

## **Module-2**

### **Organizing and Staffing**

### **Directing and Controlling**

#### **Syllabus:**

##### **Organizing and Staffing**

- Meaning
- Nature and Characteristics of Organization
- Process of Organization
- Principles of Organization
- Departmentalization
- Committees –meaning
- Types of Committees
- Centralization Vs Decentralization of Authority
- Responsibility
- Span of Control (Definition only)
- Nature and Importance of Staffing
- Process of Selection and Recruitment.

##### **Directing and Controlling:**

- Meaning and Nature of Directing
- Leadership Styles
- Motivation Theories
- Communication - Meaning and Importance
- Coordination- Meaning and Importance
- Techniques of Coordination. Controlling – Meaning
- Steps in controlling.

## **2a. Organizing and Staffing**

### **2.1 Organization**

- An organization can be defined as a social unit or human grouping deliberately structured for the purpose of attaining specific goals.
- An organization can also be defined as the process of identifying and grouping of the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in the accomplishment of their objectives.

## **2.2 Nature of an Organization**

- **People:** An organization is basically made up of group of people, i.e., an identifiable group of people contributing their efforts towards the attainment of goals.
- **Common purpose:** Organization exist to achieve certain objectives and people of an organization share this common purpose.
- **Co-ordination:** There is a mechanism of co-ordination among people and different part of the organization.
- **Authority:** There are different hierarchy levels in an organization which defines authority of people
- **Division of work:** The total work of an organization is divided into smaller activities in the form of different functions & sub functions.
- **Environment:** organization are part of a large environment and therefore they are influenced by external environment

## **2.3 Characteristics of an Organization**

- Has a purpose, goal or goals.
- Has a clear concept of major duties or activities to achieve the purpose.
- Classification of activities into jobs.
- Establishment of relationship between these jobs.

## **2.4 Purpose of Organization**

- **To facilitate pattern of communication:** By grouping activities and people, structure(organization) facilitates communication between people centered on their job activities.
- **To allocate authority and responsibility:** It specifies who is to direct whom and who is accountable for what results. The structure helps the organization members to know what his role is and how it relates to others role.
- **To locate decision centers:** Organization structure determines the location of decision making in the organization. For example, a departmental store may leave pricing decision to the lower level manager while in oil refinery pricing decision is at top level.
- **To create proper balance:** Organization structure creates the proper balance and emphasis of activities. People responsible for the enterprise success might be placed higher in the organization.
- **To stimulate creativity:** Organization stimulates independent, creative thinking and initiative by providing well- defined areas of work with broad attitude of the development of new and improved ways of doing things.
- **To encourage growth:** The organization structure provide framework within which an enterprise functions. If the organization structure is flexible, it will help in meeting challenges and creating opportunities for growth.
- **To make use of technological improvements:** A sound organization structure which is adoptable to changes can make the best possible use of latest technology.

## 2.5 Types of Organization

Based on official recognition:

- Formal organization
- Informal organization

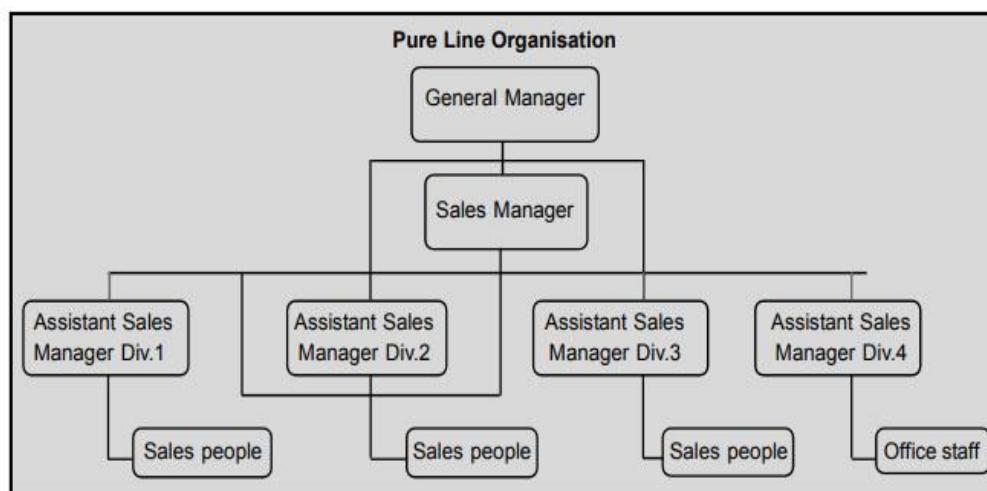
### Differences between Formal & Informal Organization

Item	Formal Organization	Informal Organization
Origin	Official and started with Definite purpose	Unofficial & developed naturally, based on Individual & group goals
Structure	Definite structure with clearly Defined authority & Responsibility relationship	No formal structure
Control	Formal rules & regulation	Group norms
Communication	Formal & official channels of communication	Grapevine
Size	Can grow to very large size	Generally very small

Based on internal structure:

- **Line Organization**
- **Functional organization**
- **Line & Staff organization**
- **Committee organization**

### 2.5.1 Line Organization:



**General Manager**

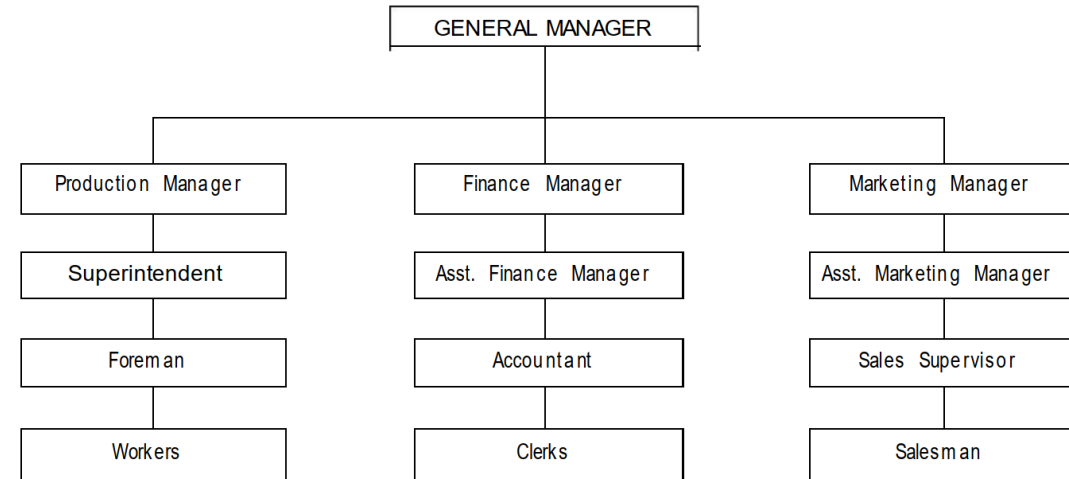


Fig. 3.4: Line organization

- It is the basic framework for the whole organization.
- It represents a direct vertical relationship which authority flows.
- This is a vertical structure one person delegate's authority to his subordinate & who in turn delegates to his subordinate & so on.
- The line of authority flows vertically downward from top to bottom throughout the organization. The quantum of authority is highest at the top and reduces at each successive level.
- Under line organization, each department is generally a complete self-contained unit. A separate person will look after the activity of the department and has full control over the department.
- The superior communicates his decision and orders to his subordinates. The subordinates, in turn, can communicate them to those who are immediately under them. This type of organization is followed in military.

Advantages of line organisation:

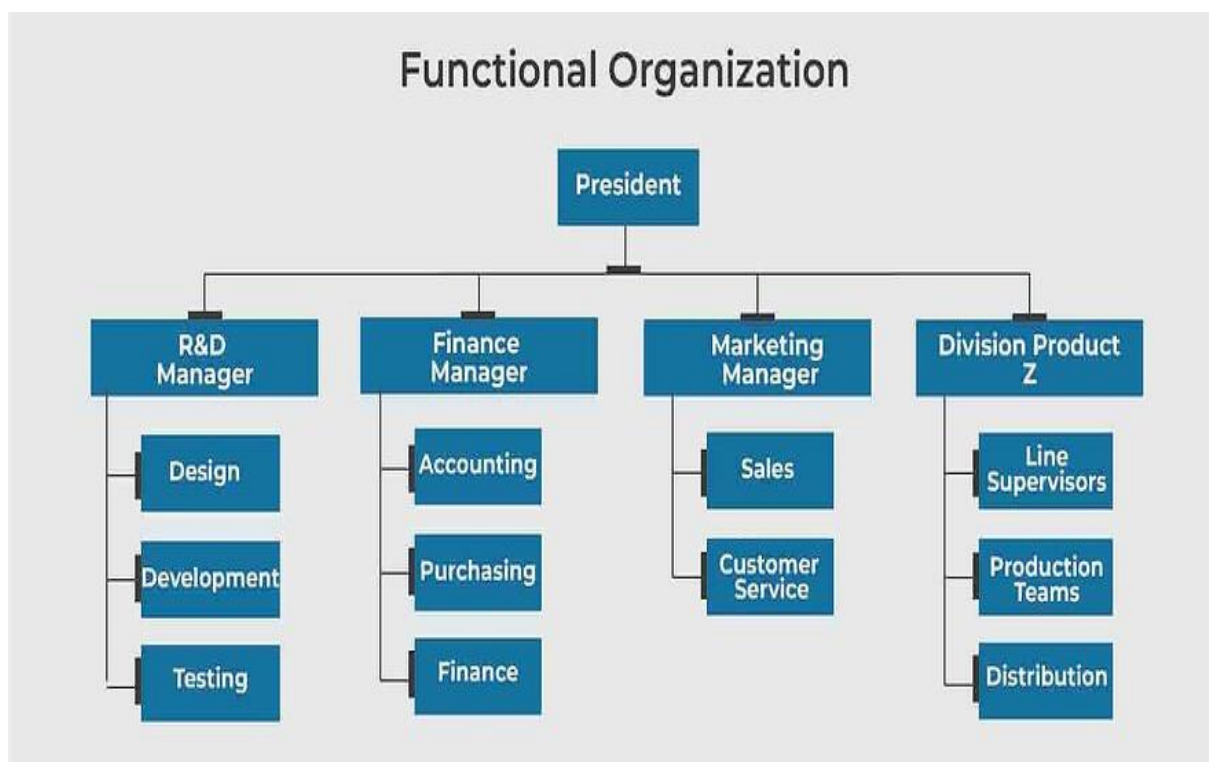
- Simplicity
- Quick decision and speed of action.
- Unity of control.
- Clear division of authority and responsibility.
- Discipline and better coordination
- Direct communication.

Disadvantages of line organisation:

- The organization is rigid and inflexible
- Being an autocratic system, managers may become dictators and not leaders.
- There is scope of favor-ism and nepotism.
- Red-tape and bureaucracy.
- Lack of specialization.

### **2.5.2 Functional organization**

- In functional organization the specialists are made available in the top positions throughout the enterprise.
- A functional in charge directs the subordinates throughout the organization in his particular area of business operation.
- In functional organization the specialists are made available in the top positions throughout the enterprise. It confers upon the holder of a functional position, a limited power of command over the people of various departments concerning their function.
- Functional authority remains confined to functional guidance of different department.
- Under functional organization, various activities of the enterprise are classified according to certain functions like production, marketing, finance, personnel etc., and are put under the charge of functional specialists as shown.
- A functional incharge directs the subordinates throughout the organization in his particular area of business operation. That means that subordinates receives orders and instructions not from one superior but from several functional specialists.



The advantages of functional organization

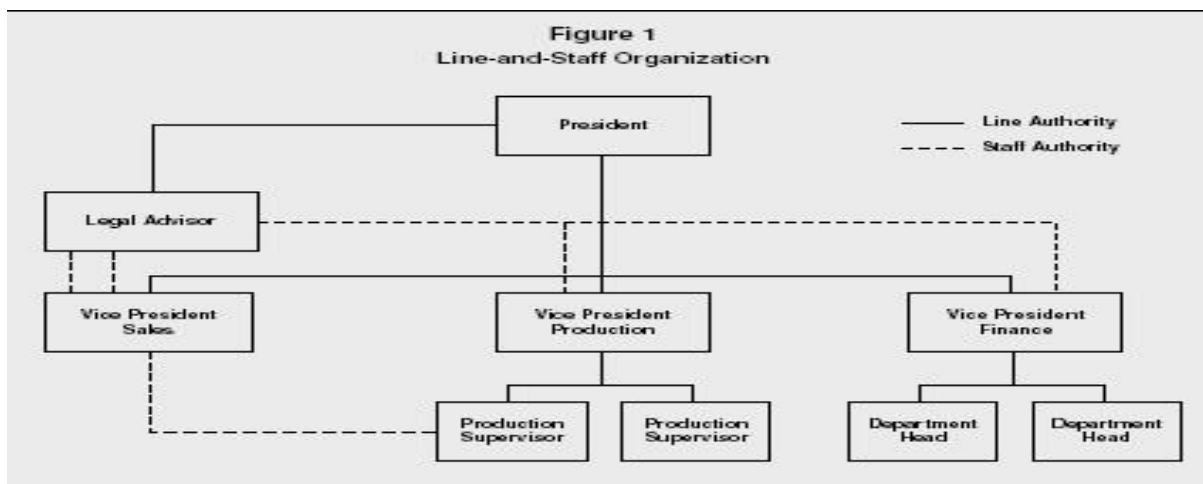
- Specialization.
- Reduces the burden on the top executives.
- Offers greater scope for expansion.
- A functional manager is required to have expertise in one function only. This makes it easy for executive development.

Disadvantages

- Violates principles of unity of command.
- The operation of functional organization is too complicated.
- It develops specialists rather than generalists.
- Lack of coordination among functional executives which delays decision making.

### **2.5.3 Line & Staff organization**

- In line and staff organization, the line authority remains the same as it does in the line organization.
- In addition, the specialists are attached to line managers to advise them on important matters.
- The staff officials do not have any power of command in the organization as they are employed to provide expert advice to the line



- In line and staff organization, the line authority remains the same as it does in the line organization. Authority flows from top to bottom.
- In addition, the specialists are attached to line managers to advise them on important matters. These specialists stand ready with their speciality to serve line men as and when their services are called for to collect information and to give help which will enable the line officials to carryout their activity better.
- The staff officials do not have any power of command in the organization as they are employed to provide expert advice to the line manager.

#### **Advantages**

- Specialized knowledge
- Reduction of burden on line managers.
- Better decisions, as staff specialists help the line managers
- Unity of command
- Flexible when compared to functional organization.

### Disadvantages

- Allocation of duties between line and staff is not clear.
- There is generally conflict between line and staff executives.
- Since staff is not accountable, they may not be performing well.
- Difference between orientations of line and staff. Line executive's deals with in problem in a more practical manner while staff, tend to be more theoretical.

### 2.5.4 Committee organization

- A committee is a group of people who have been formally assigned some task or some problem for their decision and implementation.
- A committee is a body of persons appointed or elected to meet on an organized basis for the consideration of matters brought before it.



- A committee is a group of persons performing a group task with the object of solving certain problems.
- The area of operation of a committee is determined by its constitution. A committee may formulate plans, review the performance of certain units or may only have the power to make recommendation.
- Committees help in taking corrective decision, coordinating the affairs of different departments and meeting communication requirements in the organization.

## **2.6 Principles of Organization**

1. Objectives
2. Specialization
3. Span of control
4. Exception
5. Scalar Principle
6. Unity of command
7. Delegation
8. Responsibility

9. Authority
10. Efficiency
11. Simplicity
12. Flexibility
13. Balance
14. Unity of direction
15. Personal abilities

1. Objectives: The objectives of the enterprise influence the organization structure
2. Specialization: Effective organization must promote specialization.
3. Span of control :A manager can directly supervise only a limited number of executives
4. Exception: This principle requires that organization structure should be so designed that managers are required to go through the exceptional matters only
5. Scalar Principle: This is also known as chain of command. There must be clear lines of authority running from the top to the bottom
6. Unity of command: Each subordinate should have only one supervisor whose command he has to obey.
7. Delegation: Proper authority should be delegated at the lower levels of the organization also.
8. Responsibility: A superior should be held responsible for the acts of his subordinates.
9. Authority :The authority is the tool by which a manager is able to accomplish the desired objective.
10. 10. Efficiency: The organization should be able to attain the mission and objectives at the minimum cost.
11. 11. Simplicity: The organization structure should be as simple as possible with minimum number of levels.
12. 12. Flexibility: The organization should be flexible, should be adaptable to changing circumstances.
13. 13. Balance: There should be reasonable balance in the size of various departments, between centralization and decentralization
14. 14. Unity of direction: There must be one objective and one plan for a group of activities having the same objective.
15. 15. Personal abilities : As organization is a formal group of people there is need for proper selection, placement and training.

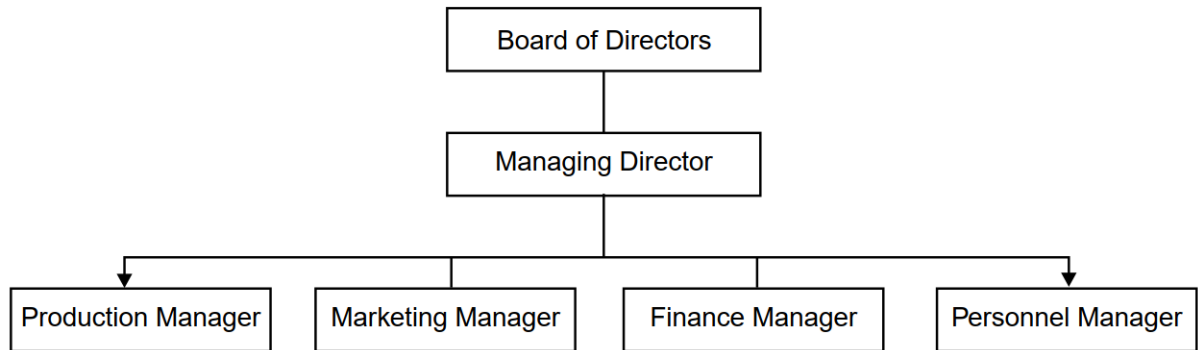
## **2.7 Departmentalization**

- The horizontal differentiation of tasks or activities into discrete segments is called as departmentalization or departmentation.
- Departmentation involves grouping of operating tasks into jobs, combining of jobs into effective work group and combining of groups into divisions often termed as 'departments'.
- The aim is to take advantages of division of labour and specialization up to a certain limit.



- There are several ways of Departmentation, each of which is suitable for particular corporate sizes, strategies and purposes.
- The important methods of grouping activities may be summarized as below:

### **2.7.1 Departmentation by functions**



**Fig. 3.1:** Departmentation by functions

This is the simplest and most commonly used base for Departmentation. Each major function of the enterprise is grouped into a department. For example there may be production, finance, marketing and personnel department in an organization as shown. All functions related to production are grouped together to form production department, similarly other departments are formed on the basis of function.

#### Advantages

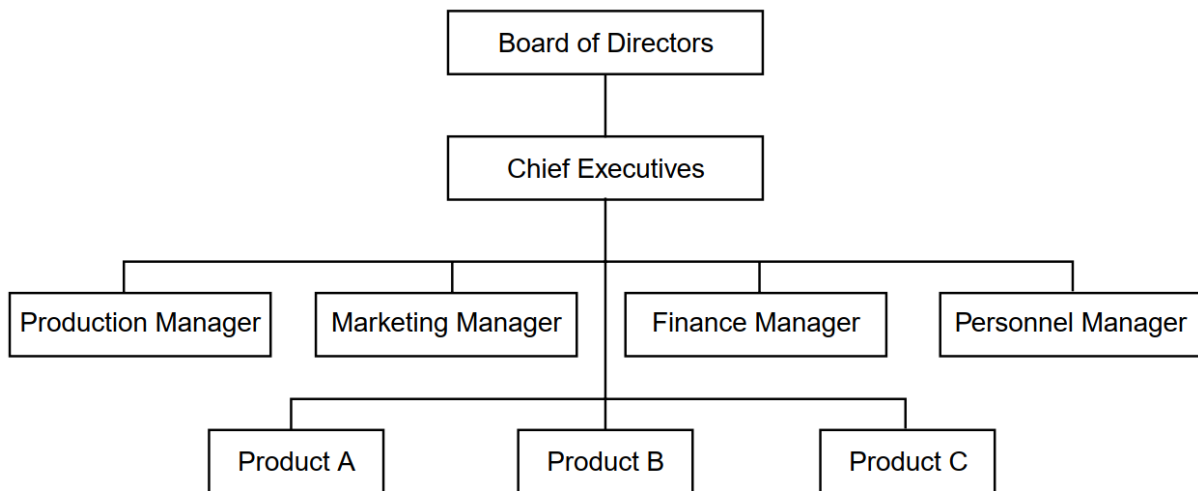
- It is simple and suitable for small organization which manufactures limited number of products.
- It promotes specialization.
- It leads to improve planning and control.
- Manpower and other resources of the company are effectively used.

#### Drawbacks

- It fosters sub-goal loyalty. Department goal becomes important than organizational goal resulting into interdepartmental conflicts.
- Difficult to set up specific accountability and profit centers within functional departments with the result that performance cannot be accurately measured.

### **2.7.2 Departmentation by product:**

The grouping of activity on the basis of product or product lines is followed in multi-lines large scale organizations. All activities related to a particular product line may be grouped together under the direction of a semi-autonomous division manager as shown.



**Fig. 3.2:** Departmentation by product

#### Advantages

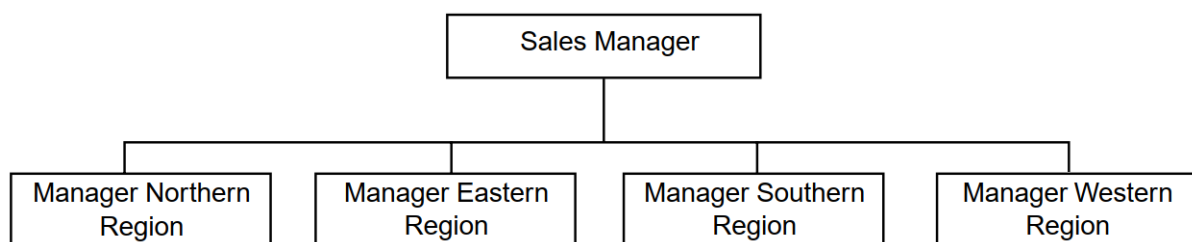
- It focuses individual attention on each product line.
- It leads to specialization of physical facilities on the basis of product which results in economy.
- It is easier to evaluate and compare the performance of various product division.
- It keeps problems of production isolated from others.

#### **2.7.3 Departmentation by customers:**

- This is used in the enterprises engaged in providing specialized services to different classes of customers. Management groups the activities on the basis of customers to cater to the requirements of clearly defined customer groups.
- For example, an automobile service company may organize its departments as heavy vehicles servicing division, car servicing division and scooter servicing division.
- Similarly an educational institute may have departments for regular courses, evening and corresponding courses etc.

#### **2.7.4 Departmentation by territory:**

Under this classification, the market area is broken up into sales territories and a responsible executive is put in-charge of each territory. The territory may be known as district, division or region. The field salesmen under respective regions report to their corresponding sales supervisors, if any, who are reporting to their respective regional managers.



**Fig. 3.3:** Departmentation by territory

### **2.7.5 Departmentation by Process:**

- Departmentation is done on the basis of several discrete process or technologies involved in the manufacture of a product.
- For example, a vegetable oil company may have separate departments for crushing, refining and finishing.
- A textile mill may have departments for ginning, spinning, weaving and dyeing.
- A work that would otherwise be done in several different locations in an enterprise is done in one place because of special equipments used.



### **2.8 Committee**

- “A committee is a group of persons performing a group task with the object of solving certain problems”. The area of operation of a committee is determined by its constitution.
- A committee may formulate plans, review the performance of certain units or may only have the power to make recommendation.
- Committees help in taking corrective decision, coordinating the affairs of different departments and meeting communication requirements in the organization.
- Committees can be broadly classified into advisory committees and executive committees. Advisory committees have only a recommender’s role and cannot enforce implementation of their advice or recommendation.
- The examples of advisory committees are works committees, finance committees etc., Whenever committees are vested with line authority, they are called as executive committees.
- Unlike advisory committee, executive committees not only take decisions but also enforce decisions and thus perform a double role of taking decision and ordering its executive. The board of directors of a company is an example of an executive committee.

### **2.8.1 Types of Committee**

#### **Advisory committees**

- Committees are assigned with staff authority
- Only have a recommendation role and cannot enforce implementation of their advice or Recommendation
- Examples of advisory committees formed in business enterprises: works committees, sales committees, finance committees etc.

#### **Executive committees:**

- Not only take decisions but also enforce
- Assigned with the line of authority decisions and thus perform a double role of taking a decision and ordering its execution.
- Example: Board of directors is an example of an executive committee. Are also classified as standing committees or ad-hoc task forces.

#### **Standing committees:**

- Are formed to deal with current organizational problem. Example: finance committee in a company, loan approval committee in a bank etc. Members of this committee are chosen because of their title or position, instead of individual qualifications or skills.

#### **Ad-hoc committees:**

- Have a short duration, dissolved after the task is over, or the problem is solved and their members are chosen for their skills and experience

#### **Advantages of Committees**

- Committees provide a forum for the pooling of knowledge and experience of many persons of different skills, ages and backgrounds.
- Committees are excellent means of transmitting information and ideas both upward and downward.
- Committees are impersonal in action and hence their decisions are generally unbiased and are based on facts.
- When departmental heads are members of committee, people get an opportunity to understand each others problems and hence improve coordination.

#### **Weaknesses of Committees**

- In case a wrong decision is taken by committee, no one is held responsible which may results in irresponsibility among members.
- Committees delay action
- Committees are expensive form of organization.
- Decisions are generally arrived at on the basis of compromise and hence they are not best decision.

## 2.9 Authority, Power and Responsibility

In all organized efforts, managers get the things done by others. It means that the managers should have some right by which they get the things done. This right is technically known as what we call **Authority**, which every manager must have to perform his function effectively. Without authority a manager cannot function. Authority is a legal or rightful power, a right to command or to act. If the subordinates does not obey, the superior has right to take disciplinary action.

The **power** may be defined as the capacity or ability to influence the behaviour of other individuals. If a person has a power, it means that he is able to influence the behaviour of others. The essence of power is control over the behavior of others. The difference between authority and power are given in table

**Table 3.1:** Difference between authority and power

Authority	Power
(1) It is the institutionalized right of a superior to command and compel his subordinates to perform a certain act.	It is ability of a person to influence others.
(2) It rests in the position	It rests in the individual.
(3) It is delegated to an individual by his superior.	It is earned by individual
(4) It is well defined	It is undefined and infinite.
(5) It is what exists in the eye of law.	It is what exists in fact. It is a de facto concept.

**Responsibility** is defined as the obligation of a subordinate, to whom a duty has been assigned, to perform the duty. The essence of responsibility is then obligation. Responsibility arises from a superior subordinate relationship, from the fact that some one has the authority to require specified service from another person. Responsibility is divided into two parts namely: operating responsibility and ultimate responsibility. The subordinates assumes only operating responsibility and superior retains ultimate responsibility. If the subordinate fails to perform the job (operating responsibilities) the superior is held responsible for this failure (Ultimate responsibility)

## 2.10 Centralization and Decentralization

- **Centralization:** refers to systematic reservation of authority at central points within the organization. Centralization means retention or concentration of managerial authority in few key managerial positions at the nerve centre of an organization i.e., at the top level. Everything that goes to reduce the subordinate's role in decision making is centralization.
- The advantage of such a structure is, it allows employees to have a well-defined framework within which all work needs to be carried out.

- The disadvantage of such a structure is that it increases the time taken to arrive at a decision. As decision-making authority lies with selected people from top management, it may result in biased decision making.
- **Decentralization:** means dispersal of decision-making power to lower levels of the organization. In decentralized setup, ultimate authority to command and ultimate responsibility for the results is localized as far down in the organization. According to Allen “Decentralization refers to the systematic effort to delegate to the lower levels all authority except that which can only be exercised at central points”. In decentralized setup large number of decision, important decisions in large number of areas are made consulting few people.

The following are the advantages in decentralization:

- It eases the burden of top level managers.
- Decentralization permits quicker and better decision making.
- With decentralization capable managers can be developed
- Promotes participation in decision making and improves morale and motivation.
- Decentralization facilitates diversification of products.

Disadvantages of decentralization:

- It increases administrative expenses.
- It may create problems in bringing coordination among various units.
- It may bring about inconsistencies in the company, because uniform procedures may not be followed for the same type of work in various divisions.

#### **Difference between Centralisation and Decentralisation**

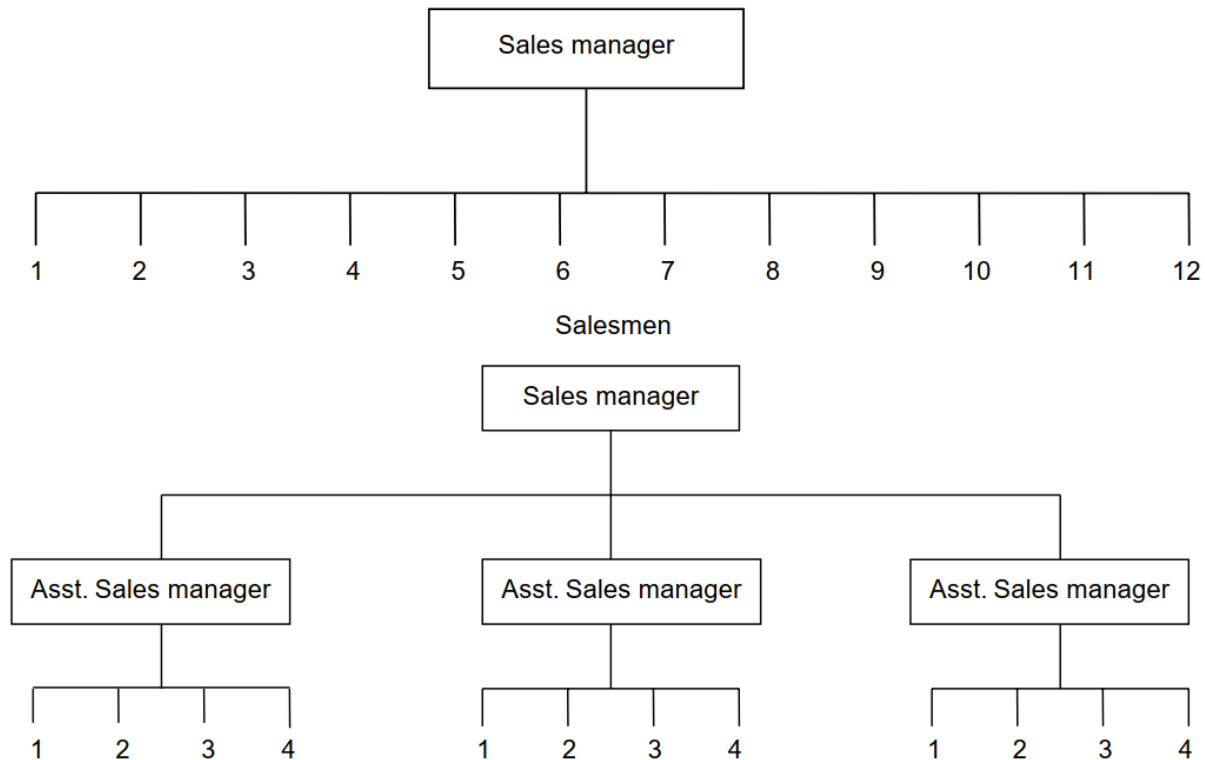
Parameter	Centralised	Decentralised
<i>Collecting system</i>	Large diameters, long distances	Small diameters, short distances
<i>Requirements space</i>	Large area in one place	Small areas in many places
<i>Operation and maintenance</i>	Full time technical staff requirements	Less demanding, can be monitored remotely
<i>Uniformity of water</i>	Many types of water	More uniform water
<i>Dilution grade</i>	Less control over the stormwater, more dilution	More control over the stormwater, more concentrate
<i>Risk</i>	Risk on a larger scale	Risk distributed
<i>Water transfer</i>	Increase the needs for water transfer	Water is used and reused in the same area
<i>Social control</i>	Social control is lost	More social control
<i>Ease of expansion</i>	High costs, more complexity to implementation	Low cost, less complexity to implementation
<i>Potential to reuse</i>	All water is concentrated in one point	Water can be reused locally

Source: Adapted by CODESAB (2011)

## **2.11 Span of Control**

- The span of control indicates the number of subordinates who can be successfully directed by a supervisor. It is often referred to as span of management, span of supervision, span of authority. Span of management is important because of two reasons. First is span of management affects the efficient utilization of managers and the effective performance of the subordinates.

- If the span is too wide, managers are overburdened and subordinates receive little guidance. If the span of management is too narrow, the managers are under utilized and subordinates are over controlled.



**Fig. 3.7:** Decrease in span of control increases the number of levels

Suppose a sales manager has 12 salesmen reporting to him, his span of management is 12. If he feels that he is not able to work closely enough with each salesman and decides to reduce the span by adding three assistant managers – each to supervise four salesmen then his span of management is three as shown in fig

### **2.11.1 Factors Affecting the Span of Management**

The following are some of the factors which influence the span of management:

- (1) **Ability of the manager:** Some managers are more capable than others and hence can handle a large number of subordinates.
- (2) **Ability of the employees:** If employees are more competent, less attention from the managers is required and a larger span of management can be used.
- (3) **Type of work:** If employees are doing similar jobs, the span of management can be large. If their jobs are quite different, a small span may be necessary.
- (4) **Geographic location:** If all subordinates are located at the same place span of management can be large. If subordinates are geographically distributed, a lower span is essential.
- (5) **Well-defined authority and responsibility:** Clear-cut authority and responsibility helps a manager to supervise large number of subordinates.

(6) **Level of management:** The span of management is narrow at higher level of management, and span can be wider at lower levels.

(7) **Economic considerations:** Narrow the span, taller is the structure is more is the cost. On the other hand, wider span reduces the number of levels and cost.

## **2.12 Meaning of Staffing**

Filling and keeping the positions with right people is the staffing phase of the management function. Staffing involves the determination of manpower requirements of the enterprise and providing it with adequate competent people at all levels. The staffing function performs the following sub functions:

- (1) Manpower planning.
- (2) Recruitment
- (3) Selection of the best qualified from those who seeks job,
- (4) Training and Development.
- (5) Performance appraisal and compensation.

## **2.13 Nature and Importance of Staffing**

**Increasing size of organization:** Advancement in science and technology has given rise to large scale companies employing thousands of employees. The performance of the company depends on the quality and character of the people. This has increased the importance of staffing.

**Advancement of technology:** In order to make use of latest technology, the appointment of right type of persons is necessary.

**Long-range needs of manpower:** In some industries, labour turn-over is high.

The management is required to determine the manpower requirement well in advance. Management has also to develop the existing personal for future promotion. The role of staffing has also increased because of shortage of good managerial talents.

**Recognition of human relations:** The behaviour of individuals has become very complicated and hence human aspect of organization has become very important. Employees are to be motivated by financial and non-financial incentives. Right kind of atmosphere should also be created to contribute to the achievement of organizational objectives. By performing the staffing function, management can show the significance it attaches to the man power working in the enterprise.



## **2.14 Recruitment**

Recruitment is the process of identifying the sources for prospective candidates and to stimulate them to apply for the jobs. It is a linking activity that brings together those offering jobs and those seeking jobs. Recruitment refers to the attempt of getting interested applicants and providing a pool of prospective employees so that the management can select the right person for the right job from this pool.

The various sources of recruitment are divided into two categories:

(1) Internal Sources.

(2) External Sources.

### **Internal sources**

It involve transfer and promotion. Transfer involves the shifting of an employee from one job to another. Many companies follow the practice of filling higher jobs by promoting employees who are considered fit for such positions. Filling higher positions by promotion motivates employees, boosts employee's morale.

### **External Sources**

(1) **Direct recruitment:** An important source of recruitment is direct recruitment by placing a notice on the notice board of the enterprise by specifying the details of the jobs available. This is also known as recruitment at factory gate.

(2) **Unsolicited applications:** Many qualified persons apply for employment to reputed companies on their own initiative. Such applications are known as unsolicited applications.

(3) **Advertising:** Large enterprises particularly when the vacancy is for higher post or there are large number of applications use this source where advertisements are made in local and national level newspapers. This helps in informing the candidates spread over different parts of the country. The advertisement contains information about the company, job description, and job specialization etc.

(4) **Employment agencies:** This is the good source of recruitment for unskilled and semiskilled jobs. In some cases, compulsory notification of vacancies of employment exchange is required by the law. The employment exchanges bring job givers in contact with job seekers.

(5) **Educational institutions:** Many jobs in business and industries have become increasingly varied and complex which need a degree in that particular area. That is why many big organizations maintain a close liaison with the colleges, vocational institutes and management institutions for recruitment of various jobs.

(6) **Labour contractor:** Often unskilled and semiskilled workers are recruited through labour contractors.

(7) **Recommendations:** Applicants introduced by friends, relatives and employees of the organization may prove to be a good source of recruitment. Many employers prefer to take such persons because something about their background is known.

## **2.15 Selection**

The process of selection leads to employment of persons having the ability and qualifications to perform the jobs which have fallen vacant in an organization. It divides the candidates into two categories; those who will be offered employment and those who will not be.

**The steps involved in selection procedure are discussed below.**

(1) **Receipt of applications:** Whenever there is vacancy, it is advertised or enquires are made from suitable sources and applications in standard form are received from the candidates. The applications give preliminary idea of the candidates like age, qualifications, experience etc., Standard forms make the application processing very easy.

(2) **Screening of applications:** Applications received from the candidates are screened by the screening committee and a list of candidates to be interviewed is prepared. Applicants can be called for interviews on some specific criterion like sex, desired age group experience and qualification. The number of candidates to be called for interview is five to seven times the number of vacant positions to be filled.

(3) **Employment tests:** Employment tests help in matching the characteristics of individuals with the vacant jobs so as to employ the right kind of people. Intelligent tests, Aptitude tests, proficiency tests, personality tests, interest tests etc. may be used for this purpose.

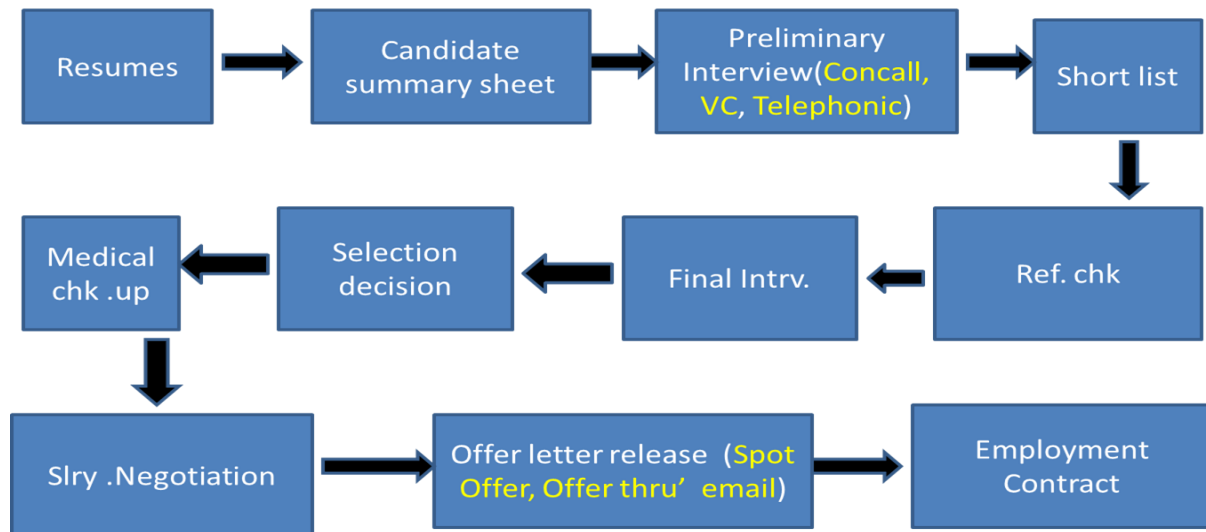
(4) **Interviews:** Interview may be used to secure more information about the candidate. The main purpose of interview is to find out the suitability of the candidate, to seek more information about the candidate, to give an accurate picture of the job with details of terms and conditions. In addition, interview help to check the information given by the applicant in the application and to assess the capability and personality of the applicant. The number of persons in the panel is generally about two to three times the number of vacancies to be filled up.

Prior to final selection, the prospective employer normally makes an investigation about applicants past employment, education, personal reputation, police record, Medical and physical examination

**Final selection:** After a candidate has cleared all the hurdles in the selection procedure, he is formally appointed by issuing him an appointment letter or by concluding with him a service agreement. The appointment letter contains the terms and conditions of employment, pay scale and other benefits associated with the job.

## 2.16 Steps in Selection Process

### STEPS IN SELECTION PROCESS



The diagram you provided outlines the employee selection process in a structured format. Here are the points based on the diagram:

#### Resumes:

Collection of resumes from applicants.

#### Candidate Summary Sheet:

Compilation of a summary sheet containing key details of each candidate.

#### Preliminary Interview:

Initial screening interviews conducted via conference call (Concall), video conference (VC), or telephone.

Purpose: To assess basic qualifications and fit for the role.

#### Shortlist:

Candidates who pass the preliminary interview are shortlisted for further evaluation.

#### Reference Check (Ref. chk):

Verification of the candidate's employment history and credentials through references.

#### Final Interview (Final Intrv.):

In-depth interviews conducted to evaluate the candidate's suitability for the role in greater detail.

#### Selection Decision:

Decision-making process to select the most suitable candidate for the job.

**Medical Check-Up (Medical chk. up):**

Health assessment to ensure the candidate is fit for the job.

**Salary Negotiation (Slry. Negotiation):**

Discussion and agreement on salary and other compensation details.

**Offer Letter Release:**

Issuance of the job offer to the selected candidate.

Can be a spot offer or sent through email.

**Employment Contract:**

Finalization and signing of the employment contract between the candidate and the employer.

This structured approach helps ensure that each candidate is thoroughly evaluated and that the best possible hiring decision is made.

**Chapter: b**

**Directing and Controlling**

**2.17 Directing**

Direction is a vital managerial function, performed by every manager. Whenever decision is taken, it must be converted into action by proper implementation. Effective implementation of a decision is made possible by directions.

Direction may be defined as a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organizational mission and objectives. There are three elements of direction, namely **communication, leadership and motivation**.

According to Koonz and O'Donnel, "Direction is a complex function that includes all those activities which are designed to encourage subordinates to work effectively and efficiently in both the short and long term".

**2.17.1 Nature or Characteristics of Direction**

1. **It is a Dynamic Function:** Directing is a dynamic and continuing function. A manager has to continuously direct, guide, motivate and lead his subordinates. With change in plans and organizational relationships, he will have to change the methods and techniques to direction.
2. **It Initiates Action:** Directing initiates organized and planned action and ensures effective performance by subordinates towards the accomplishment of group activities. It is regarded as the essence of management-in-action.

3. **It is a Universal Function:** Directing is a universal function that is performed in all organizations and at all the levels of management. All managers have to guide, motivate, lead, supervise and communicate with their subordinates, although more time is spent on directing at higher levels of management
4. **It provides necessary link between various Managerial Functions:** Directing links the various managerial functions of planning, organizing, staffing and controlling. Without directing the function of controlling will never arise and the other preparatory functions of management will become meaningless.
5. **It is Concerned with Human Relationships:** The direction function of management deals with relationship between people working in an organization. It creates co-operation and harmony among the members of the group. It seeks to achieve orderly arrangement of group effort to provide unity of action in the pursuit of common objectives.

### **2.17.2 Principles of Directing**

- 1) **Harmony of objectives:** Individuals and organization have their own objectives. The management should coordinate the individual objectives with the organizational objectives. Directions can integrate their objectives with organizational objectives.
- 2) **Unity of direction or command:** An employee should receive orders and instructions only from one superior. If not so, there may be indiscipline and confusion among subordinates and disorder will ensue.
- (3) **Direct supervision:** Managers should have direct relationship with their subordinates. Face to face communication with the subordinates will ensure successful direction.
- (4) **Effective communication:** The superior must ensure that plans, policies, responsibilities and orders are fully understood by the subordinates in the right direction.
- (5) **Follow through:** Direction is a continuous process. Mere issuing orders or instructions are not an end itself. Follow is necessary, so the management should watch whether subordinates follow the orders and whether they face difficulties in carrying out the orders or instructions.

### **2.17.3 Elements of Directing**

- **Leading:** It refers to an art of transferring facts, ideas, feeling, etc. from one person to another and making him understand them. A manager has to continuously tell his subordinates about what to do, how to do, and when to do various things.
- **Communicating:** It refers to influence others in a manner to do what the leader wants them to do. Leadership plays an important role in directing. Only through this quality, a manager can inculcate trust and zeal among his subordinates.

- **Motivating:** It refers to that process which excites people to work for attainment of the desired objective. Among the various factors of production, it is only the human factor which is dynamic and provides mobility to other physical resources.

## **2.18 Leadership**

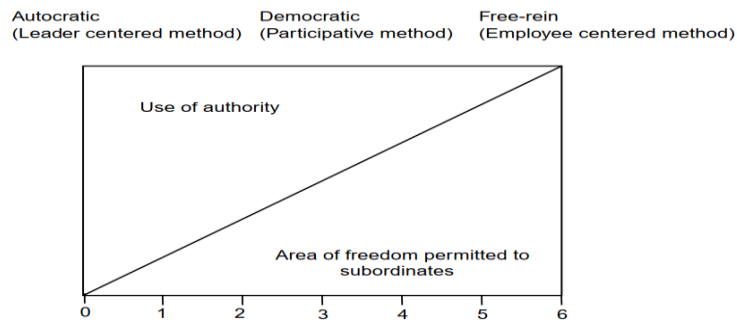
The leaders while influencing the subordinates perform the following functions:

- **Taking initiative:** A leader has to take all initiative to lead the business activities. He himself should come in the field and take all steps to achieve predetermined targets. Hence a leader is initiator.
- **Guide:** A leader has the primary duty of guiding others by communicating instructions and orders.
- **Representation:** A leader is a representative of the organization.
- **Encouraging others:** A leader is the captain of the team. Encouragement is necessary to build teamwork. The leader must win the confidence of his colleagues.
- **Arbitrator and mediator:** A leader has to create a smooth relationship among employees. In addition, he has to settle disputes arising among employees.
- **Planner:** A leader makes decisions concerning the ways and means by which the organizational goals can be achieved.
- **Administrator of rewards and punishments:** Leaders encourage, upgrade, promote deserving people and reprove, transfer and fine inefficient workers.

### **2.18.1 Leadership Styles**

Leadership styles are also broadly classified based on three points of view: Motivation, Authority and supervision.

1. On the basis of motivation leadership style can be positive or negative style
2. On the basis of Authority, leadership styles are divided into three types namely
  - i. Autocratic/Authoritative Style
  - ii. Democratic/Participative Style
  - iii. Laissez Faire/ Free Rein Style



**Fig 4.1:** Spectrum of leadership styles

**i. Autocratic Leadership**

- An autocratic leader is one who dominates and drives his subordinates through coercion (the practice of persuading someone to do something by using force or threats), command and the instilling of fear in his followers.
- An autocratic leader alone determines policies plans and makes decisions.
- It demands strict obedience. Such leaders love power and love to use it for promoting their own ends.
- They never like to delegate their power for they fear that they may loose their authority.

Merits	Demerits
It can increase efficiency	People are treated machine-like cogs without human dignity
Save time	One way communication without feedback
Get quick results under emergency conditions	The leader receives little or no input from his subordinates for his decision-making which is dangerous in the current dynamic environment.
Chain of command and division of work are clear	

**ii. Democratic Leadership**

- Also known as participative leadership.
- In this style, the entire group is involved in goal setting and achieving it.
- A democratic leader follows the majority opinion as expressed by his group.
- Subordinates have considerable freedom of action.
- The leader shows greater concern for his people's interest, is friendly and helpful to them.
- He is always ready to defend their subordinates individually and collectively.

Merits	Demerits
Leadership encourages people to develop and grow	Some leaders may use this style as a way of avoiding responsibility

Receives information and ideas from his subordinates to make decisions	Can take enormous amount of time for making decisions.
Boosts the morale of employees	

iii. **Free-Rein Leadership**

- The leaders exercise absolutely no control
- He only provides information, materials and facilities to his subordinates.
- Leadership is employee centered
- The subordinates are free to establish their own goals and chart out the course of action.
- Leadership can be disaster if the leader does not know well the competence and integrity of his people and their ability to handle this kind of freedom. know well the competence and integrity of his people and their ability to handle this kind of freedom.

## 2.19 Motivation Theories

- Motivation is inspiring the subordinates to contribute with zeal and enthusiasm towards organizational goals.
- Performance of an employee :  $\text{Performance} = \text{Ability} \times \text{willingness}$ .
- Motivation is enhancing the willingness to work which improves the performance

**Motivational Theory types includes:**

- i. Maslow's Need Hierarchy Theory
- ii. Herzberg's Two Factors Theory
- iii. McClelland's Achievement Theory
- iv. Victor Vroom's Expectancy Theory
- v. Adam's Equity Theory
- vi. Carrot and Stick Approach

i. **Maslow's Need Hierarchy Theory:**

An unsatisfied need is the starting point in the motivation process.

***Physiological needs:***

The basic needs for sustaining human life itself, such as food, water, shelter and sleep.



Until these needs are satisfied to the reasonable degree necessary to maintain life, other needs will not motivate people.

***Security or safety needs:***

- People want to be free of physical danger and of the fear of losing job, property or shelter.

***Social needs:***

- Since people are social being, they need to belong, to be accepted by others.

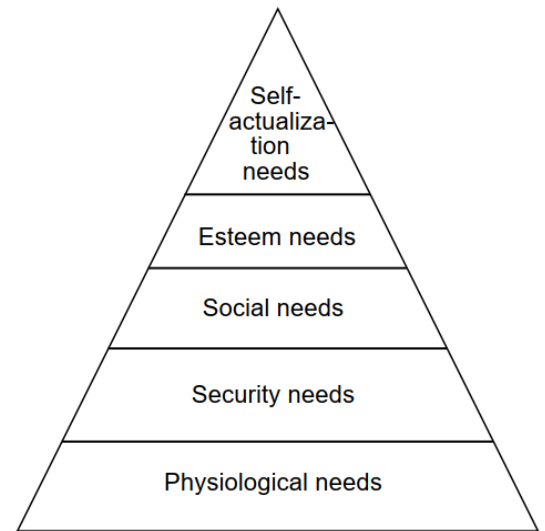
***Esteem needs:***

- Once people begin to satisfy their need to belonging, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige and status.

***Self-actualization needs:***

- It is desire to become what one is capable of becoming- to maximize one's potential and to accomplish something.

According to Maslow, people attempt to satisfy their physical need first. As long as the needs are unsatisfied, they dominate behavior. As they become reasonably satisfied, they loose their motivational power and the next level i.e., security needs becomes the dominant motivational force. This process continues up the need hierarchy.



**Figure 4.2:** Hierarchies of needs

**ii. Hertzberg's Two Factors Theory**

- Fredrick Hertzberg and his associates have proposed a two factors theory of motivation.
- In one group of needs are such things as company policy and administration, supervision, working conditions, interpersonal relations, salary, job security and personal life. These are called as dis-satisfiers and not motivators.
- If they exist in a work environment, they yield no dissatisfaction. Their existence does not motivate but their absence result dis-satisfaction. Hertzberg called these factors as **hygiene or maintenance factors**.
- The second group he listed certain satisfiers and therefore **motivators**, which are related to job content. They include achievement, recognition, challenging work, advancement and growth in the job.
- The first group of factors (the dissatisfies) will not motivate in the organization, yet they must be present otherwise dissatisfaction will arise.
- The second group or the job content factors are real motivators because they have the potential of yielding a sense of satisfaction.
- It means managers must give considerable attention to upgrading job content.

Table 4.1: Hygiene factors and motivators

Hygiene factors	Motivators
Status	Challenging work
Interpersonal relations	Achievement
Quality of supervision	Responsibility
Company policy and administration	Growth in the job.
Working conditions	Advancement
Job security	Recognition
Salary	

iv. Mc Clelland's need theory

- McClelland conducted the **Thematic Apperception Test**, based on which he suggests that **needs are overpowered** through self-concept, social norms, and past experience.
- According to this theory, needs can be learned. The Three primary needs in this theory are:
  - **Need for Power-** people possessing these needs have leadership quality, power of influencing and controlling others.
  - **Need for Achievement-** people possessing these needs are keen to take risks, challenging tasks and have the desire to excel.
  - **Need for Affiliation-** people who possess these needs desire for close interpersonal relations, enjoy a sense of intimacy and avoid being rejected.
- High-level managers generally possess a need for achievement and power, therefore, **employees with a high desire to succeed are supposed to be highly motivated** unlike employees with a low desire to succeed.

v. Victor Vroom's Expectancy Theory

People's motivation towards doing anything will be determined by the value they place on the outcome of their effort multiplied by the confidence they have that their efforts will materially aid in achieving a goal.

$$\text{Force} = \text{Valence} \times \text{Expectancy}$$

- *valance is the strength of an individual performance for an outcome*
- *expectancy is the probability that a particular action will lead to a desired outcome*

Thus, the expectation theory concentrates on the subsequent three relationships:

*Effort-performance relationship:* what's the likelihood that the individual's effort is recognised in his achievement assessment?

*Assessment-reward relationship:* It talks about the extent to which the worker believes that getting a direct performance appraisal results in organisational rewards.

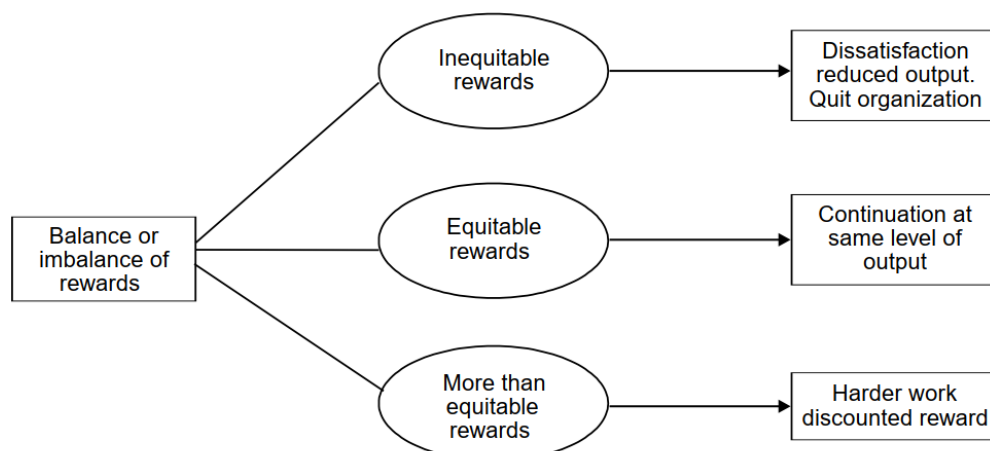
*Rewards-individual goals relationship:* it's all about the attractiveness or appeal of the potential reward to the individual.

Vroom believed that employees consciously decide whether to perform or not at work. This decision solely trusted the employee's motivation level, which depends on expectancy, validity, and instrumentality.

**vi. Adam's Equity Theory**

- This theory points out that people are motivated to maintain fair relationship between their performance and reward in comparison to others. For the comparison of his performance and reward with others, people use equity
- In this theory, equity is defined of as a ratio between the individuals job inputs (such as effort, skill, experience, education and skill) compared to the rewards others are receiving for similar job inputs.

$$\frac{\text{Person's Reward}}{\text{Person Input}} = \frac{\text{Others Reward}}{\text{Others Input}}$$



**Fig. 4.3:** Equity theory

- It explains how individuals seek fairness in their work relationships. People compare their input (effort, skills) to their outcomes (salary, benefits) with others. Perceived inequity leads to actions like changing effort, asking for raises, or even quitting. Ensuring fairness enhances motivation, job satisfaction, and productivity, making it crucial for effective management.

**vii. McClelland's Achievement Theory**

- **The need for achievement:** A person with need for achievement is concerned with setting moderately difficult but potentially achievable goals. He does most of the things himself rather than getting them done by others.
- **The need for affiliation:** need for affiliation reflects a desire to interact socially with people.
- **The need for power:** need for power, concentrates on obtaining and exercising power and authority.

***Applications:***

- **Employee Placement:** Matching individuals' dominant needs with job roles enhances satisfaction and performance.
- **Leadership Development:** Understanding these needs helps develop effective leaders by focusing on their motivations.
- **Team Dynamics:** Balancing needs for achievement, affiliation, and power improves collaboration and productivity.

**viii . Carrot and Stick Approach**

- Carrot and Stick approach of motivation comes from the old story that the best way to make a donkey move is to put a carrot out in front of him or job him with a stick from behind. The carrot is the reward for moving and the stick is the punishment for not moving. The carrot and stick approach of motivation takes the same view.
- In motivating people for behaviour that is desirable, some carrots, rewards are used such as money, promotion and other financial and non-financial factors; some sticks, punishments are used to push the people for desired behaviour.

**2.20 Communication: Meaning and importance**

- The process of exchange of information, ideas and opinions which bring about integration of interests aims and efforts among the members of a group organized for achievement of predetermined goals.
- Process of passing information and understanding from one person to other person.
- ***The sender of the message:*** Communication begins with a sender, who has a thought or idea which is then encoded in a way that can be understood by both the sender and the receiver
- ***Use of channel to transmit the message:*** The information is transmitted over a channel that links the sender and receiver. The message may be oral or written and it may be transmitted through a memorandum, a computer, telephone, telegram or television.
- ***The receiver of the message:*** The receiver has to be ready for the message so that it can be decoded into thought. The next step in the process is decoding in which the receiver converts the message into thought.

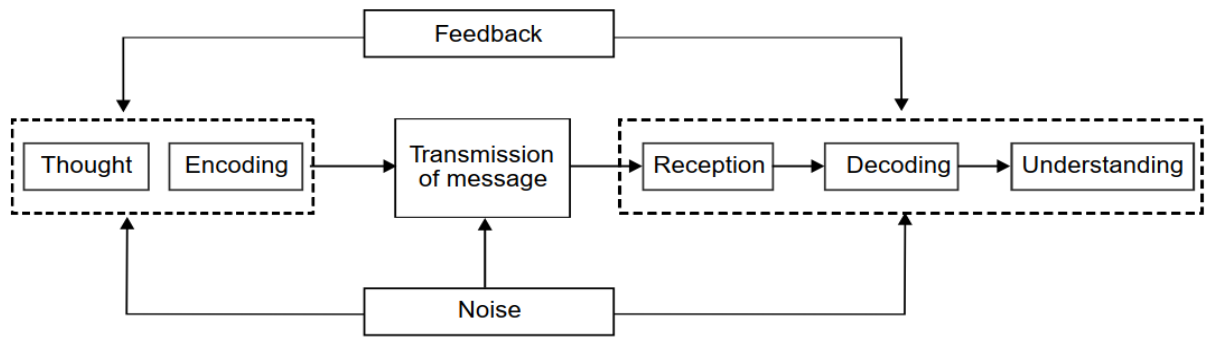


Figure 4.4: A communication process model

### Noise and feedback in communication

- Communication is affected by noise -whether in the sender, the transmission or the receiver that hinders communication
- To check the effectiveness of communication, a person must have feedback. One never is sure whether or not a message has been effectively encoded, transmitted and decoded or understood until it is confirmed by feedback. Similarly, feedback indicates whether individual or organizational change has taken place as a result of communication.

### 2.20.1 Types of Communication

**Downward communication:** Downward communication flows from people at higher level to those at the lower levels in the organizational hierarchy.

**Upward communication:** Upward communication travels from subordinates to superiors. Upward communication is generally nondirective. Typical means of upward communications are suggestion systems, appeal and grievance procedures, complaint systems etc.

**Horizontal communication:** It refers to transmission of information among positions of the same level. Horizontal communication helps to coordinate the activities of different departments.

### 2.20.2 Importance of communication

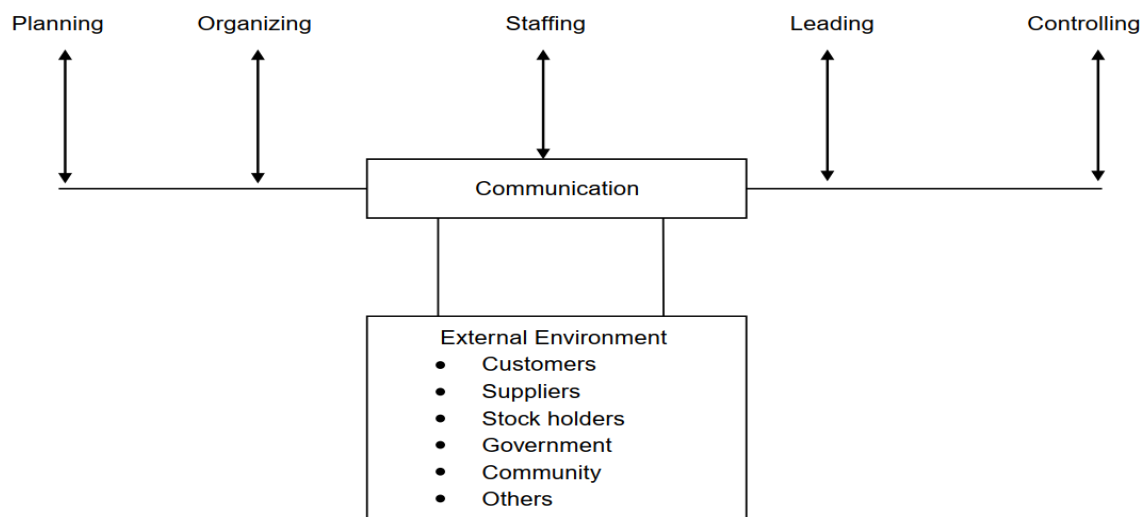


Fig. 4.5: The purpose of communication

- (1) Every aspect of manager's job may it be planning, organizing, staffing, directing and controlling involves communication. Researches have shown that about 75 per cent of the manager's time is spent in communication.
- (2) Nothing contributes so much to managerial effectiveness as effective communication. Managers do not deal with things but with information about things.
- (3) However, the decision at the top are, they will serve no purpose unless the manager successfully communicate the implications of these decisions to the subordinates who are to implement them.
- (4) Communication is the essence of organized activity. It is the basis of direction and leadership. The managers have to communicate to give instructions, orders, to assign jobs and to fix responsibility.
- (5) Communication renders the complexity of business intelligible and workable.
- (6) The better the communication, the more efficient the work performance. Good communication not only obtains manager's effectiveness but organizational effectiveness too.
- 7) Communication can be categorized into three main forms: oral, written, and verbal. Oral communication includes face-to-face conversations, telephone calls, and video conferencing, allowing for immediate feedback and personal interaction.

## **2.21 Coordination**

- Coordination deals with the task of blending efforts in order to ensure successful attainment of an objective. It is accomplished by means of planning, organizing directing and controlling.
- Coordination is the orderly arrangement of group efforts to provide unity of action in pursuit of a common purpose.

**Table 4.2:** Distinction between coordination and cooperation

<b>Basis</b>	<b>Coordination</b>	<b>Cooperation</b>
1. Definition	It is a deliberate effort by a manager	It is voluntary attitude of organization members
2. Purpose	It is an orderly arrangement of group efforts to provide unity of action in the pursuit of common objectives.	It denotes collective efforts of the group contributed voluntarily to accomplish a particular objective.
3. Relations	It is achieved through both formal and informal relations.	Cooperation arises out of informal relations.
4. Result	Coordination seeks whole hearted support of employees and departments	Cooperation without coordination is fruitless.

### **2.21.1 Importance of coordination**

- Coordination increases efficiency.
- Coordination improves human relations.
- Coordination resolves conflicts.
- Coordination makes all departments focus together.
- Coordination helps sharing of resources.
- Coordination retains & attracts talent.

### **2.21.2 Techniques of Coordination**

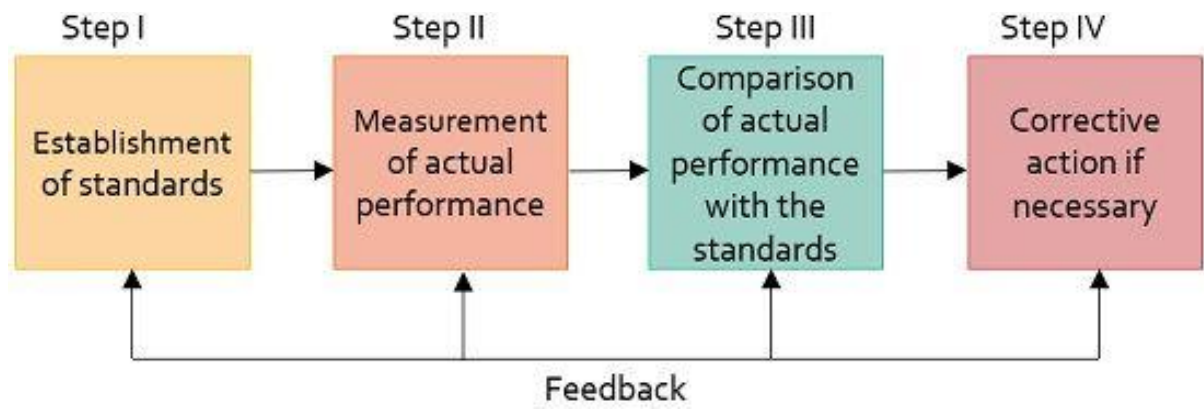
1. **Clearly defined Objectives**-Each and every organization has its own objectives. Unity of purpose is a must for achieving proper coordination.
2. **Effective Chain of Command**-There is a line of authority in every enterprise which indicates as to who is accountable to whom. The line of authority and responsibility should be clearly defined to achieve coordination.
3. **Precise and Comprehensive Programmes and Policies**-This brings uniformity of actions because everybody understands the programmes and policies in the same sense.
4. **Planning**-Planning ensures coordinated efforts
5. **Cooperation**-Cooperation is the result of better relations among employees of the organization.
6. **Liaison of Officers/Departments**- A person who acts as a link between two persons is called a liaison officer. The external coordination is obtained through him.
7. **Induction**-Inducting the new employee into the new social setting of his work is also a coordinating mechanism.
8. **Incentives**-Incentives may be in the form of increments in the scale of pay, bonus, profit sharing etc. These schemes of incentives promote better team spirit which subsequently ensures better coordination.
9. **Workflow**-A workflow is the sequence of steps by which the organization acquires inputs and transforms them into outputs and exports these to the environment.

## **2.22 Managerial Control**

- Control is checking current performance against predetermined standards contained in the plans, with the view to ensuring adequate progress and satisfactory performance.
- Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.

- Only a continuous control can achieve the objective.

### **2.22.1 Steps in Controlling**



- i. Establishment of standards: A standard acts as a reference line or a basis of actual performance.
  - Quantitative standards: production level, labor hour, expense, profit
  - Qualitative standards: employee morale, company image, industrial relations
  - Different types of standards used are:
    - ✓ Physical standards such as units of production per hour.
    - ✓ Cost standards, such as direct and indirect cost per unit.
    - ✓ Revenue standards such as sales per customer.
    - ✓ Capital standards such as rate of return of capital invested.
    - ✓ Intangible standards such as competency of managers and employees.
- ii. Measuring and comparing actual performance with standards
  - It includes measuring the actual performance of individuals, group or units and comparing it with the standards. The quantitative measurement should be done in cases where standards have been set in numerical terms.
  - This will make evaluation easy and simple. In all other cases, the performance should be measured in terms of qualitative factors as in the case of performance of industrial relations manager.
  - Once the performance is measured, it should be compared with the standards to detect deviations. Some deviations are desirable such as the output above the standard.
- iii. Taking corrective measures
  - Change in methods, rules, procedures, etc
  - Introduce training program
  - Job redesign



- Replacement of personnel
- Re-establishing budgets & standards
- Better compensation packages to employees
- Changing machinery & processes
- Identify recurring bottlenecks (A bottleneck is a **situation that stops a process or activity from progressing.**) & avoiding them

## **2.23 Essentials of a control system**

- Clear definition of objectives & standards.
- Selecting efficient control techniques.
- Suitability of control system
- Simplicity
- Focus on key area
- Flexibility
- Reasonable & practical
- Economical
- Self control
- Acceptable to all

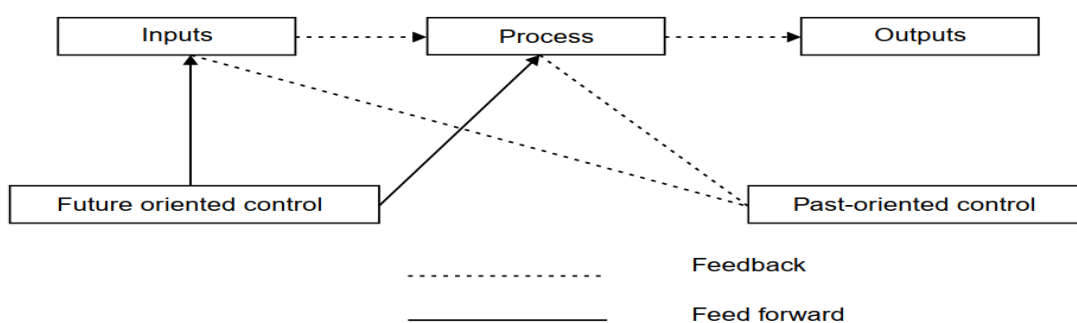
### **2.23.1 Control Methods**

#### ***Past-oriented controls:***

- Past-oriented control measure results after the process.
- These are also known as post action controls.
- They examine what has happened in the past for a particular period.
- Examples of past-oriented controls are accounting records, school grade reports etc

#### ***Future-oriented controls:***

- These are also known as feed-forward controls or steering controls.
- These controls are designed to measure results during the process.
- Examples of such controls are cash flow and funds flow analysis, network planning etc.



**Fig. 4.6:** Comparison of past-oriented and future-oriented controls

**2.23.2 Methods and Techniques of Controlling in Management**

- Direct Supervision and Observation:
- Budgets:
- Financial Statements:
- Ratio Analysis:
- Break-Even Analysis:
- Audits:
- Management by Objectives:
- CPM and PERT

**2.23.3 Techniques of Coordination**

- Coordination by plans & procedures.
- Coordination by sound & simple organization.
- Coordination by chain command.
- Coordination by effective commutation.
- Coordination by committees.
- Coordination by conference.
- Coordination by special coordinators.
- Coordination through sound leadership