Organisation

Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern. According to Chester Barnard, “Organizing is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.

A manager performs organizing function with the help of following steps:-

1. **Identification of activities** - All the activities which have to be performed in a concern have to be identified first. For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc. All these activities have to be grouped and classified into units.

2. **Departmentally organizing the activities** - In this step, the manager tries to combine and group similar and related activities into units or departments. This organization of dividing the whole concern into independent units and departments is called departmentation.

3. **Classifying the authority** - Once the departments are made, the manager likes to classify the powers and its extent to the managers. This activity of giving a rank in order to the managerial positions is called hierarchy. The top management is into formulation of policies, the middle level management into departmental supervision and lower level management into supervision of foremen. The clarification of authority help in bringing efficiency in the running of a concern. This helps in achieving efficiency in the running of a concern. This helps in avoiding wastage of time, money, effort, in avoidance of duplication or overlapping of efforts and this helps in bringing smoothness in a concern’s working.

4. **Co-ordination between authority and responsibility** - Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal. Each individual is made aware of his authority and he/she knows whom they have to take orders from and to whom they are accountable and to whom they have to report. A clear organizational structure is drawn and all the employees are made aware of it.

**Importance of Organizing Function**

1. **Specialization** - Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work is helping in bringing specialization in various activities of concern.

2. **Well defined jobs** - Organizational structure helps in putting right men on right job which can be done by selecting people for various departments according to their
qualifications, skill and experience. This is helping in defining the jobs properly which clarifies the role of every person.

3. **Clarifies authority** - Organizational structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers do not take place. Well defined jobs and responsibilities attached helps in bringing efficiency into managers working. This helps in increasing productivity.

4. **Co-ordination** - Organization is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

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

5. **Effective administration** - The organization structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

6. **Growth and diversification** - A company’s growth is totally dependant on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grow. This is possible only when the organization structure is well- defined. This is possible through a set of formal structure.

7. **Sense of security** - Organizational structure clarifies the job positions. The roles assigned to every manager is clear. Co-ordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job- satisfaction.

8. **Scope for new changes** - Where the roles and activities to be performed are clear and every person gets independence in his working, this provides enough space to a manager to develop his talents and flourish his knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organizational structure.
Principles of Organizing

The organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following principles of organization can be used by a manager.

1. **Principle of Specialization**
   According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organization.

2. **Principle of Functional Definition**
   According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. Clarifications in authority-responsibility relationships helps in achieving co-ordination and thereby organization can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organization.

3. **Principles of Span of Control/Supervision**
   According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either from a wide or narrow span. There are two types of span of control:

   a. **Wide span of control**- It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:
      i. Less overhead cost of supervision
      ii. Prompt response from the employees
      iii. Better communication
      iv. Better supervision
      v. Better co-ordination
      vi. Suitable for repetitive jobs
      According to this span, one manager can effectively and efficiently handle a large number of subordinates at one time.
   
   b. **Narrow span of control**- According to this span, the work and authority is divided amongst many subordinates and a manager doesn't supervises and control a very big group of people under him. The manager according to a narrow span supervises a selected number of employees at one time. The features are:
      i. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful.
ii. Co-ordination is difficult to be achieved.
iii. Communication gaps can come.
iv. Messages can be distorted.
v. Specialization work can be achieved.

**Authority Flows from Top to Bottom**

Managing Director
↓
Marketing Manager
↓
Sales/ Media Manager
↓
Salesmen

According to the above diagram, the Managing Director has got the highest level of authority. This authority is shared by the Marketing Manager who shares his authority with the Sales Manager. From this chain of hierarchy, the official chain of communication becomes clear which is helpful in achievement of results and which provides stability to a concern. This scalar chain of command always flow from top to bottom and it defines the authority positions of different managers at different levels.

**Line Organization**

**Line organization** is the most oldest and simplest method of administrative organization. According to this type of organization, the authority flows from top to bottom in a concern. The line of command is carried out from top to bottom. This is the reason for calling this organization as scalar organization which means scalar chain of command is a part and parcel of this type of administrative organization. In this type of organization, the line of command flows on an even basis without any gaps in communication and co-ordination taking place.

**Features of Line Organization**

1. It is the most simplest form of organization.
2. Line of authority flows from top to bottom.
3. Specialized and supportive services do not take place in these organization.
4. Unified control by the line officers can be maintained since they can independently take decisions in their areas and spheres.
5. This kind of organization always helps in bringing efficiency in communication and bringing stability to a concern.

**Merits of Line Organization**

1. **Simplest**- It is the most simple and oldest method of administration.
2. **Unity of Command**- In these organizations, superior-subordinate relationship is maintained and scalar chain of command flows from top to bottom.

3. **Better discipline**- The control is unified and concentrates on one person and therefore, he can independently make decisions of his own. Unified control ensures better discipline.

4. **Fixed responsibility**- In this type of organization, every line executive has got fixed authority, power and fixed responsibility attached to every authority.

5. **Flexibility**- There is a co-ordination between the top most authority and bottom line authority. Since the authority relationships are clear, line officials are independent and can flexibly take the decision. This flexibility gives satisfaction of line executives.

6. **Prompt decision**- Due to the factors of fixed responsibility and unity of command, the officials can take prompt decision.

**Demerits of Line Organization**
1. **Over reliance**- The line executive’s decisions are implemented to the bottom. This results in over-relying on the line officials.

2. **Lack of specialization**- A line organization flows in a scalar chain from top to bottom and there is no scope for specialized functions. For example, expert advices whatever decisions are taken by line managers are implemented in the same way.

3. **Inadequate communication**- The policies and strategies which are framed by the top authority are carried out in the same way. This leaves no scope for communication from the other end. The complaints and suggestions of lower authority are not communicated back to the top authority. So there is one way communication.

4. **Lack of Co-ordination**- Whatever decisions are taken by the line officials, in certain situations wrong decisions, are carried down and implemented in the same way. Therefore, the degree of effective co-ordination is less.

5. **Authority leadership**- The line officials have tendency to misuse their authority positions. This leads to autocratic leadership and monopoly in the concern.

**Line and Staff Organization**
Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority. The power of command always remains with the line executives and staff supervisors guide, advice and council the line executives. Personal Secretary to the Managing Director is a staff official.

```
MANAGING DIRECTOR
↓     ↓     ↓
Production Manager  Marketing Manager  Finance Manager
↓     ↓     ↓
```
Features of Line and Staff Organization

1. There are two types of staff:
   a. Staff Assistants- P.A. to Managing Director, Secretary to Marketing Manager.
   b. Staff Supervisor- Operation Control Manager, Quality Controller, PRO

2. Line and Staff Organization is a compromise of line organization. It is more complex than line concern.

3. Division of work and specialization takes place in line and staff organization.

4. The whole organization is divided into different functional areas to which staff specialists are attached.

5. Efficiency can be achieved through the features of specialization.

6. There are two lines of authority which flow at one time in a concern:
   a. Line Authority
   b. Staff Authority

7. Power of command remains with the line executive and staff serves only as counselors.

Merits of Line and Staff Organization

1. Relief to line of executives- In a line and staff organization, the advice and counseling which is provided to the line executives divides the work between the two. The line executive can concentrate on the execution of plans and they get relieved of dividing their attention to many areas.

2. Expert advice- The line and staff organization facilitates expert advice to the line executive at the time of need. The planning and investigation which is related to different matters can be done by the staff specialist and line officers can concentrate on execution of plans.

3. Benefit of Specialization- Line and staff through division of whole concern into two types of authority divides the enterprise into parts and functional areas. This way every officer or official can concentrate in its own area.

4. Better co-ordination- Line and staff organization through specialization is able to provide better decision making and concentration remains in few hands. This feature helps in bringing co-ordination in work as every official is concentrating in their own area.

5. Benefits of Research and Development- Through the advice of specialized staff, the line executives, the line executives get time to execute plans by taking productive decisions which are helpful for a concern. This gives a wide scope to the line executive to bring innovations and go for research work in those areas. This is possible due to the presence of staff specialists.
6. **Training** - Due to the presence of staff specialists and their expert advice serves as ground for training to line officials. Line executives can give due concentration to their decision making. This in itself is a training ground for them.

7. **Balanced decisions** - The factor of specialization which is achieved by line staff helps in bringing co-ordination. This relationship automatically ends up the line official to take better and balanced decision.

8. **Unity of action** - Unity of action is a result of unified control. Control and its effectivity take place when co-ordination is present in the concern. In the line and staff authority all the officials have got independence to make decisions. This serves as effective control in the whole enterprise.

**Demerits of Line and Staff Organization**

1. **Lack of understanding** - In a line and staff organization, there are two authority flowing at one time. This results in the confusion between the two. As a result, the workers are not able to understand as to who is their commanding authority. Hence the problem of understanding can be a hurdle in effective running.

2. **Lack of sound advice** - The line official get used to the expertise advice of the staff. At times the staff specialist also provide wrong decisions which the line executive have to consider. This can affect the efficient running of the enterprise.

3. **Line and staff conflicts** - Line and staff are two authorities which are flowing at the same time. The factors of designations, status influence sentiments which are related to their relation, can pose a distress on the minds of the employees. This leads to minimizing of co-ordination which hampers a concern’s working.

4. **Costly** - In line and staff concern, the concerns have to maintain the high remuneration of staff specialist. This proves to be costly for a concern with limited finance.

5. **Assumption of authority** - The power of concern is with the line official but the staff dislikes it as they are the one more in mental work.

6. **Staff steals the show** - In a line and staff concern, the higher returns are considered to be a product of staff advice and counseling. The line officials feel dissatisfied and a feeling of distress enters a concern. The satisfaction of line officials is very important for effective results.

**Functional Organization**

**Functional organization** has been divided to put the specialists in the top position throughout the enterprise. This is an organization in which we can define as a system in which functional department are created to deal with the problems of business at various levels. Functional authority remains confined to functional guidance to different departments. This helps in maintaining quality and uniformity of performance of different functions throughout the enterprise.

The concept of Functional organization was suggested by F.W. Taylor who recommended the appointment of specialists at important positions. For example, the functional head and
Marketing Director directs the subordinates throughout the organization in his particular area. This means that subordinates receives orders from several specialists, managers working above them.

**Features of Functional Organization**

1. The entire organizational activities are divided into specific functions such as operations, finance, marketing and personal relations.
2. Complex form of administrative organization compared to the other two.
3. Three authorities exist - Line, staff and function.
4. Each functional area is put under the charge of functional specialists and he has got the authority to give all decisions regarding the function whenever the function is performed throughout the enterprise.
5. Principle of unity of command does not apply to such organization as it is present in line organization.

**Merits of Functional Organization**

1. **Specialization**- Better division of labour takes place which results in specialization of function and it’s consequent benefit.
2. **Effective Control**- Management control is simplified as the mental functions are separated from manual functions. Checks and balances keep the authority within certain limits. Specialists may be asked to judge the performance of various sections.
3. **Efficiency**- Greater efficiency is achieved because of every function performing a limited number of functions.
4. **Economy**- Specialization compiled with standardization facilitates maximum production and economical costs.
5. **Expansion**- Expert knowledge of functional manager facilitates better control and supervision.

**Demerits of Functional Organization**

1. **Confusion**- The functional system is quite complicated to put into operation, especially when it is carried out at low levels. Therefore, co-ordination becomes difficult.
2. **Lack of Co-ordination**- Disciplinary control becomes weak as a worker is commanded not by one person but a large number of people. Thus, there is no unity of command.
3. **Difficulty in fixing responsibility**- Because of multiple authority, it is difficult to fix responsibility.
4. **Conflicts**- There may be conflicts among the supervisory staff of equal ranks. They may not agree on certain issues.
5. **Costly**- Maintenance of specialist’s staff of the highest order is expensive for a concern.

**Planning Function of Management**
Planning means looking ahead and chalking out future courses of action to be followed. It is a preparatory step. It is a systematic activity which determines when, how and who is going to perform a specific job. Planning is a detailed programme regarding future courses of action. It is rightly said “Well plan is half done”. Therefore planning takes into consideration available & prospective human and physical resources of the organization so as to get effective coordination, contribution & perfect adjustment. It is the basic management function which includes formulation of one or more detailed plans to achieve optimum balance of needs or demands with the available resources.

According to Urwick, “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 guesses”. Planning is deciding best alternative among others to perform different managerial functions in order to achieve predetermined goals.

According to Koontz & O’Donell, “Planning is deciding in advance what to do, how to do and who is to do it. Planning bridges the gap between where we are to, where we want to go. It makes possible things to occur which would not otherwise occur”.

**Steps in Planning Function**
*Planning function of management* involves following steps:-

1. **Establishment of objectives**
   a. Planning requires a systematic approach.
   b. Planning starts with the setting of goals and objectives to be achieved.
   c. Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
   d. Moreover objectives focus the attention of managers on the end results to be achieved.
   e. As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
   f. As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.
   g. Such goals should be specified in qualitative terms.
   h. Hence objectives should be practical, acceptable, workable and achievable.

2. **Establishment of Planning Premises**
   a. Planning premises are the assumptions about the lively shape of events in future.
   b. They serve as a basis of planning.
   c. Establishment of planning premises is concerned with determining where one tends to deviate from the actual plans and causes of such deviations.
   d. It is to find out what obstacles are there in the way of business during the course of operations.
e. Establishment of planning premises is concerned to take such steps that avoids these obstacles to a great extent.

f. Planning premises may be internal or external. Internal includes capital investment policy, management labour relations, philosophy of management, etc. Whereas external includes socio-economic, political and economical changes.

g. Internal premises are controllable whereas external are non-controllable.

3. Choice of alternative course of action
   a. When forecast are available and premises are established, a number of alternative course of actions have to be considered.
   b. For this purpose, each and every alternative will be evaluated by weighing its pros and cons in the light of resources available and requirements of the organization.
   c. The merits, demerits as well as the consequences of each alternative must be examined before the choice is being made.
   d. After objective and scientific evaluation, the best alternative is chosen.
   e. The planners should take help of various quantitative techniques to judge the stability of an alternative.

4. Formulation of derivative plans
   a. Derivative plans are the sub plans or secondary plans which help in the achievement of main plan.
   b. Secondary plans will flow from the basic plan. These are meant to support and expedite the achievement of basic plans.
   c. These detail plans include policies, procedures, rules, programmes, budgets, schedules, etc. For example, if profit maximization is the main aim of the enterprise, derivative plans will include sales maximization, production maximization, and cost minimization.
   d. Derivative plans indicate time schedule and sequence of accomplishing various tasks.

5. Securing Co-operation
   a. After the plans have been determined, it is necessary rather advisable to take subordinates or those who have to implement these plans into confidence.
   b. The purposes behind taking them into confidence are :-
      i. Subordinates may feel motivated since they are involved in decision making process.
      ii. The organization may be able to get valuable suggestions and improvement in formulation as well as implementation of plans.
      iii. Also the employees will be more interested in the execution of these plans.

6. Follow up/Appraisal of plans
   a. After choosing a particular course of action, it is put into action.
   b. After the selected plan is implemented, it is important to appraise its effectiveness.
c. This is done on the basis of feedback or information received from departments or persons concerned.

d. This enables the management to correct deviations or modify the plan.

e. This step establishes a link between planning and controlling function.

f. The follow up must go side by side the implementation of plans so that in the light of observations made, future plans can be made more realistic.

**Characteristics of Planning**

1. **Planning is goal-oriented.**
   a. Planning is made to achieve desired objective of business.
   b. The goals established should general acceptance otherwise individual efforts & energies will go misguided and misdirected.
   c. Planning identifies the action that would lead to desired goals quickly & economically.
   d. It provides sense of direction to various activities. E.g. Maruti Udhyog is trying to capture once again Indian Car Market by launching diesel models.

2. **Planning is looking ahead.**
   a. Planning is done for future.
   b. It requires peeping in future, analyzing it and predicting it.
   c. Thus planning is based on forecasting.
   d. A plan is a synthesis of forecast.
   e. It is a mental predisposition for things to happen in future.

3. **Planning is an intellectual process.**
   a. Planning is a mental exercise involving creative thinking, sound judgement and imagination.
   b. It is not a mere guesswork but a rotational thinking.
   c. A manager can prepare sound plans only if he has sound judgement, foresight and imagination.
   d. Planning is always based on goals, facts and considered estimates.

4. **Planning involves choice & decision making.**
   a. Planning essentially involves choice among various alternatives.
   b. Therefore, if there is only one possible course of action, there is no need planning because there is no choice.
   c. Thus, decision making is an integral part of planning.
   d. A manager is surrounded by no. of alternatives. He has to pick the best depending upon requirements & resources of the enterprises.

5. **Planning is the primary function of management / Primacy of Planning.**
   a. Planning lays foundation for other functions of management.
   b. It serves as a guide for organizing, staffing, directing and controlling.
   c. All the functions of management are performed within the framework of plans laid out.
d. Therefore planning is the basic or fundamental function of management.

6. **Planning is a Continuous Process.**
   a. Planning is a never ending function due to the dynamic business environment.
   b. Plans are also prepared for specific period of time and at the end of that period, plans are subjected to revaluation and review in the light of new requirements and changing conditions.
   c. Planning never comes into end till the enterprise exists issues, problems may keep cropping up and they have to be tackled by planning effectively.

7. **Planning is all Pervasive.**
   a. It is required at all [levels of management](http://www.managementstudyguide.com/all-subjects.htm#management_functions) and in all departments of enterprise.
   b. Of course, the scope of planning may differ from one level to another.
   c. The top level may be more concerned about planning the organization as a whole whereas the middle level may be more specific in departmental plans and the lower level plans implementation of the same.

8. **Planning is designed for efficiency.**
   a. Planning leads to accomplishment of objectives at the minimum possible cost.
   b. It avoids wastage of resources and ensures adequate and optimum utilization of resources.
   c. A plan is worthless or useless if it does not value the cost incurred on it.
   d. Therefore planning must lead to saving of time, effort and money.
   e. Planning leads to proper utilization of men, money, materials, methods and machines.

9. **Planning is Flexible.**
   a. Planning is done for the future.
   b. Since future is unpredictable, planning must provide enough room to cope with the changes in customer’s demand, competition, govt. policies etc.
   c. Under changed circumstances, the original plan of action must be revised and updated to make it more practical.

**Advantages of Planning**

1. **Planning facilitates management by objectives.**
   a. Planning begins with determination of objectives.
   b. It highlights the purposes for which various activities are to be undertaken.
   c. In fact, it makes objectives more clear and specific.
   d. Planning helps in focusing the attention of employees on the objectives or goals of enterprise.
   e. Without planning an organization has no guide.
   f. Planning compels manager to prepare a Blue-print of the courses of action to be followed for accomplishment of objectives.
   g. Therefore, planning brings order and rationality into the organization.

2. **Planning minimizes uncertainties.**
a. Business is full of uncertainties.
b. There are risks of various types due to uncertainties.
c. Planning helps in reducing uncertainties of future as it involves anticipation of future events.
d. Although future cannot be predicted with cent percent accuracy but planning helps management to anticipate future and prepare for risks by necessary provisions to meet unexpected turn of events.
e. Therefore with the help of planning, uncertainties can be forecasted which helps in preparing standbys as a result, uncertainties are minimized to a great extent.

3. **Planning facilitates co-ordination.**
   a. Planning revolves around organizational goals.
   b. All activities are directed towards common goals.
   c. There is an integrated effort throughout the enterprise in various departments and groups.
   d. It avoids duplication of efforts. In other words, it leads to better co-ordination.
   e. It helps in finding out problems of work performance and aims at rectifying the same.

4. **Planning improves employee’s moral.**
   a. Planning creates an atmosphere of order and discipline in organization.
   b. Employees know in advance what is expected of them and therefore conformity can be achieved easily.
   c. This encourages employees to show their best and also earn reward for the same.
   d. Planning creates a healthy attitude towards work environment which helps in boosting employees moral and efficiency.

5. **Planning helps in achieving economies.**
   a. Effective planning secures economy since it leads to orderly allocation of resources to various operations.
   b. It also facilitates optimum utilization of resources which brings economy in operations.
   c. It also avoids wastage of resources by selecting most appropriate use that will contribute to the objective of enterprise. For example, raw materials can be purchased in bulk and transportation cost can be minimized. At the same time it ensures regular supply for the production department, that is, overall efficiency.

6. **Planning facilitates controlling.**
   a. Planning facilitates existence of certain planned goals and standard of performance.
   b. It provides basis of controlling.
   c. We cannot think of an effective system of controlling without existence of well thought out plans.
d. Planning provides pre-determined goals against which actual performance is compared.

e. In fact, planning and controlling are the two sides of a same coin. If planning is root, controlling is the fruit.

7. **Planning provides competitive edge.**

   a. Planning provides competitive edge to the enterprise over the others which do not have effective planning. This is because of the fact that planning may involve changing in work methods, quality, quantity designs, extension of work, redefining of goals, etc.

   b. With the help of forecasting not only the enterprise secures its future but at the same time it is able to estimate the future motives of it’s competitor which helps in facing future challenges.

   c. Therefore, planning leads to best utilization of possible resources, improves quality of production and thus the competitive strength of the enterprise is improved.

8. **Planning encourages innovations.**

   a. In the process of planning, managers have the opportunities of suggesting ways and means of improving performance.

   b. Planning is basically a decision making function which involves creative thinking and imagination that ultimately leads to innovation of methods and operations for growth and prosperity of the enterprise.

**Disadvantages of Planning**

**Internal Limitations**

There are several limitations of planning. Some of them are inherit in the process of planning like rigidity and other arise due to shortcoming of the techniques of planning and in the planners themselves.

1. **Rigidity**

   a. Planning has tendency to make administration inflexible.

   b. Planning implies prior determination of policies, procedures and programmes and a strict adherence to them in all circumstances.

   c. There is no scope for individual freedom.

   d. The development of employees is highly doubted because of which management might have faced lot of difficulties in future.

   e. Planning therefore introduces inelasticity and discourages individual initiative and experimentation.

2. **Misdirected Planning**

   a. Planning may be used to serve individual interests rather than the interest of the enterprise.

   b. Attempts can be made to influence setting of objectives, formulation of plans and programmes to suit ones own requirement rather than that of whole organization.
c. Machinery of planning can never be freed of bias. Every planner has his own likes, dislikes, preferences, attitudes and interests which is reflected in planning.

3. **Time consuming**
   a. Planning is a time consuming process because it involves collection of information, it’s analysis and interpretation thereof. This entire process takes a lot of time specially where there are a number of alternatives available.
   b. Therefore planning is not suitable during emergency or crisis when quick decisions are required.

4. **Probability in planning**
   a. Planning is based on forecasts which are mere estimates about future.
   b. These estimates may prove to be inexact due to the uncertainty of future.
   c. Any change in the anticipated situation may render plans ineffective.
   d. Plans do not always reflect real situations inspite of the sophisticated techniques of forecasting because future is unpredictable.
   e. Thus, excessive reliance on plans may prove to be fatal.

5. **False sense of security**
   a. Elaborate planning may create a false sense of security to the effect that everything is taken for granted.
   b. Managers assume that as long as they work as per plans, it is satisfactory.
   c. Therefore they fail to take up timely actions and an opportunity is lost.
   d. Employees are more concerned about fulfillment of plan performance rather than any kind of change.

6. **Expensive**
   a. Collection, analysis and evaluation of different information, facts and alternatives involves a lot of expense in terms of time, effort and money
   b. According to Koontz and O'Donell, ’ Expenses on planning should never exceed the estimated benefits from planning. ’

**External Limitations of Planning**

1. Political Climate- Change of government from Congress to some other political party, etc.
2. Labour Union- Strikes, lockouts, agitations.
3. Technological changes- Modern techniques and equipments, computerization.
5. Natural Calamities- Earthquakes and floods.
6. Changes in demand and prices- Change in fashion, change in tastes, change in income level, demand falls, price falls, etc.

**Staffing Function of Management**

The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnels to fill the roles assigned to the employers/workforce.
According to Theo Haimann, “Staffing pertains to recruitment, selection, development and compensation of subordinates.”

**Nature of Staffing Function**

1. **Staffing is an important managerial function**- Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.

2. **Staffing is a pervasive activity**- As staffing function is carried out by all managers and in all types of concerns where business activities are carried out.

3. **Staffing is a continuous activity**- This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.

4. **The basis of staffing function is efficient management of personnels**- Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.

5. **Staffing helps in placing right men at the right job.** It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.

6. **Staffing is performed by all managers** depending upon the nature of business, size of the company, qualifications and skills of managers, etc. In small companies, the top management generally performs this function. In medium and small scale enterprise, it is performed especially by the personnel department of that concern.

**Staffing Process - Steps involved in Staffing**

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

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

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

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

5. **Training and Development**- Training is a part of incentives given to the workers in order to develop and grow them within the concern. Training is generally given according to the nature of activities and scope of expansion in it. Along with it, the workers are developed by providing them extra benefits of indepth knowledge of their functional areas. Development also includes giving them key and important jobs as a test or examination in order to analyse their performances.
6. **Remuneration**- It is a kind of compensation provided monetarily to the employees for their work performances. This is given according to the nature of job - skilled or unskilled, physical or mental, etc. Remuneration forms an important monetary incentive for the employees.

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

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

**Manpower Planning**

Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. Human Resource Planning has got an important place in the arena of industrialization. Human Resource Planning has to be a systems approach and is carried out in a set procedure. The procedure is as follows:

1. Analysing the current manpower inventory
2. Making future manpower forecasts
3. Developing employment programmes
4. Design training programmes

**Steps in Manpower Planning**

1. **Analysing the current manpower inventory**- Before a manager makes forecast of future manpower, the current manpower status has to be analysed. For this the following things have to be noted-
   - Type of organization
   - Number of departments
   - Number and quantity of such departments
   - Employees in these work units

Once these factors are registered by a manager, he goes for the future forecasting.
2. **Making future manpower forecasts**- Once the factors affecting the future manpower forecasts are known, planning can be done for the future manpower requirements in several work units. The Manpower forecasting techniques commonly employed by the organizations are as follows:
   
   i. **Expert Forecasts**: This includes informal decisions, formal expert surveys and Delphi technique.
   
   ii. **Trend Analysis**: Manpower needs can be projected through extrapolation (projecting past trends), indexation (using base year as basis), and statistical analysis (central tendency measure).
   
   iii. **Work Load Analysis**: It is dependent upon the nature of work load in a department, in a branch or in a division.
   
   iv. **Work Force Analysis**: Whenever production and time period has to be analysed, due allowances have to be made for getting net manpower requirements.
   
   v. **Other methods**: Several Mathematical models, with the aid of computers are used to forecast manpower needs, like budget and planning analysis, regression, new venture analysis.

3. **Developing employment programmes**- Once the current inventory is compared with future forecasts, the employment programmes can be framed and developed accordingly, which will include recruitment, selection procedures and placement plans.

4. **Design training programmes**- These will be based upon extent of diversification, expansion plans, development programmes, etc. Training programmes depend upon the extent of improvement in technology and advancement to take place. It is also done to improve upon the skills, capabilities, knowledge of the workers.

**Importance of Manpower Planning**

**Key to managerial functions**- The four managerial functions, i.e., planning, organizing, directing and controlling are based upon the manpower. Human resources help in the implementation of all these managerial activities. Therefore, staffing becomes a key to all managerial functions.

1. **Efficient utilization**- Efficient management of personnels becomes an important function in the industrialization world of today. Setting of large scale enterprises require management of large scale manpower. It can be effectively done through staffing function.

2. **Motivation**- Staffing function not only includes putting right men on right job, but it also comprises of motivational programmes, i.e., incentive plans to be framed for further participation and employment of employees in a concern. Therefore, all types of incentive plans becomes an integral part of staffing function.

3. **Better human relations**- A concern can stabilize itself if human relations develop and are strong. Human relations become strong through effective control, clear
communication, effective supervision and leadership in a concern. Staffing function also looks after training and development of the work force which leads to co-operation and better human relations.

4. **Higher productivity**- Productivity level increases when resources are utilized in best possible manner. higher productivity is a result of minimum wastage of time, money, efforts and energies. This is possible through the staffing and it's related activities (Performance appraisal, training and development, remuneration)

### Need of Manpower Planning
Manpower Planning is a two-phased process because manpower planning not only analyses the current human resources but also makes manpower forecasts and thereby draw employment programmes. Manpower Planning is advantageous to firm in following manner:

1. Shortages and surpluses can be identified so that quick action can be taken wherever required.
2. All the recruitment and selection programmes are based on manpower planning.
3. It also helps to reduce the labour cost as excess staff can be identified and thereby overstaffing can be avoided.
4. It also helps to identify the available talents in a concern and accordingly training programmes can be chalked out to develop those talents.
5. It helps in growth and diversification of business. Through manpower planning, human resources can be readily available and they can be utilized in best manner.
6. It helps the organization to realize the importance of manpower management which ultimately helps in the stability of a concern.

### Obstacles in Manpower Planning
Following are the main obstacles that organizations face in the process of manpower planning:

1. **Under Utilization of Manpower**: The biggest obstacle in case of manpower planning is the fact that the industries in general are not making optimum use of their manpower and once manpower planning begins, it encounters heavy odds in stepping up the utilization.
2. **Degree of Absenteeism**: Absenteeism is quite high and has been increasing since last few years.
3. **Lack of Education and Skilled Labour**: The extent of illiteracy and the slow pace of development of the skilled categories account for low productivity in employees. Low productivity has implications for manpower planning.
4. **Manpower Control and Review**:
   a. Any increase in manpower is considered at the top level of management
   b. On the basis of manpower plans, personnel budgets are prepared. These act as control mechanisms to keep the manpower under certain broadly defined limits.
   c. The productivity of any organization is usually calculated using the formula:
      \[ \text{Productivity} = \frac{\text{Output}}{\text{Input}} \]
      But a rough index of employee productivity is calculated as follows:
      \[ \text{Employee Productivity} = \frac{\text{Total Production}}{\text{Total no. of employees}} \]
d. Exit Interviews, the rate of turnover and rate of absenteeism are sources of vital information on the satisfaction level of manpower. For conservation of Human Resources and better utilization of men studying these conditions, manpower control would have to take into account the data to make meaningful analysis.

e. Extent of Overtime: The amount of overtime paid may be due to real shortage of men, ineffective management or improper utilization of manpower. Manpower control would require a careful study of overtime statistics.

Few Organizations do not have sufficient records and information on manpower. Several of those who have them do not have a proper retrieval system. There are complications in resolving the issues in design, definition and creation of computerized personnel information system for effective manpower planning and utilization. Even the existing technologies in this respect is not optimally used. This is a strategic disadvantage.

Types of Recruitment

Recruitment is of 2 types:

1. **Internal Recruitment** - is a recruitment which takes place within the concern or organization. Internal sources of recruitment are readily available to an organization. Internal sources are primarily three - Transfers, promotions and Re-employment of ex-employees.

   Internal recruitment may lead to increase in employee’s productivity as their motivation level increases. It also saves time, money and efforts. But a drawback of internal recruitment is that it refrains the organization from new blood. Also, not all the manpower requirements can be met through internal recruitment. Hiring from outside has to be done.

   Internal sources are primarily 3
   a. **Transfers**
   b. **Promotions (through Internal Job Postings)** and
   c. **Re-employment of ex-employees** - Re-employment of ex-employees is one of the internal sources of recruitment in which employees can be invited and appointed to fill vacancies in the concern. There are situations when ex-employees provide unsolicited applications also.

2. **External Recruitment** - External sources of recruitment have to be solicited from outside the organization. External sources are external to a concern. But it involves lot of time and money. The external sources of recruitment include - Employment at factory gate, advertisements, employment exchanges, employment agencies, educational institutes, labour contractors, recommendations etc.

   a. **Employment at Factory Level** - This a source of external recruitment in which the applications for vacancies are presented on bulletin boards outside the Factory or at the Gate. This kind of recruitment is applicable generally where factory workers are to be appointed. There are people who keep on soliciting jobs from one place to another. These applicants are called as unsolicited applicants. These
types of workers apply on their own for their job. For this kind of recruitment workers have a tendency to shift from one factory to another and therefore they are called as “badli” workers.

b. Advertisement - It is an external source which has got an important place in recruitment procedure. The biggest advantage of advertisement is that it covers a wide area of market and scattered applicants can get information from advertisements. Medium used is Newspapers and Television.

c. Employment Exchanges - There are certain Employment exchanges which are run by government. Most of the government undertakings and concerns employ people through such exchanges. Now-a-days recruitment in government agencies has become compulsory through employment exchange.

d. Employment Agencies - There are certain professional organizations which look towards recruitment and employment of people, i.e. these private agencies run by private individuals supply required manpower to needy concerns.

e. Educational Institutions - There are certain professional Institutions which serves as an external source for recruiting fresh graduates from these institutes. This kind of recruitment done through such educational institutions, is called as Campus Recruitment. They have special recruitment cells which helps in providing jobs to fresh candidates.

f. Recommendations - There are certain people who have experience in a particular area. They enjoy goodwill and a stand in the company. There are certain vacancies which are filled by recommendations of such people. The biggest drawback of this source is that the company has to rely totally on such people which can later on prove to be inefficient.

g. Labour Contractors - These are the specialist people who supply manpower to the Factory or Manufacturing plants. Through these contractors, workers are appointed on contract basis, i.e. for a particular time period. Under conditions when these contractors leave the organization, such people who are appointed have to also leave the concern.

**Directing Function of Management**

**DIRECTING** is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing have got no importance if direction function does not take place.

Directing initiates action and it is from here actual work starts. Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently. According to Human, “Directing consists of process or technique by which instruction can be issued and operations can be carried
out as originally planned” Therefore, Directing is the function of guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.

Direction has got following characteristics:

1. **Pervasive Function** - Directing is required at all levels of organization. Every manager provides guidance and inspiration to his subordinates.
2. **Continuous Activity** - Direction is a continuous activity as it continuous throughout the life of organization.
3. **Human Factor** - Directing function is related to subordinates and therefore it is related to human factor. Since human factor is complex and behaviour is unpredictable, direction function becomes important.
4. **Creative Activity** - Direction function helps in converting plans into performance. Without this function, people become inactive and physical resources are meaningless.
5. **Executive Function** - Direction function is carried out by all managers and executives at all levels throughout the working of an enterprise, a subordinate receives instructions from his superior only.
6. **Delegate Function** - Direction is supposed to be a function dealing with human beings. Human behaviour is unpredictable by nature and conditioning the people’s behaviour towards the goals of the enterprise is what the executive does in this function. Therefore, it is termed as having delicacy in it to tackle human behaviour.

**Importance of Directing Function**

Directing or Direction function is said to be the heart of management of process and therefore, is the central point around which accomplishment of goals take place. A few philosophers call Direction as “Life spark of an enterprise”. It is also called as an actuating function of management because it is through direction that the operation of an enterprise actually starts. Being the central character of enterprise, it provides many benefits to a concern which are as follows:

1. **It Initiates Actions** - Directions is the function which is the starting point of the work performance of subordinates. It is from this function the action takes place, subordinates understand their jobs and do according to the instructions laid. Whatever are plans laid, can be implemented only once the actual work starts. It is there that direction becomes beneficial.
2. **It Ingrates Efforts** - Through direction, the superiors are able to guide, inspire and instruct the subordinates to work. For this, efforts of every individual towards accomplishment of goals are required. It is through direction the efforts of every department can be related and integrated with others. This can be done through persuasive leadership and effective communication. Integration of efforts bring effectiveness and stability in a concern.
3. **Means of Motivation** - Direction function helps in achievement of goals. A manager makes use of the element of motivation here to improve the performances of subordinates. This can be done by providing incentives or compensation, whether
monetary or non-monetary, which serves as a “Morale booster” to the subordinates. Motivation is also helpful for the subordinates to give the best of their abilities which ultimately helps in growth.

4. **It Provides Stability** - Stability and balance in concern becomes very important for long-term sun survival in the market. This can be brought upon by the managers with the help of four tools or elements of direction function - judicious blend of persuasive leadership, effective communication, strict supervision and efficient motivation. Stability is very important since that is an index of growth of an enterprise. Therefore a manager can use all the four traits in him so that performance standards can be maintained.

5. **Coping up with the changes** - It is a human behaviour that human beings show resistance to change. Adaptability with changing environment helps in sustaining planned growth and becoming a market leader. It is directing function which is of use to meet with changes in environment, both internal as external. Effective communication helps in coping up with the changes. It is the role of manager here to communicate the nature and contents of changes very clearly to the subordinates. This helps in clarifications, easy adaptations and smooth running of an enterprise. For example, if a concern shifts from handlooms to powerlooms, an important change in technique of production takes place. The resulting factors are less of manpower and more of machinery. This can be resisted by the subordinates. The manager here can explain that the change was in the benefit of the subordinates. Through more mechanization, production increases and thereby the profits. Indirectly, the subordinates are benefited out of that in form of higher remuneration.

6. **Efficient Utilization of Resources** - Direction finance helps in clarifying the role of every subordinate towards his work. The resources can be utilized properly only when less of wastages, duplication of efforts, overlapping of performances, etc. doesn’t take place. Through direction, the role of subordinates become clear as manager makes use of his supervisory, the guidance, the instructions and motivation skill to inspire the subordinates. This helps in maximum possible utilization of resources of men, machine, materials and money which helps in reducing costs and increasing profits.

From the above discussion, one can justify that direction, surely, is the heart of management process. Heart plays an important role in a human body as it serves the function pumping blood to all parts of body which makes the parts function. In the similar manner, direction helps the subordinates to perform in best of their abilities and that too in a healthy environment. The manager makes use of the four elements of direction here so that work can be accomplished in a proper and right manner. According to Earnest Dale, “Directing is what has to be done and in what manner through dictating the procedures and policies for accomplishing performance standards”. Therefore, it is rightly said that direction is essence of management process.

**Role of a Supervisor**

Supervisor has got an important role to play in factory management. Supervision means overseeing the subordinates at work at the factory level. The supervisor is a part of the
management team and he holds the designation of first line managers. He is a person who has to perform many functions which helps in achieving productivity. Therefore, supervisor can be called as the only manager who has an important role at execution level. There are certain philosophers who call supervisors as workers. There are yet some more philosophers who call them as managers. But actually he should be called as a manager or operative manager. His primary job is to manage the workers at operative level of management.

A supervisor plays multiplicity role at one time like -

1. **As a Planner** - A supervisor has to plan the daily work schedules in the factory. At the same time he has to divide the work to various workers according to their abilities.

2. **As a Manager** - It is rightly said that a supervisor is a part of the management team of an enterprise. He is, in fact, an operative manager.

3. **As a Guide and Leader** - A factory supervisor leads the workers by guiding them the way of perform their daily tasks. In fact, he plays a role of an inspirer by telling them.

4. **As a Mediator** - A Supervisor is called a linking pin between management and workers. He is the spokesperson of management as well as worker.

5. **As an Inspector** - An important role of supervisor is to enforce discipline in the factory. For this, the work includes checking progress of work against the time schedule, recording the work performances at regular intervals and reporting the deviations if any from those. He can also frame rules and regulations which have to be followed by workers during their work.

6. **As a Counselor** - A supervisor plays the role of a counselor to the worker’s problem. He has to perform this role in order to build good relations and co-operation from workers. This can be done not only by listening to the grievances but also handling the grievances and satisfying the workers.

Therefore, we can say that effective and efficient supervision helps in serving better work performance, building good human relations, creating a congenial and co-operative environment. This all helps in increasing prod

**Functions of a Supervisor**

Supervisor, being the manager in a direct contact with the operatives, has got multifarious function to perform. The objective behind performance of these functions is to bring stability and soundness in the organization which can be secured through increase in profits which is an end result of higher productivity. Therefore, a supervisor should be concerned with performing the following functions -

1. **Planning and Organizing** - Supervisor’s basic role is to plan the daily work schedule of the workers by guiding them the nature of their work and also dividing the work amongst the workers according to their interests, aptitudes, skills and interests.

2. **Provision of working conditions** - A supervisor plays an important role in the physical setting of the factory and in arranging the physical resources at right place. This involves providing proper sitting place, ventilation, lighting, water facilities etc. to workers. His main responsibility is here to provide healthy and hygienic condition to the workers.
3. **Leadership and Guidance** - A supervisor is the leader of workers under him. He leads the workers and influences them to work their best. He also guides the workers by fixing production targets and by providing them instruction and guidelines to achieve those targets.

4. **Motivation** - A supervisor plays an important role by providing different incentives to workers to perform better. There are different monetary and non-monetary incentives which can inspire the workers to work better.

5. **Controlling** - Controlling is an important function performed by supervisor. This will involve
   
i. Recording the actual performance against the time schedule.
   
ii. Checking of progress of work.
   
iii. Finding out deviations if any and making solutions
   
iv. If not independently solved, reporting it to top management.

6. **Linking Pin** - A supervisor proves to be a linking pin between management and workers. He communicates the policies of management to workers also passes instructions to them on behalf of management. On the other hand, he has a close contact with the workers and therefore can interact the problems, complaints, suggestions, etc to the management. In this way, he communicates workers problems and brings it to the notice of management.

7. **Grievance Handling** - The supervisor can handle the grievances of the workers effectively for this he has to do the following things :-
   
i. He can be in direct touch with workers.
   
ii. By winning the confidence of the workers by solving their problems.
   
iii. By taking worker problems on humanitarian grounds.
   
iv. If he cannot tackle it independently, he can take the help and advice of management to solve it.

8. **Reporting** - A supervisor has got an important role to report about the cost, quality and any such output which can be responsible for increasing productivity. Factors like cost, output, performance, quality, etc can be reported continually to the management.

9. **Introducing new work methods** - The supervisor here has to be conscious about the environment of market and competition present. Therefore he can innovate the techniques of production. He can shift the workers into fresh schedules whenever possible. He can also try this best to keep on changing and improving to the physical environment around the workers. This will result in
   
i. Higher productivity,
   
ii. High Morale of Workers,
   
iii. Satisfying working condition,
   
iv. Improving human relations,
   
v. Higher Profits, and
   
vi. High Stability
10. **Enforcing Discipline** - A supervisor can undertake many steps to maintain discipline in the concern by regulating checks and measures, strictness in orders and instructions, keeping an account of general discipline of factory, implementing penalties and punishments for the indiscipline workers. All these above steps help in improving the overall discipline of the factory.

**Controlling Function of Management**

**What is Controlling?**

Controlling consists of verifying whether everything occurs in conformance with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions.

According to Brech, “Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.”

According to Donnell, “Just as a navigator continually takes reading to ensure whether he is relative to a planned action, so should a business manager continually take reading to assure himself that his enterprise is on right course.”

Controlling has got two basic purposes:

1. It facilitates co-ordination
2. It helps in planning

**Features of Controlling Function**

Following are the characteristics of controlling function of management:

1. **Controlling is an end function** - A function which comes once the performances are made in conformance with plans.
2. **Controlling is a pervasive function** - which means it is performed by managers at all levels and in all type of concerns.
3. **Controlling is forward looking** - because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.
4. **Controlling is a dynamic process** - since controlling requires taking reviewal methods, changes have to be made wherever possible.
5. **Controlling is related with planning** - Planning and Controlling are two inseparable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. *Planning presupposes controlling and controlling succeeds planning.*

**Process of Controlling**

Controlling as a management function involves following steps:
1. **Establishment of standards**- Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criterions for judging the performance. Standards generally are classified into two-
   a. Measurable or tangible - Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.
   b. Non-measurable or intangible- There are standards which cannot be measured monetarily. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.

Controlling becomes easy through establishment of these standards because controlling is exercised on the basis of these standards.

2. **Measurement of performance**- The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured. Performance of a manager cannot be measured in quantities. It can be measured only by-
   a. Attitude of the workers,
   b. Their morale to work,
   c. The development in the attitudes regarding the physical environment, and
   d. Their communication with the superiors.

It is also sometimes done through various reports like weekly, monthly, quarterly, yearly reports.

3. **Comparison of actual and standard performance**- Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. The manager has to find out two things here- extent of deviation and cause of deviation. Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance. The managers have to exercise control by exception. He has to find out those deviations which are critical and important for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, “If a manager controls everything, he ends up controlling nothing.” For example, if stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it is called as major deviation.

Once the deviation is identified, a manager has to think about various cause which has led to deviation. The causes can be-
   a. Erroneous planning,
b. Co-ordination loosens,  
c. Implementation of plans is defective, and  
d. Supervision and communication is ineffective, etc.

4. **Taking remedial actions**- Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-  
   a. Taking corrective measures for deviations which have occurred; and  
   b. After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.

**Relationship between planning and controlling**
Planning and controlling are two separate functions of management, yet they are closely related. The scope of activities if both are overlapping to each other. Without the basis of planning, controlling activities becomes baseless and without controlling, planning becomes a meaningless exercise. In absense of controlling, no purpose can be served by. Therefore, planning and controlling reinforce each other. According to Billy Goetz, " Relationship between the two can be summarized in the following points

1. Planning preceeds controlling and controlling succeeds planning.  
2. Planning and controlling are inseperable functions of management.  
3. Activities are put on rails by planning and they are kept at right place through controlling.  
4. The process of planning and controlling works on Systems Approach which is as follows :  
   Planning → Results → Corrective Action

5. Planning and controlling are integral parts of an organization as both are important for smooth running of an enterprise.

6. Planning and controlling reinforce each other. Each drives the other function of management.

In the present dynamic environment which affects the organization, the strong relationship between the two is very critical and important. In the present day environment, it is quite likely that planning fails due to some unforeseen events. There controlling comes to the rescue. Once controlling is done effectively, it give us stimulus to make better plans. Therfore, planning and controlling are inseperate functions of a business enterprise.

**Personnel Management**
**Personnel management** can be defined as obtaining, using and maintaining a satisfied workforce. It is a significant part of management concerned with employees at work and with their relationship within the organization.
According to Flippo, “Personnel management is the planning, organizing, compensation, integration and maintainance of people for the purpose of contributing to organizational, individual and societal goals.”
According to Brech, “Personnel Management is that part which is primarily concerned with human resource of organization.”

**Nature of Personnel Management**

1. Personnel management includes the function of employment, development and compensation- These functions are performed primarily by the personnel management in consultation with other departments.
2. Personnel management is an extension to general management. It is concerned with promoting and stimulating competent work force to make their fullest contribution to the concern.
3. Personnel management exist to advice and assist the line managers in personnel matters. Therefore, personnel department is a staff department of an organization.
4. Personnel management lays emphasize on action rather than making lengthy schedules, plans, work methods. The problems and grievances of people at work can be solved more effectively through rationale personnel policies.
5. It is based on human orientation. It tries to help the workers to develop their potential fully to the concern.
6. It also motivates the employees through it’s effective incentive plans so that the employees provide fullest co-operation.
7. Personnel management deals with human resources of a concern. In context to human resources, it manages both individual as well as blue-collar workers.

**Role of Personnel Manager**

Personnel manager is the head of personnel department. He performs both managerial and operative functions of management. His role can be summarized as:

1. Personnel manager provides assistance to top management- The top management are the people who decide and frame the primary policies of the concern. All kinds of policies related to personnel or workforce can be framed out effectively by the personnel manager.
2. He advises the line manager as a staff specialist- Personnel manager acts like a staff advisor and assists the line managers in dealing with various personnel matters.
3. As a counsellor,- As a counsellor, personnel manager attends problems and grievances of employees and guides them. He tries to solve them in best of his capacity.
4. Personnel manager acts as a mediator- He is a linking pin between management and workers.
5. He acts as a spokesman- Since he is in direct contact with the employees, he is required to act as representative of organization in committees appointed by government. He represents company in training programmes.

**Functions of Personnel Management**

Following are the four functions of Personnel Management:

1. Manpower Planning
2. Recruitment
3. Selection
4. Training and Development
Understanding Production and Operations Management

Introduction
The very essence of any business is to cater needs of customer by providing services and goods, and in process create value for customers and solve their problems. Production and operations management talks about applying business organization and management concepts in creation of goods and services.

Production
Production is a scientific process which involves transformation of raw material (input) into desired product or service (output) by adding economic value. Production can broadly categorize into following based on technique:

Production through separation: It involves desired output is achieved through separation or extraction from raw materials. A classic example of separation or extraction is Oil into various fuel products.

Production by modification or improvement: It involves change in chemical and mechanical parameters of the raw material without altering physical attributes of the raw material. Annealing process (heating at high temperatures and then cooling), is example of production by modification or improvement.

Production by assembly: Car production and computer are example of production by assembly.

Importance of Production Function and Production Management
Successful organizations have well defined and efficient line function and support function. Production comes under the category of line function which directly affects customer experience and there by future of organization itself.

Aim of production function is to add value to product or service which will create a strong and long lasting customer relationship or association. And this can be achieved by healthy and productive association between Marketing and Production people. Marketing function people are frontline representative of the company and provide insights to real product needs of customers. An effective planning and control on production parameters to achieve or create value for customers is called production management.

Operations Management
As to deliver value for customers in products and services, it is essential for the company to do the following:

1. Identify the customer needs and convert that into a specific product or service (numbers of products required for specific period of time)
2. Based on product requirement do back-ward working to identify raw material requirements
3. Engage internal and external vendors to create supply chain for raw material and finished goods between vendor → production facility → customers.

Operations management captures above identified 3 points.
Production Management v/s Operations Management
A high level comparison which distinct production and operations management can be done on following characteristics:

- **Output**: Production management deals with manufacturing of products like (computer, car, etc) while operations management cover both products and services.
- **Usage of Output**: Products like computer/car are utilized over a period of time whereas services need to be consumed immediately.
- **Classification of work**: To produce products like computer/car more of capital equipment and less labour are required while services require more labour and lesser capital equipment.
- **Customer Contact**: There is no participation of customer during production whereas for services a constant contact with customer is required.

Production management and operations management both are very essential in meeting objective of an organization.