

1. Planning

1.1 Meaning/ Definition

- ❑ Koontz and O' Donnell say planning is deciding in advance what to do, how and when to do it and who is to do it. Planning bridges the gap between where we are and where we want to go.
- ❑ According to Allen Planning is a trap laid down to capture the future
- ❑ According to Henry Fayol Planning is to decide best alternative among other to perform different managerial operation in order to achieve predefined goals.

1.2 Characteristics of Planning

1. Planning is primary function of management:

Planning is a first and foremost managerial function provides the base for other functions of the management, i.e. organizing, staffing, directing and controlling, as they are performed on the basis of planning.

2. Planning focuses on objectives:

Planning is a process to determine the objectives or goals of an enterprise. It lays down the means to achieve these objectives. The purpose of every plan is to contribute in the achievement of objectives of an enterprise.

3. Planning is all Pervasive (Present in all parts):

It is pervasive in the sense that it is present in all the segments and is required at all the levels of the organisation. Although the scope of planning varies at different levels and departments.

4. Planning is Continuous Process:

Plans are made for a specific term, say for a month, quarter, year and so on. Once that period is over, new plans are drawn, considering the organization's present and future requirements and conditions. Therefore, it is an ongoing process, as the plans are framed, executed and followed by another plan.

5. Planning is Intellectual Process

It is a mental exercise at it involves the application of mind, to think, forecast, imagine intelligently and innovate etc.

6. Planning is futuristic activity.

In the process of planning we take a look in to the future, and accordingly analyze and predict it so that the organisation can face future challenges effectively.

7. Planning is dynamic (flexible):

Planning is a dynamic function in the sense that the changes and modifications are continuously done in the planned course of action on account of changes in business environment.

As factors affecting the business are not within the control of management, necessary changes are made as and when they take place. If modifications cannot be included in plans it is said to be bad planning.

8. Forecasting is the essence of Planning.

Planning is prepared for the future, since the future is uncertain, a good forecasting is required to prepare good planning, so without forecasting its difficult or rather impossible to do a planning.

9. Planning involve decision making (Choice of alternative)

The basic task of planning is to select the best alternative from available, as each and every elements of planning involve decision making, such as what?, where?, When?, how?, who?, Why?.

1.3 Importance of Planning

Planning is considered the **primary function of management** because it provides direction to all other managerial activities. It helps organizations achieve their objectives efficiently by deciding in advance what should be done, how it should be done, when it should be done, and by whom.

1. Provides Direction

Planning gives a clear direction to managers and employees by defining organizational goals and the actions required to achieve them. It ensures that everyone works toward the same objectives, reducing confusion and improving coordination.

2. Reduces Uncertainty and Risk

Planning helps managers anticipate future changes in the business environment, such as market trends, competition, technological advancements, and economic conditions. By forecasting potential challenges, organizations can prepare suitable strategies and minimize risks.

3. Facilitates Better Decision-Making

Planning involves evaluating different alternatives before selecting the best course of action. This systematic approach enables managers to make logical, informed, and effective decisions based on facts rather than assumptions.

4. Ensures Optimum Utilization of Resources

Organizations have limited resources such as money, manpower, materials, machinery, and time. Planning helps allocate these resources efficiently, preventing wastage and ensuring maximum productivity at minimum cost.

5. Improves Coordination

Planning aligns the activities of different departments, such as production, marketing, finance, and human resources. When every department follows a common plan, coordination improves, reducing duplication of work and conflicts.

6. Enhances Efficiency and Productivity

A well-prepared plan establishes clear procedures, schedules, and performance standards. Employees understand their responsibilities in advance, allowing work to be completed systematically, efficiently, and with higher productivity.

7. Facilitates Control

Planning provides predetermined standards and targets against which actual performance can be measured. Managers can identify deviations, analyze their causes, and take corrective actions to ensure organizational objectives are achieved.

8. Encourages Innovation and Creativity

During the planning process, managers explore various alternatives and innovative ideas to solve problems or achieve goals. This encourages creative thinking, continuous improvement, and the adoption of better methods and technologies.

9. Improves Competitive Advantage

Planning enables organizations to respond proactively to market opportunities and competitive threats. By developing effective strategies in advance, businesses can strengthen their market position and gain an advantage over competitors.

10. Helps in Achieving Organizational Objectives

The ultimate purpose of planning is to ensure the successful achievement of organizational goals. It integrates all organizational activities, optimizes resource utilization, reduces uncertainty, and provides a systematic roadmap for accomplishing both short-term and long-term objectives.

Exam Tip (Easy to Remember)

Mnemonic: D-R-D-R-C-E-C-I-C-A

- **D** – Direction
- **R** – Reduces Risk
- **D** – Decision Making
- **R** – Resource Utilization
- **C** – Coordination
- **E** – Efficiency
- **C** – Control
- **I** – Innovation
- **C** – Competitive Advantage
- **A** – Achievement of Objectives

1.4 Types of Plans

1. Classification of plan on the basis of hierarchy

1. Strategic Plan (Strategic Plan → Long-term → Top Management → what do we want to achieve?)

A Strategic Plan is a long-term plan prepared by top-level management to achieve the overall mission and vision of the organization. It determines the future direction of the business and focuses on major decisions such as business expansion, entering new markets, launching new products, adopting new technologies, or gaining a competitive advantage. Strategic plans generally cover a period of 3 to 10 years and apply to the entire organization. Since they deal with the organization's future, they are broad, flexible, and based on environmental analysis. For example, an automobile company may prepare a strategic plan to become India's leading electric vehicle manufacturer within the next five years by investing in research and development, expanding production facilities, and increasing its dealer network.

2. Tactical Plan (Tactical Plan → Medium-term → Middle Management → *how will each department achieve it?*)

A Tactical Plan is a medium-term plan prepared by middle-level management to implement the organization's strategic plan. It translates broad organizational goals into specific departmental objectives and action plans. Tactical plans generally cover a period of 1 to 3 years and focus on individual departments such as marketing, finance, production, or human resources. They define how each department will contribute to achieving the strategic objectives by allocating resources, setting departmental targets, and coordinating activities. For example, if the company's strategic plan is to become a market leader, the marketing manager may prepare a tactical plan to increase advertising, recruit additional sales representatives, organize promotional campaigns, and expand the dealer network over the next two years.

3. Operational Plan (Operational Plan → Short-term → Lower Management → *How will the daily work be carried out?*)

An Operational Plan is a short-term plan prepared by lower-level or supervisory management to manage the day-to-day activities of the organization. It provides detailed instructions regarding routine operations, work schedules, employee responsibilities, procedures, and resource utilization. Operational plans usually cover a period ranging from one day to one year and ensure that daily tasks are performed efficiently and on time. These plans directly support the tactical plans and contribute to the achievement of strategic goals. For example, a sales supervisor may prepare a monthly operational plan that

assigns daily sales targets to each salesperson, schedules customer visits, monitors sales performance, and ensures timely product delivery to customers.

Example: Opening a New Restaurant

Type of Plan	Practical Example
Strategic Plan	Open 20 restaurant branches across Gujarat within 5 years.
Tactical Plan	The marketing department plans promotional campaigns, the HR department recruits chefs and staff, and the finance department arranges funding for expansion.
Operational Plan	The restaurant manager prepares daily staff duty schedules, orders ingredients, manages customer reservations, and supervises food preparation and service.

Classification of plan on the basis of time

1.Short term planning: (One year or less)

The planning which has time duration One year or less. Which involve production schedule, routine activity, weekly & monthly plans to match the requirement of upper level plan, sales promotion, recruitment, selection, training of executives etc.

2. Medium-Term Planning (More than 1 year less than 5 year)

The planning which is for more than one year but less than five years are known as medium term planning. Which include planning for increase in market share, developing new market, increasing profit, reducing cost, opening new branches etc.

3. Long term planning: (More than 5 years)

The planning which has a time span of more than 5 years are known as long term planning, which include achievement of long term objective such as introduction of new product, launching of new project, diversification of business, modernization of business, etc.

3. Classification of plan on the basis of functional area of management.

1. **Production plan** : Plan for different production activities

2. **Marketing plan:** Plan for sales & marketing activities.
3. **Financial plan:** Plan for financial activities
4. **Human resource plan:** Man power planning for recruitment, training, development.

1.5 Planning Process

Steps

(1) Setting Objectives

(2) Developing Planning Premises

(3) Identifying Alternative Courses of Action

(4) Evaluating Alternative Course of Action

(5) Selecting One Best Alternative

(6) Implementing the Plan (Subsidiary plan)

(7) Follow up Action

(1) Setting Objectives

This is the primary step in the process of planning which specifies the objective of an organisation, i.e. what an organisation wants to achieve. The planning process begins with the setting of objectives. Objectives are end results which the management wants to achieve by its operations. Objectives are specific and are measurable in terms of units. Objectives are set for the organisation as a whole for all departments, and then departments set their own objectives within the framework of organizational objectives.

Example:

The first step in planning is deciding what the organization wants to achieve.

Objective

Increase sales by **20%** in the next **6 months**.

The objective should follow the **SMART** principle:

- **S** – Specific

- **M** – Measurable
- **A** – Achievable
- **R** – Realistic
- **T** – Time-bound

Practical Example

Current Sales = ₹5 Crore

Target Sales = ₹6 Crore in six months

The management clearly informs the sales team that the goal is to increase sales by ₹1 Crore.

(2) Developing Planning Premises

Planning premises means those factors which affect the planning which may be **internal or external** in nature and can be **fully controllable, semi controllable, or un controllable**.

1. Planning is essentially focused on the future, and there are certain events which are expected to affect the policy formation.
2. Such events are external or internal in nature and affect the planning adversely if ignored.

Example-1

Planning premises are the assumptions or conditions under which the plan will operate.

Managers collect information about internal and external environments before making plans.

Internal Premises

- Availability of stock
- Skilled sales staff
- Marketing budget
- Production capacity

External Premises

- Customer demand during festival
- Competitors' offers
- Economic conditions
- Government policies

- Inflation

Example: 2

Planning premises in study planning for examination.

Internal factors	External factors
Laziness	Friends
Mood	Mobile
Subject Understanding,	Festivals, Availability of recourses
Illness,	Natural calamities, Government factors, Family issue

(3) Identifying Alternative Courses of Action

Once objectives are set, assumptions are made. Then the next step is to act upon them. There may be many ways to act and achieve objectives.

All the alternative courses of action should be identified.

Example:

There may be many possible ways to achieve the objective.

Managers identify all possible alternatives.

Alternatives

Alternative 1

Offer **20% discount**.

Alternative 2

Launch **Buy One Get One** scheme.

Alternative 3

Increase digital marketing through social media.

Alternative 4

Expand dealer network.

Alternative 5

Recruit additional sales representatives.

(4) Evaluating Alternative Course of Action

(Cost & benefit criteria)

In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved.

Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

Alternative	Advantages	Disadvantages
Discount	Immediate increase in sales	Lower profit margin
Buy One Get One	Attracts customers	High inventory cost
Digital Marketing	Low cost and wide reach	Results not guaranteed
More Dealers	Long-term growth	Requires investment
More Salespersons	Better customer coverage	Higher salary expenses

(5) Selecting One Best Alternative

The best plan, which is the most profitable plan and with minimum negative effects, is adopted and implemented.

In such cases, the manager's experience and judgment play an important role in selecting the best alternative.

Example

Management selects:

- Digital Marketing Campaign
- 10% Festival Discount

- Sales Incentives for Employees

These options provide maximum sales growth with reasonable cost.

(6) Implementing the Plan (Subsidiary plan)

This is the step where other managerial functions come into the picture.

This step is concerned with “DOING WHAT IS REQUIRED”

In this step, managers communicate the plan to the employees clearly to convert the plans into action.

This step involves allocating the resources, organizing for labor and purchase of machinery.

Different departments prepare supporting (subsidiary) plans.

Marketing Department

- Social media advertisements
- Newspaper advertisements
- Email campaigns

Sales Department

- Sales targets for each salesperson
- Dealer meetings
- Customer follow-up

Finance Department

- Budget approval
- Advertising expenditure

Production Department

- Increase production
- Maintain inventory

HR Department

- Sales training
- Performance incentives

(7) Follow Up Action

Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.

Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.

Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.

Activities

- Compare actual sales with target.
- Review monthly reports.
- Identify reasons for poor performance.
- Modify the strategy if necessary.

1.6 Decision making

Definition

Philip Kotler: “A decision may be defined as a conscious choice among alternative courses of action.”

George R. Terry: “Decision making is the selection based on some criteria from two or more possible alternatives.”

Koontz & O'Donnell: “Decision is the selection from among alternatives of a course of actions.”

Process Of Decision Making

1. Identification of problem

2. Diagnosing the problem

3. Collect and analyze the relevant information

4. Discover alternative course of action

5. Analyzing & evaluating alternative course of action

6. Selection of best alternative

7. Implementation of decision

8. Verifying the decision. (Follow up)

1. Identification of Problem

Meaning

The first step in the decision-making process is identifying the problem or recognizing the need for a decision. Unless the problem is correctly identified, no appropriate decision can be made.

Practical Example

Rahul's current mobile phone has become slow, the battery drains quickly, the camera quality is poor, and it no longer supports the latest applications. Therefore, he identifies the problem as **"I need to buy a new smartphone."**

2. Diagnosing the Problem

Meaning

After identifying the problem, its actual causes and requirements are analyzed. This helps in understanding what features or improvements are needed to solve the problem.

Practical Example

Rahul analyzes why he needs a new phone and concludes that he requires:

- Faster processor
- Better camera for photography
- Long battery life
- 5G connectivity
- Larger storage capacity
- Budget not exceeding ₹40,000

This diagnosis clearly defines his requirements before purchasing.

3. Collect and Analyze the Relevant Information

Meaning

The decision maker gathers all necessary information related to the problem from reliable sources. This information is then analyzed to understand the available options.

Practical Example

Rahul collects information by:

- Reading online reviews
- Watching YouTube comparison videos
- Visiting mobile stores
- Comparing prices on different shopping websites
- Asking friends and relatives for recommendations

He compares:

- Price
- Camera quality
- Processor
- Battery capacity
- RAM and Storage
- Brand reputation
- Warranty and after-sales service

This information helps him make an informed decision.

4. Discover Alternative Courses of Action

Meaning

The decision maker identifies all possible alternatives that can solve the problem.

Practical Example

Rahul prepares a list of suitable smartphones:

- Alternative 1: Samsung Galaxy A56
- Alternative 2: OnePlus Nord 5
- Alternative 3: Vivo V60
- Alternative 4: Motorola Edge 60
- Alternative 5: Nothing Phone (3a) Pro

Instead of purchasing the first phone he sees, Rahul considers multiple alternatives.

5. Analyzing and Evaluating Alternative Courses of Action

Meaning

Each alternative is carefully compared based on important criteria such as cost, quality, benefits, risks, features, and future value.

Practical Example

Rahul evaluates each phone.

Mobile Phone	Advantages	Disadvantages
Samsung Galaxy A56	Excellent display, long software support	Slightly expensive
OnePlus Nord 5	Fast performance and charging	Camera average compared to competitors
Vivo V60	Excellent camera	Higher price
Motorola Edge 60	Clean Android experience	Smaller service network
Nothing Phone (3a) Pro	Unique design and good camera	Limited availability

He compares:

- Price
- Performance

- Camera quality
- Battery backup
- Software updates
- Customer reviews
- Service centers

6. Selection of Best Alternative

Meaning

After evaluation, the decision maker selects the alternative that best satisfies the objectives with minimum cost and maximum benefits.

Practical Example

After comparing all available options, Rahul selects the **Samsung Galaxy A56** because it offers:

- Excellent display
- Good camera
- Reliable performance
- Long-term software updates
- Good resale value
- Fits within his budget

He decides that it provides the best overall value.

7. Implementation of Decision

Meaning

After selecting the best alternative, the decision is put into action.

Practical Example

Rahul implements his decision by:

- Ordering the phone from an online store or purchasing it from an authorized retailer.

- Making the payment.
- Transferring data from his old phone.
- Installing necessary applications.
- Purchasing a protective cover and screen guard.

The decision has now been executed.

8. Verifying the Decision (Follow-up)

Meaning

The final step is to review the results of the decision to determine whether it has achieved the desired objective. If necessary, corrective actions can be taken.

Practical Example

After using the phone for one month, Rahul evaluates whether:

- The battery lasts throughout the day.
- The camera meets his expectations.
- The phone operates smoothly.
- The performance justifies the price.
- There are any technical issues.

Since the phone performs well and satisfies his requirements, Rahul concludes that his decision was correct. If he had experienced major issues, he could have used the warranty, returned the phone (if eligible), or chosen another model.

1.7 Organizing

1. Harold Koontz and Cyril O'Donnell

"Organizing is the establishment of effective authority relationships among selected work, persons, and workplaces in order for the group to work together efficiently."

2. Louis A. Allen

"Organizing is the process of identifying and grouping 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 accomplishing objectives."

3. Theo Haimann

"Organizing is the process of defining and grouping the activities of the enterprise and establishing authority relationships among them."

Organizing Process

1. Determine Objectives

Meaning

The first step in organizing is to clearly define the objectives that the organization wants to achieve. These objectives guide the entire organizing process and help determine what activities and resources are required.

Practical Example

The college decides to organize a **one-day Annual Cultural Festival** with the following objectives:

- Conduct the event successfully.
- Encourage student participation.
- Complete all activities within the approved budget.
- Ensure the safety and satisfaction of students and guests.

The objectives become the foundation for all further organizing activities.

2. Preparing the List of Activities

Meaning

After determining the objectives, managers identify all the activities that must be performed to achieve those objectives. Every task required for the successful completion of the work is listed.

Practical Example

The college prepares a list of activities such as:

- Booking the auditorium
- Inviting the chief guest
- Arranging stage decoration
- Registering participants
- Organizing cultural competitions
- Managing sound and lighting
- Publicity and promotion
- Food and refreshments
- Security and first aid
- Prize distribution

This ensures that no important activity is overlooked.

3. Grouping of Activities

Meaning

Similar or related activities are grouped into departments or committees. Grouping improves specialization, coordination, and efficiency.

Practical Example

The college forms different committees:

- **Reception Committee** – Welcomes guests and participants.
- **Stage Management Committee** – Manages stage programs.
- **Decoration Committee** – Decorates the venue.
- **Finance Committee** – Manages the budget and payments.
- **Food Committee** – Arranges refreshments.
- **Publicity Committee** – Promotes the event through posters and social media.

- **Discipline and Security Committee** – Maintains order and safety.

Each committee performs related activities.

4. Determining the Positions

Meaning

After grouping activities, suitable positions are created, and qualified individuals are appointed to perform each job. Responsibilities are assigned according to skills and abilities.

Practical Example

The Principal appoints:

- Festival Coordinator
- Committee Chairpersons
- Faculty Coordinators
- Student Volunteers
- Finance In-charge
- Stage Manager
- Reception In-charge

Each person knows his or her role and responsibilities.

5. Delegation of Authority and Responsibility

Meaning

Managers assign responsibilities to employees and provide the necessary authority to perform those responsibilities. Authority and responsibility should go hand in hand.

Practical Example

The Principal delegates authority as follows:

- The Finance Committee is authorized to make approved purchases.
- The Stage Manager can prepare the event schedule.

- The Publicity Committee can design posters and manage social media promotions.
- The Reception Committee is responsible for welcoming guests.

Each committee receives sufficient authority to complete its assigned work effectively.

6. Establishing Interrelationship

Meaning

Coordination and communication among individuals and departments are established so that all activities are performed smoothly without conflict or duplication.

Practical Example

The committees coordinate with one another:

- The Decoration Committee works with the Stage Management Committee before performances begin.
- The Finance Committee releases funds to all committees as required.
- The Publicity Committee coordinates with the Reception Committee regarding guest arrival timings.
- The Food Committee communicates with the Event Coordinator about refreshment schedules.

Regular meetings are held to ensure effective communication and coordination.

7. Preparation of Organization Chart

Meaning

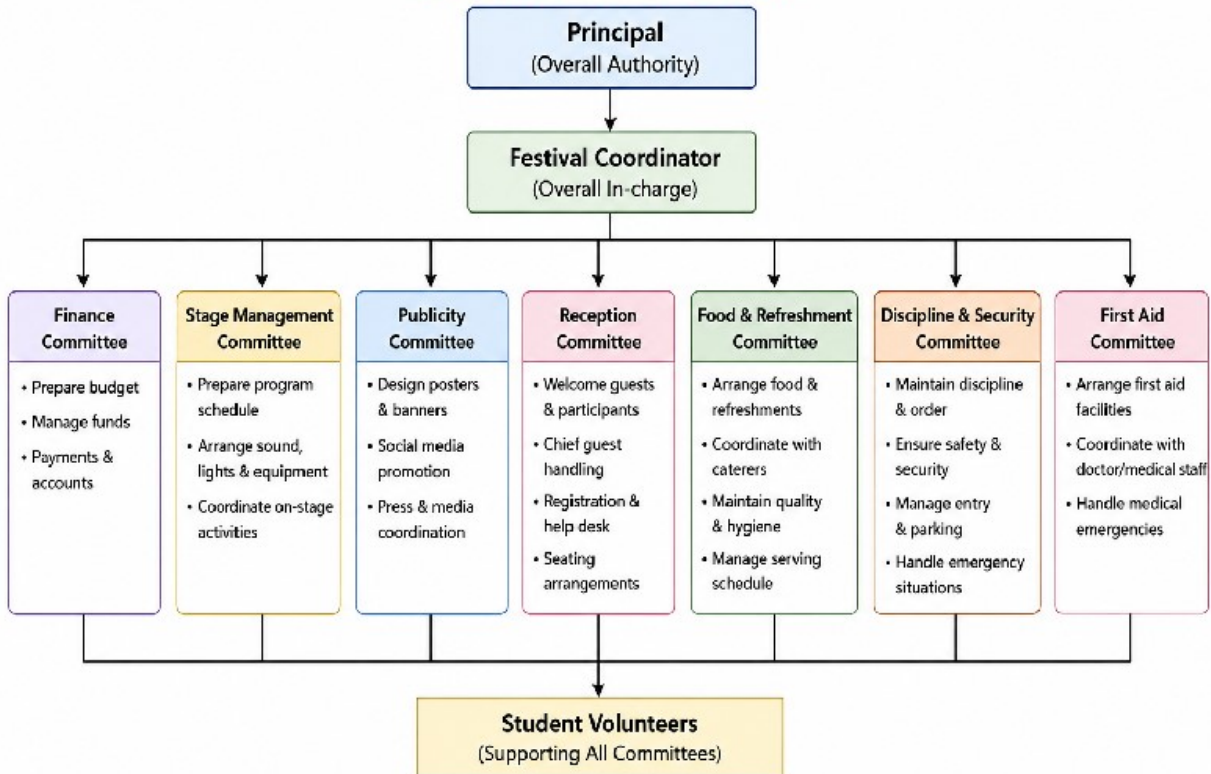
The final step is to prepare an **organization chart**, which shows the hierarchy of authority, responsibility, reporting relationships, and communication channels within the organization.

Practical Example

The organization chart for the cultural festival may look like this:

ORGANIZATION CHART

Annual Cultural Festival



1.8 Organizational structure

1. Functional organization structure

2. Line Organization structure

3. Line & Staff Organization structure

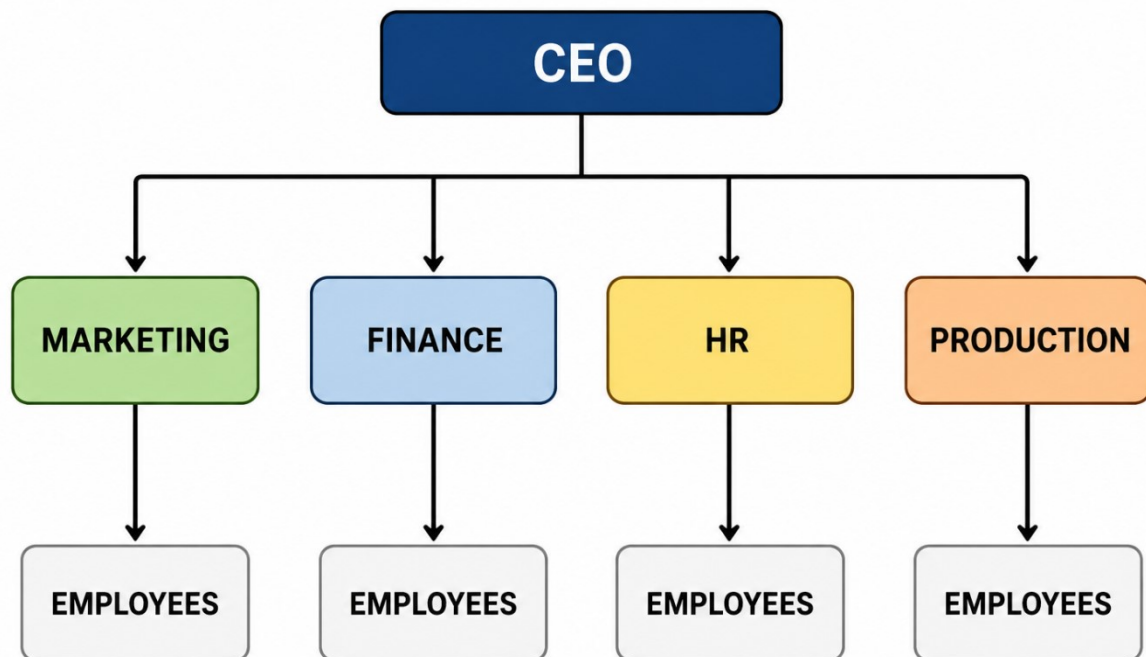
4. Matrix Organization structure

5. Committee Organization structure

1. Functional Organization Structure

Meaning

A Functional Organization Structure is an organizational structure in which employees are grouped according to their specialized functions or departments, such as Marketing, Finance, Human Resources, Production, and Sales. Each department is headed by a functional manager who has expertise in that specific area. Employees report to their respective functional manager and perform similar types of work.



Advantages Functional Organization

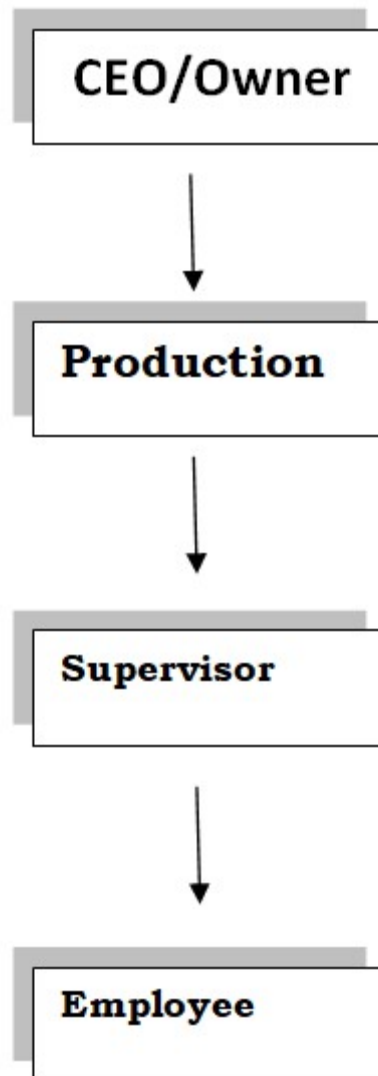
1. **Specialization:** Employees become experts in their specific functions.
2. **Higher Efficiency:** Specialized work increases productivity and quality.
3. **Better Supervision:** Functional managers provide expert guidance.
4. **Career Development:** Employees gain opportunities to develop specialized skills.
5. **Economies of Scale:** Resources and expertise are shared within departments.
6. **Improved Decision Making:** Functional experts make technically sound decisions.

Disadvantages Functional Organization

1. **Poor Coordination:** Departments may not communicate effectively with each other.
2. **Slow Decision Making:** Decisions often require approval from multiple departments.
3. **Departmental Conflicts:** Departments may focus on their own goals rather than organizational goals.
4. **Lack of Flexibility:** It becomes difficult to adapt quickly to changes.
5. **Limited Employee Exposure:** Employees gain expertise only in their own functional area.
6. **Communication Barriers:** Information may not flow smoothly across departments.

2. Line Organization structure

Line organization structure is the oldest and simplest form of organization. In these organizations, a supervisor exercises direct supervision over a subordinate. Also, authority flows from the top-most person in the organization to the person in the lowest level. This type of an organization is also called a military organization or a scalar-type organization.



Advantages of line organization

- 1. Simplicity:** It is very simple to establish & understand
- 2. Fixed authority & responsibility:** It clearly defines the authority, responsibility and accountability of a job
- 3. Quick decision:** It also allows quick decisions as it is taken by concerned authority.
- 4. Orderly communication:** It confirms scalar principle of organization where one subordinate receives the orders from single superior.
- 5. Economical:** As it does not involve specialized or expert staff.

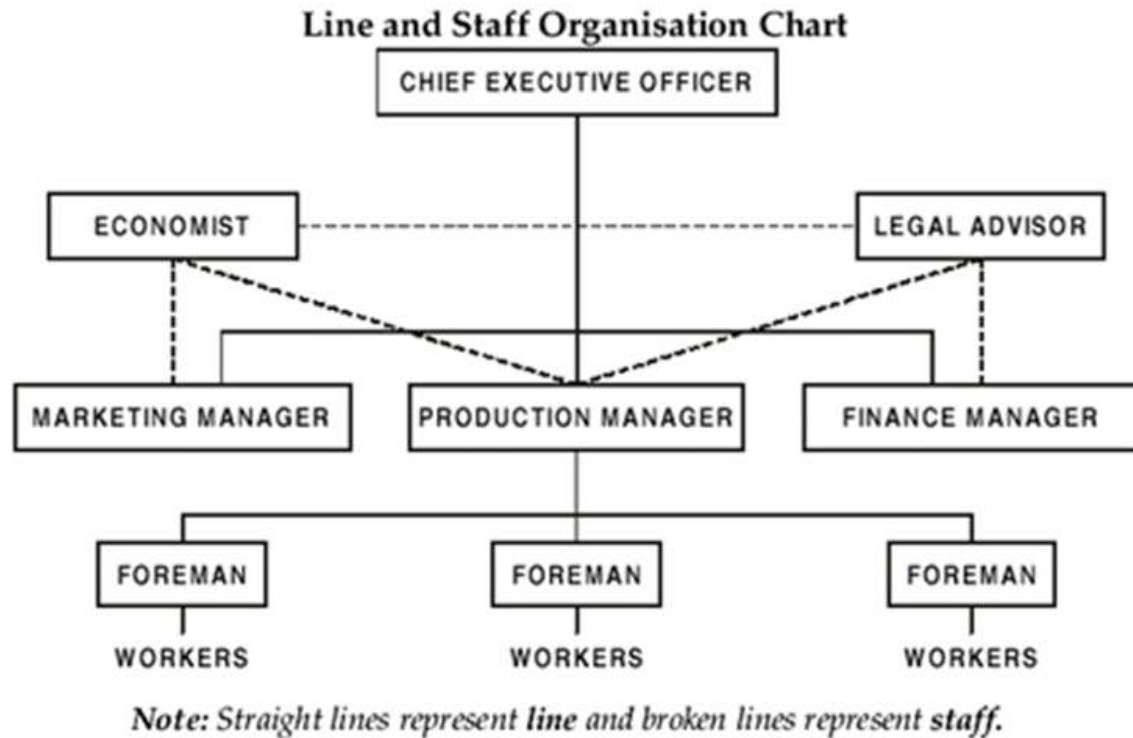
6. Overall development of line manager: as he is the one who perform multiple functions & decision making.

Disadvantages of line organization

1. **Lack of specialization:** As there is no expert and single manger have to perform all the task.
2. **Autocratic approach:** Which means single person decide without concerning other, here line manager make every decision him self.
3. **Problem of coordination:** As subordinates have no voice in decision making.
4. **Biasness:** There is possibility of nepotism and favoritism.
5. **Work overload:** of top executives as they take all the decision
6. **Not suitable** in large organization

3. Line & Staff Organization structure.

In this type of organization structure two type of authority relationship exists. They are staff and line authority. Staff authorities' means authority to advice, support and serve the line managers. All managerial functions are practiced by line authority with the help of specialized skill of staff authority.



Advantages of line & staff organization

- 1. Benefit of Specialization-** in this structure specialized staffs are appointed to advice line manager n various issue, thus they get the advantage of specialized knowledge.
- 2. Benefits of Research and Development-** Through the advice of specialized staff, the line executives, the line executives get time to bring innovations and go for research work in those areas. This is possible due to the presence of staff specialists.
- 3. Training-** Due to the presence of staff specialists and their expert advice serves as ground for training to line officials.
- 4. Balanced decisions-** The factor of specialization which is achieved by staff expert helps the line official to take better and balanced decision.
- 5. Best suitable in large scale organization** with availability of numbers of experts.

Disadvantages of line & staff organization

1. Costly- In line and staff concern, the company has to pay high remuneration of staff specialist. This proves to be costly for a concern with limited finance.

2. Lack of unity of command as there is dual superior line officer & staff officer.

3. Difficult to locate the responsibility of success or failure as decision is mutual by line & staff.

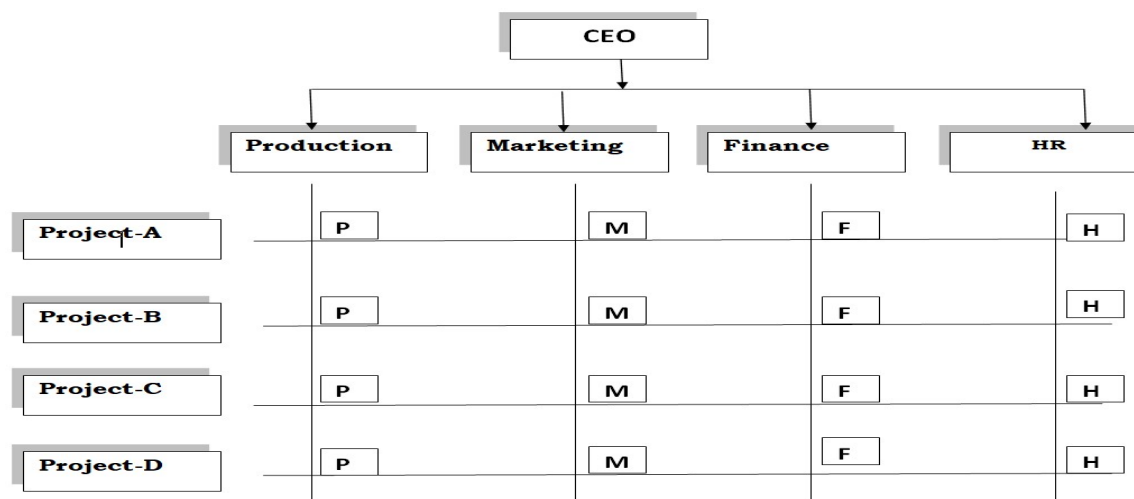
4. Line & staff conflict because of conflict in interest or opinion.

5. Decision making will become time consuming.

4. Matrix organization structure:

A matrix organizational structure is most commonly used in companies to distribute resources and workers across multiple operations. **example construction company.**

A matrix organizational structure is a workplace format in which employees report to two or more managers rather than one manager overseeing every aspect of a project. **For example,** an employee may have a **primary manager** they report to as well as one or more **project managers** they work under. This type of structure is often useful when skills need to be shared across departments to complete a task and can allow companies to utilize a wide range of talents and strengths.



Advantages of Matrix organization structure:

1. **Achievement of objective become easy** as availability of expert & multiple staff.
2. **Best utilization of available resources** (man, machine, money, material) because of multiple project at a time.
3. **Expert advise** available as expert staff are available.
4. Matrix organization give excellent scope for **personal development** as staff have to perform multiple operation of different nature.
5. It is **highly flexible structure** as it easy to add, remove, or upgrade project as per requirement of situation.

Disadvantages of Matrix organization structure:

1. **Principle of unity of command** is not followed because of more than one boss as the team members may not be know on whom to report, whose orders to follow, and who will provide them guidance.
2. **Increases Workload and Accountability** When the managers are overburdened with responsibilities, the employees have to bear with a higher amount of accountability, i.e., being answerable to both the managers.
3. **Coordination Issue:** The conflicts and misunderstanding between the functional manager and the project manager can result in their poor coordination.
4. **Delay in Decision-making:** When there are two managers involved in decision-making, it is undeniable that they may not agree on each others opinion, delaying the decision-making process.
5. **Expensive:** The organization has to employ more managers than required ultimately increasing the managerial salary overheads.

5.Committee organization structure

A committee is a group of people who work collectively, discuss, decide and recommend solutions to the problems, which possibly cannot be solved by an individual, as the organization grows larger and more complex. Because of

collective information and analysis, committees are more likely to come up with solutions to complex problems.

Committees are prevalent in all types of organizations. They are in the **government, educational, religious and business organizations**. Even the board of directors of an organization is a form of a committee. Other prevalent types in business are finance committees, audit committees, grievance committees, quality circles, and so on.



Advantages of committee organization structure

1. Pooling of opinions (huge amount of information)

The members bring in different backgrounds, values, viewpoints and abilities. These wide ranging abilities result in greater knowledge base.

2. Decentralization of authority

Committee organization remove the danger of mis use of power by single manager.

3. Mature decision

Wide verity of information helps in taking more mature decision.

4. Useful for training

In this method if committee is designed from inside than it help employees to get training about decision making.

5. Helpful in research

Disadvantages of committee organization structure

1. **Delay in decision making** as it become group decision.
2. This method is **expensive** as more numbers of staff are appointed in committee.
3. In this method **secrecy** is difficult to maintain.
4. **Difficult to locate responsibility**
5. **Conflict** may arise among committee member while taking a decision because of difference in interest and opinion.

Common Advantages of Organizational Structure

1. Clear Authority and Responsibility
2. Division of Work
3. Better Coordination
4. Effective Communication
5. Specialization
6. Efficient Utilization of Resources
7. Better Decision-Making
8. Achievement of Organizational Objectives

Common Limitations of Organizational Structure

1. Coordination Problems
2. Communication Problems
3. Organizational Conflicts
4. Delay in Decision-Making
5. Increased Administrative Cost
6. Rigidity and Lack of Flexibility
7. Overlapping of Authority
8. Difficulty in Fixing Accountability

1.9 Delegation of authority

Meaning

According F.G. Moore Delegation means assigning work to other and giving them authority to do it.

According to Koontz & O Donald Delegation means when decision making power is given to sub ordinate to superior.

Process of delegation

The Delegation of Authority is a process wherein the manager assigns responsibility to its subordinate along with the certain authority to accomplish the task on the manager's behalf.

Steps

- 1. Assignment of Duties to Subordinates:**
- 2. Transfer of Authority to perform the duty:**
- 3. Accountability:**

1. Assignment of Duties to Subordinates:

Before the actual delegation of authority, the delegator must decide on the duties which he wants the subordinate or the group of subordinates to perform. Here, the manager lists the activities to be performed along with the targets to be achieved, and the same is spelled out to the subordinates. Thus, in the first stage, the duties are assigned to the subordinates as per their job roles.

2. Transfer of Authority to perform the duty:

At this stage, an **adequate authority** is delegated to the subordinate which is essential to perform the duty assigned to him. A manager must make sure; that authority is strictly delegated just to perform the responsibility, as more authority may lead to its misuse by the subordinate.

At this stage, the subordinate either accepts or rejects the tasks assigned to him by his superior. If the subordinate or the delegate, refuses to accept the duty and the authority to perform it,

3. Accountability:

The process of delegation of authority ends at the creation of an obligation on the part of the subordinate to perform his responsibility within the powers assigned to him. Once the assignment is accepted by the subordinate, then **he becomes responsible for the completion of the duty and is accountable to the superior** for his performance.

Principles of effective Delegation

1. Principles of delegation by expected result:

Every manager before **delegating** the powers to the subordinate should be able to clearly define the goals as well as **results expected** from them.

2. Clarity of Authority & Responsibility:

Clarity in authority as well as expected results need to be clear and not vague, some of the organization maintain written manuals stating authority & responsibility individually.

3. Principles of Unity of command

There should be only one superior to give order & instruction, dual command results in to confusion to the sub ordinate.

4. Scalar Principle:

Scalar principle also implies developing a special “channel through” system, which all communications between the superiors and the subordinates should pass. This means that employees must not directly communicate with their seniors. Instead, they can communicate through their immediate or intermediate seniors.

5. Parity of Authority & Responsibility

There should be balanced between authority & responsibility given to the subordinate.

6. Principle of Absoluteness of Responsibility.

This means even after delegating the authority to the subordinate to perform certain tasks on the manager's behalf; the manager will be solely **responsible** for the doings of the subordinate.

7. Authority level principle

According to this principle each manager should take only those decision which are under his authority, the decision which are above his authority should be refereed to his superior.

8. Principle of Standard of performance

To fix the responsibility of the subordinate, it is necessary to fix amount of their work by setting proper standard for them, without control standard delegation function is useless.

Blocks / Barriers to effective delegations & Measures to overcome.

Blocks or barriers to effective delegation can be in following three forms,

- I. Barriers related to superiors or delegator
- II. Barriers related to subordinates or delegate
- III. Barriers related to organisation

I. Barriers related to superiors or delegator

- 1. Wanting to do things personally:
- 2. Insecurity:
- 3. Retention of power:
- 4. Lack of confidence in subordinates:
- 5. Personal factors:

II. Barriers Related to Subordinates:

- 1. Lack of confidence:
- 2. Fear of making mistakes:
- 3. Lack of incentives:
- 4. Absence of access to resources:

5. Convenience:

III The barriers related to organisation structure

1. Size of the organisation:
2. No precedent (earlier event) of delegation:
3. Degree of centralization or decentralization:

I. Barriers related to superiors or delegator

Despite knowing how important it is to delegate, superiors sometimes do not delegate work to subordinates.

1. Wanting to do things personally:

Some managers do not delegate because they feel they can do the work better than others. Since ultimate responsibility is that of the delegator, they prefer doing the work themselves rather than getting it done through others.

2. Insecurity:

If managers feel that subordinates perform better than them, they avoid delegation. The exposure of their inabilities to take good decisions creates a feeling of insecurity and, therefore, they fear to delegate.

3. Retention of power:

Some managers like to take responsibility, make their importance felt by everyone in the organisation and want the subordinates to come to them to get their problems solved.

4. Lack of confidence in subordinates:

A manager who does not take risk in subordinates and lacks confidence in them will not be able to delegate effectively.

5. Personal factors:

Autocratic managers usually do not delegate to keep tight control over the activities of subordinates.

II. Barriers Related to Subordinates:

Subordinates present the following barriers to effective delegation:

1. Lack of confidence:

Some subordinates do not want to take responsibility for the fear of not being able to perform well. They lack confidence and do not want to take any risk. They prefer to depend on their bosses to make decisions.

2. Fear of making mistakes:

Some subordinates fear that if they make mistakes in carrying out the delegated responsibilities, their superiors will criticize them for unfavorable outcomes. This fear dissuades them from taking added responsibility.

3. Lack of incentives:

Motivation (through financial and non-financial incentives) makes delegation effective. Subordinates are reluctant to accept delegation in the absence of incentives.

4. Absence of access to resources:

If subordinates do not have access to resources (financial and non-financial man, machine, money, material) to carry out their work, they will not accept delegation of responsibilities. This happens when there is delegation of responsibility without commensurate authority.

5. Convenience:

Sometimes subordinates prefer the work is done by superiors rather than assuming responsibility for the same.

The barriers related to organisation structure are as follows:

1. Size of the organisation:

A small-sized organisation will not have too many jobs to delegate to subordinates. It is, thus, not responsive to delegation of tasks.

2. No precedent (earlier event) of delegation:

Merely because organizations have not earlier been following the practice of delegation sometimes makes them continue with the practice of not delegating the jobs.

3. Degree of centralization or decentralization:

Efficient delegation is affected by the degree to which organisation distributes the decision-making power to various organizational units. A highly centralized organisation is obstructive to the process of effective delegation.

Ways to Overcome Barriers to Delegation:

Barriers to delegation can be overcome through the following measures:

- 1. Accept the need for delegation**
- 2. Develop confidence in subordinates**
- 3. Effective two way Communication**
- 4. Motivation (Financial – non financial)**
- 5. Effective system of control (Set realistic standard)**
- 6. Match job with the abilities of subordinates (Choose the right person for the right job)**
- 7. Clarity of tasks**
- 8. Monitor the critical deviations**

2.0 Centralization And Decentralization

Centralization is a form of organizational structure where the decision making capability rests with the top management.

Decentralization is another form of organizational structure that functions by delegating decision-making capabilities to multiple teams across organization.

Centralization means the concentration of control of an activity or organization under a single authority.

Centralization Advantages

- 1. A clear chain of command** is available in centralization.

2. **Standardization of Procedures and Systems** because of central single command.
3. **Easy to evaluate** When same policies are used for all segments of the enterprise their performance can easily be evaluated.
4. This method is **less expensive** as there is few person to take decision which reduces office & authoritative expenses.

Centralization Disadvantages

1. **Overburden on Top Management** as All the planning and decision-making work is done at the topmost level of management.
2. **Discourages Initiative** as subordinates are not involved or asked for decision making.
3. **Lacks Adaptability to Change:** as top management themselves only involved in such decision.
4. **Bureaucratic Leadership:** Centralization can be seen as a dictatorship by some, where the top management plans every course of action and the subordinates follow the instructions.

The Transfer Of Control Of An Activity Or Organization to several local offices or authorities rather than one single one.

Decentralization Advantages

1. **Motivation of Subordinates** as Decentralization improves the level of job satisfaction as well as employee morale, especially amongst the lower level managers as they are involved in decision making.
2. **Efficient Communication**
3. **Better Supervision And Control**
4. **It reduces the work load of top executives**
5. **It provide better co ordination among work.**

Decentralization Disadvantages

1. Decentralization **increases the administration expenses** because it requires the employment of trained personnel to accept authority.
2. Too much of decentralization may result in **loss of control** from the hands of top management.

3. **Misuse of Authority** at middle or lower level if not control properly.
4. If manager who has given the authority are **not compatible** than decentralization won't serve the purpose.
5. Decision making will be **time consuming**.

2.1 Staffing:

1. Meaning of Staffing

Staffing is the process of identifying, recruiting, selecting, training, developing, and retaining qualified employees to achieve organizational objectives. It ensures that the right person is placed in the right job at the right time.

Definitions

Koontz and O'Donnell

"Staffing involves filling and keeping filled the positions in the organization structure."

Theo Haimann

"Staffing is the process of selecting, training, developing, and compensating personnel."

2. Importance of Staffing

Staffing is one of the most important functions of management because an organization's success depends on its employees.

1. Right Person for the Right Job

Staffing ensures qualified employees are appointed according to their skills and abilities.

2. Increases Productivity

Efficient employees complete work faster and with better quality.

3. Better Utilization of Human Resources

Employees are assigned work according to their qualifications and talents.

4. Improves Employee Morale

Fair recruitment and promotion increase employee satisfaction and motivation.

5. Supports Organizational Growth

As organizations expand, staffing provides additional skilled employees.

6. Reduces Employee Turnover

Proper selection ensures employees fit the job and organization, reducing resignations.

7. Ensures Continuity of Operations

Vacant positions are filled quickly, avoiding work delays.

8. Promotes Employee Development

Training and development improve employees' knowledge and skills.

9. Helps Achieve Organizational Goals

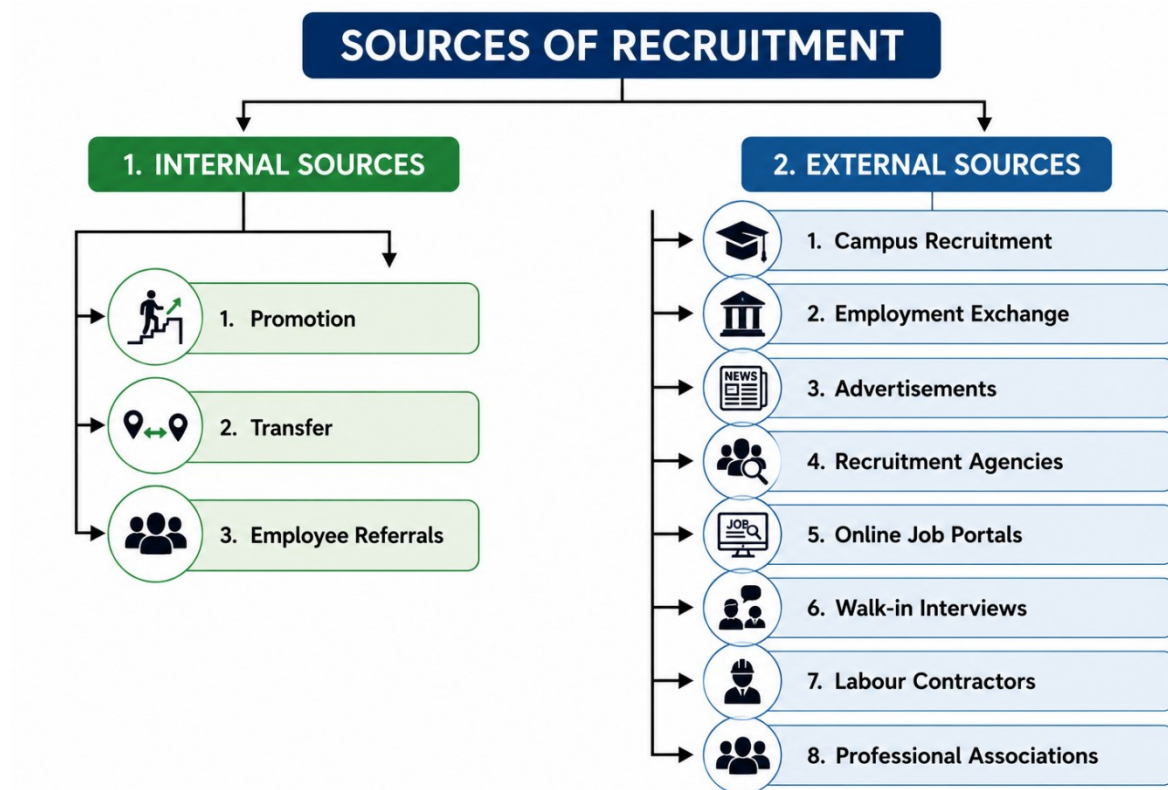
Skilled employees perform efficiently and contribute to organizational success.

10. Builds Competitive Advantage

Talented employees improve innovation, customer service, and overall performance.

Sources of Recruitment

Recruitment is the process of attracting suitable candidates to apply for job vacancies in an organization. The sources from which candidates are recruited are known as **Sources of Recruitment**. These sources are broadly classified into **Internal Sources** and **External Sources**.



A. Internal Sources of Recruitment

Internal recruitment means filling job vacancies by selecting candidates from within the existing employees of the organization. It provides career growth opportunities to current employees and utilizes the available workforce effectively.

1. Promotion

Promotion is the process of moving an employee to a higher position with greater responsibilities, authority, and salary. It is usually based on the employee's performance, experience, qualifications, or seniority. Promotion motivates employees to perform better because they know their hard work can lead to career advancement. It also helps the organization retain experienced employees who already understand its policies and culture.

Example: An Assistant Manager is promoted to the position of Branch Manager.

2. Transfer

Transfer refers to shifting an employee from one department, branch, location, or job to another without changing the employee's rank or salary. Transfers are made to balance the workforce, improve employee skills, meet organizational requirements, or provide employees with broader

work experience. It also helps reduce monotony by allowing employees to work in different environments.

Example: A Sales Executive working in the Surat branch is transferred to the Ahmedabad branch.

3. Employee Referrals

Employee referral is a recruitment method in which existing employees recommend suitable candidates for vacant positions. Since employees usually refer individuals they know personally or professionally, organizations often receive reliable and capable candidates. After completing the organization's recruitment and selection process, the referred candidate may be appointed if found suitable.

Example: An employee recommends a qualified friend for the position of Software Developer.

B. External Sources of Recruitment

External recruitment means filling vacancies by inviting applications from candidates outside the organization. It helps organizations attract new talent, fresh ideas, and specialized skills from the external job market.

1. Campus Recruitment

Campus recruitment is the process in which organizations visit colleges, universities, and educational institutions to recruit students before or after they complete their studies. It is commonly used for hiring fresh graduates for entry-level positions. This method helps organizations identify talented young professionals and provides students with employment opportunities.

Example: An company recruits BBA/MBA students through a campus placement drive.

2. Employment Exchange

Employment exchanges are government agencies that maintain records of job seekers and help organizations recruit suitable candidates. Employers notify vacancies to the employment exchange, which then recommends eligible candidates based on their qualifications and experience. This method is commonly used by government departments and public sector organizations.

Example: A government department recruits clerical staff through the employment exchange.

3. Advertisements

Advertisements are one of the most common sources of recruitment. Organizations publish job vacancies in newspapers, magazines, company websites, television, radio, and social media platforms. The advertisement includes details such as job title, qualifications, experience, salary,

and application procedure. Interested candidates submit their applications within the specified time.

Example: A bank publishes an advertisement for the recruitment of Probationary Officers in newspapers and on its website.

4. Recruitment Agencies

Recruitment agencies or placement consultants act as intermediaries between employers and job seekers. These agencies maintain databases of qualified candidates and help organizations identify, shortlist, and recommend suitable applicants for different positions. They are especially useful when organizations need experienced professionals or specialized talent.

Example: A multinational company hires senior managers through a recruitment consultancy.

5. Online Job Portals

Online job portals are websites where organizations advertise job vacancies and candidates apply online. These portals provide quick access to a large number of applicants and simplify the recruitment process through online applications, resume uploads, and applicant tracking systems. They have become one of the most popular recruitment methods in today's digital age.

Example: A company posts vacancies on job portals such as Naukri, LinkedIn, and Indeed.

6. Walk-in Interviews

In a walk-in interview, candidates directly visit the organization on a specified date and time without a prior appointment. Eligible candidates are interviewed on the spot, and suitable applicants may be selected immediately or called for further rounds. This method is commonly used when organizations need to recruit employees quickly.

Example: A hotel conducts a walk-in interview to recruit receptionists.

7. Labour Contractors

Labour contractors supply temporary, casual, or contract workers to organizations based on their workforce requirements. This method is commonly used in industries such as construction, manufacturing, agriculture, and event management where labour demand fluctuates. The contractor is responsible for arranging workers according to the organization's needs.

Example: A construction company hires labourers through a labour contractor for a building project.

8. Professional Associations

Professional associations are organizations formed by members of a particular profession, such as engineers, accountants, doctors, or lawyers. These associations maintain records of qualified

professionals and may recommend suitable candidates to organizations seeking specialized employees. They are often used for recruiting highly skilled professionals.

Example: An accounting firm recruits Chartered Accountants through the Institute of Chartered Accountants of India (ICAI).

Difference between Recruitment and Selection

Sr. No.	Point of Difference	Recruitment	Selection
1.	Meaning	Recruitment is the process of attracting potential candidates for a job.	Selection is the process of choosing the most suitable candidate from the applicants.
2.	Objective	To create a large pool of qualified applicants .	To identify and appoint the best candidate for the job.
3.	Nature	It is a positive process because it encourages more candidates to apply.	It is a negative process because unsuitable candidates are eliminated.
4.	Process	It generally involves job advertisement, sourcing, and inviting applications .	It involves screening, tests, interviews, reference checks, and final appointment .
5.	Sequence	Recruitment comes first in the staffing process.	Selection follows recruitment .
6.	Number of Candidates	It aims to attract as many suitable candidates as possible .	It reduces the number of applicants by selecting one or a few suitable

Sr. No.	Point of Difference	Recruitment	Selection
			candidates.
7.	Cost	Recruitment is generally less costly than selection.	Selection can be more costly because it involves tests, interviews, verification, etc.
8.	Final Result	It results in a pool of applicants.	It results in the appointment of the selected candidate.