

6.1 Direction

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 initiates action and from here the actual work starts. Direction is a managerial function performed by the top level officers of management.

According to Koontz and O'Donnel, "*Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objective.*"

There are three techniques of direction as follows:

- Consultative direction
- Free-rein direction
- Autocratic direction

6.1.1 Principles of Direction

The following principles of direction are useful to managers:

Harmony of objectives: Direction should be such that the individuals can integrate their objectives with organisational objectives.

Maximum individual contribution: Contribution of every member of an organisation matters. So management should implement such a technique of direction which enables the maximum contribution by members.

Unit of direction or command: An employee should receive instruction through proper channel which should be well defined otherwise it will lead to confusion.

Efficiency: Subordinates should participate in decision-making and this will increase their sense of commitment and will ensure the implementation. It will increase the efficiency.

Direct supervision: Managers should have direct relationship with their subordinates. Face to face communication and personal touch with subordinates will ensure successful direction.

Feedback information: Direction does not end with issuing orders, it is also necessary to take the suggestions of the employees as well as for the development of the organisation.

Effective communication: The superior must ensure that plans, policies and responsibilities are fully understood by the subordinates in the right direction.

Efficient control: The management should monitor the behaviour and performance of subordinates to exercise efficient control over the employees. Efficient control ensures effective direction.

Follow through: Direction is a continuous process. Mere issuing order or an instruction is not an end itself. Direction is necessary so, the management should watch whether the subordinates follow the orders and whether they face difficulties in carrying out the orders or instructions.

6.1.2 Importance of Direction

Direction is important due to the following reasons:

- direction initiates action
- it co-ordinates the group efforts
- it ensures maximum individual contribution
- it reduces the reluctance to put up with changes in the organisation
- it provides stability and balance in the organisation
- it helps to achieve the objectives of an organisation

6.1.3 Characteristics of Direction

The characteristics of direction are:

- direction is performed by all levels of executives in an organisation
- management initiates action through direction
- direction is continuous throughout the life of the organisation

- subordinates do the things as per the original plan
- direction creates link between preparatory functions (like planning, organising and staffing) and the control function of management

6.1.4 Issuing Orders or Instructions

An order is used by the management as a tool for direction. An order can be issued only by a supervisor. The supervisor has the right to enforce his/her order over his/her subordinates.

According to Koontz and O'Donnel, *"As a directional technique, an instruction is understood to be a charge by a superior requiring a subordinate to act or refrain from acting in a given circumstance."*

Characteristics of a good order are:

- it should be reasonable and enforceable over subordinates
- a clearly defined order should be easily understandable
- it should be such a one as to facilitate the achievement of the objectives of an organisation
- it should be complete in all respects
- it should exhort willingness and acceptance from the subordinates
- a written order is preferable to an oral order
- appropriate tone is used by the superior while issuing an order
- it should specify the time within which a job should be completed
- it should be intelligible

6.2 Motivation

Motivation is an inspiration process which impels the members of the team to accomplish the desired goals.

Motivation is a desire to achieve a goal, combined with the energy to work towards that goal.

Motivation is the characteristic that helps individuals to achieve their goal. It is the drive that pushes an employee to work hard and reach whatever it is that She/He is after. It is the energy that gives an individual the strength to get up and keep going - even when things are not going their way.

According to Stanley Vance, *"Motivation is any emotion or desire which so conditions one's will that the individual is propelled into action."*

According to Koontz and O'Donnel, *"Motivation is a general term applying to the entire class of drives, desires, needs, wishes and similar forces that induce an individual or a group of people to work."*

6.2.1 Nature of Motivation

The nature of motivation can be understood from the following points:

- unending process
- a psychological concept
- the whole individual is motivated
- motivation may be financial or non-financial
- frustrated man cannot be motivated
- goals are motivators
- unifying force
- it can be positive or negative
- it can be extrinsic or intrinsic
- motivation and job satisfaction are different

6.2.2 Importance of Motivation

A manager guides the people in a desired manner in order to achieve organisational objectives. Two important things necessary to perform any job are:

- ability to work
- willingness to work

There is a need for motivation to create willingness in the minds of workers to do a job. Performance can be expressed by the following formula:

The importance of motivation can result in the following:

- maximum utilisation of factors of production
- willingness to work
- reduced absenteeism
- reduced labour turnover
- increase in efficiency and output
- sense of belonging
- improvement upon skill and knowledge

6.2.3 Theories of Motivation

The following are different theories of motivation:

6.2.3.1 Theory X

This theory states that the manager has thorough knowledge and excludes the worker from decision making process. A manager has the authority to take decisions. The workers should follow whatever decisions are taken by the manager.

Assumptions of Theory X

- workers have an aversion to work inherently
- workers may do the job half-heartedly
- workers may find a way to postpone the work completion in laziness
- fear of punishment can motivate the workers into action
- the worker may know the hazards of non-performance of a work
- no worker is ready to accept any responsibility
- there is a need for explaining the consequences of being inactive
- a worker prefers to get directed by others
- workers hate to improve their efficiency

Theory X is regarded as the means to supervise and control the workers. Decision making in all fields is entrusted with managers. Workers are allowed to express their suggestions, but the decisions are taken by managers and workers are forced to follow the decisions.

6.2.3.2 Theory Y

Theory Y is just opposite to Theory X. Theory X is considered to be a traditional theory and Theory Y is considered to be the modern one. Theory Y emphasises the importance of workers in the accomplishment of enterprise objectives.

Assumptions of Y-Theory

- The average human being has the tendency to work. A job is as natural just like a play
- Once the workers understand the purpose of assigned job, She/He may extend his/her cooperation for job

completion

- Worker has self direction, self motivation, self discipline and self control
- The existing worker has competence to work and can take right decisions
- A worker expects recognition of the successful accomplishment of task
- If right motivation scheme is prepared by the management, the worker is ready to accept extra responsibility
- According to Theory Y, a worker has integrity and readiness to work hard. He is willingness to participate in the decision making process and shows a sense of creativity and imagination. So, Theory X is said to be negative and Theory Y to be positive.

Difference between Theory X and Theory Y

| Theory X | Theory Y |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Workers dislike to work by themselves. | Workers feel that work is as natural as play. |
| Workers are not ready to accept responsibility. | Workers are ready to accept responsibility if proper motivation is available to them. |
| Workers prefer to be directed by others. | Workers are directed by themselves. |
| Workers are unambitious. | Workers are ambitious. |
| Workers by nature resist changes and want security. | Workers are ready to cope with changes. |
| Workers lack creativity and fail to solve organisational problems. | Workers have a high degree of creativity and succeed in solving organisational problems. |
| It focuses the lower level needs of workers i.e. physiological and safety. | It focuses not only the lower level needs but also higher level needs i.e. social, esteem and self actualisation of workers. |
| Strict control is necessary to achieve organisational objectives. | Workers exercise self control and self direction to achieve organisational objectives. |
| Authority is not delegated. | Authority is delegated. |
| Autocratic leadership is followed. | Democratic leadership is followed. |

Table 6.1 Theory X vs. Theory Y

Theory Z

Prof. William G.Ouchi has developed Theory Z. This theory is based on the comparative study of Japanese and American management practices. It describes how Japanese management practices can be adopted to the environment of other countries especially in United States.

This theory focuses attention on the organisational behaviour side of the philosophy of management. It is treated as a model for motivation.

Theory Z emphasises on external control of human behaviour. Mutual trust reduces the conflict among employees and ensures team spirit.

Features of Theory Z

- Trust
- Life time employment
- Involvement of employees
- Integrated organisation
- Restricted Promotions
- Coordination

- No formal structure
- Motivation
- Stable working environment

6.3 Maslow's Hierarchy of Needs

Dr. Abraham H. Maslow classified the various needs of the human beings in a definite order. This order is widely accepted. According to Maslow, human wants are innumerable and never ending. If one want is satisfied, another want emerges in that place.

The satisfied wants do not motivate the workers. Only unsatisfied wants induce the man to hard work. Hence he classified needs as lower level needs and higher level needs.

The hierarchy of needs is as under:

- **Basic physiological needs:** The basic physiological needs are concerned with breeding, shelter, sexual gratification, clothing and so on. These needs are inherent in nature. If these are not satisfied, other needs will not emerge.
- **Safety and security needs:** Safety needs are concerned with physical danger or loss of existing basic physiological needs, like loss of job, support and so on. Therefore the workers attempt to get job security, insurance, pensioner benefits and so on.
- **Belonging and social needs:** Man is a social animal. He wants to love and be loved in a society or in a family. Exchange of feelings and grievances, love, sociability, recognition, conversation and belongingness are some of the social needs.
- **Esteem and status needs:** These needs are also referred to as ego needs. Self-confidence, independence, competence, knowledge, status, recognition and appreciation are some of the esteem and status needs.
- **Self-actualization needs:** These are also called as self-realization needs. It refers to the desire to become everything that one is capable of becoming, a maximum level of excellent performance is done by the individual.

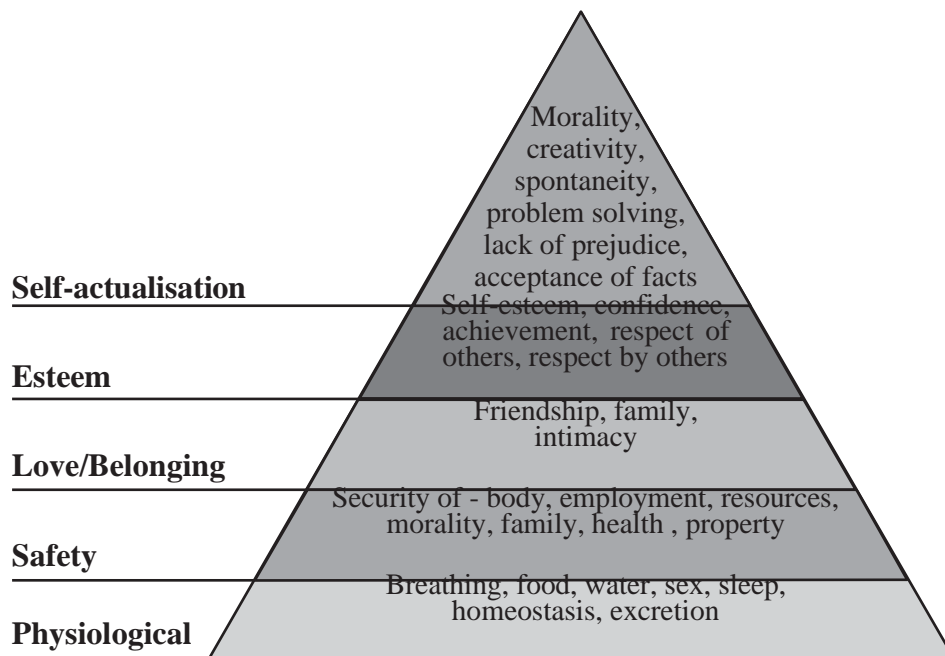


Fig. 6.1 Maslow's need hierarchy theory

From the above mentioned five needs, the first three needs that is basic physiological, safety and social needs are termed as lower level needs by Maslow. The remaining two needs that is esteem and self-actualization needs are termed as higher level needs. The lower level needs are satisfied by monetary and non-monetary compensation. The higher level needs are satisfied through allowing in decision-making process, delegating authority and responsibility and so on.

6.3.1 Herzberg's Theory of Needs

Frederick Herzberg had conducted a study on motivation in late 1950s; this study developed a theory of work motivation. This theory is known as Herzberg motivation theory or Maintenance theory of motivation or Hygiene theory or Two-factor theory of motivation.

Herzberg tried to understand from his studies the motivation problem and to identify the human behaviour, nature and needs which are invaluable to organisation and individuals. The studies reveal that the factors responsible for job satisfaction are quite different from those responsible for job dissatisfaction.

According to Herzberg motivational factors are responsible for job satisfaction. Hygiene or maintenance factors are responsible for job dissatisfaction.

6.3.2 Motivational Factors

The presence of some factors creates motivation to workers and at the same time absence of such factors does not cause dissatisfaction. These are called motivational factors. Some of the motivational factors are:

- Achievement
- Recognition
- Advancement
- Work
- Possibility of growth

6.3.3 Maintenance Factors

The presence of some set of factors may not motivate the workers but the absence of these factors cause serious dissatisfaction. These factors are called maintenance of hygiene factors. Some of the hygiene factors are:

- Company policy and administration
- Technical supervision
- Inter personal relations with sub-ordinates
- Salary
- Job security
- Personal life
- Working conditions
- Status

6.3.4 Motivational Techniques

Some of the motivational techniques are:

- Monetary incentives
- Job based techniques
- MBO techniques
- Leadership techniques
- Sensitivity training

6.3.5 Requirements of a Sound Motivational System

The following are some of the requirements of a sound motivational system:

- It should balance the objectives and philosophy of organisation workers
- It should be understood by the members of the organisation in the right direction
- It should cover all the activities of the workers
- It should have corresponding relationship with efforts and rewards
- It should be flexible, and changes should be incorporated from time to time.

7.1 Leadership

Leadership is defined as the process of influencing people so that they will strive willingly towards the achievement of group goals.

The success of an organisation is dependent upon the ability of its leadership. The leaders are not only responsible for directing the followers but also for the attainment of goals of the organisation. Whenever and in whatever situation if someone tries to influence the behaviour of another individual or a group, there is leadership.

According to Peter F. Drucker, *“Leadership is the lifting of man’s visions to higher rights, the raising of man’s performance to higher standards, the building of man’s personality beyond its normal limitations.”*

According to Koontz and O’Donnel, *“Leadership is generally defined as influence, the art of process of influencing people so that they will strive willingly towards the achievement of group goals.”*

7.1.1 Importance of Leadership

Leadership is important for the following reasons:

- Perfect organisation structure
- Directing group activities
- Technological, economic and social changes
- Better utilisation of manpower
- Avoiding imbalances
- Source of motivation
- Reconciliation of goals
- Developing good human relations
- Promoting the spirit of co-ordination

7.1.2 Theories of Leadership

The various theories of leadership are as discussed below:

Traitist’s Theory

Trait means quality. This theory states that the leadership behaviour is influenced by certain qualities of a leader. Researchers found out a number of qualities of leadership from their study. The qualities are:

- Good personality
- Tirelessness
- Ability to take quick decision
- Courage to face competitors
- Persuasion
- Intelligence
- New outlook
- Reliability
- Physical fitness

Weaknesses of Trait’s Theory

- No common equalities list
- No measurement of quality
- No scope for future development
- No consideration for situational factors

Behavioural Theory

- This theory is based on the fact that how management viewed the workers and the focus now shifted to leaders' behaviour from leaders' qualities.
- Behaviour theory assumes that people are lazy and irresponsible by nature. So there is a need of an instrument to give motivation to workers, here leadership acts as an instrument. Manager is an instrument holder.
- Autocratic, democratic or supervisory styles are some of the leadership styles. Behavioural approach developed these leadership styles which produce different and conflicting results.

Situational Theory

- The usefulness of traits and behaviours is tested in a particular situation where the two of the above theories lack. As per the situational theory, a leader is strongly affected by the situation in which She/He works. Situation helps the person to develop their leadership qualities. Here traits and behaviour are supporting elements to leaders.
- Situational theory believes that there is interlink between the group of workers and its leaders. Some groups of workers have aspirations. They follow the leaders who are capable of realizing their aspirations

Follower's or Acceptance Theory

- Follower's theory states that only followers decide whether a person is a leader or not. Followers take a decision analyzing the qualities of the person who helps to have their needs fulfilled. Here there is a need for forming a group and fulfilling some needs of such a group.
- Modern managers are of the opinion that Acceptance theory plays a significant role in managing people at present. The needs of the group are the crucial and guiding factor in determining the leader.

System or Path-Goal Theory

- System theory is focused on a person's act rather than his/her traits or behaviour. A leader coordinates the efforts of his/her followers. The process of coordination is done by a person (leader). It is termed person's act. The process of co-ordination stimulates the people to achieve the goal in a particular situation.
- System theory considers all variables. These variables include leader, followers, situation, leadership traits, environment goals and group nature and so on. This theory is considered modern theory of leadership.

7.1.3 Functions and Qualities of a Leader

The functions of a business leader are:

- Taking initiative
- Representation
- Guide
- Encouraging others
- Arbitrator and mediator
- Planner
- Rewards and punishments
- Integration
- Communication
- Production

The qualities of a leader are:

- Physical appearance and strength
- Mental vigour
- Emotional stability
- Sense of judgment
- Goodwill
- Motivation

- Communication skills
- Guiding ability
- Sociability
- Technical knowledge

7.1.4 Types of Leaders

The type of leaders is classified on the basis of behaviour of leaders. They are briefly explained below:

Autocratic leader: An autocratic leader is one who wants to run the organisation all by him. She/He frames the objectives of the organisation and requires the followers to achieve the objectives.

- She/He thinks that his/her followers do not have much ability to do a job effectively.
- She/He avoids discussions with his/her followers regarding job completion
- She/He doesn't delegate any authority to his followers
- She/He has close supervision and control over his followers
- Followers are rewarded and punished as per their performance

Intellectual leader: An intellectual leader wins the confidence of his/her followers by intelligence. She/He provides an expert advice depending upon his/her area of expertise and gets the work done through others.

Liberal leader: A liberal leader is one who permits his/her followers to do their job howsoever they want to do. The leader has not framed any policy or procedure which the followers are expected to follow in their job.

- The liberal leader would not exercise any influence over his/her followers and vice-versa
- Wide scope and opportunities are available for free discussion which aims at performing the job effectively
- Followers should have a high degree of maturity

Democratic leader: A leader acts according to the wishes of his/her followers. She/He frames the policy or procedure according to the opinion of the majority of his/her followers and act as a representative of followers to management. She/He is loyal to his/her followers and involved in protecting the interests of his followers.

The other types of leaders are:

- Institutional leader
- Inducing leader
- Paternal leader
- Creative leader

7.1.5 Leadership Styles

Some of the leadership styles are discussed below:

A. Blake Mouton Managerial Grid

A popular framework for thinking about a leader's 'task versus person' orientation was developed by Robert Blake and Jane Mouton in the early 1960s known as the Managerial Grid, or Leadership Grid, which plots the degree of task-centeredness versus person-centeredness and identifies five combinations as distinct leadership styles.

The Managerial Grid is based on two behavioural dimensions:

- **Concern for People** - This is the degree to which a leader considers the needs of team members, their interests, and areas of personal development when deciding how best to accomplish a task
- **Concern for Production** - This is the degree to which a leader emphasises concrete objectives, organisational efficiency and high productivity when deciding how best to accomplish a task.

Using the axis to plot leadership 'concerns for production' versus 'concerns for people', Blake and Mouton defined the following five leadership styles:

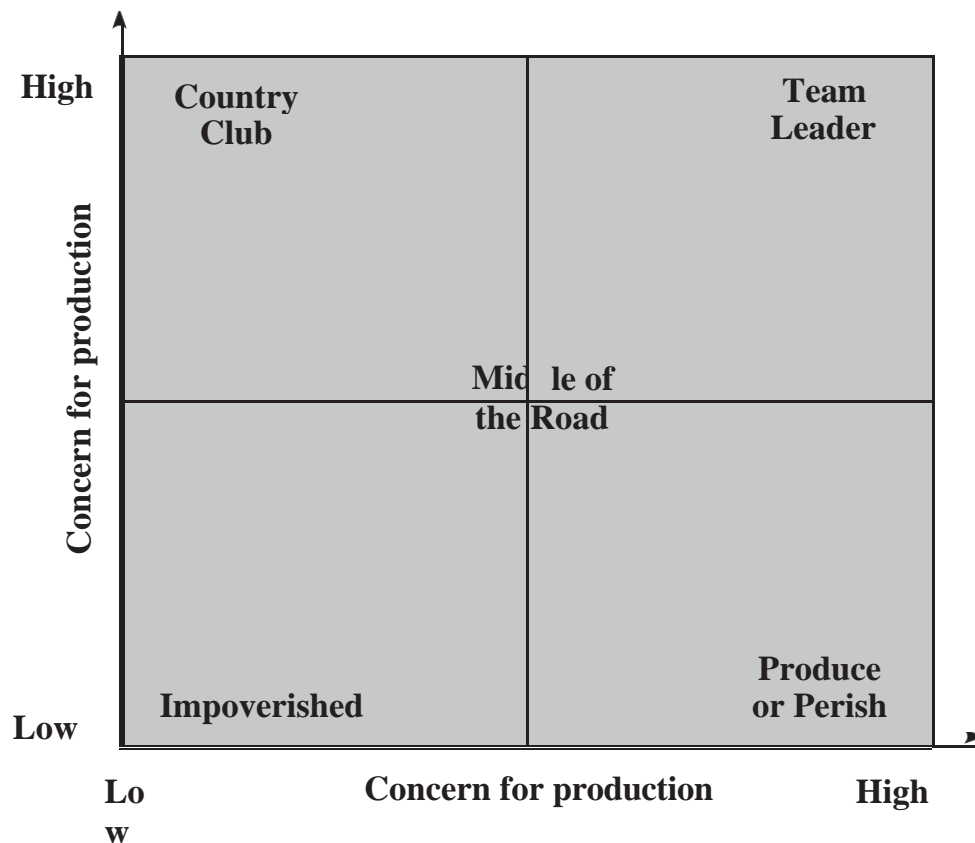


Fig. 7.1 Mount and Blake leadership model

Country club leadership: High People/Low Production

This style of leader is most concerned about the needs and feelings of members of team. These people operate under the assumption that as long as team members are happy and secure then they will work hard. What tends to result is a work environment that is very relaxed and fun but where production suffers due to lack of direction and control.

Produce or perish leadership: High Production/Low People

Also known as Authoritarian or Compliance Leaders, people in this category believe that employees are simply a means to an end. Employee needs are always secondary to the need for efficient and productive workplaces. This type of leader is very autocratic, has strict work rules, policies, and procedures, and views punishment as the most effective means to motivate employees.

Impoverished leadership - Low Production/ Low People

This leader is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and motivating. The result is a place of disorganisation, dissatisfaction and disharmony.

Middle-of-the-road leadership - Medium Production/Medium People

This style seems to be a balance of the two competing concerns. It may at first appear to be an ideal compromise. Therein lies the problem, when there is a compromise, you necessarily give away a bit of each concern so that neither production nor people needs are fully met. Leaders who use this style settle for average performance and often believe that this is the most anyone can expect.

Team leadership - High Production/High People

These leaders stress production needs and the needs of the people equally highly. The premise here is that employees are involved in understanding organisational purpose and determining production needs. When employees are committed to, and have a stake in the organisation's success, their needs and production needs coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, high production.

B. Lewin's leadership styles

Kurt Lewin did leadership decision experiments in 1939 and identified three different styles of leadership, in particular around decision-making which are explained as under:

Autocratic

- In the autocratic style, the leader takes decisions without consulting others. The decision is made without any form of consultation. In Lewin's experiments, he found that this caused the maximum level of discontent.
- An autocratic style works when there is no need for input on the decision, where the decision would not change as a result of input, and where the motivation of people to carry out subsequent actions would not be affected whether they were or were not involved in the decision-making.

Democratic

- In the democratic style, the leader involves the people in the decision-making, although the process for the final decision may vary from the leader having the final say to them facilitating consensus in the group.
- Democratic decision-making is usually appreciated by the people, especially if they have been used to autocratic decisions with which they disagreed. It can be problematic when there are a wide range of opinions and there is no clear way of reaching an equitable final decision.

Laissez-Faire

- The laissez-faire style is to minimise the leader's involvement in decision-making, and hence allowing people to make their own decisions, although they may still be responsible for the outcome.
- Laissez-faire works best when people are capable and motivated in making their own decisions, and where there is no requirement for a central coordination, for example in sharing resources across a range of different people and groups.

C. Likert's leadership style

Rensis Likert identified four main styles of leadership, in particular around decision-making and the degree to which people are involved in the decision.

Exploitive authoritative

- In this style, the leader has a low concern for people and uses such methods as threats and other fear-based methods to achieve conformance. Communication is almost entirely downwards and the psychologically distant concerns of people are ignored.

Benevolent authoritative

- When the leader adds concern for people to an authoritative position, a 'benevolent dictatorship' is formed. The leader now uses rewards to encourage appropriate performance and listens more to concerns lower down the organisation, although what they hear is often rose-tinted, being limited to what their subordinates think that the boss wants to hear. Although there may be some delegation of decisions, almost all major decisions are still made centrally.

Consultative

- The upward flow of information here is still cautious and rose-tinted to some degree, although the leader is making genuine efforts to listen carefully to ideas. Nevertheless, major decisions are still largely centrally made.

Participative

- At this level, the leader makes maximum use of participative methods, engaging people lower down the organisation in decision-making. People across the organisation are psychologically closer together and work

well together at all levels.

7.1.6 Techniques of Leadership

Some of the techniques a leader uses to extract work from his followers are:

- Securing co-operation
- The use of power
- Co-ordination
- Discipline
- Morale

7.1.7 Characteristics of Leadership

Following are some of the characteristics of leadership:

- There must be followers
- There must be working relationship between leader and followers
- Personal quality
- Reciprocal relationship
- Community of interests
- Guidance
- Related to a particular situation
- Shared function
- Power relationship

7.2 Supervision

Supervisor refers to a person who is responsible for overseeing the performance of employees at work. Supervisor has different names like foreman, departmental head, charge head, departmental in-charge, overseer, sectional head, head clerk, charge man, chief clerk, head assistant, inspector, section officer etc.

Supervisor's work is directly concerned with the workers' activities which are responsible for achieving the objectives of an organisation. So, the supervisor is regarded as a key man in management.

7.2.1 Functions of Supervisor

The supervisor performs the following functions:

- She/He gives orders, instructions and implements the rules
- She/He converts the goals, programmes, policies and resources into products or services
- She/He creates a proper climate or working conditions in the working places
- She/He arranges work assignments, determines procedures and prescribes methods
- She/He arranges tools and materials for workers
- She/He motivates the workers as to how well they can do their jobs
- She/He provides technical knowledge to workers
- She/He acts as an example to his/her group members or sub-ordinates
- She/He hears the grievances and complaints of his/her subordinates and helps to solve them
- She/He recommends promotions, transfers and pay increase of his/her subordinates

7.2.2 Qualities of Supervisor

The qualities of a supervisor are as follows:

- Have sufficient technical knowledge

- Knowledge of the organisation
- Ability to talk well
- Administrative ability
- Ability to listen
- Honesty
- Ability to memorise
- Understand and respect the feelings of others
- Ability for orderly thinking
- Complete information
- Ability to judge the people
- Physical appearance
- Patience
- Self motivated
- Self confidence

7.2.3 Kinds of Supervisors

The supervisors are classified into the following categories:

- Bureaucratic regulative
- Autocratic — directive
- Idiocratic — manipulative
- Democratic — integrative

7.3 Communication

Communication is the passing of information. It is necessary for better performance of job. A manager works through the co-operation of others. So, one should communicate the policies, plans, programmes of management to the workers. Communication ends only when it reaches the destination.

Communication is a process through which an information, idea or opinion is transferred to more number of people. The essential element of communication is that the communicated information should be understood correctly and transferred in the right direction.

According to D.K. Mc Farland, “*Communication may be broadly defined as the process of meaningful interaction among human beings. More specifically, it is the process by which meanings are perceived and understanding is reached among human beings.*”

According to Koontz and O’ Donnel, “*Communication is an intercourse by words, letters, symbols or messages and is a way that one organisation member shares meaning and understanding with another.*”

7.3.1 Importance of Communication

The importance of communication is understood from the following points:

- an aid to managerial performance
- achieving co-ordination
- helps in smooth working
- increase managerial efficiency
- helps in decision making
- maintaining industrial peace

- saves time
- aid to job satisfaction
- aid to leadership
- aid to public relation

7.3.2 Objectives of Communication

The following are the main objectives of communication:

- communicating right information
- co-ordination of efforts
- development of managerial skill
- better industrial relationship
- effectiveness of policies

7.3.3 Elements of Communication

A communication process has following elements:

- Information
- Sender
- Receiver
- Communication channel
- Symbols
- Feedback

7.3.4 Barriers to Communication

The barriers to communication are as follows:

- Noise
- Missing information
- Alteration of information
- Overloading
- Lack of facility
- Inadequate policies, rules and procedures
- Status patterns
- Lack of attention
- Quick conclusion
- Lack of confidence over the communicator
- Improper state of mind
- Lack of time
- Badly expressed messages
- Technical language
- Poor retention

7.3.5 Methods of Overcoming the Barriers

The steps to overcome the barriers are:

- The management should clearly define its policy to the employees

- The management sets up a system through which only essential information could be supplied
- All the information should be supplied through a proper channel
- Every person in the management shares the responsibility of good communication
- Adequate facilities should be provided by the management
- There should be mutual understanding

7.3.6 Characteristics of Effective Communication

The effective communication has the following characteristics:

- complete communication
- understanding in the same sense
- message to have substance
- vital to managerial function
- continuous process
- mutual understanding
- communication may be oral, written or gestural
- communication may be formal or informal

7.3.7 Process of Communication

There are two persons necessary irrespective of the mode of communication. communication process consists of a message being sent from the sender's side and received from the receiver's side. The message may be verbal or non-verbal. A communication process comes to an end only when the receiver understands the message as the sender communicates.

The following are the steps involved in communication process:

- Ideation
- Encoding
- Transmission
- Receiving
- Decoding
- Action

7.3.8 Principles of Communication

The sender should observe the following principles for effective communication in all types of communication:

- Language
- Clarity
- Purpose of communication
- Consultation
- Content of message
- Follow-up action
- Time and opportunity
- Action support communication
- Personnel cooperation
- Physical and human setting
- Training to the communicators
- Listening

7.3.9 Factors Deciding the Communication Programme

The following factors will influence while selecting a communication programme:

- Cost
- Secrecy
- Accuracy
- Speed
- Convenience
- Suitability
- Proper recording
- Expressive

7.3.10 Media of Communication

The following are some of the media of communication:

- Bulletin
- Announcements
- Meeting
- Suggestion/ grievance boxes
- Company publications

7.4 Types of Communication

Types of communication can be classified on the following basis:

7.4.1 On the basis of organisational relationship

Formal communication: The communication flows through the formal channel. Formal channel refers to the way in which the information is passed and it has a recognized position in the organisation structure.

Informal communication: Information is not passed in accordance with any formalities and rules and regulations of an organisation. Most of the informal communication is done verbally.

Personal matters are also discussed and passed under informal communication which is also known as 'Grapevine'. Grapevine is the primary source of upward communication. Under this system of communication there is no clear cut way for transmitting the information. It operates like a cluster chain as shown below.

7.4.2 On the basis of direction of flow of communication

Downward communication: A communication which starts from the top level executive and ends with the lower functionaries through middle management is known downward communication. While communicating scalar chain is followed, this ensures proper communication.

Upward communication: Upward communication is just the reverse of downward communication. Passing of information starts with the lowest level and ends with the chief-executive. There are two types of upward communication

- There is a feedback of information in response to original communication.
- Information is given by the subordinates voluntarily

Horizontal communication: It is also called lateral communication and refers to the passing of information among the executives who are at equal level in an organisation. Here, the receiver and the sender may be in the same department or different departments in order to coordinate the activities of various departments or persons.

On the basis of way of expression Oral communication

Oral communication is also known as verbal communication. This mode of communication is generally adopted when there is lack of time to send the written communication. Forms of oral communication are:

- Conferences
- Meetings
- Interviews
- Calling
- Lectures

Written communication

This type of communication is followed to transmit any information. This is an essential form of communication for an organisation.

Forms of written communication

- Notes
- Circulars
- Reports
- Bulletin
- Manuals
- Diagrams
- Graphs

Controlling and Co-ordination

8.1 Introduction

The controlling function will be unnecessary to the management if other functions of management are performed properly. If there is any imperfection in the planning and actual performance, control will be needed. The deviations are set right by the controlling function. Planning identifies the activities and controlling regulates the activities. Success or failure of planning depends upon the result of success or failure of controlling.

Controlling

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.

Control is necessary for judging the accuracy of standards, minimise dishonest behaviour and for better performance.

According to Henry Fayol, “*Control consists of verifying whether everything occurs in conformity, is with the plans adopted, the instructions issued and principles established. It has for its object to point out weaknesses and errors in order to rectify them and prevent recurrence.*”

According to George R. Terry, “*Controlling is determining what is being established, that is, evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.*”

8.1.1 Scope or Areas of Control

The main areas of control are:

- the policies of the concern
- organisation
- the personnel employed in an organisation
- capital available to the concern
- production
- capital expenditure
- production
- wages and salaries paid to the employees
- the cost of production
- public relations
- research and development
- tools and equipments

8.1.2 Steps in Control Process

Control points out the deviations of the plans and suggests remedial action to improve future plans. Some of the procedures are found to be defective due to human limitations. Here the control function is put to action. The steps for control are as follows:

- Establishing standards
- Measuring performance
- Comparison of actual with standards
- Taking corrective action

8.13 Requirements of Effective Control System

The requirements of effective control system are:

- Feedback
- Objective
- Suitability
- Prompt reporting
- Forward looking
- Pointing out exceptions
- Flexible
- Economy
- Intelligent
- Should suggest remedial action
- Motivation

8.14 Techniques of Control

A. Break even analysis

It is also termed cost volume profit analysis. It analyses the relationship among cost of production, volume of production, volume of sales and profits. Total cost is divided into two namely

- Fixed cost
- Variable cost

Fixed cost will never change according to the changes in the volume of production. Variable cost varies according to the volume of production.

This analysis helps in determining the volume of production or sales and the total cost which is equal to the revenue. The excess of revenue over total cost is profit. The point at which sales is equal to the total cost is known as 'Break Even Point' (BEP), this is a point at which there is no profit or loss.

The formula for BEP is:

$$\text{BEP} = \frac{\text{Fixed cost}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

B. Performance evaluation and review technique (PERT) and Critical path method (CPM)

PERT was developed by Booz, Allen and Hamilton. This technique is used to solve problem which crops up once a while not for the continuous once. It helps the organisation to closely watch the entire performance of the project to find out the deviations if any. PERT is used to assist in reducing the time required for completion of a project. It takes care of the time aspect of the project.

A project is broken down into the individual tasks that must be performed. A network is drawn showing the sequence of activities from start to final completion, thus defining the work to be done.

CPM technique also follows the principle of PERT. CPM concentrates on cost rather than duration. It assumes that duration of every activity is constant. Time estimate is made for each activity.

PERT and CPM are the best suitable techniques for the following projects.

- Large weapon system
- Ship building
- Planning and launching a new project
- Air port facilities building
- Creation of road facilities

C. Management Information System (MIS)

Relevant information is collected and transferred to all the persons who are responsible to take decisions. A communication system is developed through which levels of employees are informed about the growth of the organisation. Whenever deviation is found, the corrective measure or control action is taken by the person in charge.

MIS emphasize the need for adequate information in time for taking the best decision. Thus MIS helps the management in managerial decision-making by giving the right information at the right time and in the right form.

8.15 Features of Control Function

The main features of control function are:

Controlling process: Controlling is a continuous process where the head has continuously watched over the entire operations and ensured that all the efforts are made to achieve the desired objectives. Any deviations takes control action to correct them.

Universal: Control is applied at all levels of management and irrespective of the organisation. The nature, scope and limit of the control exercised by the manager vary according to the levels of management.

Control involves management: Control recommends the future course of action on the basis of evaluation and measurement.

An essence of action: The correction action should be taken by the management on the basis of information available.

Forward looking: Past cannot be controlled but future activities may be controlled on the basis of past experience. The presence of control reduces the wastages, losses and deviation from standards.

Dynamic process: The control technique is changed according to the nature of deviations. The same technique is not followed throughout the year or a particular period. Also, the control results in changes in the performance of other functions of management.

Influencing factor: Control avoids the undesirable happenings and shapes the future plan. Control influences the people to conform to the norms and standards in performance.

8.16 Advantages of Control

A good control system gives the following benefits to the management:



8.1.7 Limitations of Control

Control process has some limitations as follows:

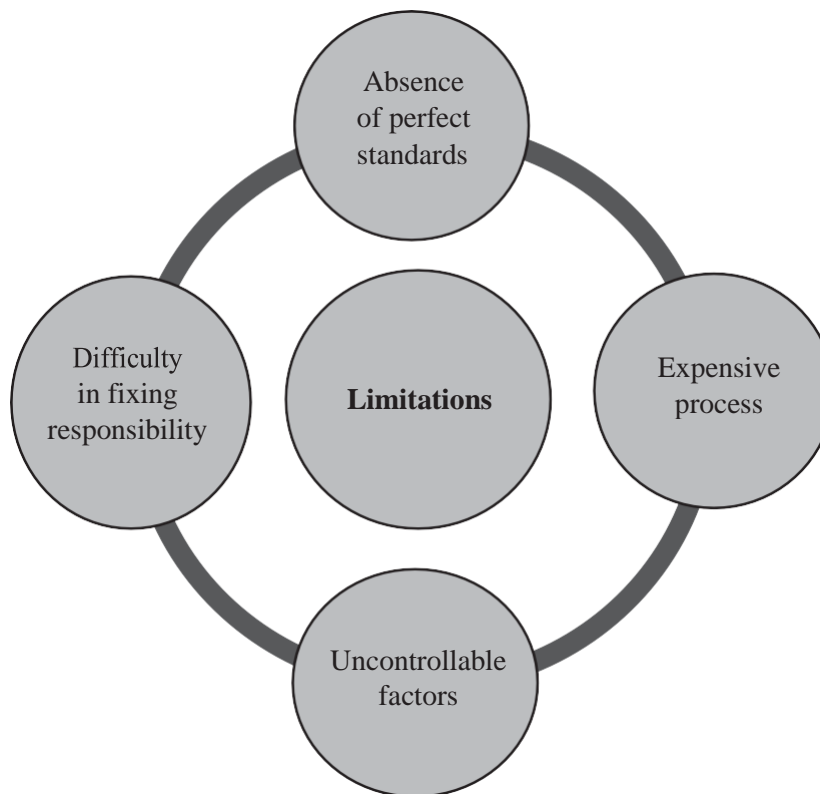


Fig. 8.1 Limitations of control

8.2 Budget Control

Budget is a pre-determined statement of management policy during a given period which provides a standard for comparison with results annually achieved.

Budgetary control is a tool used by the management to obtain the objectives expressed as in the form of budget. It is a process of finding out what is being done and comparing these results with the corresponding budget data in order to approve accomplishment or to remedy differences by either adjusting the budget estimates or correcting the cause of difference.

8.2.1 Objectives of Budgetary Control

The main objectives of budgetary control are:

- Fixation of the income and expenditure department wise
- Defining the goals or objectives of the organisation for a stipulated period
- Forecasting the financial position of the company
- Centralising the management control
- Establishing measure of performance for each division

8.2.2 Advantages of Budgetary Control

Some advantages of budgetary control are:

- Tool for planning the activities
- Co-ordination of efforts

- Control of expenditure
- Resolving financial issues
- Better utilisation of resources
- Promotion of efficiency
- Promoters balanced activities
- Criteria of self examination

8.3 Co-ordination

Various departments or sections are assigned different tasks to perform. They are assigned on the basis of their specialisation. Employees of each department perform their duties with a view to achieve common objectives collectively. It is co-ordination.

Co-ordination is a process which ensures smooth interplay of the functions of management. Common objectives are achieved without much wastage of time, efforts and money with the help of co-ordination.

According to George R. Terry, “*Co-ordination deals with the task of blending efforts in order to ensure the successful attainment of an objective. It is accomplished by means of planning, organising, actuating and controlling.*”

8.3.1 Features of Co-ordination

The features or characteristics of co-ordination are:

- Not a separate function of management
- Managerial responsibility
- Provides unity of action
- Co-ordination is necessary at all levels of organisation
- Relevant for group efforts
- Continuous and dynamic process
- System concept

8.3.2 Importance of Co-ordination

The following points show the importance of co-ordination:

- Unity in diversity
- Team work or unity of direction
- Functional differentiation
- Specialisation
- Reconciliation of goals
- Large number of employees
- Congruent flows
- Differentiation and integration

8.3.3 Essentials of Effective Co-ordination

In order to ensure effective co-ordination, the co-ordination should be based on certain principles which are as follows:

- Early start
- Personnel contract
- Continuity
- Reciprocal relationship
- Dynamism

- Simplified organisation
- Self co-ordination
- Clear cut objectives
- Clear definition of authority and responsibility
- Effective communication
- Effective supervision
- Effective leadership

8.3.4 Methods or Techniques Used for Co-ordination

- Clearly defined objectives
- Effective chain of command
- Co-ordination through group meetings
- Harmonious policies and procedures
- Effective communication
- Sound organisational structure
- Co-ordination through a liaison officer
- Co-operation
- Self co-ordination
- Co-ordination by leadership
- Incentives

8.3.5 Types of Co-ordination

Co-ordination is broadly divided in two types as follows:

Internal co-ordination: Co-ordination within the organisation among the various levels of employees. It is further divided into two categories

- **Vertical Co-ordination:** It refers to the Co-ordination in which a superior authority coordinates work with sub-ordinates and vice-versa.
- **Horizontal coordinates:** It refers to the establishment of a relationship between people of the same status.

External Co-ordination: It refers to the Co-ordination between the employees of an organisation and the outsiders. These outsiders could be the general public, market agencies, competitors so on.

8.3.6 Problems of Co-ordination

Co-ordination faces certain problems which are as given below:

- Natural hindrances
- Lack of administrative talent
- Lack of techniques of co-ordination
- Ideas and objectives
- Misunderstanding

8.3.7 Steps for Effective Co-ordination

To get effective co-ordination, the management should follow the following steps:

- Proper delegation of authority and responsibility at all levels of management
- Division of entire activities department-wise or section-wise according to the size of the organisation
- Establishment of employees grievances cell
- Proper reporting system

- Skilled workers are to be rewarded adequately
- Establishment of an effective communication system
- Preparation and adherence to rigid rules and regulations, procedures, policies and so on

8.3.8 Difference between Co-ordination and Co-operation

| Co-ordination | Co-operation |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| is one of the functions of management. | is not a function of management. |
| Co-ordination is an orderly arrangement of group efforts. | Co-operation is willingness to work with others or help others. |
| The early success of an organisation depends upon the degree of co-ordination. | Co-operation is the basis for co-ordination. |
| There is a direct link between the achievement of objectives and co-ordination. | There is no such direct connection between co-operation and the achievement of objectives. |
| Co-ordination is obtained officially. | Co-operation is a voluntary service. |

Table 8.1 Co-ordination vs. co-operation