business, the efforts of different individual departments and groups must be co-ordinated and directed to the desired goal. According to Mooney and Reeley, “Co-ordination is the orderly- arrangement of group efforts to provide unity of action in pursuit of common purpose.” In the words of Charles Worth, “Co-ordination is the integration of several parts into an orderly whole to achieve the purpose of understanding.” These definitions show that there should be co-ordination between:

- i. Employees
- ii. Department
- iii. Labour and management

The co-ordinated and synthesised efforts and energies of all the individuals at all levels will definitely achieve the maximum objectives of the enterprise at the minimum sacrifice.

Nature of Co-ordination

Co-ordination aims at achieving the desired objectives of the business by directing individual activities and resulting in unified and harmonious action. The nature of co-ordination may be summarise as under:

1. It is systematic and orderly arrangement of individual and group efforts.
2. Co-ordination is continuing activity.
3. It is the responsibility of every manager.
4. Co-ordination is the result of planned and deliberate efforts.
5. Co-ordination consist of the following three main elements :
 - a. Timing- It requires adjusting time schedule of different factors of production
 - b. Balancing – It ensures, sufficient and timely availability of different factors of production.
 - c. Integrating – Directing unified co-ordinated and harmonious efforts of individuals and groups towards desired common objective of the business.

The main features of Co-ordination, explained above, make it the essence of of management.

Importance of Co-ordination

The importance of Co-ordination can be justified on the following grounds:

1. Unity of action.
2. Integrated efforts.
3. Semi-autonomous state of various departments.
4. Avoiding overlapping and duplication. The absence of co-ordination causes duplication, overlapping and misuse of resources, therefore every department

should know the progress at different stages of various departments. So that efforts may be integrated and synthesised. The production department should Co-ordinate with sales department and in the same way in the same way, raw materials, Purchase and labour departments should co-ordinate with the production department.

5. Source of co-operation – Co-ordination is the means to achieve Co-operation which enables the achievement of business objectives effectively.
6. Cordian atmosphere. – Co-ordination brings employees nearer to each other. They understand and adjust with each other by developing mutual co-operation. Confidence and brotherhood.
7. Balanced development. – An efficient management make effective integration and adjustment of the available resources and achieves the business objectives. He is in a position to extract the best possible co-operation of available factors of production in the appropriate manner and quantity at the different stages of business activities.

Co-ordination as the essence of Management

Co-ordination, no doubt is the essence of management because all the managerial functions are an exercise towards achieving co-ordination. It makes Co-ordination as the soul of managerial operations. The significance of a co-ordination can be verified by the fact that management experts such as Henry Fayol; R.C. Davis and Allen regard Co-ordination aims at creating harmonious relationship between departments, employee managers and between workers and management.

Effective co-ordination results in unity of action, inspite of individual differences. It also results in integrated and balanced development, avoid overlapping and duplication of work and creates thrilling atmosphere of mutual confidence and Co-operation. This is why Co-ordination is rightly said as the essence of management.

Principles of Co-ordination

1. Co-ordination from very beginning
2. Direct Relation
3. Spirit of mutual give & take
4. Continuity.

Delegation of Authority

Authority – Authority is the power to command employees and instruct them to do a piece of work. The authority enables the employees to know certain facts, to enjoy a privileged position and to command respect and obedience from subordinates.

According to the opinion of management experts like F.W. Moore, “Authority is the right to decide and the power to act and carry out decisions.”

Koontz and O Donnell, “Authority is legal or rightful power, a right to command or to act.” According to Henry Fayol, “Authority is the right to give order and the power to exact obedience.

Features of Authority:-

1. It is the legitimate right to command and control subordinates.
2. Authority has Social, Legal and Biological limits
3. Authority is granted to achieve the cherished goal of the enterprise.
4. Authority is exercised through persuasion and sanctions.
5. Authority is the right to direct others get things done.
6. Authority is also a commanding force binding different individuals.
7. Authority is delegated downward.

It is now obvious, that the authority is used in various ways in management literature, depending upon the perspective of authority. However we shall define, “Authority is as the right of the managers to guide lead and direct the efforts of the subordinates to achieve organisation goals.”

Meaning of Delegation of Authority

The management is required to perform a lot of work it is quite difficult for him to concentrate on every piece of work, so he shares the task and the authority with subordinates. Delegation of authority as such means granting authority and responsibility regarding specific job to the sub-ordinate, with the expansion of business it becomes difficult for an officer to perform all the jobs entrusted to him efficiently, therefore he delegates certain routine work to his competent and reliable subordinate with requisite authority and responsibility with the sub-ordinate is delegation of authority.

Delegation of authority is based upon the simple principle of ‘Division of Work’. No manager can perform the entire work assigned to him. So he has to get a part of it done through others by delegating the task and its corresponding authority.

Delegation is the important element of organisation. It is a systematic process not an adhoc arrangement.

Definition of Delegation of Authority: Haimen, “Delegation of authority merely the granting of authority to subordinates to operate within prescribed limits.”

Moore, “Delegation means assigning work to others and giving them authority to do it.”

The analysis of the above definition reveals that delegating of authority is an important element of organisation. It has got the following characteristics.

Special features of Delegation of Authority:-

1. Obtained authorities only can be delegated.
2. The officer who delegates the authority remains liable even after the delegation of authority remains liable even after the delegation of authority to subordinates.
3. Authorities granted as per delegation can be withdrawn.
4. Authorities regarding ordinary and routine works only can be delegated.
5. There should be control of the officer over sub-ordinates in case of delegation.
6. The sub-ordinate work according to order and instruction of the original officers.
7. Authority, responsibility and duty are clearly specified.

In this way Delegation of authority is an art of granting certain ordinary, routine and exact authorities to competent subordinates so that they can perform the work as per instruction efficiently.

Principle of Delegation

Delegation is an art by which the management multiplies itself. Managers are able to get a lot of work done through employees under their command by delegating duty and authority.

Delegation of authority is an art, which the manager learns by experience and practice, even then the following principles make delegation effective:

1. Principle of division of work
2. Principle of parity of authority and responsibility
3. Principle of functional definition
4. Principle of unity of command.
5. Principle of absolute responsibility
6. Principle of scalar chain
7. Principle of authority level.
8. Principle of delegation by result expected.

Centralisation of Authority

Retention or Concentration of authority at top level for decision making with one or few managers is known as centralisation of authority. In case, all the decisions or retained with the top management, the organisation is said to be highly centralised organisation every command and instruction flows from owners of the enterprise.

For an example:- a private company consisting of three members Mr. Ansar, Mrs Ansar and their son has purchased officer, sales marketing and finance officers as employees. The departmental heads are not independent in taking decisions. The

decision is taken by the proprietors. Every decision, command and instruction originate from the owners. It is the example of highly centralised enterprise. Strict discipline, Control, better performance, quick response and no initiative is the feature of this organisation.

Decentralisation of authority

Decentralisation of authority means the dispersal of decision making authority to lower levels. In case of decentralisation important authorities regarding planning, organising, directing and controlling is retained at top lower level and other functions are delegated at lower level.

Decentralisation is the result of effective delegation of authorities. Decentralisation transfers authorities to subordinates and thus the authority instead of being centralised in few hands is spread over a number of employees. Decentralisation in this way, is the division of business functions into certain units and entrusting each unit to different persons with overall authority and responsibility.

Decentralisation can be defined as follows:

According to Koontz O'Donnell, "Decentralisation of authority is a functional phase of delegation to the extent that authority is not delegated, it is centralised.

In the opinion of Henry Fayol, "Everything that goes to increase the importance of the subordinate's role is decentralisation."

Advantages of Decentralisation

Advantages/merits/importance/objectives of decentralisation can be summarised as under:-

1. Reduces work load of executives.
2. Enables prompt decision-making.
3. Develops democratic system.
4. Help in maintaining effective control over employees.
5. Provides incentives to young executives
6. Increases the morale of employees.
7. Develops co-ordination at different levels work, workers and management.
8. Works as a source of getting efficient executives
9. Provides cordial atmosphere or work.
10. Enables easy specialisation and diversification.
11. Provides better service to customers.

Disadvantage of Decentralisation

1. Difficulty in making proper co-ordination due to large number of decision making authorities.
2. Limited Scope – It cannot be in all sorts of work i.e., planning, accounting etc.
3. Delay in taking important decisions.
4. Complete decentralisation is not possible.
5. Carelessness of top executive due to decentralisation of work and authorities.

Staffing

Staffing is an intellectual and operational process concerned with the recruitment, selection, training, development and remuneration of employees. It lays stress that the management should make selection of employees strictly in accordance with the job requirement of the enterprise. In other words the policy of selecting 'right man for the right job' should be adopted.

Staffing is also concerned with the proper training of employees as per the real situations and requirements of jobs it cannot ignore developing skills among employees. The sensible staffing accelerates the pace of development by generating, maintaining and improving the efficiency, effectiveness, proficiency and competence of employees.

Meaning and Nature of Staffing

Staffing is a process through which competent employees are selected, properly trained, effectively developed, suitably rewarded and their efforts harmoniously integrated towards achieving the objectives of the business. Labour force is undoubtedly an active, sensitive and essential factor of production. According to Peter Drucker "Without human factor all the factors of production are useless." It is the human factor which activates other factors. In this way, the management cannot ignore staffing as its separate important function. It is rightly said that an organisation without staff is simply an unproductive shell.

Importance of Staffing

Competent, co-operative and dedicated staff is the most precious asset of an organisation. It has been estimated that labour cost in case of manufacturing concerns amounts to 60% of the selling cost. It means that the success of the business depends to a greater extent on the right selection, training and development of the staff. The importance of staffing can be highlighted on the following grounds.

1. Facilitating discovery of competent staff.
2. Ensuring maximum productivity.
3. Developing personnel for shouldering greater responsibilities.
4. Meeting future requirements of talented personnel.
5. Job satisfaction due to proper placement.
6. Maximum utilization of work force.
7. Supplying information regarding transfer, promotion, retirement, death, demotion.

Steps in staffing process

The objective of staffing is to obtain the most competent and the best available staff for the enterprise. It requires that manpower requirement should be estimated, the most competent and suitable men for every job may be detected and proper training to the staff may be imparted, so that they can contribute their best worth. Besides all these staffing should develop them into valuable organisational resource.

Steps in staffing process

1. Estimating manpower requirements.
2. Recruitment and Selection of staff.
3. Thinking and development of staff.
4. Promotion and transfer.
5. Remuneration.
6. Orientation of staff.
7. Performance i.e., evaluation.
