

Chapter 2: Functions of Management

EXERCISE 1 [PAGES 32 - 34]

Exercise 1 | Q 1.1 | Page 32

Select the correct option and rewrite the sentence.

The functions of management start with _____ function.

1. organizing
2. **planning**
3. coordinating

SOLUTION

The functions of management start with planning function.

Exercise 1 | Q 1.2 | Page 32

Select the correct option and rewrite the sentence.

The functions of management end with _____.

1. directing
2. staffing
3. **controlling**

SOLUTION

The functions of management end with controlling.

Exercise 1 | Q 1.3 | Page 32

Select the correct option and rewrite the sentence.

_____ sets out standards for controlling.

1. Staffing
2. **Planning**
3. Coordinating

SOLUTION

Planning sets out standards for controlling.

Exercise 1 | Q 1.4 | Page 32

Select the correct option and rewrite the sentence.

Organization function is important for execution of the plans which have been prepared by _____ management.

1. **top level**
2. middle level
3. lower level



SOLUTION

Organization function is important for execution of the plans which have been prepared by **top level** management.

Exercise 1 | Q 1.5 | Page 32

Select the correct option and rewrite the sentence.

_____ is the function which supports to activate the plans with the help of employees.

1. Staffing
2. **Directing**
3. Co-ordinating

SOLUTION

Directing is the function which supports to activate the plans with the help of employees.

Exercise 1 | Q 1.6 | Page 32

Select the correct option and rewrite the sentence.

_____ is the function of execution according to the plan and the organizational structure.

1. Controlling
2. **Directing**
3. Staffing

SOLUTION

Directing is the function of execution according to the plan and the organizational structure.

Exercise 1 | Q 1.7 | Page 32

Select the correct option and rewrite the sentence.

_____ arranges the work in such a way that minimum conflicts are raised.

1. Co-ordinating
2. Organizing
3. **Controlling**

SOLUTION

Controlling arranges the work in such a way that minimum conflicts are raised.

Exercise 1 | Q 2 | Page 33

Match the pairs.

Group 'A'	Group 'B'
-----------	-----------



A) Planning	1. It is the process of instructing, guiding, communicating, and motivating.
B) Organizing	2. It is an integration and synchronization of the efforts of the group.
C) Staffing	3. Deciding in advance what to do, how to do, when to do, and who is to do it.
D) Directing	4. Management is what the manager does.
E) Coordinating	5. To focus on the role of the manager.
	6. Decides the ways and means to achieve what has been planned
	7. It is the process of comparing the actual performance with the predetermined standard performance.
	8. It is a set of principles.
	9. It is the process of recruiting, selecting, placing, and remunerating.
	10. To manage is to forecast and plan.

SOLUTION

Group 'A'	Group 'B'
A) Planning	3. Deciding in advance what to do, how to do, when to do, and who is to do it.
B) Organizing	6. Decides the ways and means to achieve what has been planned
C) Staffing	9. It is the process of recruiting, selecting, placing and remunerating.
D) Directing	1. It is the process of instructing, guiding, communicating, and motivating.
E) Coordinating	2. It is an integration and synchronization of the efforts of the group.

Exercise 1 | Q 3.01 | Page 33

Give one Word/Phrase/Term for the following statement.



The right person at the job with the right pay.

SOLUTION

The right person at the job with right pay - **Staffing**

Exercise 1 | Q 3.02 | Page 33

Give one Word/Phrase/Term for the following statement.

A person who shows the correct path as well as guides employees in solving the problems.

SOLUTION

A person who shows the correct path as well as guides employees in solving the problems. - **Director**

Exercise 1 | Q 3.03 | Page 33

Give one Word/Phrase/Term for the following statement.

First function of management.

SOLUTION

First function of management. - **Planning**

Exercise 1 | Q 3.04 | Page 33

Give one Word/Phrase/Term for the following statement.

Last function of management.

SOLUTION

Last function of management. - **Controlling**

Exercise 1 | Q 3.05 | Page 33

Give one Word/Phrase/Term for the following statement.

It is an intellectual process of logical thinking and rational decision making.

SOLUTION

It is an intellectual process of logical thinking and rational decision making. - **Planning**

Exercise 1 | Q 3.06 | Page 33

Give one Word/Phrase/Term for the following statement.

The term that is used to denote the structure.

SOLUTION

The term that is used to denote the structure. - **Organization**

Exercise 1 | Q 3.07 | Page 33

Give one Word/Phrase/Term for the following statement.



It is the process of attracting, recruiting, selecting, placing, appraising and remunerating the people.

SOLUTION

It is the process of attracting, recruiting, selecting, placing, appraising and remunerating the people. - **Staffing**

Exercise 1 | Q 3.08 | Page 33

Give one Word/Phrase/Term for the following statement.

The process that leads the employees towards the accomplishment of organizational goals.

SOLUTION

The process that leads the employees towards the accomplishment of organizational goals. - **Directing**

Exercise 1 | Q 3.09 | Page 33

Give one Word/Phrase/Term for the following statement.

It increases the team spirit of the workplace.

SOLUTION

It increases the team spirit of the work place. - **Co-ordinating**

Exercise 1 | Q 3.10 | Page 33

Give one Word/Phrase/Term for the following statement.

It is the process of comparing the actual performance with the predetermined standard performance.

SOLUTION

It is the process of comparing the actual performance with the predetermined standard performance. - **Controlling**

Exercise 1 | Q 4.1 | Page 33

State whether the following statement is true or false.

Every function of management is not based on planning.

1. True
2. **False**

SOLUTION

Every function of management is not based on planning. - **False**

Exercise 1 | Q 4.2 | Page 33

State whether the following statement is true or false.

Specialization in activities leads to an increase in organizational efficiency

1. **True**



2. False

SOLUTION

Specialization in activities leads to increase in organizational efficiency - **True**

Exercise 1 | Q 4.3 | Page 33

State whether the following statement is true or false.

A qualified, efficient, and skilled workforce is always an asset of the organization.

1. **True**
2. False

SOLUTION

A qualified, efficient, and skilled workforce is always an asset of the organization - **True**

Exercise 1 | Q 4.4 | Page 33

State whether the following statement is true or false.

Cooperation is not necessary for the smooth flow of organizational activities.

1. True
2. **False**

SOLUTION

Cooperation is not necessary for the smooth flow of organizational activities. - **False**

Exercise 1 | Q 4.5 | Page 33

State whether the following statement is true or false.

Coordination motivates the employees to take initiative while completing their assigned tasks.

1. **True**
2. False

SOLUTION

Coordination motivates the employees to take initiative while completing their assigned tasks. - **True**

Exercise 1 | Q 4.6 | Page 33

State whether the following statement is true or false.

Standards are not set for every performance in controlling function.

1. True
2. **False**

SOLUTION

Standards are not set for every performance in controlling function. - **False**

Exercise 1 | Q 5.1 | Page 34

Find the odd one.



1. Planning
2. Organizing
3. Staffing
4. **Writing**

SOLUTION

Planning, Organizing, Staffing, Writing. - **Writing**

Exercise 1 | Q 5.2 | Page 34

Find the odd one.

1. Selecting
2. Training
3. Co-ordinating
4. **Placing**

SOLUTION

Selecting, Training, Co-ordinating, Placing - **Placing**

Exercise 1 | Q 6.1 | Page 34

Complete the sentence.

The tasks of getting the things done by others is known as _____

SOLUTION

The tasks of getting the things done by others is known as **Management**

Exercise 1 | Q 6.2 | Page 34

Complete the sentence.

The functions of manager start with _____.

SOLUTION

The functions of manager start with **Planning**.

Exercise 1 | Q 6.3 | Page 34

Complete the sentence.

The _____ function of management initiates action

SOLUTION

The **directing** function of management initiates action.

Exercise 1 | Q 6.4 | Page 34

Complete the sentence.

Recruitments are done under _____ function.

SOLUTION

Recruitments are done under **staffing** function.



Exercise 1 | Q 6.5 | Page 34

Complete the sentence.

_____ is the fundamental function of management.

SOLUTION

Planning is a fundamental function of management.

Exercise 1 | Q 6.6 | Page 34

Complete the sentence.

_____ integrates departmental activities for achieving common goal of the organization.

SOLUTION

Coordinating integrates departmental activities for achieving the common goal of the organization.

Exercise 1 | Q 6.7 | Page 34

Complete the sentence.

_____ is the last function of management.

SOLUTION

Controlling is the last function of management.

Exercise 1 | Q 7.1 | Page 34

Select the correct option from the bracket.

Planning is a detailed programme of _____ course of action.

1. present
2. **future**
3. past

SOLUTION

Planning is a detailed programme of **future** course of action.

Exercise 1 | Q 7.2 | Page 34

Select the correct option from the bracket.

Directing is the responsibility of _____ at all levels.

1. **manager**
2. workers
3. people

SOLUTION

Directing is the responsibility of the **manager** at all levels.

Exercise 1 | Q 7.3 | Page 34

Select the correct option from the bracket.



A qualified, efficient, and skilled workforce is always a _____ of the organization.

1. liabilities
2. **assets**
3. expenses

SOLUTION

A qualified, efficient, and skilled workforce is always the **assets** of the organization.

Exercise 1 | Q 8.1 | Page 34

Answer in one sentence.

What is management?

SOLUTION

Management is a set of principles which relate to the various functions such as planning, organizing, staffing, directing, coordinating, controlling etc. which are helpful in achieving organizational goals.

Exercise 1 | Q 8.2 | Page 34

Answer in one sentence.

What is planning?

SOLUTION

Planning is an intellectual process of logical thinking and rational decision making. In short, planning is a detailed programme of future courses of action.

Exercise 1 | Q 8.3 | Page 34

Answer in one sentence.

What is Staffing?

SOLUTION

staffing is the process of attracting, recruiting, selecting, placing, appraising, remunerating, developing, and retaining the best workforce.

Exercise 1 | Q 8.4 | Page 34

Answer in one sentence.

What is directing?

SOLUTION

Directing is the process of instructing, guiding, communicating, inspiring, motivating, and supervising the employees to achieve the predetermined goals of an organization.

Exercise 1 | Q 8.5 | Page 34

Answer in one sentence.

What is controlling?



SOLUTION

Controlling is a function of comparing the actual performance with the predetermined standard performance.

Exercise 1 | Q 9.1 | Page 34

Correct the underlined word and rewrite the following sentence.

Factors of business environment are always fixed.

SOLUTION

Factors of business environment are always changing.

Exercise 1 | Q 9.2 | Page 34

Correct the underlined word and rewrite the following sentence.

Staffing is concerned with machines.

SOLUTION

Staffing is concerned with humans.

Exercise 1 | Q 9.3 | Page 34

Correct the underlined word and rewrite the following sentence.

Directing is a function of comparing the actual performance with the predetermined performance.

SOLUTION

Controlling is a function of comparing the actual performance with the predetermined performance.

Exercise 1 | Q 9.4 | Page 34

Correct the underlined word and rewrite the following sentences.

Co-ordination helps to maximize the wastage of resources and controls the cost of work.

SOLUTION

Co-ordination helps to minimizes the wastage of resources and controls the cost of work.

Exercise 1 | Q 9.5 | Page 34

Correct the underlined word and rewrite the following sentence.

Controlling measures are rigid to some extent.

SOLUTION

Controlling measures are flexible to some extent.

Exercise 1 | Q 10.1 | Page 34



Arrange in proper order.

Controlling, Organizing, Planning.

SOLUTION

Planning, Organizing, Controlling.

Exercise 1 | Q 10.2 | Page 34

Arrange in proper order.

Directing, Co-ordinating, Staffing.

SOLUTION

Staffing, Directing, Co-ordinating.

EXERCISE 2 [PAGE 34]

Exercise 2 | Q 1 | Page 34

Explain the following term/concept.

Management

SOLUTION

Management is a set of principles which relate to the various functions such as planning, organizing, staffing, directing, coordinating, controlling etc. which are helpful in achieving organizational goals. According to Henry Fayol, "To manage is to forecast and to plan, to organize, to command and to control."

Exercise 2 | Q 2 | Page 34

Explain the following term/concept.

Planning

SOLUTION

Planning is the basic function of management. Every function of management is based on planning. It includes deciding the things to be done in advance. Planning is an intellectual process of logical thinking and rational decision making. It focuses on the organization's objectives and develops various courses of action. Designing proper planning and implementing accordingly is the key to achieving the objectives of an organization. In short, planning is a detailed program of future courses of action.

Exercise 2 | Q 3 | Page 34

Explain the following term/concept.

Organizing

SOLUTION

Organizing is the process of identifying, bringing the required resources together such as men, money, material, machine and method, grouping, and arranging them properly



for achieving the objectives. In planning, the management decides what is to be done in the future whereas the organizing function decides the ways and means to achieve what has been planned. This function is important for the execution of the plans which have been prepared by top-level management people.

The synchronization and combination of the workforce, physical, financial, and information resources are established in the process of organizing.

Exercise Q.2 | Q 4 | Page 34

Explain the following term/concept.

Staffing

SOLUTION

Staffing is the function of execution according to plan and organizational structure. It is the process of attracting, recruiting, selecting, placing, appraising, remunerating, developing, and retaining the best workforce.

The need for staffing arises since the initial period of the organization. Due to promotion, transfer, business expansion, retirement, resignation, accidents, death of employees, etc. vacancies are created in the organization. In this context, the staffing function plays a very important role in the organization. The right person at the right job with the right pay is the basic principle of staffing.

Exercise 2 | Q 5 | Page 34

Explain the following term/concept.

Directing

SOLUTION

Directing is the soul of management function. It is the process of instructing, guiding, communicating, inspiring, motivating, and supervising the employees to achieve the predetermined goals of an organization. The direction is a continuous function initiated at the top level and flows to the lower level through the organizational hierarchy. It is a continuous managerial process that goes on throughout the tenure of the organization. Director is the person who shows the correct path as well as guides the employees in solving the problems wherever necessary. A few philosophers called direction as "Life Spark of an Enterprise".

EXERCISE 3 [PAGES 34 - 35]

Exercise 3 | Q 1 | Page 34

Study the following case/situation and express your opinion.

Mr. Ram, an emerging entrepreneur has designed a structure of his business organization by taking into consideration the required resources such as land, money, machinery, workforce, etc, for his new business. He appointed Mr. Shyam as a manager. Mr. Ram has assigned responsibilities such as recruitment, selection, training, and development and to determine the remuneration of the employees' to Mr. Shyam. Mr. Ram has also appointed Mr. Shubham to supervise the work done by the employees according to the standards given to the



employees.

Mr.Shubham has to also suggest the remedies to the employees wherever necessary. In this context, find out the management functions performed by

- i. **Mr. Ram**
- ii. **Mr.Shyam**
- iii. **Mr.Shubham**

SOLUTION

- i. Mr. Ram performs the function of planning and organizing. He is an emerging entrepreneur and plans the business structure and organizes different resources.
- ii. Mr. Shyam is performing the function of staffing as his main duty is to recruit, select, train, and develop the employees and to decide their remuneration accordingly.
- iii. Mr. Subham is performing the function of controlling. He compares the actual performance of employees with the standard performance given. He discovers the causes of deviations and suggests remedies to overcome deviations.

Exercise 3 | Q 2 | Page 35

Study the following case/situation and express your opinion.

In XYZ Company, Mr. Lele gives instructions to the employees working under him, provides guidance, and motivates them for their best performance. On the other hand, Mr. Sayyad takes effort to harmonize the work done by the employees of different departments while achieving organizational goals. Mr. Desai is looking after the arrangement of the required resources for the business organization. Mention the name of an employee engaged in the following functions:

- i. **Organization**
- ii. **Direction**
- iii. **Coordination**

SOLUTION

- i. Mr. Desai is engaged in the organization function as he is looking after the arrangement of required resources for the business organization.
- ii. Mr. Lele is engaged in the function of directing as he gives instructions to the employees working under him, provides guidance, and motivates them for their best performance.
- iii. Mr. Sayyed is engaged in the function of coordination as he makes an effort to harmonize the work done by the employees of different departments.



EXERCISE 4 [PAGE 35]**Exercise 4 | Q 1 | Page 35****Distinguish between.**

Planning and organizing.

SOLUTION

Points	Planning	Organizing
1. Meaning	Planning is deciding in advance what to do how to do it, when to do it and who is to do it.	Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them.
2. Objective	To set goals and choosing the means to achieve these goals.	To identify and bring together all the required resources.
3. Area of function	It includes setting objectives by identifying the ways of attaining the goal and selecting the best plan.	It includes identification and grouping of activities, assigning the work, and establishing the authority relationship.
4. Factors	Internal and External factors are considered in the planning process.	Internal and external factors are considered in the arrangement of resources.
5. Order	It is the basic first function of the management process.	It is based on planning.
6. Resources	Planning is done as per the requirement and availability of resources.	All available resources i.e. men, money, material, machine, and method are arranged in a systematic manner.
7. Nature	It is continuous in nature. It exists in the whole life of an organization.	It takes place till the time all the resources are collected and arranged.
8. level of Management	Top management is concerned with planning the activities.	Top and middle-level management related to organizing the required resources.

Exercise 4 | Q 2 | Page 35**Distinguish between.**

Organizing and staffing;

SOLUTION

Points	Organizing	Staffing
--------	------------	----------



1. Meaning	Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them.	The staffing function pertains to the recruitment, selection, development, training, and compensation of subordinate managers.
2. Objective	To identify and bring together all the required resources.	To appoint the right type of people in the right positions and the right time.
3. Area of function	It includes identification and grouping of activities, assigning the work, and establishing the authority relationship.	It includes recruitment, selection, training, development, and compensation of human resources.
4. Factors	Internal and external factors are considered in the arrangement of resources.	Staffing is mostly concerned with internal factors.
5. Order	It is based on planning.	It follows the organizing function.
6. Resources	All available resources i.e. men, money, material, machine, and method are arranged in a systematic manner.	It is the process relating to the organization of human resources.
7. Nature	It takes place till the time all the resources are collected and arranged.	It is a continuous process as it deals with employees i.e. human resources.
8. level of Management	Top and middle-level management are related to organizing the required resources.	Middle-level management is related to recruitment, training, and selection Top level is concerned with promotion and compensation.

Exercise 4 | Q 3 | Page 35

Distinguish between.

Staffing and directing



SOLUTION

Points	Staffing	Directing
1. Meaning	The staffing function pertains to the recruitment, selection, development, training, and compensation of subordinate managers.	Directing is the guidance inspiration, the leadership of those men and women constitute the real case responsibilities of management.
2. Objective	To appoint the right type of people in the right positions and the right time.	To direct the subordinates to get the things done in the right manner.
3. Area of function	It includes recruitment, selection, training, development, and compensation of human resources.	It includes instructing, guiding, inspiring, communicating and motivating the human resources.
4. Factors	Staffing is mostly concerned with internal factors.	Directing is concerned directly with internal factors i.e. human resources.
5. Order	It follows the organizing function.	It follows organizing and staffing for the execution of planning.
6. Resources	It is the process relating to the organization of human resources.	It gives direction to the employees regarding the use of other resources.
7. Nature	It is a continuous process as it deals with employees i.e. human resources.	This continuous process is necessary for the process of achievement of the goals.
8. level of Management	Middle-level management is related to recruitment, training, and selection Top level is concerned with promotion and compensation.	Middle-level management is involved in directing the employees.

Exercise 4 | Q 4 | Page 35

Distinguish between.

Directing and controlling



SOLUTION

Points	Directing	Controlling
1. Meaning	Directing is the guidance inspiration, the leadership of those men and women constitute the real case responsibilities of management.	Controlling is the process of taking steps to bring actual results and desired results closer together.
2. Objective	To direct the subordinates to get the things done in the right manner.	To ensure that the objectives are achieved according to the plan.
3. Area of function	It includes instructing, guiding, inspiring, communicating, and motivating human resources.	It includes setting up of standards, measurement, and comparison with actual performance and taking corrective steps whenever necessary.
4. Factors	Directing is concerned directly with internal factors i.e. human resources.	Internal and external factors are taken into account for taking corrective action.
5. Order	It follows organizing and staffing for the execution of planning.	It is an end function of the management process.
6. Resources	It gives direction to the employees regarding the use of other resources.	It is related to all organizational resources which help to achieve the goal of the organization.
7. Nature	This continuous process is necessary for the process of achievement of the goals.	It is the process that starts once the actual plan is executed.
8. level of Management	Middle-level management is involved in directing the employees.	Top and middle-level management are responsible for controlling the activities.

Exercise 4 | Q 5 | Page 35

Distinguish between.

Co-ordinating and controlling



SOLUTION

Points	Co-ordinating	Controlling
1. Meaning	Coordination is an orderly arrangement of group efforts to provide unity of action in the pursuit of a common goal.	Controlling is the process of taking steps to bring actual results and desired results closer together.
2. Objective	To ensure the harmony of efforts of the employees for the smooth functioning of the organization.	To ensure that the objectives are achieved according to the plan.
3. Area of function	It includes integration of efforts of top-level, middle level, and lower level.	It includes setting up of standards, measurement, and comparison with actual performance and taking corrective steps whenever necessary.
4. Factors	It is the harmonization of human resources.	Internal and external factors are taken into account for taking corrective action.
5. Order	It is an important element of organizing which follows planning.	It is an end function of the management process.
6. Resources	It is related to human resources.	It is related to all organizational resources which help to achieve the goal of the organization.
7. Nature	This is a continuous process related to all managerial levels.	It is the process that starts once the actual plan is executed.
8. level of Management	It is related to all the levels of management to achieve the goal of organization.	Top and middle-level management are responsible for controlling the activities.

Exercise 4 | Q 6 | Page 35**Distinguish between.**

Planning and Controlling



SOLUTION

Points	Planning	Controlling
1. Meaning	Planning is deciding in advance what to do how to do it, when to do it and who is to do it.	Controlling is the process of taking steps to bring actual results and desired results closer together.
2. Objective	To set goals and choosing the means to achieve these goals.	To ensure that the objectives are achieved according to the plan.
3. Area of function	It includes setting objectives by identifying the ways of attaining the goal and selecting the best plan.	It includes setting up of standards, measurement, and comparison with actual performance and taking corrective steps whenever necessary.
4. Factors	Internal and External factors are considered in the planning process.	Internal and external factors are taken into account for taking corrective action.
5. Order	It is the basic first function of the management process.	It is an end function of the management process.
6. Resources	Planning is done as per the requirement and availability of resources.	It is related to all organizational resources which help to achieve goal of organization.
7. Nature	It is continuous in nature. It exists in the whole life of organization.	It is the process that starts once the actual plan is executed.
8. level of Management	Top management is concerned with planning the activities.	Top and middle-level management are responsible for controlling the activities.

Exercise 4 | Q 7 | Page 35**Distinguish between.**

Organising and Directing



SOLUTION

Points	Organizing	Directing
1. Meaning	Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them.	Directing is the guidance inspiration, the leadership of those men and women constitute the real case responsibilities of management.
2. Objective	To identify and bring together all the required resources.	To direct the subordinates to get the things done in the right manner.
3. Area of function	It includes identification and grouping of activities, assigning the work, and establishing the authority relationship.	It includes instructing, guiding, inspiring, communicating, and motivating human resources.
4. Factors	Internal and external factors are considered in the arrangement of resources.	Directing is concerned directly with internal factors i.e. human resources.
5. Order	It is based on planning.	It follows organizing and staffing for the execution of planning.
6. Resources	All available resources i.e. men, money, material, machine, and method are arranged in a systematic manner.	It gives direction to the employees regarding the use of other resources.
7. Nature	It takes place till the time all the resources are collected and arranged.	This continuous process is necessary for the process of achievement of the goals.
8. level of Management	Top and middle-level management are related to organizing the required resources.	Middle-level management is involved in directing the employees.

Exercise 4 | Q 8 | Page 35**Distinguish between.**

Organizing and Co-ordinating



SOLUTION

Points	Organizing	Co-ordinating
1. Meaning	Organizing is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them.	Coordination is the orderly arrangement of group efforts to provide unity of action in the pursuit of a common goal.
2. Objective	To identify and bring together all the required resources.	To ensure the harmony of efforts of the employees for the smooth functioning of the organization.
3. Area of function	It includes identification and grouping of activities, assigning the work, and establishing the authority relationship.	It includes integration of efforts of top-level, middle level, and lower level.
4. Factors	Internal and external factors are considered in the arrangement of resources.	It is the harmonization of human resources.
5. Order	It is based on planning.	It is an important element of organizing which follows planning.
6. Resources	All available resources i.e. men, money, material, machine, and method are arranged in a systematic manner.	It is related to human resources.
7. Nature	It takes place till the time all the resources are collected and arranged.	This is a continuous process related to all managerial levels.
8. level of Management	Top and middle-level management related with organizing the required resources.	It is related to all the levels of management to achieve the goal of the organization.

EXERCISE 5 [PAGE 35]

Exercise 5 | Q 1 | Page 35



Answer in brief.

Explain any five points of importance of planning.

SOLUTION**Importance of Planning:**

It is the fundamental function that gives an outline about where to go, how to go, and reduces the risk of an uncertain future with the help of forecasting. The importance of planning is as follows:

1. Helps to set clear objectives:

Planning is concerned with setting objectives, targets, and formulating plans to achieve them. It helps managers to analyze the present condition of the organization and on that basis to identify the ways of attaining the desired position in the future.

2. Provides path of action:

Planning ensures that the goals or objectives are clearly stated. They act as a guide and they provide direction for doing the right things at the right time with the right way. It helps employees to know what the organization has to do and what they must do for achieving the goals.

3. Planning improves performance:

It helps managers to improve future performances of employees by establishing objectives and selecting a course of action. It is beneficial for the organization. Planning leads to the efficient working of the employees. Due to proper planning, the employees can work according to time guidelines. This improvement in performances results in higher profitability of the organization.

4. Minimizes the risk:

Planning is based on forecasting techniques. It is the process of looking into the future and anticipating future changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or risks cannot be eliminated totally but they can be anticipated and can be tackled with preventive measures. It minimizes the risk of future or uncertainties of the future.

5. Planning leads to optimum utilization of resources:

Organizational plans are prepared by taking into consideration the availability of resources and the proper allocation of resources for various activities. It also facilitates optimum utilization of resources which brings higher efficiency and better results. One can avoid wastage of resources by proper planning.

6. Helps in decision making:

There are various alternatives in front of management. Achieving goals planning helps the management to select the best alternative by considering all the positive and negative outcomes of all the alternatives. Decisions are taken after



selecting alternative courses of action to achieve a predefined goal. It helps the manager to make rational decisions.

7. Useful in setting the standards for controlling:

Planning sets out standards for controlling. So, the actual performance can be compared with the standards and managers can find out the deviation, if any between the actual and the standard performance. Such deviation can be bridged by taking controlling steps. Therefore, planning provides a basis for control. It is also important for maintaining discipline at the working place of the organization.

8. Facilitates Coordination of all activities:

Planning facilitates the coordination of activities. It reduces overlapping among activities. All activities of business organizations are closely linked with each other which is considered in the process of planning. Sound planning inter-relates with all the activities and resources of an organization. Thus, various departments work as per the overall plan, and coordination is achieved.

9. Facilitates other management functions:

Every organization functions towards achieving goal and goal is set at the planning stage. Unless the plan is ready, other management functions such as organizing, staffing, etc. cannot be undertaken thus, planning facilitates all other functions of management.

10. Promotes innovative ideas:

Planning is the basic function of management. It is a process of decision making that involves the promotion of innovative ideas after critical thinking. Ultimately, these innovative plans result in the attainment of the goals of the organization. It is the most challenging activity for the management as it guides all future actions leading to the growth and prosperity of the organization. In short, planning plays a vital role in every walk of life of an organization as well as of an individual. The future is highly uncertain and the business environment is changing. With the help of proper planning, the risks and uncertainties can be minimized definitely. Hence, planning is the basic requirement of any organization for survival, growth, and success.

Exercise 5 | Q 2 | Page 35

Answer in brief.

Explain any five points of importance of organizing.

SOLUTION

Importance of Organizing:

Organizing is concerned with grouping and assigning the organizational activities among different departments and workforce. The importance of organizing can be stated as follows:



1. Facilitates Administration as well as Operation:

The organizing process leads to identify and to group the activities. Grouping and assigning the activities is the task of administration whereas processing according to it is operational activity. Thus, organizing facilitates administration as well as the operation of the organization. Due to the proper grouping of the tasks and the employees, there is an *increase in production and reduction in wastage. Duplication of work is restricted and effective delegation becomes possible.

2. Brings Specialization:

Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work helps in bringing specialization in various activities of the organization. Specialization in activities leads to an increase in organizational efficiency.

3. Defines Jobs Properly:

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

4. Clarifies Authority and Responsibility:

Organizational structure defines the role of every manager. This can be done by delegating the authority to every manager and clarifying the way he has to exercise those powers. So that misuse of powers does not take place. Well defined jobs and responsibilities help in bringing efficiency into managers working. This helps in increasing productivity.

5. Establishes Coordination:

This function helps in establishing co-ordination among different departments of the organization. It creates clear cut relationships among positions and ensures mutual co-operation among individuals. Coordination or synchronization between all departments and different levels of managers is important for the smooth functioning of organizational activities.

6. Helps for Effective Administration:

This function determines different positions, departments, activities, and roles that are clearly structured. The utmost care is taken while placing the right person in the right job with the right authorities and responsibilities. It is achieved through the division of work and delegation of authorities. This all leads to efficient and effective administration.

7. Helpful for Growth and Diversification:

The growth of every organization depends on its smooth and efficient functioning. Clearly defined roles and responsibilities, coordination among all levels of management personnel, and the use of appropriate control techniques bring



efficiency at the workplace, and organization grows well. This is possible only when the organization structure is well-defined.

8. **Creates Sense of Security:**

Organizational structure clarifies the job positions. It clearly states the duties and responsibilities of everyone. Everyone can work accordingly. The clarity in jobs and powers helps in increasing mental satisfaction and it creates a sense of security among the employees.

9. **Scope for Innovation: The organizing** function clears the roles and activities to be performed. Employees can work by using their new ideas. This provides enough space for the manager to develop talent and flourish the knowledge. This scope for innovation into adopting new changes in methods of work is possible only through a set of organizational structures.

10. **Helps in Optimum Utilization of Resources:**

This function provides different jobs to different employees according to the job specification. Due to this, the specialization of work becomes possible. This right workforce utilizes other resources at its optimum level so that desired results are achieved within a defined period.

Exercise 5 | Q 3 | Page 35

Answer in brief.

Describe any five points of importance of staffing

SOLUTION

Importance of Staffing:

1. **Effective Managerial Function:**

Staffing is the key to the effective performance of other functions of management such as planning, organizing, directing, and controlling. Competent workforce can work effectively in different functional areas like production, sales, finance, etc. The outcome of other functions is based on the effectiveness of staffing.

2. **Leads to Effective Utilization of Human Resources:**

Staffing function leads to the effective utilization of human resources i.e. workforce. Proper care is taken at every stage such as recruitment, selection, placement, remuneration, training, development, etc. The excessive burden of work is avoided. Optimum utilization of human resources results in an improvement in the performance and progress of the organization.

3. **Builds Cordial Relationship:**

This function is helpful in building healthy relationships among all levels of employees in the organization. A smooth human relation is a key to better communication and coordination of managerial efforts in an organization.



4. **Helps Human Resource Development:**

A skilled and experienced employee is an asset to a business organization. Staffing helps to inculcate the organizational culture into employees. It trains and develops the existing workforce. It also ensures the smooth functioning of all the managerial aspects of the business organization.

5. **Helps in Effective use of Technology and Other Resources:**

Trained employees can use the latest technology, capital, material, and methods of work effectively. It helps in building the competitive strength of the organization. It is also helpful in improving the standard of work and productivity in terms of quality and quantity.

6. **Improves Efficiency:**

Training and development programs are offered to the employees for self-development and organizational development. Through proper selection, the organization gets quality employees and through proper training, the performance level of the employees can be improved.

7. **Long Term Effect:**

A qualified, efficient, and skillful workforce is always an asset to the organization. Proper selection of employees leads the organization towards the path of success. Naturally, long term positive effects can be observed on the efficiency of an organization.

8. **Essential Contribution:**

Staffing ensures the continuity and growth of the organization through the development of employees. Selection is based on the ability of prospective employees. So that organization can meet future challenges wisely. Therefore, the contribution of the staff in their future roles is taken into account in the staffing function.

9. **Provides Job Satisfaction:**

Employees can be motivated through financial and non-financial incentives. Adequate remuneration increases job satisfaction and morale of the employees. Training and development programs, fair remuneration, and job security are factors that are important in providing job satisfaction.

10. **Maintains Harmony:**

In the staffing process, individuals are recruited, selected, and placed as well as their performance is regularly appraised and promotions are given on the basis of merit. For this, criteria are made and duly communicated to concerned employees. It brings peace and harmony to the organization.

Exercise 5 | Q 4 | Page 35

Answer in brief.

Explain any five points of importance of directing.



SOLUTION

Importance of Directing:

Directing refers to a process or technique of instructing, guiding, inspiring, counseling, overseeing, and leading people towards the accomplishment of organizational goals. Supervision is an integral part of the direction function. The director supervises employees by observations, examining the reports and behavior of employees. On the basis of the above definitions, the importance of directing can be stated as follows:

1. Initiates Action:

The direction is the function which supports to activate the plans with the help of employees. Every action is initiated in a timely direction. Proper instructions are given to subordinates while completing their assigned task. The managers direct the subordinates about what to do, how to do, when to do, and also to see that their instructions are properly followed.

2. Integrates Efforts:

Communication is one of the elements of direction. It helps in integrating the efforts of all the employees and departments which results in the achievement of organizational goals. Integration of efforts is possible through persuasive leadership and effective communication towards the accomplishment of organizational goals.

3. Means of Motivation:

While directing the subordinates, their opinions are also considered. A manager identifies the potential and abilities of its subordinates and helps them to give their best. He also motivates them by offering them financial and non-financial incentives to improve their performance. It boosts the morale of subordinates.

4. Provides Stability:

Stability plays a significant role in the growth and survival of the organization. Effective leadership, communication, supervision, and motivation develop co-operation and commitment among the employees. It provides stability and creates balance among various departments and groups.

5. Coping up with the Changes:

Factors of business environment are always changing. Adapting to environmental changes is necessary for the growth of the organization. With the help of motivation, proper communication, and leadership, the employees can clearly understand the nature of change and also the positive outcome of adapting to the change. For example, e-filing, the use of Robots at the workplace, etc.

6. Effective Utilization of Resources:

Direction involves assigning duties and responsibilities to everyone. Proper instructions and systems are developed to avoid wastages, duplication of efforts,

etc. Subordinates are guided to utilize the resources i.e. men, machines, materials, and money in the maximum possible way. It helps in reducing costs and increasing profits.

7. Creates Team Spirit:

Direction focuses on motivating the subordinates for group efforts. Group efforts or team spirit plays a vital role in the success of an organization than individual efforts. Therefore, the role of the manager as a director plays a very important role in guiding and motivating the employees to achieve the predetermined goals.

8. Explores the Capabilities of Individuals:

Every individual has various capabilities or potentials in addition to their formal qualifications. Direction helps to identify and utilize their abilities for best performance by encouraging and motivating them just like a leader.

9. Increases Efficiency Level:

Guidance and motivation are given to subordinates to perform at their best level. Being a leader, team spirit is created by the manager as well as proper techniques of supervision are used. It works positively and results in enhancing the efficiency level of the whole organization.

10. Co-operation:

Co-operation is necessary for the smooth flow of organizational activities. It should be created by the manager i.e. director from the top level to the bottom level of management. Healthy cooperation, teamwork, and higher efficiency level lead to the attainment of goals. Thus, Directing to subordinates is a basic management function that includes building an effective work climate through motivation.

Exercise 5 | Q 5 | Page 35

Answer in brief.

Describe any five points of importance of coordinating.

SOLUTION

Importance of Co-ordinating:

The need for coordination arises out of the fact that different elements and efforts of an organization are to be harmonized and unified to achieve the common objectives. The importance of coordination can be discussed as follows:

1. Encourages Team Spirit:

In organizations, a group of individuals works together. There may be the existence of conflicts, disputes between individuals, departments, and employers, and employees regarding organizational policies, roles, and responsibilities, etc. Coordination arranges the work in such a way that minimum conflicts are raised. It increases the team spirit at the workplace.



2. **Gives Proper Direction:**

Coordination integrates departmental activities for achieving the common goal of the organization. The work is arranged in a very systematic way. The interdependence of departments gives proper direction to the employees.

3. **Facilitates Motivation:**

Coordination motivates the employees to take initiative while completing their assigned tasks. Effective co-ordination increases efficiency and results in the growth and prosperity of the organization. A prosperous organization ensures job security, higher income, promotion, and incentives. Such monetary and non-monetary incentives provide job security and motivate the employees for hard work.

4. **Optimum Utilization of Resources:**

Managers try to integrate all the resources systematically. It helps in utilizing all available resources at its optimum level. Co-ordination also helps to minimize the wastage of resources and control the cost of work.

5. **Achieve Organizational Objectives:**

Co-ordination leads to minimizing the wastages of materials, idle time of employees, delay in completion of targets, departmental disputes etc. to a great extent. It ensures the smooth working of the organization in the process of achieving the objectives of the organization.

6. **Improves Relation:**

Co-ordination develops cordial relations between all the levels of management of an organization. Every department depends on the functioning of other departments. For example, the sales department works according to the production department, the Production department depends on the Purchase department, and so on. Coordination helps the employees to build strong relations among them and achieve the given targets.

7. **Leads to Higher Efficiency:**

With the help of optimum utilization of resources and effective integration of resources, the organization can achieve high returns in terms of high productivity, high profitability as well as can reduce the cost. Thus, coordination leads to higher efficiency.

8. **Improves Goodwill:**

Higher sales and higher profitability can be achieved due to synchronized efforts of organizational people, strong human relations, and lower costs. It directly results in creating goodwill for the organization in the market. It reflects on the market value of shares as well as it helps in building a good image in society.

9. **Unity of Direction:**

Different activities are performed by different departments. Coordination



harmonizes these activities for achieving the common goal of the organization. Thus, coordination gives proper direction to all departments of the organization.

10. Specialization:

All departments of the organization are headed by experts in their respective fields. The specialized knowledge of these departmental heads helps in managerial decisions. It leads the organization to march towards growth and success in the competitive world of business.

EXERCISE 6 [PAGE 35]

Exercise 6 | Q 1 | Page 35

Justify the following statement.

Planning is the first function of Management

SOLUTION

1. Planning is the basic function of management. Every function of management is based on planning. Planning is an intellectual process of logical thinking and rational decision making.
2. Designing i.e. doing proper planning and implementing it accordingly is the key to achieving the objectives of the organisation.
3. Planning means deciding in advance what to do when to do, how to do, where to do, and who is to do it. Thus, it is a detailed program of future courses of action.
4. Planning involves setting objectives, identifying alternative courses of action, and selecting the best plan. It focuses on the organisation's objective and develops a various courses of action to achieve those goals.

Exercise 6 | Q 2 | Page 35

Justify the following statement.

Controlling is the last function of management.

SOLUTION

1. It is important for an organization to keep a check on whether things are moving as per plan or not. So controlling function comes as the last but indispensable function of management. The effectiveness of planning can be determined with the function of controlling.
2. The controlling function helps in comparing the actual performance with the pre-determined standard and performance. It is the process of bringing about conformity of performance with planned action.



3. The controlling function helps in measuring deviation, if any, identifies the course of deviation and suggest corrective measures. The process of controlling helps in the formulation of future plans also.
4. Controlling helps in checking and measuring performance at all levels of management, as it compares and finds deviation, analyses the causes of deviation, and suggests corrective measures. All planning may fail in the absence of proper controlling measures.

Exercise 6 | Q 3 | Page 35

Justify the following statement.

Organizing facilitates administration as well as the operation of the Organization.

SOLUTION

1. Organizing function is also called as 'doing function' i.e. putting the plan into action. Administration and operation both are doing function as organizing is the process of putting together various resources and activities of the organization into a system.
2. Organizing involves identifying the activities and grouping of relative activities of the administration and operational department.
3. The organizing function defines, departmentalizes, and assigns activities so that they can be most effectively executed for the smooth flow of administration.
4. Due to the proper grouping of the tasks and the employees, there is an increase in production and reduction in wastage. The duplication of work can be avoided and effective delegation becomes possible.

Exercise 6 | Q 4 | Page 35

Justify the following statement.

The right person at the right job with the right pay is the basic principle of staffing.

SOLUTION

1. The main function of staffing is to select the right person for the right job with the right pay. Selecting the right person for the right job brings efficiency and specialization in the organization.
2. It also brings job satisfaction as adequate remuneration increases the morale of the employees. Training and development programs and job security are the factors that are important in providing job satisfaction.
3. Proper selection of a qualified, efficient, and skillful workforce is always an asset of the organization. Proper selection of employees contributes to the higher



efficiency and leads to long term positive effects in the organization.

4. With a proper selection process, the right persons for the right jobs are placed and regularly appraised on a merit basis. The criteria of appraisal are duly communicated which brings peace and harmony in the organization.

Exercise 6 | Q 5 | Page 35

Justify the following statement.

Co-ordination between different functions and all levels of Management is the essence of organizational success.

SOLUTION

1. Co-ordination is an integration of different activities which is essential for their smooth flow. It establishes harmony among all the activities of an organization in achieving desired goals. Co-ordination will not exist unless efforts are taken at all levels of management.
2. Coordination is the synchronization of the efforts of a group so as to provide unity of action for organizational goals. It is a hidden force that binds all other functions at all levels of management.
3. In an organization, a number of persons are working together to achieve a common goal. Their work is closely linked with each other. The coordination function brings all the group efforts together and harmonize them carefully.
4. Co-ordination is an orderly arrangement of group efforts to provide unity of action to achieve common goals. Co-operation, teamwork, and higher efficiency level lead to the attainment of goals and thus, it is the essence of organizational success.

EXERCISE 7 [PAGE 35]

Exercise 7 | Q 1 | Page 35

Answer in brief.

Explain any five points of importance of planning.

SOLUTION

Importance of Planning:

It is the fundamental function that gives an outline about where to go, how to go, and reduces the risk of an uncertain future with the help of forecasting. The importance of planning is as follows:



1. Helps to set clear objectives:

Planning is concerned with setting objectives, targets, and formulating plans to achieve them.

It helps managers to analyze the present condition of the organization and on that basis to identify the ways of attaining the desired position in the future.

2. Provides path of action:

Planning ensures that the goals or objectives are clearly stated. They act as a guide and they provide direction for doing the right things at the right time with the right way. It helps employees to know what the organization has to do and what they must do for achieving the goals.

3. Planning improves performance:

It helps managers to improve future performances of employees by establishing objectives and selecting a course of action. It is beneficial for the organization.

Planning leads to the efficient working of the employees. Due to proper planning, the employees can work according to time guidelines. This improvement in performances results in higher profitability of the organization.

4. Minimizes the risk:

Planning is based on forecasting techniques. It is the process of looking into the future and anticipating future changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events. Changes or risks cannot be eliminated totally but they can be anticipated and can be tackled with preventive measures. It minimizes the risk of future or uncertainties of the future.

5. Planning leads to optimum utilization of resources:

Organizational plans are prepared by taking into consideration the availability of resources and the proper allocation of resources for various activities. It also facilitates optimum utilization of resources which brings higher efficiency and better results. One can avoid wastage of resources by proper planning.

6. Helps in decision making:

There are various alternatives in front of management. Achieving goals planning helps the management to select the best alternative by considering all the positive and negative outcomes of all the alternatives. Decisions are taken after



selecting alternative courses of action to achieve a predefined goal. It helps the manager to make rational decisions.

7. Useful in setting the standards for controlling:

Planning sets out standards for controlling. So, the actual performance can be compared with the standards and managers can find out the deviation, if any between the actual and the standard performance. Such deviation can be bridged by taking controlling steps. Therefore, planning provides a basis for control. It is also important for maintaining discipline at the working place of the organization.

8. Facilitates Coordination of all activities:

Planning facilitates the coordination of activities. It reduces overlapping among activities.

All activities of business organizations are closely linked with each other which is considered in the process of planning. Sound planning inter-relates with all the activities and resources of an organization. Thus, various departments work as per the overall plan, and coordination is achieved.

9. Facilitates other management functions:

Every organization functions towards achieving goal and goal is set at the planning stage.

Unless the plan is ready, other management functions such as organizing, staffing, etc. cannot be undertaken thus, planning facilitates all other functions of management.

10. Promotes innovative ideas:

Planning is the basic function of management. It is a process of decision making that involves the promotion of innovative ideas after critical thinking. Ultimately, these innovative plans result in the attainment of the goals of the organization. It is the most challenging activity for the management as it guides all future actions leading to the growth and prosperity of the organization.

In short, planning plays a vital role in every walk of life of an organization as well as of an individual. The future is highly uncertain and the business environment is changing. With the help of proper planning, the risks and uncertainties can be



minimized definitely. Hence, planning is the basic requirement of any organization for survival, growth, and success.

Exercise 7 | Q 2 | Page 35

Answer in brief.

Explain any five points of importance of organizing.

SOLUTION

Importance of Organizing:

Organizing is concerned with grouping and assigning the organizational activities among different departments and workforce. The importance of organizing can be stated as follows:

1. Facilitates Administration as well as Operation:

The organizing process leads to identify and to group the activities. Grouping and assigning the activities is the task of administration whereas processing according to it is operational activity.

Thus, organizing facilitates administration as well as the operation of the organization. Due to the proper grouping of the tasks and the employees, there is an *increase in production and reduction in wastage. Duplication of work is restricted and effective delegation becomes possible.

2. Brings Specialization:

Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work helps in bringing specialization in various activities of the organization. Specialization in activities leads to an increase in organizational efficiency.

3. Defines Jobs Properly:

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

4. Clarifies Authority and Responsibility:

Organizational structure defines the role of every manager. This can be done by delegating the authority to every manager and clarifying the way he has to

exercise those powers. So that misuse of powers does not take place. Well defined jobs and responsibilities help in bringing efficiency into managers working. This helps in increasing productivity.

5. Establishes Coordination:

This function helps in establishing co-ordination among different departments of the organization.

It creates clear cut relationships among positions and ensures mutual co-operation among individuals. Coordination or synchronization between all departments and different levels of managers is important for the smooth functioning of organizational activities.

6. Helps for Effective Administration:

This function determines different positions, departments, activities, and roles that are clearly structured. The utmost care is taken while placing the right person in the right job with the right authorities and responsibilities. It is achieved through the division of work and delegation of authorities. This all leads to efficient and effective administration.

7. Helpful for Growth and Diversification:

The growth of every organization depends on its smooth and efficient functioning. Clearly defined roles and responsibilities, coordination among all levels of management personnel, and the use of appropriate control techniques bring efficiency at the workplace, and organization grows well. This is possible only when the organization structure is well-defined.

8. Creates Sense of Security:

Organizational structure clarifies the job positions. It clearly states the duties and responsibilities of everyone. Everyone can work accordingly. The clarity in jobs and powers helps in increasing mental satisfaction and it creates a sense of security among the employees.

9. Scope for Innovation: The organizing function clears the roles and activities to be performed. Employees can work by using their new ideas. This provides enough space for the manager to develop talent and flourish the knowledge. This scope for innovation into adopting new changes in methods of work is possible only through a set of organizational structures.



10. Helps in Optimum Utilization of Resources:

This function provides different jobs to different employees according to the job specification. Due to this, the specialization of work becomes possible. This right workforce utilizes other resources at its optimum level so that desired results are achieved within a defined period.

Exercise 7 | Q 3 | Page 35

Answer in brief.

Describe any five points of importance of staffing

SOLUTION

Importance of Staffing:

1. **Effective Managerial Function:**

Staffing is the key to the effective performance of other functions of management such as planning, organizing, directing, and controlling. Competent workforce can work effectively in different functional areas like production, sales, finance, etc. The outcome of other functions is based on the effectiveness of staffing.

2. **Leads to Effective Utilization of Human Resources:**

Staffing function leads to the effective utilization of human resources i.e. workforce. Proper care is taken at every stage such as recruitment, selection, placement, remuneration, training, development, etc. The excessive burden of work is avoided. Optimum utilization of human resources results in an improvement in the performance and progress of the organization.

3. **Builds Cordial Relationship:**

This function is helpful in building healthy relationships among all levels of employees in the organization. A smooth human relation is a key to better communication and coordination of managerial efforts in an organization.

4. **Helps Human Resource Development:**

A skilled and experienced employee is an asset to a business organization. Staffing helps to inculcate the organizational culture into employees. It trains and develops the existing workforce. It also ensures the smooth functioning of all the managerial aspects of the business organization.

5. **Helps in Effective use of Technology and Other Resources:**

Trained employees can use the latest technology, capital, material, and methods of work effectively. It helps in building the competitive strength of the organization. It is also helpful in improving the standard of work and productivity in terms of quality and quantity.



6. Improves Efficiency:

Training and development programs are offered to the employees for self-development and organizational development. Through proper selection, the organization gets quality employees and through proper training, the performance level of the employees can be improved.

7. Long Term Effect:

A qualified, efficient, and skillful workforce is always an asset to the organization. Proper selection of employees leads the organization towards the path of success. Naturally, long term positive effects can be observed on the efficiency of an organization.

8. Essential Contribution:

Staffing ensures the continuity and growth of the organization through the development of employees. Selection is based on the ability of prospective employees. So that organization can meet future challenges wisely. Therefore, the contribution of the staff in their future roles is taken into account in the staffing function.

9. Provides Job Satisfaction:

Employees can be motivated through financial and non-financial incentives. Adequate remuneration increases job satisfaction and morale of the employees. Training and development programs, fair remuneration, and job security are factors that are important in providing job satisfaction.

10. Maintains Harmony:

In the staffing process, individuals are recruited, selected, and placed as well as their performance is regularly appraised and promotions are given on the basis of merit. For this, criteria are made and duly communicated to concerned employees. It brings peace and harmony to the organization.

Exercise 7 | Q 4 | Page 35

Answer in brief.

Explain any five points of importance of directing.

SOLUTION

Importance of Directing:

Directing refers to a process or technique of instructing, guiding, inspiring, counseling, overseeing, and leading people towards the accomplishment of organizational goals. Supervision is an integral part of the direction function. The director supervises employees by observations, examining the reports and behavior of employees. On the basis of the above definitions, the importance of directing can be stated as follows:



1. Initiates Action:

The direction is the function which supports to activate the plans with the help of employees. Every action is initiated in a timely direction. Proper instructions are given to subordinates while completing their assigned task. The managers direct the subordinates about what to do, how to do, when to do, and also to see that their instructions are properly followed.

2. Integrates Efforts:

Communication is one of the elements of direction. It helps in integrating the efforts of all the employees and departments which results in the achievement of organizational goals. Integration of efforts is possible through persuasive leadership and effective communication towards the accomplishment of organizational goals.

3. Means of Motivation:

While directing the subordinates, their opinions are also considered. A manager identifies the potential and abilities of its subordinates and helps them to give their best. He also motivates them by offering them financial and non-financial incentives to improve their performance. It boosts the morale of subordinates.

4. Provides Stability:

Stability plays a significant role in the growth and survival of the organization. Effective leadership, communication, supervision, and motivation develop co-operation and commitment among the employees. It provides stability and creates balance among various departments and groups.

5. Coping up with the Changes:

Factors of business environment are always changing. Adapting to environmental changes is necessary for the growth of the organization. With the help of motivation, proper communication, and leadership, the employees can clearly understand the nature of change and also the positive outcome of adapting to the change. For example, e-filing, the use of Robots at the workplace, etc.

6. Effective Utilization of Resources:

Direction involves assigning duties and responsibilities to everyone. Proper instructions and systems are developed to avoid wastages, duplication of efforts, etc. Subordinates are guided to utilize the resources i.e. men, machines, materials, and money in the maximum possible way. It helps in reducing costs and increasing profits.

7. Creates Team Spirit:

Direction focuses on motivating the subordinates for group efforts. Group efforts or team spirit plays a vital role in the success of an organization than individual efforts. Therefore, the role of the manager as a director plays a very important role in guiding and motivating the employees to achieve the predetermined goals.



8. Explores the Capabilities of Individuals:

Every individual has various capabilities or potentials in addition to their formal qualifications. Direction helps to identify and utilize their abilities for best performance by encouraging and motivating them just like a leader.

9. Increases Efficiency Level:

Guidance and motivation are given to subordinates to perform at their best level. Being a leader, team spirit is created by the manager as well as proper techniques of supervision are used. It works positively and results in enhancing the efficiency level of the whole organization.

10. Co-operation:

Co-operation is necessary for the smooth flow of organizational activities. It should be created by the manager i.e. director from the top level to the bottom level of management. Healthy cooperation, teamwork, and higher efficiency level lead to the attainment of goals. Thus, Directing to subordinates is a basic management function that includes building an effective work climate through motivation.

Exercise 7 | Q 5 | Page 35

Answer in brief.

Describe any five points of importance of coordinating.

SOLUTION

Importance of Co-ordinating:

The need for coordination arises out of the fact that different elements and efforts of an organization are to be harmonized and unified to achieve the common objectives. The importance of coordination can be discussed as follows:

1. Encourages Team Spirit:

In organizations, a group of individuals works together. There may be the existence of conflicts, disputes between individuals, departments, and employers, and employees regarding organizational policies, roles, and responsibilities, etc. Coordination arranges the work in such a way that minimum conflicts are raised. It increases the team spirit at the workplace.

2. Gives Proper Direction:

Coordination integrates departmental activities for achieving the common goal of the organization. The work is arranged in a very systematic way. The interdependence of departments gives proper direction to the employees.

3. Facilitates Motivation:

Coordination motivates the employees to take initiative while completing their assigned tasks. Effective co-ordination increases efficiency and results in the growth and prosperity of the organization. A prosperous organization ensures job



security, higher income, promotion, and incentives. Such monetary and non-monetary incentives provide job security and motivate the employees for hard work.

4. Optimum Utilization of Resources:

Managers try to integrate all the resources systematically. It helps in utilizing all available resources at its optimum level. Co-ordination also helps to minimize the wastage of resources and control the cost of work.

5. Achieve Organizational Objectives:

Co-ordination leads to minimizing the wastages of materials, idle time of employees, delay in completion of targets, departmental disputes etc. to a great extent. It ensures the smooth working of the organization in the process of achieving the objectives of the organization.

6. Improves Relation:

Co-ordination develops cordial relations between all the levels of management of an organization. Every department depends on the functioning of other departments. For example, the sales department works according to the production department, the Production department depends on the Purchase department, and so on. Coordination helps the employees to build strong relations among them and achieve the given targets.

7. Leads to Higher Efficiency:

With the help of optimum utilization of resources and effective integration of resources, the organization can achieve high returns in terms of high productivity, high profitability as well as can reduce the cost. Thus, coordination leads to higher efficiency.

8. Improves Goodwill:

Higher sales and higher profitability can be achieved due to synchronized efforts of organizational people, strong human relations, and lower costs. It directly results in creating goodwill for the organization in the market. It reflects on the market value of shares as well as it helps in building a good image in society.

9. Unity of Direction:

Different activities are performed by different departments. Coordination harmonizes these activities for achieving the common goal of the organization. Thus, coordination gives proper direction to all departments of the organization.

10. Specialization:

All departments of the organization are headed by experts in their respective fields. The specialized knowledge of these departmental heads helps in managerial decisions. It leads the organization to march towards growth and success in the competitive world of business.



Exercise 7 | Q 6 | Page 35

Answer the following.

Explain the importance of controlling.

SOLUTION

Importance of Controlling:

Controlling is important in maintaining standards and to achieve desired goals effectively and efficiently. It is a function of checking the performances of employees at every stage of their work in process. The importance of controlling function in an organization is as follows:

1. Fulfilling Goals of Organization:

Controlling is the function of measuring the performances at every possible stage, finding out the deviations, if any; and taking corrective actions according to planned activities for the organization. Thus, it helps in fulfilling the organizational goals.

2. Making Efficient Utilization of Resources:

Various techniques are used by managers to reduce wastage of material and spoilage of other resources. Standards are set for every performance. Employees have to follow these standards. As an effect of this, the resources are used by employees in the most efficient and effective manner so as to achieve organizational objectives.

3. Accuracy of Standards:

An efficient control system helps management in judging the accuracy of standards whether they are accurate or not. Controlling measures are flexible to some extent. So after reviewing them according to changing circumstances, they are revised from time to time which is beneficial for checking performances accurately.

4. Motivates Employee:

After setting standards of checking performance, they are communicated to employees in advance. Due to this, employees get an idea about what to do and how to do it. Performances are evaluated and on that basis, employees are rewarded in the form of increment, bonus, promotion, etc. It motivates the employees to perform at their best level.

5. Ensures Order and Discipline:

Controlling is the function of order and maintaining discipline. It works for reducing the unprofessional behavior of the employees. Discipline is maintained by continuous checking of performances by the superiors and preventive actions are taken to minimize the gap between actual and standards.

6. Facilitates Co-ordination:

Control is a function in which the roles and responsibilities of all departmental



managers and the subordinates are designed clearly. Coordination between them helps to find out the deviations in their respective departments and to use remedial measures for desired results of the organization.

7. Psychological Pressure:

The performances are evaluated with the standard targets. The employees are very well aware that their performance will be evaluated and they will be rewarded accordingly. This psychological pressure works as a motivational factor for employees to give their best performance.

8. Ensures Organizational Efficiency and Effectiveness:

Factors of control include making managers responsible, motivating them for higher performance, and achieving departmental coordination. It ensures organizational efficiency and effectiveness.

9. Builds Good Corporate Image:

The controlling function helps to improve the overall performance of the organization. The minimum deviation in predetermined standards and actual performance results in the progress of the business. It can be achieved with the help of proper control. This builds a good corporate image and brings goodwill for the business.

10. Acts as a Guide:

The controlling function provides a set of standard performance. Managers as well as subordinates work according to it. Wherever necessary, they can take the help of these standards and can achieve desired results. Thus, the controlling function acts as a guide for everyone. The steps are taken for controlling an activity guide the management while planning future activities.

EXERCISE 8 [PAGE 36]

Exercise 8 | Q 1.1 | Page 36

Explain the following term/concept.

Planning

SOLUTION

Planning is the basic function of management. Every function of management is based on planning. It includes deciding the things to be done in advance. Planning is an intellectual process of logical thinking and rational decision making. It focuses on the organization's objectives and develops various courses of action. Designing proper planning and implementing accordingly is the key to achieving the objectives of an organization.

In short, planning is a detailed program of future courses of action.

Exercise 8 | Q 1.2 | Page 36

Answer in brief.



Explain any five points of importance of planning.

SOLUTION

Importance of Planning:

It is the fundamental function that gives an outline about where to go, how to go, and reduces the risk of an uncertain future with the help of forecasting. The importance of planning is as follows:

1. Helps to set clear objectives:

Planning is concerned with setting objectives, targets, and formulating plans to achieve them.

It helps managers to analyze the present condition of the organization and on that basis to identify the ways of attaining the desired position in the future.

2. Provides path of action:

Planning ensures that the goals or objectives are clearly stated. They act as a guide and they provide direction for doing the right things at the right time with the right way. It helps employees to know what the organization has to do and what they must do for achieving the goals.

3. Planning improves performance:

It helps managers to improve future performances of employees by establishing objectives and selecting a course of action. It is beneficial for the organization.

Planning leads to the efficient working of the employees. Due to proper planning, the employees can work according to time guidelines. This improvement in performances results in higher profitability of the organization.

4. Minimizes the risk:

Planning is based on forecasting techniques. It is the process of looking into the future and anticipating future changes. By deciding in advance the tasks to be performed, planning shows the way to deal with changes and uncertain events.

Changes or risks cannot be eliminated totally but they can be anticipated and can be tackled with preventive measures. It minimizes the risk of future or uncertainties of the future.

5. Planning leads to optimum utilization of resources:

Organizational plans are prepared by taking into consideration the availability of



resources and the proper allocation of resources for various activities. It also facilitates optimum utilization of resources which brings higher efficiency and better results. One can avoid wastage of resources by proper planning.

6. Helps in decision making:

There are various alternatives in front of management. Achieving goals planning helps the management to select the best alternative by considering all the positive and negative outcomes of all the alternatives. Decisions are taken after selecting alternative courses of action to achieve a predefined goal. It helps the manager to make rational decisions.

7. Useful in setting the standards for controlling:

Planning sets out standards for controlling. So, the actual performance can be compared with the standards and managers can find out the deviation, if any between the actual and the standard performance. Such deviation can be bridged by taking controlling steps. Therefore, planning provides a basis for control. It is also important for maintaining discipline at the working place of the organization.

8. Facilitates Coordination of all activities:

Planning facilitates the coordination of activities. It reduces overlapping among activities.

All activities of business organizations are closely linked with each other which is considered in the process of planning. Sound planning inter-relates with all the activities and resources of an organization. Thus, various departments work as per the overall plan, and coordination is achieved.

9. Facilitates other management functions:

Every organization functions towards achieving goal and goal is set at the planning stage.

Unless the plan is ready, other management functions such as organizing, staffing, etc. cannot be undertaken thus, planning facilitates all other functions of management.

10. Promotes innovative ideas:

Planning is the basic function of management. It is a process of decision making that involves the promotion of innovative ideas after critical thinking. Ultimately,



these innovative plans result in the attainment of the goals of the organization. It is the most challenging activity for the management as it guides all future actions leading to the growth and prosperity of the organization.

In short, planning plays a vital role in every walk of life of an organization as well as of an individual. The future is highly uncertain and the business environment is changing. With the help of proper planning, the risks and uncertainties can be minimized definitely. Hence, planning is the basic requirement of any organization for survival, growth, and success.

Exercise 8 | Q 2.1 | Page 36

Explain the following term/concept.

Organizing

SOLUTION

Organizing is the process of identifying, bringing the required resources together such as men, money, material, machine and method, grouping, and arranging them properly for achieving the objectives. In planning, the management decides what is to be done in the future whereas the organizing function decides the ways and means to achieve what has been planned. This function is important for the execution of the plans which have been prepared by top-level management people.

The synchronization and combination of the workforce, physical, financial, and information resources are established in the process of organizing.

Exercise 8 | Q 2.2 | Page 36

Answer in brief.

Explain any five points of importance of organizing.

SOLUTION

Importance of Organizing:

Organizing is concerned with grouping and assigning the organizational activities among different departments and workforce. The importance of organizing can be stated as follows:

1. Facilitates Administration as well as Operation:

The organizing process leads to identify and to group the activities. Grouping and assigning the activities is the task of administration whereas processing according to it is operational activity. Thus, organizing facilitates administration as well as the operation of the organization. Due to the proper grouping of the tasks and the employees, there is an *increase in production and reduction in



wastage. Duplication of work is restricted and effective delegation becomes possible.

2. Brings Specialization:

Organizational structure is a network of relationships in which the work is divided into units and departments. This division of work helps in bringing specialization in various activities of the organization. Specialization in activities leads to an increase in organizational efficiency.

3. Defines Jobs Properly:

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

4. Clarifies Authority and Responsibility:

Organizational structure defines the role of every manager. This can be done by delegating the authority to every manager and clarifying the way he has to exercise those powers. So that misuse of powers does not take place. Well defined jobs and responsibilities help in bringing efficiency into managers working. This helps in increasing productivity.

5. Establishes Coordination:

This function helps in establishing co-ordination among different departments of the organization. It creates clear cut relationships among positions and ensures mutual co-operation among individuals. Coordination or synchronization between all departments and different levels of managers is important for the smooth functioning of organizational activities.

6. Helps for Effective Administration:

This function determines different positions, departments, activities, and roles that are clearly structured. The utmost care is taken while placing the right person in the right job with the right authorities and responsibilities. It is achieved through the division of work and delegation of authorities. This all leads to efficient and effective administration.

7. Helpful for Growth and Diversification:

The growth of every organization depends on its smooth and efficient functioning. Clearly defined roles and responsibilities, coordination among all levels of management personnel, and the use of appropriate control techniques bring efficiency at the workplace, and organization grows well. This is possible only when the organization structure is well-defined.

8. Creates Sense of Security:

Organizational structure clarifies the job positions. It clearly states the duties and responsibilities of everyone. Everyone can work accordingly. The clarity in jobs



and powers helps in increasing mental satisfaction and it creates a sense of security among the employees.

9. **Scope for Innovation: The organizing** function clears the roles and activities to be performed. Employees can work by using their new ideas. This provides enough space for the manager to develop talent and flourish the knowledge. This scope for innovation into adopting new changes in methods of work is possible only through a set of organizational structures.
10. **Helps in Optimum Utilization of Resources:**
This function provides different jobs to different employees according to the job specification. Due to this, the specialization of work becomes possible. This right workforce utilizes other resources at its optimum level so that desired results are achieved within a defined period.

Exercise 8 | Q 3.1 | Page 36

Explain the following term/concept.

Staffing

SOLUTION

Staffing is the function of execution according to plan and organizational structure. It is the process of attracting, recruiting, selecting, placing, appraising, remunerating, developing, and retaining the best workforce.

The need for staffing arises since the initial period of the organization. Due to promotion, transfer, business expansion, retirement, resignation, accidents, death of employees, etc. vacancies are created in the organization. In this context, the staffing function plays a very important role in the organization. The right person at the right job with the right pay is the basic principle of staffing.

Exercise 8 | Q 3.2 | Page 36

Answer in brief.

Describe any five points of importance of staffing

SOLUTION

Importance of Staffing:

1. **Effective Managerial Function:**
Staffing is the key to the effective performance of other functions of management such as planning, organizing, directing, and controlling. Competent workforce can work effectively in different functional areas like production, sales, finance, etc. The outcome of other functions is based on the effectiveness of staffing.
2. **Leads to Effective Utilization of Human Resources:**
Staffing function leads to the effective utilization of human resources i.e. workforce. Proper care is taken at every stage such as recruitment, selection,



placement, remuneration, training, development, etc. The excessive burden of work is avoided. Optimum utilization of human resources results in an improvement in the performance and progress of the organization.

3. Builds Cordial Relationship:

This function is helpful in building healthy relationships among all levels of employees in the organization. A smooth human relation is a key to better communication and coordination of managerial efforts in an organization.

4. Helps Human Resource Development:

A skilled and experienced employee is an asset to a business organization. Staffing helps to inculcate the organizational culture into employees. It trains and develops the existing workforce. It also ensures the smooth functioning of all the managerial aspects of the business organization.

5. Helps in Effective use of Technology and Other Resources:

Trained employees can use the latest technology, capital, material, and methods of work effectively. It helps in building the competitive strength of the organization. It is also helpful in improving the standard of work and productivity in terms of quality and quantity.

6. Improves Efficiency:

Training and development programs are offered to the employees for self-development and organizational development. Through proper selection, the organization gets quality employees and through proper training, the performance level of the employees can be improved.

7. Long Term Effect:

A qualified, efficient, and skillful workforce is always an asset to the organization. Proper selection of employees leads the organization towards the path of success. Naturally, long term positive effects can be observed on the efficiency of an organization.

8. Essential Contribution:

Staffing ensures the continuity and growth of the organization through the development of employees. Selection is based on the ability of prospective employees. So that organization can meet future challenges wisely. Therefore, the contribution of the staff in their future roles is taken into account in the staffing function.

9. Provides Job Satisfaction:

Employees can be motivated through financial and non-financial incentives. Adequate remuneration increases job satisfaction and morale of the employees. Training and development programs, fair remuneration, and job security are factors that are important in providing job satisfaction.



10. Maintains Harmony:

In the staffing process, individuals are recruited, selected, and placed as well as their performance is regularly appraised and promotions are given on the basis of merit. For this, criteria are made and duly communicated to concerned employees. It brings peace and harmony to the organization.

Exercise 8 | Q 4.1 | Page 36

Explain the following term/concept.

Directing

SOLUTION

Directing is the soul of management function. It is the process of instructing, guiding, communicating, inspiring, motivating, and supervising the employees to achieve the predetermined goals of an organization. The direction is a continuous function initiated at the top level and flows to the lower level through the organizational hierarchy. It is a continuous managerial process that goes on throughout the tenure of the organization. Director is the person who shows the correct path as well as guides the employees in solving the problems wherever necessary. A few philosophers called direction as "Life Spark of an Enterprise".

Exercise 8 | Q 4.2 | Page 36

Answer in brief.

Explain any five points of importance of directing.

SOLUTION

Importance of Directing:

Directing refers to a process or technique of instructing, guiding, inspiring, counseling, overseeing, and leading people towards the accomplishment of organizational goals.

Supervision is an integral part of the direction function. The director supervises employees by observations, examining the reports and behavior of employees.

On the basis of the above definitions, the importance of directing can be stated as follows:

1. Initiates Action:

The direction is the function which supports to activate the plans with the help of employees. Every action is initiated in a timely direction. Proper instructions are given to subordinates while completing their assigned task. The managers direct the subordinates about what to do, how to do, when to do, and also to see that their instructions are properly followed.



2. Integrates Efforts:

Communication is one of the elements of direction. It helps in integrating the efforts of all the employees and departments which results in the achievement of organizational goals. Integration of efforts is possible through persuasive leadership and effective communication towards the accomplishment of organizational goals.

3. Means of Motivation:

While directing the subordinates, their opinions are also considered. A manager identifies the potential and abilities of its subordinates and helps them to give their best. He also motivates them by offering them financial and non-financial incentives to improve their performance. It boosts the morale of subordinates.

4. Provides Stability:

Stability plays a significant role in the growth and survival of the organization. Effective leadership, communication, supervision, and motivation develop co-operation and commitment among the employees. It provides stability and creates balance among various departments and groups.

5. Coping up with the Changes:

Factors of business environment are always changing. Adapting to environmental changes is necessary for the growth of the organization. With the help of motivation, proper communication, and leadership, the employees can clearly understand the nature of change and also the positive outcome of adapting to the change. For example, e-filing, the use of Robots at the workplace, etc.

6. Effective Utilization of Resources:

Direction involves assigning duties and responsibilities to everyone. Proper instructions and systems are developed to avoid wastages, duplication of efforts, etc. Subordinates are guided to utilize the resources i.e. men, machines, materials, and money in the maximum possible way. It helps in reducing costs and increasing profits.

7. Creates Team Spirit:

Direction focuses on motivating the subordinates for group efforts. Group efforts or team spirit plays a vital role in the success of an organization than individual



efforts. Therefore, the role of the manager as a director plays a very important role in guiding and motivating the employees to achieve the predetermined goals.

8. Explores the Capabilities of Individuals:

Every individual has various capabilities or potentials in addition to their formal qualifications. Direction helps to identify and utilize their abilities for best performance by encouraging and motivating them just like a leader.

9. Increases Efficiency Level:

Guidance and motivation are given to subordinates to perform at their best level. Being a leader, team spirit is created by the manager as well as proper techniques of supervision are used. It works positively and results in enhancing the efficiency level of the whole organization.

10. Co-operation:

Co-operation is necessary for the smooth flow of organizational activities. It should be created by the manager i.e. director from the top level to the bottom level of management. Healthy cooperation, teamwork, and higher efficiency level lead to the attainment of goals. Thus, Directing to subordinates is a basic management function that includes building an effective work climate through motivation.

Exercise 8 | Q 5.1 | Page 36

Answer the following:

What is coordinating?

SOLUTION

Henry Fayol: "To co-ordinate is to harmonise all the activities of a concern to facilitate its working and its success."

Exercise 8 | Q 5.2 | Page 36

Answer in brief.

Describe any five points of importance of coordinating.

SOLUTION

Importance of Co-ordinating:

The need for coordination arises out of the fact that different elements and efforts of an organization are to be harmonized and unified to achieve the common objectives. The importance of coordination can be discussed as follows:

1. Encourages Team Spirit:

In organizations, a group of individuals works together. There may be the existence of conflicts, disputes between individuals, departments, and employers, and employees regarding organizational policies, roles, and responsibilities, etc. Coordination arranges the work in such a way that minimum conflicts are raised. It increases the team spirit at the workplace.

2. Gives Proper Direction:

Coordination integrates departmental activities for achieving the common goal of the organization. The work is arranged in a very systematic way. The interdependence of departments gives proper direction to the employees.

3. Facilitates Motivation:

Coordination motivates the employees to take initiative while completing their assigned tasks. Effective co-ordination increases efficiency and results in the growth and prosperity of the organization. A prosperous organization ensures job security, higher income, promotion, and incentives. Such monetary and non-monetary incentives provide job security and motivate the employees for hard work.

4. Optimum Utilization of Resources:

Managers try to integrate all the resources systematically. It helps in utilizing all available resources at its optimum level. Co-ordination also helps to minimize the wastage of resources and control the cost of work.

5. Achieve Organizational Objectives:

Co-ordination leads to minimizing the wastages of materials, idle time of employees, delay in completion of targets, departmental disputes etc. to a great extent. It ensures the smooth working of the organization in the process of achieving the objectives of the organization.

6. Improves Relation:

Co-ordination develops cordial relations between all the levels of management of an organization. Every department depends on the functioning of other departments. For example, the sales department works according to the production department, the Production department depends on the Purchase



department, and so on. Coordination helps the employees to build strong relations among them and achieve the given targets.

7. Leads to Higher Efficiency:

With the help of optimum utilization of resources and effective integration of resources, the organization can achieve high returns in terms of high productivity, high profitability as well as can reduce the cost. Thus, coordination leads to higher efficiency.

8. Improves Goodwill:

Higher sales and higher profitability can be achieved due to synchronized efforts of organizational people, strong human relations, and lower costs. It directly results in creating goodwill for the organization in the market. It reflects on the market value of shares as well as it helps in building a good image in society.

9. Unity of Direction:

Different activities are performed by different departments. Coordination harmonizes these activities for achieving the common goal of the organization. Thus, coordination gives proper direction to all departments of the organization.

10. Specialization:

All departments of the organization are headed by experts in their respective fields. The specialized knowledge of these departmental heads helps in managerial decisions. It leads the organization to march towards growth and success in the competitive world of business.

Exercise 8 | Q 6.1 | Page 36

Answer the following.

Define the term controlling

SOLUTION

Philip Kotler: "Control is the process of taking steps to bring actual results and desired results closer together."

Exercise 8 | Q 6.2 | Page 36

Answer the following.

Explain the importance of controlling.

SOLUTION

Importance of Controlling:

Controlling is important in maintaining standards and to achieve desired goals effectively and efficiently. It is a function of checking the performances of employees at every stage of their work in process. The importance of controlling function in an organization is as follows:

1. Fulfilling Goals of Organization:

Controlling is the function of measuring the performances at every possible stage, finding out the deviations, if any; and taking corrective actions according to planned activities for the organization. Thus, it helps in fulfilling the organizational goals.

2. Making Efficient Utilization of Resources:

Various techniques are used by managers to reduce wastage of material and spoilage of other resources. Standards are set for every performance.

Employees have to follow these standards. As an effect of this, the resources are used by employees in the most efficient and effective manner so as to achieve organizational objectives.

3. Accuracy of Standards:

An efficient control system helps management in judging the accuracy of standards whether they are accurate or not. Controlling measures are flexible to some extent. So after reviewing them according to changing circumstances, they are revised from time to time which is beneficial for checking performances accurately.

4. Motivates Employee:

After setting standards of checking performance, they are communicated to employees in advance. Due to this, employees get an idea about what to do and how to do it. Performances are evaluated and on that basis, employees are rewarded in the form of increment, bonus, promotion, etc. It motivates the employees to perform at their best level.

5. Ensures Order and Discipline:

Controlling is the function of order and maintaining discipline. It works for



reducing the unprofessional behavior of the employees. Discipline is maintained by continuous checking of performances by the superiors and preventive actions are taken to minimize the gap between actual and standards.

6. Facilitates Co-ordination:

Control is a function in which the roles and responsibilities of all departmental managers and the subordinates are designed clearly. Coordination between them helps to find out the deviations in their respective departments and to use remedial measures for desired results of the organization.

7. Psychological Pressure:

The performances are evaluated with the standard targets. The employees are very well aware that their performance will be evaluated and they will be rewarded accordingly. This psychological pressure works as a motivational factor for employees to give their best performance.

8. Ensures Organizational Efficiency and Effectiveness:

Factors of control include making managers responsible, motivating them for higher performance, and achieving departmental coordination. It ensures organizational efficiency and effectiveness.

9. Builds Good Corporate Image:

The controlling function helps to improve the overall performance of the organization. The minimum deviation in predetermined standards and actual performance results in the progress of the business. It can be achieved with the help of proper control. This builds a good corporate image and brings goodwill for the business.

10. Acts as a Guide:

The controlling function provides a set of standard performance. Managers as well as subordinates-work according to it. Wherever necessary, they can take the help of these standards and can achieve desired results. Thus, the controlling function acts as a guide for everyone. The steps are taken for controlling an activity guide the management while planning future activities.

