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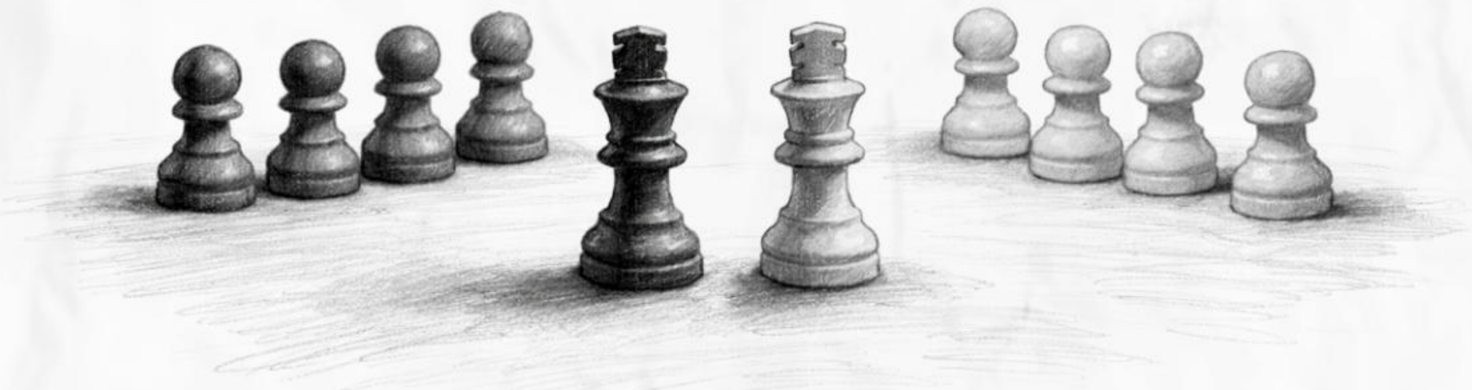

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Welcome to YES Family!!

To begin with, we endorse our heartfelt thank you for showing your trust and confidence in YES Academy. We take pride to welcome you to this prestigious Academy, foundations of which are based on commitment, quality education and integrity. It has been our constant endeavor to deliver better and better. In our attempt to achieve mark of excellence and beyond, we would be even more grateful to have received your continued faith and love. We assure you, your trust will not go in vain and as reflected by our Vision Statement, we would continue to produce top achievers and successful professionals in Chartered Accountancy, Company Secretary, Cost & Management Accountancy and Law Entrance courses as we have been doing for almost a decade now.

Combined experience of Team YES is 80+ years and adding value each day. We have delivered outstanding results in the past with a bouquet of All India Rankers across all the levels of CA, CS, CMA and Law entrance examinations, and with your efforts, we are confident we will grow together.

Student convenience has always occupied a centre place at YES Academy and we strive to improve ourselves each day as we sincerely believe that improvement always has its own space, no matter what. Any suggestions from you are always welcome. Though Team shares a very good rapport with all of its students and the students feel very comfortable talking to any of their Teachers, still, if you wish to send us a suggestion, please feel free to write to us yesacademypune@gmail.com or get in touch with us at 8888 235 235 /8888 545 545.

We assure you the best of success and pride. And yes, it's not just a bond of your course duration, but a relationship for life now. We welcome you in advance to this prestigious journey of professional excellence.

On behalf of TEAM YES

CS VIKAS VOHRA
(Founder)

CA CS HARISH A. MATHARIYA
(Founder)

CS EET

BUSINESS MANAGEMENT

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CHAPTER 1

INTRODUCTION TO MANAGEMENT

Management is the key to success in any group effort, from large corporations to small non-profits, turning resources into goal-achieving results.

ORIGIN AND MEANING

The term "management" originates from the ***Greek word "nomos,"*** *meaning "**management**" or distribution.*

It deals with unpredictable ***human behavior*** *in groups formed to achieve* ***individual goals***.

Core Nature

Management is a **dynamic process**, not just rules, that coordinates individual efforts into organized action.

It **includes both functions** (like planning, organizing, direction) **and the people** who perform them.

A group accepting responsibility to run an organization and direct its activities forms the "management" of that entity.

Scope and Definitions

Management is both a specific position/rank and a discipline/field of study essential for business operations.

Fundamentally, it covers **all aspects** of an **enterprise's operation**.

Classic view: **"Art of getting things done"** through resources (various economists' definitions align on this)

Pioneer	Definition	Key Focus
Mary Parker Follett	"Management is the art of getting things done through people."	**Focus on human relations and leadership.**
F.W. Taylor	"Management is knowing exactly what you want men to	**Focus on efficiency and cost reduction (Scientific Management).**

	do, and then seeing that they do it in the best and cheapest way."	
Henri Fayol	"To manage is to forecast and to plan, to organize, to command, to coordinate, and to control."	**Focus on administrative functions (Classical Management).**
Peter Drucker	"Management is a multi-purpose organ that manages a business, manages managers, and manages workers and work."	**Focus on the holistic, organizational role of management.**

The purpose of organisations (businesses and institutions) is to create wealth. If the primary purpose of the business or institution is to create wealth, then the manager's primary role is to add value to this wealth-creating process.

GENESIS OF MANAGEMENT (FROM VEDIC TO INDUSTRIAL ERA)

Genesis of Management spans from ancient civilizations to modern eras, proving it's not just a product of the Industrial Revolution but as old as organized human activity.

Ancient and Vedic Era

- Management practices existed in building **Pyramids**, administering **ancient empires**, and large-scale **trade**, requiring advanced managerial techniques tied to governance, military strategy, and infrastructure projects.

- ***Vedic period (circa 1500 BCE)*** *featured hierarchical social/professional structures for complex tasks.*

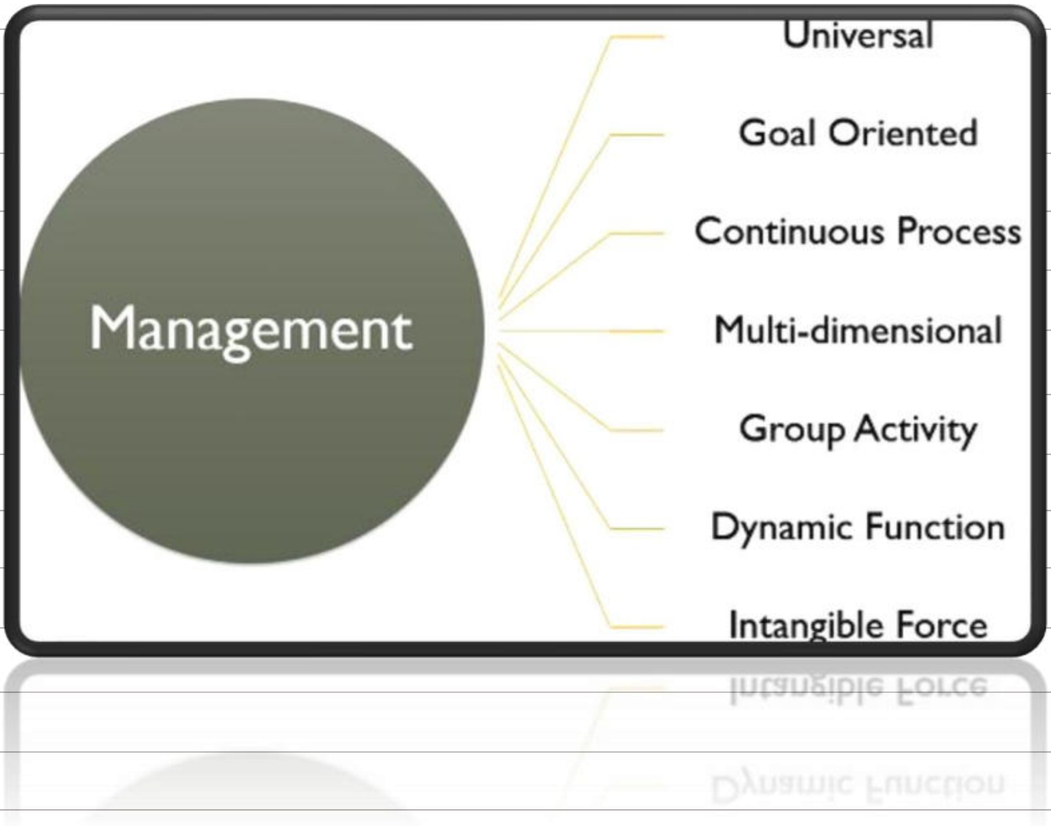
Arthashastra Tradition

- ***Kautilya's Arthashastra*** *(circa* ***300 BCE****) serves as an ancient* ***management manual*** *on:*
  - ***Public Administration****: State finance, taxation, foreign policy, judicial administration.*
  - ***Organizational Design****: Government departments with Adhyaksha (superintendents) for mines, markets, treasury, transport.*
  - ***Resource Allocation****: Efficient usage, storage, distribution—core modern functions.*
- *Highlights* ***specialization****,* ***hierarchy****,* ***accountability****—foundations of* ***organizational theory****.*

Pre-Industrial Era

- ***Roman Catholic Church****: Built enduring centralized administrative structure with hierarchy, functional specialization, communication lines influencing modern theory.*
- ***Military****: Perfected span of control, unity of command, chain of command, strategic planning—later adopted in business management.*
- ***Guild/Mercantile Systems*** *(Europe): Introduced quality control, apprentice training, standardized production.*

FEATURES OF MANAGEMENT



Management is a unique and dynamic activity characterized by the following features:

a) ***Goal-Oriented Process***

*Management always **works towards achieving predetermined goals**. All activities—from planning the budget to coordinating work are directed toward the final objectives of the organization*

For Example: Profit maximization, market share growth, service delivery.

Management is required in all types of organizations, at all levels, and across all departments.

b) ***Universal Application:*** *Whether it is a school, a bank, a football team, or a company, the basic functions (planning, organizing, controlling) remain the same, although the techniques used may vary.*

Management Hierarchy: *Management is needed at the top (strategic planning), middle (departmental execution), and supervisory (operational control) levels.*

c) ***Multi-Dimensional***

Management is a complex activity involving ***three main dimensions****:*

i) ***Management of Work:*** *Determining what* ***work*** *is to be done, how it will be organized, and who will do it.*

ii) ***Management of People:*** *Handling the* ***human resource*** *dimension, which includes staffing, motivation, leadership, and conflict resolution. This is often the most critical and challenging dimension.*

iii) ***Management of Operations:*** *Managing the* ***cycle of production*** *transforming input (raw materials) into output (finished goods or services).*

d) ***Continuous Process***

The functions of management (Planning, Organizing, Staffing, Directing, and Controlling) are performed continuously. A manager is never done with the process. They ***plan, execute, control, and then re-plan*** *based on the results, forming a continuous cycle.*

e) ***Group Activity***

Management is fundamentally a collaborative effort. An organization is a collection of diverse individuals, each with unique needs and goals. Management aims to integrate these diverse efforts into a unified, focused effort towards a common organizational goal.

f) **Dynamic Function**

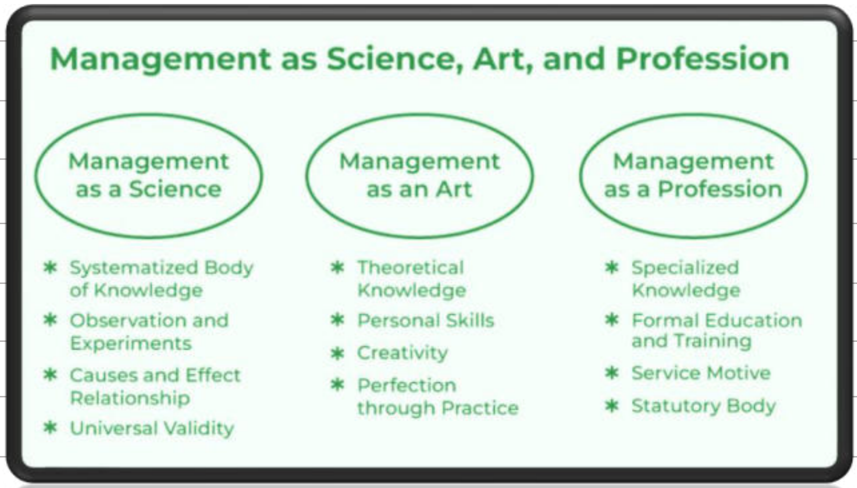
Organizations operate within a **constantly changing** external environment (economic, political, social, technological). Management must constantly monitor and adapt its objectives, policies, and operations to survive and thrive in this dynamic environment.

g) **Intangible Force**

Management cannot be physically seen or touched, but its presence can be felt in the way the organization functions. When order, efficiency, motivated employees, and timely work completion are visible, it is evidence of good management. Conversely, chaos, delays, and waste signal poor management.

NATURE OF MANAGEMENT

Management is debated as **art**, **science**, or **profession**—but combines **all three** as a **synthesized discipline**.



A) Management as a science

Science = Systematized knowledge via **scientific methods** → establishes **relationships, principles** (tested, with limitations) into theories, laws (not fixed—evolve with new discoveries).

Types of Sciences

- **Exact Sciences**: Physics, Chemistry, Mathematics (precise, predictable).
- **Variable Sciences**: Economics, Sociology, Psychology (unpredictable due to human behaviour).

Management as Science

- **Management** = Variable/inexact science (like economics) vs. exact physical sciences.
- **Has theoretical base:** Principles of coordination, organisation, decision-making.
- **Limitation**: No laboratory experimentation possible (similar to political science, military science, group behaviour studies).
- **Growing field**—no controversy in calling it science.

Arguments for Management as a Science

a) **Systematized Body of Knowledge:** Management has a structured body of theories, principles (like unity of command, division of work), and concepts (like motivation, hierarchy) developed through continuous research and analysis.

b) **Use of Scientific Methods:** Managers use scientific tools and techniques like operations research, statistical analysis, and simulation models for decision-making.

c) **Cause and Effect Relationship:** Managerial principles attempt to establish cause-and-effect relationships (e.g., low morale causes low productivity).

However, unlike pure sciences (Physics, Chemistry), management deals with human behavior, which is unpredictable and cannot be accurately measured or controlled. Therefore, management principles are guidelines, not absolute laws, making it a social science or an inexact science.

B) Management as an Art

Art refers to the practical application of skill and creativity to achieve desired results. It is about the "**how-to**" of the process.

Arguments for Management as an Art

a) **Personalized Application:** While knowledge exists, a manager's effectiveness depends on their individual skill, judgment, and creativity in applying it. Two managers facing the same problem may use the same theory but implement it differently based on their style.

b) **Creativity and Innovation:** Effective management often requires innovation—devising new plans, strategies, and solutions to unprecedented problems, which is a hallmark of artistic endeavour.

c) **Practice and Experience:** Art is perfected through continuous practice. Similarly, managerial skills are honed through real-world experience, observation, and repeated decision-making.

C) Management as a Profession

A profession is a vocation requiring specialized knowledge, prolonged academic preparation, formal qualification, and adherence to a prescribed code of conduct.

Evaluation of Management as a Profession

Characteristic of a Profession	Management Status	Rationale
Well-Defined Body of Knowledge	Present	Knowledge is vast and taught in universities (e.g., MBA, BBA degrees).
Restricted Entry	Not Fully Present	No legal requirement for a specific degree (like a medical license) to become a manager (though preferred).
Professional Association	Developing	Bodies like AIMA (All India Management Association) exist, but membership is not mandatory.
Ethical Code of Conduct	Developing	A formal code exists but is often not strictly enforced by a central body on all managers.
Service Motive	Present	Although profit is key, modern management encompasses social responsibility and a customer- centric focus.

MANAGEMENT STYLES

Management styles explain how a manager uses **authority**, takes **decisions**, and works with the team.

Remember: No style is always best, it fits the **situation** like the **task type**, **team's skill level**, or **time pressure**. Let's study each one step-by-step

A) Autocratic Management

This is the **boss-only** style. The manager decides everything alone and tells the team exactly what to do, no questions asked.

Basic Idea: Full **centralized power**. Manager sets **work methods**, **tasks**, and even **rewards/punishments**.

Best For: **Emergencies** (quick action needed), **new/unskilled workers** (need strict guidance).

Example: Imagine a **fire chief** during a building fire. He shouts, "Enter south door! Vent the roof!" no time for discussion, or lives are lost.

Key Features:

a) Centralized decision-making (manager alone).

b) No employee input.

c) Strict chain of command (orders from top ↓ obey).

Merits:

a) Super-fast decisions in crises.

b) Clear responsibility chain.

c) Works for temporary/unskilled staff.

Demerits:

a) Team feels low morale and no creativity.

b) Manager might miss key info → bad calls.

c) Creates fear/hostile vibe.

B) Persuasive Management

Like autocratic, but manager **explains why** the decision is good to win team support.

Basic Idea: Manager keeps final say but **convinces with reasons**.

Best For: Important choices where team must **accept it willingly.**

Example: Factory boss picks new **time-tracking software** (after cost check). He meets everyone: "This saves jobs—no layoffs!" Team buys in.

Key Features:

a) Manager's final authority (no vote).
b) Strong communication + listening.
c) Shares logic/benefits.
d) Builds trust.

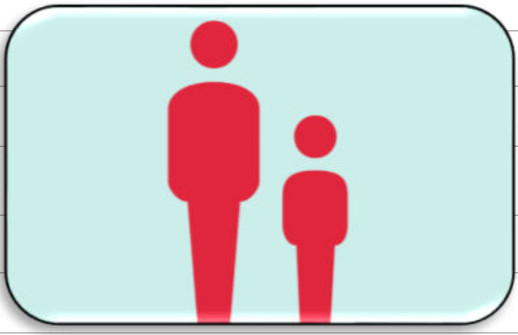
Merits:

a) Still quick.
b) Team understands → better acceptance.
c) Less fight-back than pure autocratic.

Demerits:

d) Still top-down (no real input).
e) Weak explanations → distrust.

C) Paternalistic Management



Manager is like a **caring father**—gives lots of **support**, **expects loyalty** back.

Basic Idea: Provides **benefits/security** for team's "best good".

Best For: Long-term firms valuing family-like loyalty.

Example: Bakery owner pays for employees' kids' school, hosts family events—but demands full obedience.

Key Features:

a) Father-figure authority.

b) Heavy welfare/support.

c) Loyalty expected in return.

d) Rewards good work, "tough love" for bad.

Merits:

a) Super loyalty, low quitting.

b) Harmonious workplace.

c) Quick, clear decisions.

Demerits:

a) Team becomes too dependent.

b) Stops growth/initiative ("parent-child").

c) Crashes if manager leaves.

D) **Democratic Management**

Team votes—manager just guides the group discussion.

Basic Idea: **Shared power**, trust team's smarts.

Best For: Skilled teams needing **creativity** or buy-in.

Example: Marketing head lets writers/designers vote on product slogan after debate.

Key Features:

a) Group participation.

b) Empowers team.

c) Open talks.

Merits:

a) High morale/commitment.

b) Smarter, creative choices.

c) Builds team skills.

Demerits:

a) Very slow (meetings).

b) Bad for crises.

c) One loud voice can sway.

E) Consultative Management

Manager asks for **advice** but makes final call.

Basic Idea: Listen to experts, then decide.

Best For: Complex issues needing team know-how + manager control.

Example: CEO on buying rival—asks CFO/legal/HR, then chooses.

Key Features:

a) Manager decides last.

b) Seeks input actively.

c) Two-way communication.

d) Lifts morale (heard).

Merits:

a) Fast + team wisdom.

b) Feels valued.

c) Informed choices.

Demerits:

a) Ignore input → frustration.

b) Relies on manager's judgment.

F) Transformational Management

Inspires team to chase big dreams beyond personal gain.

Basic Idea: Charisma + vision + challenge + coaching.

Best For: Big changes, new ideas needed.

Example: Elon Musk pushes SpaceX team for reusable rockets—links work to saving humanity.

Key Features:

a) Exciting vision.

b) Charisma/energy.

c) Sparks innovation.

Merits:

a) High energy/innovation.

b) Great for change.

c) Grows leaders.

Demerits:

a) Needs rare charisma.

b) Slow results.

c) Not for routine jobs.

G) Visionary Management

Paints **exciting future picture**, lets team figure "how".

Basic Idea: "**What**" goal (not steps)—empower innovation.

Best For: Lost/changing companies.

Key Features:

a) Bold vision.

b) Team freedom.

c) Risk-taking/creativity.

d) Long-term focus.

Merits:

a) Strong purpose.

b) Sparks ideas.

Demerits:

a) Needs clear steps or fails.

b) Ignores daily ops.

H) Coaching Management

Treats team as **high-potential**, builds skills long-term.

Basic Idea: Ask questions, give feedback—not orders.

Best For: Talented folks open to growth.

Example: Boss asks junior: "Key client points? Best visuals?" Builds thinking.

Key Features:

a) Question-based guidance.

b) Future skills focus.

c) Self-reliance.

d) Ongoing feedback.

Merits:

a) Unlocks potential.

b) Independent team.

c) Keeps talent.

Demerits:

a) Time-heavy.

b) Fails with unwilling.

1) Servant Leadership

Serve team first—growth over power.

Basic Idea: Meet needs, earn respect.

Best For: Teamwork/ethical places.

Example: Chef helps with dishes, ensures tools/breaks.

Key Features:

a) Service mindset.

b) Personal growth.

c) Empathy/listening.

d) Ethical planning.

Merits:

a) Top trust/morale.

b) Productive/ethical.

Demerits:

a) Hard in strict hierarchies.

b) Seen as weak.

J) Laissez-Faire Management

Total freedom—"do your thing".

Basic Idea: Give resources/goals, step back.

Best For: Expert pros (e.g., researchers).

Example: Lab boss funds PhDs, lets them run projects.

Key Features:

a) Full autonomy.

b) Minimal oversight.

c) Trust skills.

Merits:

a) Max creativity.

b) Frees manager.

Demerits:

a) Chaos without self-drive.

b) Bad for newbies.

CHAPTER 2

FUNCTIONS OF MANAGEMENT

PLANNING

Planning is the fundamental, all-pervasive management function that guides organizing, staffing, directing, controlling.

Core Definition

Deciding in advance: What, where, how, by whom to be done.

Projects **course of action** for future to achieve **desired results**.

Rational approach to future—not just forecasting but making provisions for it.

Key Characteristics

a) **All-pervasive**: Required at all levels, especially higher management.

b) **Future-oriented**: Deals with forecasting + past performance guidance.

c) **Mental process**: Needs reflective thinking, imagination, farsightedness.

d) **Continuous**: Other functions reflect planning.

According to **George R. Terry** – Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results.

spect	Forecasting	Planning
Focus	Predict future	Prepare for future
Action	Estimate only	Decide course of action
Outcome	Information	Actionable plan

Features of Planning

a) Intellectual Process

Planning is the **process of choosing the proper course of action from among alternatives** and calls for **decision-making**, which is an intellectual process.

Changes in the environment **bring opportunities and involve risks** as well, and it is the task of planners to take advantage of opportunities and minimize the risks.

This calls for mental pre-disposition to think before taking action.

Planning is **not a guess work but conscious determination** and projecting a course of action for the future based on objectives, facts and considered forecasts.

b) Primary Function

Planning is the **most basic** function of management.

All other functions of management largely depend upon planning.

Control is a necessary corollary of planning and cannot exist without planning.

Organization is set up with a plan and objectives in mind and **people are guided and motivated towards accomplishing enterprise objectives.**

c) Continuous Function

Management is a **dynamic process** and planning as its function cannot be an exception to it.

Since different functions of management overlap and intermesh with each other, the planning process is continuously repeated.

Plans beget a number of sub-plans and **plans have to be revised in the light of changing environment.**

Planning becomes a continuing necessity for management.

d) Pervasive Function

Planning is a pervasive function that pervades at **all levels and in all departments** of an organization.

Planning is not the prerogative and responsibility of top management alone.

Planning which involves choosing the future course of action from among alternatives is basically the same whether at supervisory level or higher echelons of management.

Planning horizons broaden and implications of plans become wider as one goes up the levels in the management hierarchy.

Importance of Planning

Planning substitutes **order for chaos** and provides **rational framework** for all management functions.

a) Personnel Conscious of Objectives

Planning starts with **clear statement** of **enterprise and departmental objectives**.

For Example: Sales team knows "target 20% growth" links to company revenue goal.

→ Employees see their role in big picture and contribute effectively.

b) Economy in Operations

Planning focuses on **efficiency and best alternatives**.

For Example: Choosing automation over manual process saves 30% costs.

→ Coordinated efforts + minimum waste across organization.

c) Precedes Control

Control cannot exist without planning—it's the benchmark.

For Example: Planned "100 units/day" → Control checks "actual vs target". → Performance measurement becomes possible.

d) Provides for Future

Planning **prepares for contingencies** beyond forecasting.

For Example: COVID planning → Work from home policy ready in advance → Management faces changes confidently.

e) Improves Other Functions

Planning makes organizing, staffing, directing, control more effective.

For Example: Planned structure → Right people in right jobs → Overall management efficiency increases.

Types of plans

a) Strategic Plans

These are **detailed action steps** laid out **to achieve strategic goals**. Generally these have a **time horizon** of **five years and above**. These plans often include their mission and goals as these are the basis for action steps. These plans address issues such as response to changed conditions, resource allocation and efforts required to achieve strategic goals.

b) **Standing Plans**

Standing plans are those plan which is **used again and again whenever a particular situation arises.** It is designed to make sure that the internal operations of an enterprise run smoothly. These plans are developed once but are **designed to be used over the years.** It is generally developed in such a manner that it **can be modified when needed**. These plans are also known as **multiple-use plans or repeated-use plans**. These plans are generally prepared by top-level managers. Standing plans include objectives and goals, strategy, policy, procedure, rules, and methods.

c) **Single-use Plans**

Single-use plans are **made to serve a specific objective**. They cease to exist once such an objective is achieved. They are **nonrecurring** and the duration of this plan generally depends upon the type of project. These **plans are short-lived** and they have to be **reformulated after every use**.

Process of Planning

Planning process follows 7 systematic steps from opportunity awareness to control.

a) **Perception of Opportunities**

Starting point: Awareness of market, competition, customer needs, strengths/weaknesses.

For Example: Company analyzes "3,000 laptop sales target" based on market demand.

Realistic diagnosis of current position sets foundation for planning.

b) **Setting Objectives**

First formal step: Define clear objectives - enterprise → departmental.

For Example: Pinnacle Ltd sets "3,000 units sales" → breaks into production, marketing, sales, finance targets.

SMART objectives guide **resource allocation**, **work schedule**.

c) **Planning Premises**

Forecast environment: Identify internal/external factors aiding/hindering goals.

Includes: Basic policies, factual forecasts (population, prices, markets).

Principle: Complex future → Focus on key assumptions only.

Creates **expected operating environment** for plans.

d) **Develop Action Plans**

Convert goals to reality: Specific steps to achieve objectives.

For Example: Marketing plan - "**TV ads + dealer discounts**" for laptop sales.

Actionable roadmap eliminates wishful thinking.

e) **Develop Budgets**

Financial planning: Money allocation for action plans.

For Example: "Laptop launch budget" - advertising, production, distribution costs.

Ensures **financial feasibility** of plans.

f) **Implement Plans**

Execution phase: Put plans into action - avoid "plan abandonment".

Key Fact: 70% CEO failures due to poor execution, not poor planning. **Competitive advantage** through **proper implementation**.

g) **Control Plans**

Monitoring phase: Measure progress vs goals, correct deviations.

For Example: "Actual 2,500 units vs planned 3,000**" → analyze + adjust.

Ensures **plans stay on track**.

Elements of Planning

a) **Mission:** An organisation's mission is **its purpose or fundamental reason for existence**. It is a broad statement distinguishing the organisation from others of its type. It can be a written document or it may be implicit.

The purpose of a Mission Statement is:

- A mission statement is a **benchmark for managers** to evaluate success.
- **For employees** it defines common **purpose**, **fosters loyalty**, builds a sense of community.
- **For outside parties**, like investors, the government and the public, it gives **insight into values and future direction** of the organisation.

Components of a Mission Statement are-

- Who are the customers?
- What are the products or services?
- Where does the organisation compete?
- What is the basic technology?

- The firm's commitment to economic objectives.
- Basic beliefs, values and aspirations of the firm.
- Major strengths and competitive advantages.
- Public responsibilities and desired image.
- Attitude towards employees.

b) **Objectives:** The first important task of planning is to lay down objectives or goals. **Objectives represent the end towards which not only planning but all other activities of management are directed**. Thus, goals are set for the organisation to accomplish. Similarly, staffing, direction and control aim at reaching common objectives. In fact, managing is more effective when based on properly selected objectives. These objectives should be clearly defined and communicated throughout the organisation. Objectives can be individualistic or collective; short-term or long-term; tangible or intangible; general or specific.

c) **Strategies:** For years, the military used the word strategies to mean grand plans made in light of what it was believed an adversary might or might not do. While the term still usually has a competitive implication, managers increasingly use it to reflect broad areas of an enterprise's operation. Here the term, strategy is defined as the **determination of the basic long-term objectives of an enterprise and the adoption of courses of action and allocation of resources** necessary to achieve these goals.

d) **Policies:** Policies are guide to thinking in decision-making. Policy lays down the course of action selected to guide and determine present and future decisions. Policy as a general statement of understanding lays down the limits within which decisions are to be made and, thereby, assures consistent and unified performance.

For example: if it is the policy of a company to reinvest 50% of its earnings each year, decision relating to appropriation of profit and resorting to external sources of finance shall have to be made within the limits of this policy. Policies can originate at any level in the organisation and a manager should lay down policies within the limits of authority and also within the limits set by earlier policies and decisions of his / her seniors.

Policy may be written, verbal or implied. On functional basis, policies may be classified as those pertaining to sales, production, personnel, finance, purchase, etc.

e) **Procedures:** It suggest the exact manner in which a particular activity is to be done. It specifies the **chronological sequence for handling future activities**.

For example: An enterprise may have promotion policy based on seniority. To implement this policy procedures must be established for calculating seniority of employees and granting them actual promotions. It is apparent, therefore, whereas policy is a guide to thinking, procedures are guide to actions.

f) **Rules:** It signifies **some kind of regulation**, positive or negative and permit no discretion in its application. Thus, when we talk of leave rules, the idea is that leave can be granted and availed only subject to the regulations contained therein.

g) **Programmes:** Programme refers to the outline of plans of work to be carried out in proper sequence for the purpose of achieving specific objectives.

Thus, a company might embark upon an expansion programme by say, sixty per cent. And to implement this programme, management must lay down certain policies, procedures, methods, rules and other assignments properly related to and coordinated for its successful implementation. Programme is frequently supported by capital revenue and expense budgets. Thus, **programme is a complex structure of policies, procedures, methods, rules, budgets and other assignments.**

Programme can originate at any level in the organisation, and it can be a major programme or a minor one. Basic or major programmes usually call for establishing a number of derivative programmes.

h) **Budget:** Budget is single-use plan containing expected results in numerical terms. Budgets **may be expressed in time, money, materials or other suitable units** capable of numerical expression.
Income and expense budget, for example, projects the expected revenues and expenses for a given period. Since budget is an important control device it is often thought of in connection with controlling alone. However, budget-making is primarily a planning process, whereas its administration is part of controlling.

Planning at Different Levels

a) **Corporate Plan:** Corporate planning is the **process by which businesses create strategies** for meeting business goals and achieving objectives.
It **involves strategy definition, strategy direction, decision-making and resource allocation.** Corporate planning ensures that business operations are orderly and that

the team works towards the same goals. It can also help the organisation in identifying potential challenges in meeting goals, so that the methods to overcome them can be ascertained. Corporate planning is a **continuous and dynamic process** that lasts throughout the life of the business.

The different types of corporate planning include:

i) **Strategic planning**

Strategic planning overlaps with corporate planning in some areas, though there are still key differences. Strategic planning requires a close look at the company's missions, strengths and weaknesses. **It defines the present state, the desired future and how to get there**.

Corporate planning is much larger in scope than strategic planning. You can use it to guide a more complex company with many businesses and subsidiaries. The corporate plan has the same components as the strategic plan, though it pertains only to the broader company and any shared services used by the various units, such as marketing and human resources. It also considers the individual steps of the business. These include how to counteract challenges, train employees and achieve objectives.

ii) **Tactical planning**

Tactical planning involves **defining goals and determining how to achieve them through actions and steps**. It's the next step that a business takes after formulating a strategic plan.

With it, you can **break down the strategic plan into smaller goals and objectives**. Generally, you can create a tactical plan to address a short-term goal. Completing the tactical plan may help you work to achieve medium or long- term goals.

iii) **Operational planning**

An operational plan is a **specific, detailed plan that outlines the details of the business's daily operations for a specific period**, usually more than one year.

It outlines the **daily tasks and responsibilities** of each employee and manager and the mode of operation of the tasks.

Operational planning helps you allocate physical, financial and human resources, so you can reach short-term objectives that support a business' larger growth.

iv) **Contingency planning**

Contingency planning is the process by which organisations develop strategies that help **ensure they respond to an event that could impact their operations**. The purpose of a contingency plan is to **ensure that a business resumes normal activities after a disruptive event**, such as a natural disaster.

Businesses also plan contingency plans around positive events, like an unexpected influx of cash.

b) **Business Unit Plan:** A business unit plan should include a vision and mission, market analysis, product/ service details, marketing and sales strategies, operational and management plans, and a comprehensive financial plan. The plan should be structured logically with an executive summary at the beginning, clearly defined goals, and metrics to track progress and performance.

Business unit plans can be categorized by their purpose (strategic, tactical, operational, or contingency), structure (geographic, product, or customer-focused), and format (traditional, lean, or one-page).

The type of plan depends on its intended scope, timeframe, and audience, such as creating a comprehensive multi-year strategy or a simple daily to-do list for a specific department.

c) **Departmental Plans:** Departmental plans are operational plans that translate a business's overall strategic objectives into specific activities and targets for individual functional areas like marketing, finance, and human resources.

A departmental plan is essential for several reasons:

i) **Clarity of Purpose:** It provides clarity on the department's purpose, goals, and priorities, ensuring that everyone is aligned and working towards the same objectives.

ii) **Alignment with Organizational Goals:** It ensures that the department's goals and strategies are aligned with the broader goals of the organization, contributing to overall success.

iii) **Resource Allocation:** It helps to allocate resources, such as budget, personnel, and time, effectively to achieve organisational goals.

iv) **Performance Monitoring:** It provides a framework for monitoring and evaluating the department's performance, allowing the management to make adjustments as needed.

ORGANIZING

Meaning and Definition of Organizing

Organization structure is simply the ***pattern of relationships*** *linking the different parts of an organization—like departments, roles, and teams. It shows* ***who reports to whom*** *and* ***how work flows****.*

For Example: *Imagine a school → The structure defines the principal → teachers → students hierarchy, divides tasks (teaching vs. admin), and coordinates everyone for "student success." Without it, chaos!*

The following are the definitions of organizing:

Henri Fayol – "Organizing is providing the business with everything useful to its functioning—raw materials, tools, capital, and personnel."

Peter Drucker – "Organizing is the process of defining and grouping activities, establishing authority relationships, and creating a structure that enables people to work effectively toward common objectives."

Chester Barnard – "Organizing is a system of consciously coordinated activities or forces of two or more persons."

Louis A. Allen – "Organizing is the process of identifying and grouping work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together."

Koontz & O'Donnell – "Organizing involves grouping activities, assigning duties to individuals, and allocating resources to achieve organizational goals efficiently."

George R. Terry – "Organizing is the establishing of effective behavioral relationships among persons so that they may work together efficiently."

James D. Mooney & Alan C. Reiley – "Organizing is the form of every human association for the attainment of a common purpose."

Lyndall Urwick – "Organizing is determining what activities are necessary to achieve the plan and arranging them in groups for assignment to individuals."

Significance of organizing

Organizing creates efficient structure through 8 key benefits for management success.

a) **Specialization**

Work division into **units/departments** brings **specialization** in activities.

For Example: Production team focuses only on manufacturing → expertise develops.

b) **Well Defined Jobs**

Right people in **right jobs** based on qualifications, skills, experience.

Result: Clear job roles → role clarity for every person.

c) **Clarifies Authority**

Defines powers for each manager + exercise method.

Prevents: Power misuse.

Outcome: Efficiency + productivity increase.

d) **Coordination**

Creates relationships ensuring **mutual cooperation** among departments.

Key Principle: "Authority without responsibility = ineffective; responsibility without authority = ineffective".

Higher managers coordinate lower-level activities.

e) **Effective Administration**

Job positions + roles clarified → Specialization through work division.

Result: Efficient/effective administration.

f) **Optimum Resource Utilization**

Proper job assignment → **No overlapping/duplication.**

Benefits:

✓ Prevents confusion

✓ Minimizes wastage

✓ Best resource use (material, financial, human)

g) **Adaptation to Change**

Flexible structure accommodates business environment changes.

Features:

✓ Modifies relationships smoothly

✓ Provides stability during transitions

✓ Ensures survival + growth

h) **Personnel Development**

Delegation reduces manager workload → **innovation time**.

Benefits for Managers:

✓ Explore growth areas

✓ Develop new methods

Benefits for Subordinates:

- ✓ Handle challenges
- ✓ Realize full potential

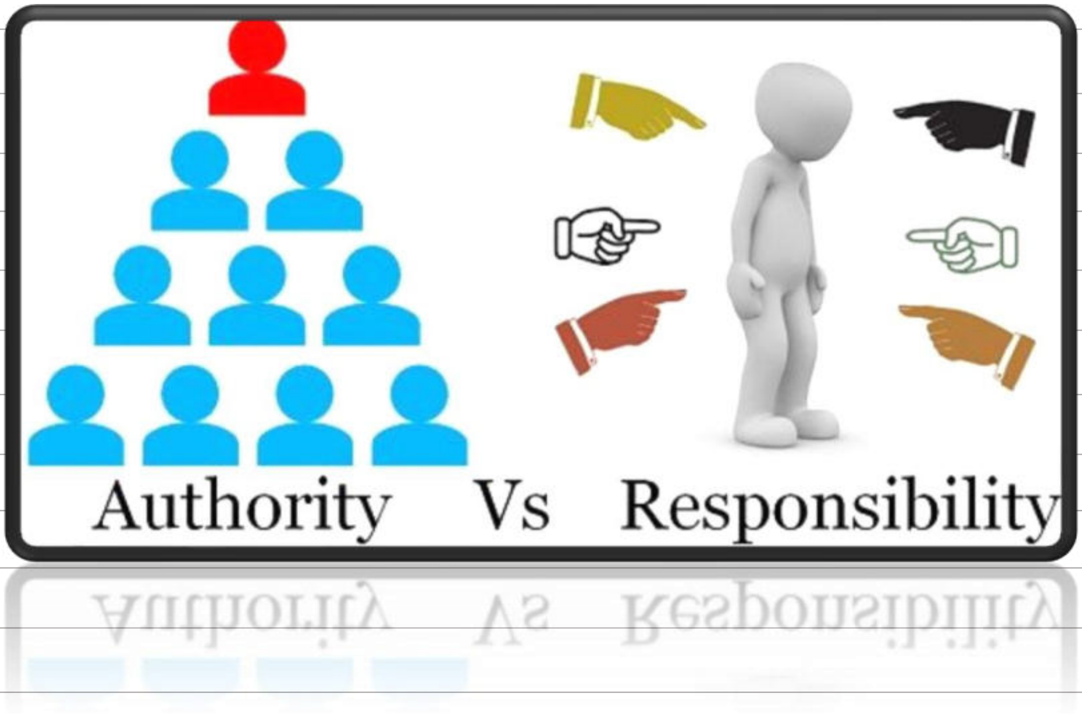
Steps in the Process of Organizing

The steps involved in the process of an organisation are:

Step	Key Action	Why It Matters	Example
Determine Objectives	Define clear goals before starting any work.	Guides selection of people/materials; provides direction and unity for management & workers.	A company sets "increase sales by 20%" to align all efforts.
Identify & Group activities	Divide main tasks into jobs, classify, and group them logically.	Avoids duplication; clarifies expectations for teams.	Break factory work into production, purchasing, marketing, finance—then subdivide (e.g., assembly line jobs).
Allot Duties	Assign grouped jobs to employees based on skills.	Ensures accountability; gives authority to perform tasks effectively.	Give a skilled worker the "quality check" role with power to approve/reject items.

Develop Relationships	Define reporting lines (who answers to whom).	Enables smooth delegation and accountability.	Employee knows they report to the marketing manager, not directly to CEO.
Integrate Activities	Link all efforts via authority, communication, and coordination.	Builds teamwork, unity of goals, and team spirit (horizontal/vertical/lateral links).	Use meetings/emails to sync sales (horizontal) with production (vertical) for on-time deliveries.

AUTHORITY AND RESPONSIBILITY RELATIONSHIP



Definition of Authority

Authority is the right of a manager to:

- ✓ *Command subordinates.*
- ✓ *Issue orders and instructions.*
- ✓ *Exact obedience from them.*

It also includes the right to make decisions and act (or not act) to achieve organizational objectives.

For Example: A sales manager has authority to assign targets to team members and decide on discounts up to 10% without higher approval.

Fayol's Definition

Fayol defined authority as "**the right to give orders and exact obedience**".
This refers to **official authority** (formal power from the job position).

Important Point: Official authority alone is often ineffective without personal authority.

Personal Authority includes:

- ✓ Intelligence
- ✓ Experience
- ✓ Moral values
- ✓ Leadership qualities

For Example: A strict factory supervisor (official authority) motivates better with empathy and experience (personal authority), leading to higher worker compliance.

Key Features of Authority

a) Core Essence: Power to command others to act or not act for organizational goals.
b) Essential for managerial position – without it, no real manager.
c) Creates superior-subordinate relations.
d) Acts as a binding force in the organization.
e) Provides basis for responsibility (superior accountable for subordinate actions).

For Example: In a company, the CEO's authority flows down: CEO → GM → Manager → Staff, ensuring coordinated efforts toward profit goals.

Role in Organization

James D. Mooney called authority the "supreme coordinating power".

Enables **delegation of authority** for better **coordination**.

Without **authority**:

- No **superior-subordinate relations**.
- Leads to **chaos** and **anarchy**.

For Example: In a hospital, the doctor's **authority** over nurses ensures smooth patient care; delegation to head nurse coordinates shifts without confusion.

The following are the characteristics of authority:

a) **Legitimacy:** Legitimate power is called authority. To be effective, authority should always be legitimate otherwise, it will not be obeyed. Authority is vested to an individual by the virtue of his the position in the organisation.

b) **Dominance:** An individual or a group which possesses authority exercises dominance over other. Authority determines superior subordinate relationship. Authority decreases as one moves down in the hierarchy.

c) **Accountability:** The individual who possess authority is liable to superior for fulfilling his obligations by using such authority Accountability is the most significant characteristic of authority. Accountability ensures performance according to standards.

d) **Authority flows Downward:** Authority is a downward flowing concept. The lower we go down in the hierarchy, the lesser is the authority. Higher authority is enjoyed by higher organisational positions. Authority establishes superiority.

e) **Delegation of Authority:** Authority flows from the higher level to the lower levels. Authority can be delegated to the lower levels in the organization for sharing the work load of the superior. But one thing must be noted that even though authority can be delegated but the responsibility of performance of obligation always lies with the delegator.

f) **Parity of Authority and responsibility:** Authority should never be assigned without responsibility. Authority and responsibility should go together. Authority must be equal to Responsibility. This is also one of the fourteen principles of management advocated by Fayol. Responsibility and authority are closely linked. A manager can fulfil his responsibility only if he has adequate authority to perform that task. An employee must be clear about what is expected of him.

If authority is greater than responsibility, then this could result in autocratic behaviour and misuse his authority.

Similarly, if responsibility is greater than authority, then this could result in frustration as discharge of responsibilities is not possible without adequate authority.

For Example: if a manager has been assigned the responsibility to purchases raw material but has not been given any authority to make the financial commitments regarding the payment of such purchases, this would frustrate the manager as he could not accomplish the desired goal effectively but would be held answerable for the act which was beyond his authority.

Responsibility

Very often we hear statements, like 'delegating responsibility', 'carrying out a responsibility', 'discharging a responsibility', 'possessing responsibility'.

Such statements are a pointer to the fact that responsibility is a term clogged with variety of meanings in the field of management.

It is **frequently described as an obligation on the part of manager to perform a task himself.** Those who accept the task should be held responsible for their performance as well.

The basic essence of responsibility is **obligation**. However, **in the context of hierarchical relations in the organization, responsibility may well be described as the obligation of a subordinate to perform the duty or tasks assigned to him.**

Responsibility should then be construed in relation to a person and no other object.

Implied in this is also the assumption that responsibility is founded on and emanates from superior- subordinate relations established in the organization. Thus a manager has the right to get the assigned duty performed properly by his subordinate. Moreover, he should ensure that the authority delegated to the subordinate gets properly discharged.

From the above, it follows **that authority flows downwards, whereas responsibility is exacted upwards.**

Features of Responsibility:

a) *Responsibility is to assign duty to human beings only.*
b) *Responsibility is the obligation of a subordinate to properly perform the assigned duty.*
c) *It arises from superior subordinate relationship*
d) *Responsibility flows upward. A subordinate is always responsible to his superior.*
e) *Responsibility cannot be delegated.*
f) *The person accepting responsibility is accountable for the performance of assigned duties.*
g) *It is hard to fulfil responsibility without authority.*

The balance between authority, responsibility, and power is fundamental to effective leadership and organizational success.

Authority is the right to make decisions, power is the ability to execute those decisions, and responsibility is the accountability for the outcomes of those decisions and their implementation.

An imbalance among these elements, particularly in an administrative office, often results in abuse, inefficiency, and a breakdown of trust within the organization.

When authority, responsibility, and power are out of alignment, it creates fertile ground for abuse, inefficiency, and dissatisfaction.

a) ***Authority without Power:*** *When an individual has the authority to make decisions but lacks the power to execute them, frustration and inefficiency result.*

For Example: an office manager who approves a project but cannot allocate the necessary resources becomes ineffective. The decision remains theoretical, and the team loses faith in the leader's ability to bring ideas to fruition.

b) **Power without Responsibility:** This scenario leads to unaccountability and potential abuse.

For example: an administrator who has the power to enforce policies but is not held responsible for the consequences of their enforcement may act arbitrarily, causing harm to employees or the organization.

c) **Responsibility without Authority or Power:** Assigning responsibility without granting corresponding authority and power sets individuals up for failure. A staff member tasked with improving office efficiency but denied the authority to implement changes or access necessary resources will struggle to deliver results, leading to undue stress and possible scapegoating.

Delegation of authority.

Delegation is the process of assigning authority, power, and responsibility to subordinates. It is a critical tool for maintaining balance and ensuring organizational efficiency. In an administrative office, delegation enables leaders to focus on strategic objectives while empowering team members to manage operational tasks.

How Delegation Balances Authority, Responsibility, and Power

a) **Delegation of Authority:** Leaders must carefully determine the level of decision-making authority to delegate.

For Example: an administrative director might delegate the authority to approve routine expenditures to department managers, freeing up time for higher-level strategic decisions.

b) **Delegation of Power:** Alongside authority, leaders must grant subordinates the power to carry out their decisions effectively. This includes providing access to resources, clear communication channels, and support from other departments.

c) **Transfer of Responsibility:** Responsibility cannot be fully delegated; the ultimate accountability for outcomes rests with the leader. However, task-specific accountability is assigned to the individual executing the task.
For example: a team leader may delegate the task of scheduling a meeting to a staff member, but the leader remains responsible for the meeting's overall success.

However, the following challenges may be faced in the process of delegation:

a) **Trust Issues:** Leaders may hesitate to delegate due to a lack of trust in their team's competence or dedication.

b) **Overloading Subordinates:** Delegation must be reasonable; overburdening employees with tasks beyond their capacity can lead to burnout and inefficiency.

c) **Ambiguity in Roles:** Poorly defined boundaries in authority, power, and responsibility can cause confusion and conflict.

Centralization and Decentralization

Centralization refers to the **concentration of authority at the top level** of the organisation. It is the systematic and consistent reservation of authority at the central points within an organisation.

In a centralized organisation, **managers at the lower level have a limited role in decision-making**. They just have to execute the orders and decisions of the top level.

Decentralization means the **dispersal of authority throughout the organisation**. It refers to a systematic effort to delegate to the lowest levels all authority except which can be exercised at central points.

It is the distribution of authority throughout the organisation. In a decentralized organisation, the authority of major decisions is vested with the top management and balance authority is delegated to the middle and lower levels.

Difference between Centralization and Decentralization:

Basis	Centralization	Decentralization
Meaning	The concentration of authority at the top level is known as Centralization.	The evenly and systematic distribution of authority at all levels is known as Decentralization.
Delegation of authority	There is no delegation of authority as all the authority for taking decisions is vested in the	There is a systematic delegation of authority at all levels.

	hands of top-level management.	
Suitability	It is suitable for small organisations.	It is suitable for large organisations.
Freedom of decision making	There is no freedom of decision-making at the middle and lower level.	There is freedom of decision-making at all levels of management.
Flow of Information	There is a vertical flow of information.	There is an open and free flow of information.
Employee Motivation	Employees are demotivated as compared to decentralization.	Employees are motivated as compared to centralization.
Conflict in Decision	There are least chances of any conflict in decision as only top-level management is involved.	There are chances of conflict in decision as many people are involved.
Burden	The burden of work is not shared and only one group carries the burden.	The burden of work is shared amongst all levels.

Merits of Centralization

a) **Clear Chain of Command**

A **streamlined hierarchy** ensures **efficient decision-making**. Everyone knows **who to report to** and **whom to approach** for guidance. This provides prompt responses to employee concerns.

Senior executives delegate authority to **specialized employees**, eliminating overlap and enabling **quick, unified execution** of decisions.

For Example: In a bank, the HQ branch head directs all local branches – no confusion during a crisis.

b) **Focused Vision**

Centralized management communicates the **organization's vision** consistently through **clear lines of authority**. Senior executives guide employees toward common goals.

For Example: McDonald's HQ sets global menu standards – every outlet delivers the same "brand experience."

c) **Reduced Costs**

Standard procedures minimize administrative and operational costs. No need for specialists at every level since **critical decisions** come from the **head office**.

Clear chain prevents duplication of responsibilities and extra expenses.

For Example: Centralized IT support in a firm saves hiring tech teams per branch.

d) **Quick Implementation**

A **small top group makes decisions** fast in one meeting, then communicates downward to lower managers.

For Example: CEO approves emergency pricing – rolls out company-wide instantly.

e) **Improved Quality of Work**

Standardized procedures and **better supervision** ensure **uniform, high-quality outputs** across departments.

For Example: Centralized quality control in manufacturing keeps product standards consistent.

Disadvantages of Centralization

a) **Bureaucratic Leadership**

Top-level only decision-making turns employees into mere implementers. This **kills creativity, motivation, and performance**. Seniors lack implementation insight, missing field realities.

For Example: HQ policy ignores local market needs – sales drop.

b) **Remote Control**

Executives face heavy pressure without **implementation oversight**, causing inefficiencies and overload.

c) **Delays in Work**

Employees wait for **top-down guidance**, leading to productivity losses.

For Example: Field sales team idle awaiting HQ approval on client deals.

d) **Lack of Employee Loyalty**

Limited autonomy stifles initiative, creativity, and loyalty due to rigid structure.

Merits of Decentralization

a) **Quick Decision Making**

Authority at operational levels enables **prompt, situation-specific** decisions.

For Example: Regional store managers adjust prices for local competition instantly.

b) **Executive Development**

Delegated authority builds **self-sufficiency, confidence**, and **problem-solving skills**.

c) **Development of Managerial Skills**

Subordinates prove abilities, creating a **talent pool** for **promotions**.

For Example: Branch managers handle crises independently – ready for higher roles.

d) **Relieves Top Management**

Frees seniors for strategic planning within set limits.

e) **Facilitates Growth**

Departmental competition boosts **productivity** and **returns**.

For Example: Independent divisions innovate faster, driving company expansion.

Demerits of Decentralization

a) **Risk of Misaligned Objectives**

Units prioritize **local goals** over organizational vision, causing **conflicts.**

b) **Lack of Uniformity**

Inconsistent policies across levels create confusion.

For Example: Different branches apply varying customer policies.

c) **Increased Costs**

Multiple levels need **extra training, infrastructure, and admin support**.

d) **Coordination Challenges**

Miscommunication hinders collaboration and performance.

e) **Quality Control Issues**

Varying decision **quality** across units affects overall efficiency.

Aspect	Centralization	Decentralization
Decision Speed	Fast at top, slow rollout	Fast at source
Costs	Lower	Higher
Control	Tight	Loose, needs coordination
Employee Growth	Limited	High
Consistency	High	Variable
Best For	Stable, small firms	Large, dynamic organizations

STAFFING

Meaning and Definition of Staffing

Staffing refers to the **process of hiring, training, and maintaining a workforce** that reflects the organization's objectives. In this process, human resource requirements are determined, and there is sourcing of relevant qualified people. They also go through professional development. This **process aims at filling each position with the best possible person.** Such a function directly affects the organization in terms of efficiency and performance through the strong human capital base it creates.

In addition to hiring employees, **staffing focuses on their development and retention to ensure long-term organizational success**. It bridges the gap between the organization's needs and the available talent pool. This is because, by addressing both *immediate and future workforce requirements, staffing ensures that the organization runs smoothly. The objectives of staffing include ensuring the* ***right talent is placed in the right roles*** *to maximize efficiency and organizational growth.*

According to Koontz and O'Donnell, *"The managerial function of staffing involves managing the organisation structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure."*

S. Benjamin has defined staffing as – *"The process involved in identifying, assessing, placing, evaluating and directing individuals at work."*

According to Theo Hainmann, *"Staffing function is concerned with the placement, growth and development of all those members of the organisation whose function is to get things done through the efforts of other individuals."*

Koontz and Weihrich- *"Staffing can be defined as filling and keeping filled positions in the organisation structure."*

J. L. Massie- *'Staffing is the process by which managers select, train, promote and retire subordinates.'*

Caruth, Caruth and Pane- *"Staffing is a process through which an organisation ensures that it has, on a continuous basis, the proper number of employees with the appropriate skills in the right jobs at the right times to achieve the organisation's objectives."*

Characteristics of Staffing

a) **People-oriented**

Staffing deals with **efficient utilization of human resources**.

It **promotes and stimulates** every employee to make their full contribution for organizational objectives.

For Example: HR motivates a quiet accountant to lead the audit team – full potential unlocked.

b) **Development-oriented**

Staffing develops potentialities of personnel.

It builds their **personality, interests, and skills**.

Employees get **maximum satisfaction** from work and **realize full potential** through training, job education.

For Example: Shy receptionist trained → Confident front desk manager → Happier at work.

c) **Pervasive function**

Staffing needed in **EVERY organization** – profit-making and non-profit.

Required at **ALL levels** for ALL types of employees.

Major sub-system **of total** management system.

For Example: School (non-profit) staffs teachers + Hospital (profit) staffs doctors – both need staffing.

d) **Human objectives**

Develops employees for **maximum work satisfaction.**

Creates atmosphere where employees **willingly cooperate** for **organizational goals.**

For Example: Happy warehouse workers (good training) work overtime voluntarily during peak season.

e) **Individuals + Group-oriented**

Staffing handles employees as individuals AND groups.

Establishes structure to **satisfy individual needs + group efforts**.

Integrates individual goals with organizational goals → Employee involvement.

For Example: Accountant gets promotion (individual) + Team gets bonus (group) → Both happy.

f) **Cordial working environment**

Creates **friendly workplace** where everyone gives their best.

Provides comfortable physical + psychological environment.

For Example: Open office + team lunches + skill training = Happy, productive employees.

Manpower Planning

Manpower Planning which is **also called as Human Resource Planning** consists of **putting right number of people, right kind of people at the right place, right time, doing the right things** for which they are suited for the achievement of goals of the organization.

Human Resource Planning has got an important place in the arena of industrialization. Human Resource Planning has to be a systems approach and is carried out in a set procedure.

The procedure is as follows:

a) Analysing the current manpower inventory
b) Making future manpower forecasts
c) Developing employment programmes
d) Design training programmes

RECRUITMENT AND SELECTION

Recruitment

Recruitment refers to the process of **identifying, attracting, interviewing, selecting, hiring and on boarding employees**. In other words, it involves everything from the identification of a staffing need to filling it.

Depending on the size of an organization, recruitment is the responsibility of a range of workers. Larger organizations may have entire teams of recruiters, while others only a single recruiter. In small outfits, the hiring manager may be responsible for recruiting.

While the **recruitment process is unique to each organization**, however, broadly the following steps are following in the recruitment process.

- Devise a recruitment plan
- Write a job description
- Advertise the position
- Recruit the position

- Review applications
- Phone Interview/Initial Screening
- Interviews
- Applicant Assessment
- Background Check
- Decision
- Reference Check
- Job offer
- Hiring
- On boarding

Selection

According to **Dale Yoder**, "Selection is the process in which **candidates by employment** are **divided into two classes** those who are to be **offered employment** and **those who are not.**"

Selection means selecting the candidates by various acts from the application forms invited through recruitment. **The following procedure is adopted generally:**

a) **Receiving and screening the applications:** After receiving applications, they are **screened.** Those applicants who fulfil the minimum criteria are shortlisted. Other applications of are rejected.

b) **Preliminary Interview:** After this, applicants are called for a preliminary interview. By this interview the **appearance, attitudes, behaviour of the candidate** can be known easily and the interviewer can decide whether the applicant is fit for job or not on a preliminary basis. Preliminary interviews are **often called a courtesy interview** as well.

c) **Selection Tests:** Candidates who qualify the preliminary interviews are called for tests. Tests are conducted for **testing the knowledge, personal behaviour, efficiency of work and interest.** There are various types of tests conducted depending upon the jobs and the company.

d) **Employment Interview:** Those who qualify the selection tests are called for employment interview. This interview is **formal and in-depth interview**. It provides quite deep knowledge about the candidate's suitability and helps in finding out the physical appearance and mental alertness of the candidate.

e) **Checking References on Investigation of Previous History:** Applicants are generally asked to give names of at least two persons to whom the firm may make a reference to verify the information provided by the candidates. Reference checks can be made through **formal letters or telephonic conversations**.

f) **Selection Decision:** After obtaining all the information, the most critical step is the selection decision. The final decision has to be made out of applicants who have passed preliminary interviews, tests, final interviews and reference checks. The views of line managers are considered generally because it is the line manager who is responsible for the performance of the new employee.

g) **Physical Examination:** After the selection decision is made, the candidate is required to undergo a **physical fitness test**. A job offer depends upon the candidate passing the physical examination test.

h) **Job Offer:** Job offer is made to those applicants who have **crossed all the previous hurdles**. The offer is made by sending the **appointment letter** which specifies the post, salary and terms of employment.

i) **Placement:** This the final selection process. The candidate who **accepts the job offer** is placed on the job.

Training and Development

a) **Training:** Training refers to an education process in which **employees get a chance to develop skills, competency and learning** as per the post-duty requirements.

In Simple terms, we can say it is a process of increasing the knowledge and skills of an employee. Training is performed to improve the knowledge and skills that are needed to perform their existing jobs.

That's why it is short-time/term focused and for a fixed duration.

- It is a job-oriented process.
- It is performed to improve the knowledge and skills that are needed to perform their existing jobs.
- It helps an individual to learn how to perform his/her present job satisfactorily.
- It is a reactive process.

- It mainly refers to learning new things and refreshing old ones.
- It focuses on technical skills and it has a narrow scope.
- It focuses on the role.
- It revolves around present needs.

b) Development:

Development refers to an in**formative process that mainly helps in understanding the overall growth and improvement of the skills of the employee.**

In Simple terms, we can say it is a process of learning and growth. Developments are performed to improve knowledge and skills to face future challenges.

That's why it is long-term/term-focused, which takes place throughout the life of a person. Mainly it is the result of initiatives, taken by self and it is a result of self-motivation.

- It is a career-oriented process.
- It is performed to improve knowledge and skills to face future challenges.
- It prepares individuals for future jobs and growth in all aspects.
- It is the result of initiatives, taken by self and it is a result of self-motivation.
- It refers to implementing learned sessions and finding new ones.
- It focuses on conceptual and human ideas and it has a wider scope.
- It revolves around the future needs of the individual.

Performance Appraisal

The term "performance appraisal" refers to **the regular review of an employee's job**

performance and overall contribution to a company. Also known as an annual review, employee appraisal, performance review, or evaluation, a performance appraisal evaluates an employee's skills, achievements, and growth, or lack thereof.

Companies use performance appraisals **to give employees big-picture feedback on their work and to justify pay increases and bonuses, as well as termination decisions**. They can be conducted at any given time but tend to be annual, semi-annual, or quarterly.

Thus, the key points of performance appraisal are-

- A performance appraisal is a regular review of an employee's job performance and contribution to a company.
- Performance appraisals are also called annual reviews, performance reviews or evaluations, or employee appraisals.
- Companies use performance appraisals to determine which employees have contributed the most to the company's growth, to review their progress, and to reward high-achieving workers.
- Although there are many different kinds of performance reviews, the most common is a top-down review in which a manager reviews their direct report.
- Employees who believe that the evaluation's construction isn't reflective of their company's culture may feel dissatisfied with the appraisal process.

Compensation and Benefits

Compensation and benefits refers to the **monetary and non-monetary rewards an employee receives from their employer in exchange for their work.** Together, they make up a total compensation package, which may include salary, bonuses, insurance, retirement contributions, and various other perks aimed at attracting, motivating, and retaining employees.

The main difference between compensation and benefits is that compensation is a financial form of remuneration, while benefits are non-financial.

Compensation is the money an employee receives in **exchange for their labour,** which could be a salary, wages, commission, and bonuses. This money is subject to taxation. HR uses compensation to attract top talent and boost retention rates.

Benefits are **extra perks or rewards** that an organization provides to an employee, and they may have a financial value, but the employee doesn't receive any cash directly. This includes health insurance, stock options, gym memberships, flexible working hours, learning and development opportunities, and retirement savings plans. Some benefits may be exempt from taxation.

DIRECTING

Meaning and Definition of Directing

The **process of instructing, guiding, counselling, motivating, and leading people** in an organisation to achieve the organisational goals is known as directing.

Directing not only includes order and instructions by a superior to the subordinates but also includes guiding and inspiring them. It encompassed many elements like motivation, leadership, supervision, besides communication. It is a managerial function which is performed throughout the life of an organisation.

In the words of **Ernest Dale**," Direction is telling people what to do and seeing that they do it to the best of their ability".

In the words of **Theo Haimann**," Directing consists of the process and techniques utilised in issuing instructions and making certain that operations are carried on as originally planned".

Key Features of Directing

a) **Directing Initiates Action**

Directing starts the action in organization.

Planning, organizing, staffing only create conditions – **Directing converts plans into action.**

It is the key managerial function performed by managers.

For Example: Factory has machines (organizing) + workers (staffing) + production plan.

Directing = Foreman tells workers "Start machine A now!"

b) **Directing is Pervasive**

Directing happens everywhere → every management level.

It Exists wherever superior-subordinate relations are present.

Every manager has subordinates and must get things done.

For Example: CEO directs GM → GM directs Manager → Manager directs Staff → All levels directing.

c) **Directing is Continuous Process**

Directing is **ongoing, never-ending.**

Continues throughout organization life, regardless of people.

Managers continuously: give orders, motivate, guide subordinates.

For Example: Sales manager daily tells team targets, motivates them, guides difficult clients – every day.

d) **Directing Flows Top to Bottom**

Directing moves **down the hierarchy**: Superior → Subordinate.

Every manager directs their team AND takes instructions from their boss.

For Example:

CEO → "GM, increase sales 20%"

GM → "Managers, visit 10 clients daily"

Manager → "Salesmen, call 50 customers"

e) **Directing Deals with People**

Directing guides human efforts toward organizational goals.

Delicate function because **human behavior** is **complex and unpredictable.**

For Example: Same instructions to 10 workers → 5 follow perfectly, 3 need motivation, 2 resist → People are different.

Principles Guiding Directing Process

a) **Maximum Individual Contribution**

Directing should **build self-confidence** and **motivate subordinates** to give their best to organization.

Manager's duty: Find **hidden talents** and get **maximum contribution** from each person.

For Example: Factory supervisor notices hardworking welder → Gives him team leader role → Production ↑

b) **Harmony of Objectives**

Reconcile individual goals with **organizational goals.**

Employees work better when they see personal benefit in company success.

For Example: Salesman gets commission (personal goal) + Company hits target (org goal) = Win-Win.

c) **Unity of Command**

One subordinate = One superior only.

Multiple bosses = Confusion + Conflict + Disorder.

For Example: Worker reports to Production Manager only (not Sales Manager too) → Clear instructions.

d) **Appropriateness of Direction Techniques**

Use correct techniques suitable for subordinates + organization + situation.

Wrong technique = Inefficient direction.

For Example: Young tech team needs participative style vs Old factory workers need authoritative style.

e) **Managerial Communication**

Systematic communication between superior ↔ subordinate.

Upward feedback helps managers understand employees + lets employees express feelings.

For Example: Weekly team meetings + Suggestion box = Two-way communication.

f) **Strategic Use of Informal Organisation**

Identify and **use informal groups to strengthen formal relationships**.

For Example: Manager notices lunch group leaders → Uses them to spread official messages fast.

g) **Effective Leadership**

Managers act as leaders to influence subordinates toward organizational goals.

Guide + counsel personal problems too → **Build trust and confidence.**

For Example: Manager helps struggling employee with family issues → Gets loyalty + better work.

h) **Direct Supervision**

Face-to-face contact between superior ↔ subordinate → Higher morale + commitment.

For Example: Floor supervisor walks factory daily vs Sitting in office → Workers feel valued.

i) **Principle of Follow Through**

Monitor subordinates after giving orders.

To check that they are working properly? Any problems?

Directing = Continuous process → Regular follow-up needed.

For Example: Manager gives sales target → Weekly check meetings → Solves client issues immediately.

Supervision and its Significance

Supervision refers to the process by which **managers oversee the activities and performance of their subordinates to ensure that tasks are completed correctly, efficiently, and in alignment with organizational goals.** Effective supervision involves various responsibilities and practices, including Guidance and Support, Monitoring Performance, Feedback and Coaching, Problem Solving, Motivation, and Communication.

The term 'Supervision' is made up of **two words, Super and Vision**. **Super means over and above and Vision means seeing.** Therefore, supervision means overseeing the work of subordinates to ensure that they are working according to the plans and policies of the organisation. It is instructing, guiding, and observing the subordinates at work to ensure that they are working as per the plans. Supervision aims to ensure that subordinates work efficiently and effectively to accomplish the organisational objectives.

Key Reasons Why Supervision Matters

a) **Interpersonal Contact with Workers**

Supervisor maintains day-to-day contact and **friendly relations** with workers.

Acts as guide, friend, and philosopher to employees.

For Example: Factory supervisor chats with workers during breaks → Knows their family problems → Helps solve them.

b) **Link Between Workers & Management**

Supervisor is the bridge between workers ↔ management.

Downward: Communicates managerial policies and decisions to workers.

Upward: Conveys workers' suggestions, ideas, complaints, grievances to management.

Result: Avoids misunderstandings and conflicts.

For Example: Workers complain about canteen food → Supervisor tells HR → Food improves!

c) **Maintains Discipline**

Enforces rules and regulations using various techniques.

Keeps discipline among subordinates.

For Example: Late-coming worker → Supervisor warns first, then deducts half-day pay → Punctuality improves.

d) **Promotes Group Unity**

Maintains group unity among workers.

Sorts internal differences using people-oriented approach.

Builds **harmonious relations**.

For Example: Two workers fighting over machine → Supervisor mediates → Team works together again.

e) **Helps in Improving Performance**

Direct contact with workers → Better inspiration and guidance.

Uses **financial and non-financial incentives** to boost productivity.

For Example: Supervisor gives bonus (financial) + public praise (non-financial) → Output doubles.

s

f) **Provides Training to Employees**

Gives on-the-job training to new and existing employees.

Instructs, suggests, criticizes, guides → Creates efficient team.

Reduces accidents and wastage.

For Example: New machine operator → Supervisor shows correct buttons → No accidents + Less scrap.

g) **Influences Workers**

Inspires cooperation and maximum contribution through effective leadership.

Builds higher morale.

For Example: Supervisor leads by example (works overtime) → Workers follow willingly.

h) **Provides Feedback**

Evaluates performance against pre-determined standards.

Identifies weaknesses → Gives feedback → Corrective measures.

For Example: Salesman misses target → Supervisor shows "You need 10 more calls daily" → Performance improves.

Motivation and its importance

Motivation can be defined as the **driving force behind your actions**. It is often associated with 'why' you want to do something. It is intertwined with your goals, feelings, dreams and hopes. Motivation at work can drive the employees of an organisation to meet their individual goals as well as the company's overall goals.

The word Motivation derives from the **Latin word "Movere".** The Latin word "Movere" means "**To move", "To drive" or "To drive forward"** etc.

Motivation can be defined as stimulating, inspiring and inducing the employees to perform to their best capacity. Motivation is a psychological term which means it cannot be forced on employees. It comes automatically from inside the employees as it is the willingness to do the work.

"Motivation means a process of stimulating people to action to accomplish desired goal" - **William G. Scout**

"Motivation refers to the way, in which urges, drives, desires, aspirations, strivings or needs, direct, control and explain the behaviour of human beings" - **Mc Farland**

"Motivation is the complex forces starting and keeping a person at work in an organisation. Motivation is something which moves the person to action and continues him in the course of action already initiated" - **Robert Dubin**

Importance of Motivation

The importance of Motivation is as follows:

a) **Motivation helps to improve performance level:** Motivation helps in satisfying needs of the employees and providing them satisfaction. Performance of the employees is improved with the help of motivation as **it bridges the gap between the capacity to work and willingness to work**. As a result, employees work with full dedication and make full use of their abilities to raise the existing level of efficiency.

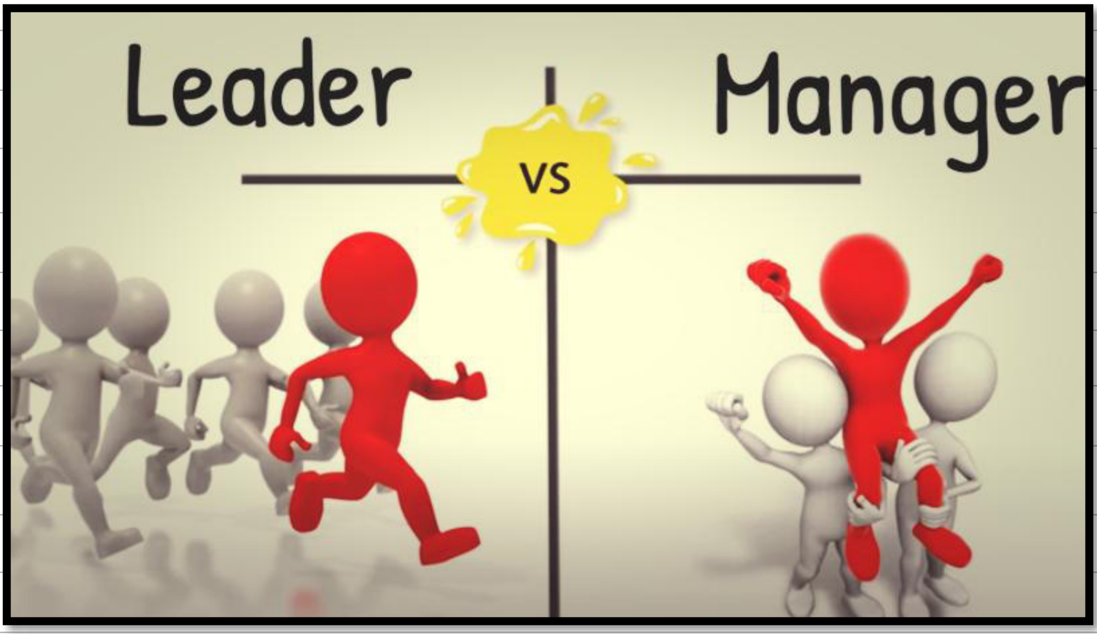
b) **Motivation helps in changing negative attitude to positive attitude:** Positive attitude towards the organisation helps to achieve organisational goals easily. Sometimes, employees have a negative attitude towards the organisation or work. Motivation helps to change this negative attitude to a positive attitude **through suitable rewards, positive encouragement and praise for good work**. When the workers are motivated they work positively towards the organisational goals.

c) **Motivation helps to reduce employee turnover:** Lack of motivation is the main cause behind employee turnover. Employees do not think of leaving the job when they are motivated by financial and non- financial incentives. **Reduction in employee turnover saves a lot of money as direct expenses (recruitment and selection costs) and indirect expenses (labour dissatisfaction) are reduced.** The organisations also benefit because the skill and competence of employees continue to be available to the organisation.

d) **Motivation helps to reduce absenteeism:** *Some of the reasons behind absenteeism are* ***improper work environment, inadequate rewards, lack of recognition****, etc., and these can be overcome or reduced if the employees are motivated properly. Proper motivation makes the work a source of pleasure, and workers do not refrain from work unless it is unavoidable.*

e) **Motivation helps to introduce changes smoothly:** *An organisation can survive and grow only when it adapts itself to the* ***dynamic environment****. Changes are generally resisted by the employees because of* ***fear of adverse effects on their employment****. This resistance can be overcome by proper motivation. Motivation helps to* ***convince employees that proposed changes will bring additional rewards to them****. As a result, they readily accept these changes.*

LEADERSHIP



Leadership is an attempt at **influencing the activities of followers** through the communication process and toward the attainment of some goal or goals.

Leadership is the **capacity or ability to guide, inspire, and influence individuals or groups toward achieving a common goal**. It involves decision-making, communication, and motivation while fostering collaboration and accountability.

According to C.I. Bernard – 'Leadership is the quality of behaviour of the individuals whereby they guide people or their activities in organised efforts'.

According to Bernard Keys and Thomas – 'Leadership is the process of influencing and supporting others to work enthusiastically towards achieving objectives'.

Leadership is essentially a **continuous process of influencing behaviour**. It may be considered in context of mutual relations between a leader and his followers. The leader tries to influence the behaviour of individuals or group of individuals around him to achieve desired goals.

Keith Davis, "Leadership is the process of encouraging and helping others to work enthusiastically towards their objectives. Leadership must extract cooperation and willingness of the individuals and groups to attain the organisational objectives."

George R. Terry, "Leadership is a relationship in which one person influences others to work together willingly on related tasks to attain what the leader desires."

Koontz and O'Donnell, "*Leadership is the process of influencing people so that they will strive willingly towards the achievement of group goals.*"

Chester I. Bernard, "*Leadership refers to the quality of the behaviour of the individual whereby they guide people on their activities in organised work.*"

Mooney and Reiley, "*Leadership is regarded as the form which authority assumes when it enters into process.*"

Alford and Beattey, "*Leadership is the ability to secure desirable actions from a group of followers voluntarily without the use of coercion.*"

Features of Leadership

The features of leadership are as under:

a) **There must be Followers:** A leadership **cannot exist without followers**. If a leader does not have followers, he cannot exercise his authority. **Leadership exists both in formal and informal organisations.**

b) **Working Relationship between Leader and Followers:** There must be a working relationship between the leader and his followers. It means that the **leader should present himself in a place where the work is actually going on**. Besides, the leader should be a dynamic person of the concerned group. If he is not so, he cannot get things done.

c) **Personal Quality:** The **character** and behaviour of a man **influence** the works of others.

d) **Reciprocal Relationship:** Leadership kindles a reciprocal relationship between the leader and his followers. A leader can influence his followers and, in turn, the followers can influence the leader. The willingness of both the leader and the followers is responsible for the influence and no enforcement is adopted.

e) **Community of Interests:** There must be community of interests between the leader and his followers. A leader has his own objectives. The followers have their own objectives. They are moving in different directions in the absence of community of interests. It is not advisable. It is the leader who should try to reconcile the different objectives and compromise the individual interests with organisation interests.

f) **Guidance:** A leader guides his followers to achieve the goals of the organisation. A leader should **take steps to motivate his followers** for this purpose.

g) **Related to a Particular Situation:** Leadership is applicable to a particular situation at a given point of time. It varies from time to time.

h) **Shared Function:** Leadership is a shared function. **A leader is also working along with his followers to achieve the objectives of the organisation**. Besides, the leader shares his experience, ideas and views with his followers.

COORDINATING

Definition and Meaning of Coordination

Coordination is the force that connects all managerial functions and ensures the smooth and efficient functioning of an organization. All the activities of an organization such as purchase, production, sales, and finance are connected through this link of coordination, which enables and helps in the continuous working of an organization. It is considered the soul of management, as it helps in achieving the goal through harmony and discipline of both individuals and groups.

Mooney and Reiley defines Coordination is an orderly arrangement of group efforts to provide unity of action in the pursuit of common goals. Charles Worth defines Coordination is the integration of several parts into an orderly hole to achieve the purpose of understanding. Brech defines Coordination is balancing and keeping together the team by ensuring suitable allocation of tasks to the various members and seeing that the tasks are performed with the harmony among the members themselves.

Characteristics of Coordinating

a) It is **relevant for group efforts and not for individual efforts**. Coordination involves an orderly pattern of group efforts. In the case of individual efforts, since the performance of the individual does not affect the functioning of others, the need for coordination does not arise.

b) It is a **continuous and dynamic process**. Continuous because it is achieved through the performance of different functions. Also, it is dynamic since functions can change according to the stage of work.

c) Most organizations have **some sort of coordination in** place. However, the management can always make special efforts to improve it.

d) Coordination **emphasizes the unity of efforts**. This involves fixing the time and manner in which the various functions are performed in the organization. This allows individuals to integrate with the overall process.

e) A higher degree of coordination happens when the **degree of integration in the performance** of various functions increases.

f) It is the **responsibility of every manager** in the organization. In fact, this is integral to the role of a manager because he synchronizes the efforts of his subordinates with others.

Importance of Coordinating:

a) **Teamwork**

Coordination makes people **cooperate** for **common objectives**.

Sharing ideas and talents → Better problem-solving and decisions.

For Example: Marketing and Sales teams coordinate → Double customer conversions.

b) **Unity in Diversity**

People with **different backgrounds and talents** work toward **same goal**.

Good coordination ensures everyone pursues same objective.

For Example: Indian cricket team – Spinners + Fast bowlers + Batsmen = One winning strategy

c) **Conflicting Goals**

Different people/groups have **different objectives → Possible conflicts**.

Coordination finds beneficial solutions through clear communication.

For Example: Production wants quality (slow) vs Sales wants quantity (fast) → Coordinator sets balanced targets.

d) **Growth in Size**

Bigger organization = More complex departments.

Coordination maintains **efficiency + communication** between departments.

For Example: Large hospital – Emergency, Surgery, Pharmacy all coordinate during patient rush.

e) **Specialization**

People specialize in their fields but still work for organization's goals.

Needs collaboration + clear communication + right tools.

For Example: IT team builds software + Marketing promotes it = Perfect launch.

f) **Synergy Effect**

Group effort > Individual effort.

Teamwork and idea exchange = Maximum organizational potential.

For Example: 1 chef = 50 meals/day, 5 coordinated chefs = 300 meals/day

g) **Human Nature**

Recognizes human subconscious traits.

Creates efficiency + involvement through communication + incentives + support.

For Example: Workers need praise + clear instructions → Work happily + productively.

h) **Empire-Building**

Reduces empire-building (department heads fighting for power).

Promotes **transparency, collaboration and organizational focus.**

For Example: Finance vs Marketing budget fight → Coordinator allocates fairly.

i) **Interdependence**

Departments depend on each other.

Teamwork and shared responsibility = Effective functioning.

For Example: Assembly line – Part A team waits for Part B team → Must coordinate.

j) **Congruence of Flows**

Smoothly coordinates information + resources + activities flows.

Maximizes efficiency, reduces duplication.

For Example: Raw materials arrive when machines are ready → No waiting + wastage.

k) **Differentiation and Integration**

Balance: Specialized roles (differentiation) + Common objectives (integration).

Harmonizes units/teams/individuals.

For Example: Different departments (HR, Finance, Production) but one company profit goal.

Elements of Coordination

The **three core elements** of coordination are **balancing, timing, and integration**.

Balancing involves ensuring efforts are spread appropriately across different departments and activities; timing ensures tasks are performed in the correct sequence and at the right time; and integration unifies diverse activities and interests under a common purpose.

i) **Balancing:** This element focuses on **adjusting and synchronizing different efforts and activities so that they work together harmoniously**. It involves ensuring the right amount of resources or effort is dedicated to each part of a project or organization to avoid one area overpowering another.

ii) **Timing:** This refers to the **sequencing of operations to ensure they are performed**

in the proper order and at the right time to support each other. Effective timing helps avoid delays and ensures that one activity's output is available when the next one begins.

iii) **Integration:** This involves **bringing together diverse activities, interests, and functions into a cohesive whole**. It is the process of unifying separate parts so that they work together toward the common goal.

Process of Coordination

The process of coordination involves the following:

a) **Planning:** Planning is the elementary stage of achieving coordination. When various functions are properly planned and various policies are integrated then coordination will be easily achieved.

b) **Organisation:** In the process of organisation, the authority and responsibility of various persons are defined and even the relationship among different jobs is also specifically given.

c) **Directing:** When a manager directs his subordinates he will be coordinating their work. He will give them directions, guidelines and instructions for doing a job assigned to them. He will direct in such a way that the achievement of overall organisational objectives is ensured.

d) **Controlling:** The manager is required to control the work of everyone in the organisation so that all efforts are directed towards the main goals. There may be instances when the performance of subordinates is not up to the mark or it is not in the direction in which it should have been. The manager will take corrective measures as and when required. He will synchronise the work of his subordinates so that the goals are achieved easily.

e) **Staffing:** The staffing function can also help in proper coordination. While staffing, the manager should keep in mind the nature of jobs and the type of persons required for managing them.

f) **Proper Communication:** Effective communication is of utmost importance for achieving better coordination. There should be a regular flow of information among various persons so that they are given the required information for proper coordination.

Types of Coordination

Different forms of coordination are used in various settings and professions. These are a few of the common types of coordination that are used in numerous organizational and different situations.

Depending on the circumstance, the following are some of the common types of coordination used-

a) **Internal Coordination:** Internal coordination is the **practice of coordinating operations and efforts within a company** to accomplish shared goals. To maximize productivity and accomplish desired results, it involves making sure that all departments, teams, and individuals work well together.

b) **External Coordination:** External coordination is the management of **interactions and relationships with external stakeholders**, including clients, partners, suppliers, and governmental bodies. In order to accomplish mutual objectives and maintain positive relationships, it involves coordinating activities with external organizations.

c) **Procedural Coordination:** Procedure coordination refers to the **methods used by various organizations or agencies to coordinate their activities**. This includes establishing communication channels, exchanging information, establishing goals and deadlines, developing decision-making procedures, and evaluating growth in performance.

d) **Substantive Coordination:** The a**lignment of procedures, goals, and policies among different organizations** or institutions is referred to as substantive coordination. Setting up guidelines for decision- making and problem-solving is also a part of substantive coordination. It can include making sure that rules and practices are uniform across all organizations and resources.

e) **Vertical Coordination:** This kind of coordination takes place between several organizational levels within a team or an organization. It involves the **communication between managers as well as employees i**n terms of information, instructions, and feedback. Vertical coordination makes sure that tasks and activities fit with the organization's ultimate goals and strategies.

f) **Horizontal Coordination:** Horizontal coordination takes place between **individuals or departments at the same hierarchical level** within an organization. It involves working together, communicating, and sharing resources to accomplish common objectives. Effective teamwork, resolution of disputes, and efficiency all depend on horizontal coordination.

g) **Formal Coordination:** In any organization, **formal coordination is formed by formal systems, processes, and structures.** It consists of formal reporting channels, regulations, and procedures. The following are a few examples of formal coordination systems: meetings, documents, job descriptions, and performance appraisals.

h) **Informal Coordination:** Within a company, networks, relationships, and **social interactions** all play an important role in establishing informal coordination. It **depends on people's relationships, mutual trust, and understanding**. Informal coordination can be flexible and impulsive, and it frequently takes place through social interactions, casual talks, or electronic platforms.

i) **Functional Coordination:** Functional coordination **refers to the coordinating activities among specific functional areas or departments.**

For example: finance marketing human resources, etc. It makes sure that the efforts of each department are directed towards the same ultimate goal of the organization.

j) **Cross-functional Coordination:** Cross-functional coordination refers to **coordinating activities between different functional areas or departments**. To accomplish shared objectives, an organization required contributions from many functions. It needs collaboration, communication, and integration of efforts. For projects, product development, and improvement of systems, cross-functional cooperation is an important element.

k) **Inter-organizational Coordination:** Inter-organizational coordination is the process by which **various organizations or groups collaborate to achieve a single goal**. Collaboration, sharing of information, and taking decisions together are all involved. Supply chains, partnerships, alliances, and joint projects all require inter-organizational coordination.

l) **Global Coordination:** **Coordinating activities** and operations **across different countries** or geographical regions is referred to as global coordination. It requires handling various cultural, legal, and operational situations while assuring consistency and compliance with international standards and strategies.

Factors determining Effective Coordination

Factors or principles determining effective coordination are as under:

Mary Parker Follett has laid down the following principles of co-ordination with the help of which an executive ensures integrated efforts in an organisation with a minimum of friction and a maximum of collaborative effectiveness.

a) **Principle of Early Beginning:** The success of co-ordinating activities depends on the beginning itself. **If it has started at the early stage it proves fruitful.** Planning is the beginning of an enterprise. Co-ordination should from this very stage start functioning. Production Manager has a plan to start producing a new item for which he requires a plant. He orders for the same. After placing the orders he informs Finance controller.

Finance Controller refuses to meet the bill as he is short of funds and funds at a short notice cannot be arranged. The order for plant has to be cancelled. Had there been co-ordination between the two in the initial stages of the plan such a situation would have never arisen.

b) **Principle of Direct Contact:** Instead of issuing orders and instructions it is better and helpful if the co- ordinating parties meet personally and talk over the matter. This helps in mutual understanding and creates mutual confidence. Respect for each other develops between the personnels at the same level and also at different levels which is helpful in future also.

c) **Principle of Reciprocity:** A situation can be easily visualised where all elements are influenced by doing and undoing of each one.

For Example – in an industrial undertaking production department is as much linked with purchase department as the personnel department as the personnel department is or vice-versa. Principles of reciprocity help in co-ordinating the efforts of each other thus help in establishing an effective and harmonious relations between each other.

d) **Principle of Continuity:** Co-ordination is a continuous process. It goes on relentlessly from the very beginning. If anywhere it either stops or slackens a derailment is the only possibility which in that case will harm the whole enterprise.

REPORTING

Meaning of Management Reporting

A management report is a **critical tool** in business intelligence, **enabling leaders and managers at all levels to make informed, data-driven decisions.**

These reports, varying in format and detail, are prepared to reflect the **financial and operational aspects of a business** over a specific period.

By providing insights into different areas and departments, management reports **help in assessing the company's performance against its strategic goals.**

Management reports include a range of data like cash flow, budget, profit, wage-revenue ratio, and employee productivity. They can be presented in various formats such as visual (graphs, charts), written (tables, ratios), or oral (meetings, discussions), depending on the audience and the type of information being communicated.

Importance of Management Reports

a) It **helps managers understand the factors impacting their business**. This, in turn, allows them to formulate strategies to improve business performance.

b) The information presented in the written and visual reports enables the managers to **analyze the business performance** quickly.

c) It helps managers **identify trends**. This allows them to make better business decisions.

d) The reports help an organization's top decision-makers understand the **KPIs and set performance goals.**

e) Managers can measure the **business's overall health** with the help of the data provided in the reports.

f) The information helps managers **prevent unnecessary expenses and losses**.

Reporting of Deviations

Deviation management involves the systematic process of **identifying, documenting, investigating, and resolving any departures from standard operating procedures, specifications, or regulatory requirements** during the manufacturing process.

Implementing an effective deviation management system is crucial for maintaining quality standards and ensuring compliance with both internal and external expectations.

These deviations can occur at any stage of production and may impact product quality, safety, or regulatory compliance. They might arise from human error, equipment failure, raw material inconsistencies, contaminated raw materials, or unforeseen circumstances in the production environment. Deviations are often recognized as measured differences between expected and observed values in product or process conditions.

Steps for reporting deviations

a) **Detect and document immediately:** Identify the deviation as soon as it occurs and immediately create a report. Record key details like the date, time, location, and a clear description of what happened.

b) **Provide thorough details:** Include specific information such as product and lot numbers, equipment involved, and names of any personnel involved. The more comprehensive the details, the smoother the investigation will be. Photos and relevant documents can also be included.

c) **Implement immediate corrective actions:** Take immediate steps to mitigate the problem, and document these actions in the report.

d) **Initiate an impact assessment:** A designated owner will assess the deviation's impact, often classifying it as minor, major, or critical.

e) **Conduct root cause analysis:** Investigate to find the underlying reasons for the deviation, which can involve using tools like the 5 Whys or fishbone diagrams.

f) **Develop and implement corrective/preventative actions (CAPA):** Based on the root cause, create a plan to correct the immediate problem and implement preventative actions to stop it from happening again.

g) **Track and follow up:** Use a structured system, such as a quality management system, to track the deviation through to completion

BUDGETING

Meaning of Budgeting

Budgeting's the ***process of creating a plan to spend an organization's resources, including money, time, and personnel.*** *It involves estimating revenue and expenses* over a specified future period, often annually, and serves as a financial blueprint for the organization. The budget's a critical tool for financial planning and analysis (FP&A) because **it helps organizations allocate resources efficiently, set financial goals, and monitor performance against those goals**.

The **Chartered Institute of Management Accountants, London** defines a budget as, "a financial and / or quantitative statement, prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of attaining a given objective."

Thus, the following are the essentials of a budget:

a) It is **prepared in advance** and is based on a future plan of action.

b) It **relates to a future period** and is based on objectives to be attained.

c) It is a **statement expressed in monetary** and/ or **physical units** prepared for the implementation of policy formulated by the management.

Objectives of Budgeting

a) **Allocating resources:** Proper budgeting helps ensure that **resources are allocated efficiently and effectively** to various departments, projects, and initiatives based on their priority and potential impact on the organization's overall success.

b) **Controlling costs:** Budgeting helps organizations **monitor and control expenses**, identify areas of overspending, and implement cost-cutting measures to maintain financial stability.

c) **Profit maximization**: By accurately projecting revenue and expenses, budgeting helps organizations identify **opportunities to increase profitability** through strategic planning and decision-making.

d) **Cash flow management:** Budgeting assists in managing cash flow **by projecting inflows and outflows over a specific period**, helping to ensure that the organization has sufficient cash to meet its financial obligations and avoid potential liquidity issues.

e) **Performance evaluation:** Budgeting provides a b**enchmark against which an organization can measure its actual financial performance**, allowing for the identification of areas of success and those in need of improvement.

f) **Financial planning:** Budgeting is a critical component of long-term financial planning, enabling organizations to set financial goals, develop strategies to achieve those goals, and monitor progress over time.

g) **Risk management:** Through the budgeting process, organizations can **identify and mitigate potential financial risks**, such as unexpected revenue declines, cost increases, or economic downturns, by building contingency plans and maintaining financial flexibility.

h) **Communicating financial priorities:** A budget serves as a **communication tool that outlines an organization's financial priorities**, ensuring that all stakeholders, including employees, management, and investors, understand the organization's goals and the necessary steps to achieve them.

Importance of Budgeting

a) **It ensures resource availability:** At its core, budgeting's primary function is to ensure an organization has enough resources to meet its goals. By planning financials in advance, you can determine which teams and initiatives require more resources and areas where you can cut back.

b) **It can help set and report on internal goals:** Budgeting for an upcoming period isn't just about allocating spend; it's also about determining how much revenue is needed to reach company goals.

c) **It helps prioritize projects:** A by-product of the budgeting process is that it requires prioritizing projects and initiatives. When prioritizing, consider the potential return on investment for each project, how each aligns with your company's values, and the extent they could impact broader financial goals.

d) **It can lead to financing opportunities:** If someone working at a start-up or are considering seeking outside investors, it's important to have documented budgetary information. When deciding whether to fund a company, investors highly value its current, past, and predicted financial performance. Providing documents for previous periods with budgeted and actual spend can show ability to handle a company's finances, allocate funds, and pivot when appropriate. Some investors may ask for the current budget to see the predicted performance and priorities based on it

e) **It provides a pivotable plan:** A budget is a financial roadmap for the upcoming period; if all goes according to plan, it shows how much should be earned and spent on specific items.

Types of Budgets

a) **Incremental Budgeting:** Incremental budgeting **takes last year's actual figures and adds or subtracts a percentage to obtain the current year's budget**.

It is the most common type of budget because it is simple and easy to understand. Incremental budgeting is **appropriate to use if the primary cost drivers do not change from year to year**.

However, there are some problems with using the method:

i) **It is likely to perpetuate inefficiencies.**

For example: if a manager knows that there is an opportunity to grow his budget by 10% every year, he will simply take that opportunity to attain a bigger budget while not putting effort into seeking ways to cut costs or economize.

ii) **It is likely to result in budgetary slack.**

For example: a manager might overstate the size of the budget that the team actually needs so it appears that the team is always under budget.

iii) **It is also likely to ignore external drivers of activity and performance.**

For example: there is very high inflation in certain input costs. Incremental budgeting ignores any external factors and simply assumes the cost will grow by, for example, 10% this year.

b) **Activity-based Budgeting:** Activity-based budgeting is a **top-down type of budget** that determines the amount of inputs required to support the targets or outputs set by the company.

For example: a company sets an output target of $100 million in revenues. The company will need to first determine the activities that need to be undertaken to meet the sales target, and then find out the costs of carrying out these activities.

c) **Value Proposition Budgeting**

In value proposition budgeting, the budgeter considers the following questions:

i) Why is this amount included in the budget?

ii) Does the item create value for customers, staff, or other stakeholders?

iii) Does the value of the item outweigh its cost? If not, then is there another reason why the cost is justified?

Value proposition budgeting is really a **mind set about making sure that everything that is included in the budget delivers value for the business**. Value proposition budgeting **aims to avoid unnecessary expenditures** – although it is not as precisely aimed at that goal as our final budgeting option, zero- based budgeting.

d) **Zero-based Budgeting**

As one of the most commonly used budgeting methods, zero-based budgeting starts with the **assumption that all department budgets are zero and must be rebuilt from scratch.** Managers must be able to justify every single expense. No expenditures are automatically "okayed".

Zero-based budgeting is **very tight, aiming to avoid any and all expenditures that are not considered absolutely essential** to the company's successful (profitable) operation.

This kind of **bottom-up budgeting** can be a highly effective way to "shake things up".

The zero-based approach is good to use when there is an urgent need for cost containment, **for example**: in a situation where a company is going through a financial restructuring or a major economic or market downturn that requires it to reduce the budget dramatically.

Zero-based budgeting is best suited for addressing discretionary costs rather than essential operating costs. However, it can be an extremely time-consuming approach.

e) **Operating budget:** Revenues and associated expenses in day-to-day operations are budgeted in detail and are divided into major categories such as revenues, salaries, benefits, and non-salary expenses.

f) **Capital budget:** Capital budgets are typically r**equests for purchases of large assets** such as property, equipment, or IT systems that create major demands on an organization's cash flow. The purposes of capital budgets are to allocate funds, control risks in decision-making, and set priorities.

g) **Cash budget:** Cash budgets tie the other two budgets together and take into account the timing of payments and the timing of receipt of cash from revenues. Cash budgets

help management track and manage the company's cash flow effectively by assessing whether additional capital is required, whether the company needs to raise money, or if there is excess capital.

Budgeting Process

The budgeting process is often considered a **long and tedious** one that requires **gathering, consolidating, and analysis of data** from multiple sources.

There is much more to the budgeting process than simple data consolidation;

- ✓ One have to answer several questions
- ✓ Piece together missing information, and
- ✓ Consult multiple teams to arrive at the perfect budget.

The process of budgeting helps chalk out a detailed road map for the business.

i) Once a budget is prepared, the process teams get a clear picture of goals and objectives and the performance indicators to measure the progress.

ii) Finance teams review past budgets and plan expenses for forecasting revenue during the budgeting in processes.

iii) The process of budgeting must align with the upper management while analyzing the budget data and establishing future goals for better control of spending.

CHAPTER 3

PRINCIPLES OF MANAGEMENT AND MODERN APPROACHES

HENRY FAYOL'S FOURTEEN PRINCIPLES OF MANAGEMENT

Henry Fayol's 14 Principles of Management are like **universal rules** for running any organization smoothly. Fayol (father of **classical management**) gave these as **flexible guidelines** to improve efficiency.

Fayol suggested the following fourteen principles of management.

a) **Division of Work:** So as to produce more and secure better performance with the same effort.

b) **Authority and Responsibility:** Whenever authority is used responsibility arises, and the two are co- extensive.

c) **Discipline**: To ensure obedience and respect for superiors.

d) **Unity of Command:** An employee shall receive orders from one senior only.

e) **Unity of Direction:** A group of activities with common objectives shall have one head and one plan.

f) **Subordination:** Subordination of individual interest to general interest.

g) **Remuneration:** It should be fair and afford maximum satisfaction to the firm and employees as well.

h) **Centralization:** Top management should decide the extent to which authority is to be dispersed in the organization or retained at higher levels. Centralisation or decentralisation should be viewed as a question of proportion.

i) **Scalar Chain:** It refers to superior-subordinate relations throughout the organization. It should be shortcircuited and not be carried to the extent that it proves detrimental to the business.

j) **Order:** There must be a place for everything, and each thing must be in its appointed place. Similarly, there must be appointed place for each employee and every employee must be in his appointed place.

k) **Equity:** Management must have the desire for equity and equality of treatment while dealing with people. Equity is the combination of kindliness and justice in a manager.

l) **Stability of Tenure of Personnel:** Management should strive to minimise employee turnover.

m) **Initiative:** It refers to thinking out and executing a plan.

n) **Espirit de Corps:** This principle emphasises the need for teamwork and the importance of effective communication in obtaining it.

Fayol described the above principles as a matter of convenience. He did not intend to close the list or make the principles inflexible.

PRINCIPLES OF SCIENTIFIC MANAGEMENT BY TAYLOR

Frederick Taylor is called the **Father of Scientific Management**. His main goal to find the "**one best way**" to do **every task** using **systematic study**—like science experiments on work.

He gave **4 principles** for managers to follow. Let's understand each step-by-step.

Taylor's 4 Principles of Scientific Management

a) **Develop a Science for Each Job Element**

Meaning: **Study + analyse** every small part of work → find "one best way".

How? Time it, test it—no guesswork.

Real Example: Taylor saw factory workers tired with **no breaks**.

He experimented: Frequent rest breaks → higher daily output.

b) **Scientifically Select, Train, and Develop Workers**

Meaning: **Pick right people** based on aptitude (skill fit) then **train them** to full potential.

Before Taylor: Hiring by friends/family → wrong practice

Taylor's Way: Supervisors choose "**first-class**" workers and give **training** (rare then).

Example: Test if someone's hands are fast for sewing → hire/train them for that.

c) **Cooperate with Workers for Scientific Principles**

Meaning: **Management + employees = partners** (not enemies). Work together to apply science.

Taylor's Belief: "**True interests same**" boss wants low cost, worker wants high wages. Both possible.

Example: Prosperity for employer **needs** happy workers (and vice-versa).

Fixes Old Fight: Workers thought "boss gains = I lose". Taylor: Win-win via science.

d) **Divide Work Equally: Management + Workers**

Meaning: **50-50 responsibility**, workers do job, managers prepare them to succeed.

Before: Only workers blamed for low output.

Taylor: Managers do "**preparatory acts**" (plan tools, methods) → workers perform faster.

Example: Manager sets up best machine → worker produces more.

Fair Day's Work = Fair Day's Pay

Idea: Use principles to set **standard output** (fair work) → **incentives** like piece-rate pay (₹ per product).

Why? Motivates everyone, good for company and employees.

Example: Make 100 units? Get bonus. Aligns goals.

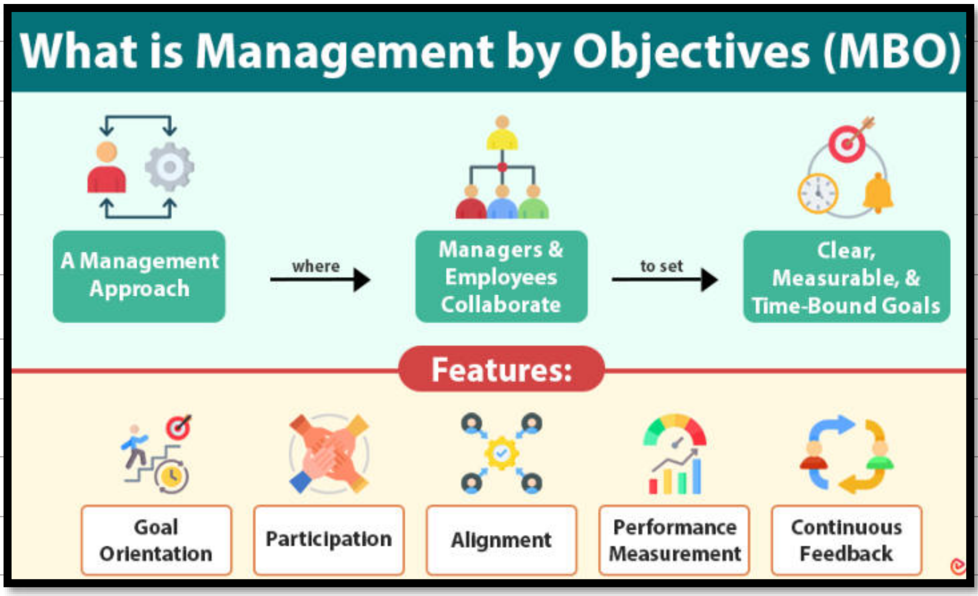
Impact & Criticism

Aspect	Details
Positive	Called "**Second Industrial Revolution**"—boosted **efficiency**.
Opposition	Taylor faced **public criticism** → **1912 Congress hearings**. Psychologists questioned "**one best way**".

Flaws	Too focused on **time/motion studies** + **shop-floor efficiency** → ignored **overall management** (overshadowed **Fayol**).
Countries	Big reaction in **UK/USA**.

MODERN APPROACHES

A) MANAGEMENT BY OBJECTIVES (MBOS)



Management by Objectives (MBO) is a **strategic management tool** to boost organization performance.

Think of it like a **roadmap**: **Top management sets company goals**, shares them with everyone, and **everyone works together** to hit them.

Peter Drucker (1954) popularized it, makes goals clear so no confusion.

What is MBO?

Alignment of company goals with **employee goals**. Manager + employee agree on specific targets + action plan.

Goal: More engagement, commitment, better results

How it works? Top-to-bottom

Features of MBO

a) Management by Objectives (MBO) is a **strategic approach** that aligns company goals with employee objectives, promoting collaboration and clarity in organizational performance.

b) The process involves **five key steps**: defining objectives, communicating them to employees, encouraging participation, monitoring progress, and evaluating performance with rewards.

c) MBO can **increase employee motivation and communication** but may also place excessive focus on targets, potentially leading to shortcuts and overlooked company culture.

d) While MBO effectively **aligns individual and organizational goals**, it requires strong support from management and can be misapplied if relied upon exclusively.

e) **Critics** of MBO argue that the **heavy emphasis on achieving specific goals** might detract from broader organizational values and long-term growth.

Steps in Management by Objectives Process

a) **Define Objectives**: Top sets **SMART goals** (Specific, Measurable, Achievable, Realistic, Time-bound).

Example: Increase sales 20% in 6 months.

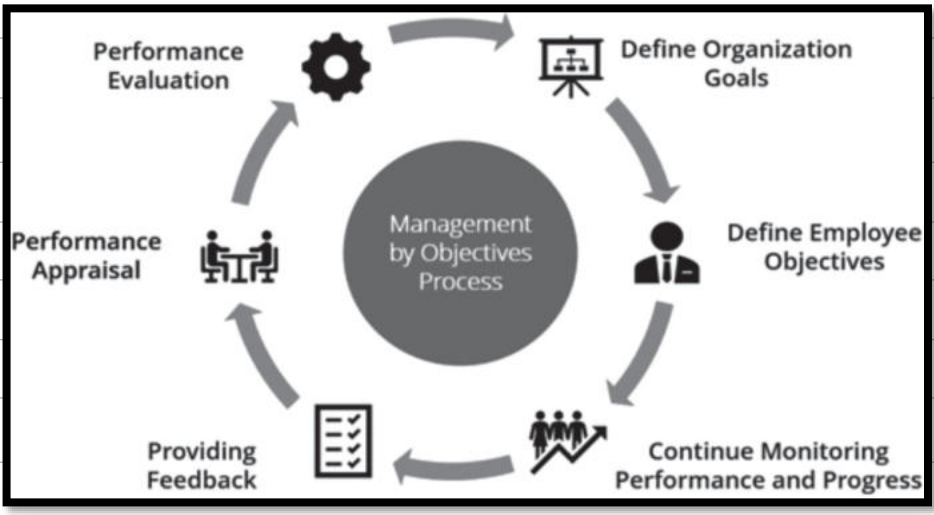
b) **Share with Employees**: Communicate clearly with no secrets.

c) **Encourage Participation**: Employee helps set their goals

d) **Monitor Progress**: Regular checkins,

e) **Continuous feedback.**

f) **Evaluate + Reward**: Review results, reward success



Benefits of Management by Objectives

a) Management by objectives helps employees **appreciate their on-the-job roles** and responsibilities.

b) The **Key Result Areas (KRAs) planned are specific** to each employee, depending on their interest, educational qualification, and specialization.

c) The MBO approach usually results in **better teamwork and communication**.

d) It provides the employees with a **clear understanding of what is expected of them.** The supervisors set goals for every member of the team, and every employee is provided with a list of unique tasks.

e) Every employee is **assigned unique goals**. Hence, each employee feels indispensable to the organization and eventually develops a sense of loyalty to the organization.

f) Managers help **ensure that subordinates' goals are related** to the objectives of the organization.

Limitations of Management by Objectives

a) Management by objectives often **ignores the organization's existing ethos** and working conditions.

b) More emphasis is given on goals and targets. The managers put **constant pressure on the employees to accomplish their goals** and forget about the use of MBO for involvement, willingness to contribute, and growth of management.

c) The managers sometimes **over-emphasize the target setting**, as compared to operational issues, as a generator of success.

d) The MBO approach **does not emphasize the significance of the context** wherein the goals are set. The context encompasses everything from resource availability and efficiency to relative buy-in from the leadership and stakeholders.

e) Finally, there is a tendency for many managers to see management by objectives as a total system that can handle all management issues once installed. The **overdependence may impose problems on the MBO system t**hat it is not prepared to tackle, and that frustrates any potentially positive effects on the issues it is supposed to deal with.

Aspect	Benefits	Limitations
Employee	Role clarity, loyalty, motivation	Pressure, stress
Team	Teamwork, communication	Culture ignored
Goals	Alignment, specific KRAs	No context, over-targeting
System	Clear expectations	Over-dependence

B) CONTINGENCY APPROACH

The contingency approach is a management theory that **suggests there's no single best way to manage an organization.**

Instead, **the most effective management style** or organizational structure **depends on the specific circumstances** or context in which a company operates. This approach takes into account factors like the external environment, nature of each task, workforce, and organizational culture, and it tailors management practices to fit these variables.

Often referred to as contingency theory or contingency approach to management, **this concept recognizes the dynamic and ever-changing nature of the workplace**. It emphasizes the need to adapt HR practices to suit an organization's unique circumstances, ultimately leading to more effective decision-making and problem-solving.

Contingency Approach includes **4 key theories** that explain how leadership effectiveness **depends on situation**.

i) **Fiedler's Contingency Theory**

Leader effectiveness = match between leadership style and situation.

Leadership Styles: Task-oriented vs Relationship-oriented.

3 Situation Factors:

- ✓ **Leader-member relations** (team trust)
- ✓ **Task structure** (job clarity)
- ✓ **Positional power** (authority level).

Example: Task-oriented manager excels in structured production but struggles in customer service.

ii) **Situational Leadership Theory**

Leaders adapt style based on follower readiness/maturity.

4 Leadership Styles:

- ✓ **Telling** (new employees)
- ✓ **Selling** (low confidence)
- ✓ **Participating** (skilled, low motivation)
- ✓ **Delegating** (experts).

Example: Telling for new team member → Delegating when skilled/confident.

iii) **Path-Goal Theory (Robert House)**

Leaders motivate by clarifying path, removing obstacles, providing support.

4 Styles: Directive, Supportive, Participative, Achievement-oriented.

Example: Sales manager clarifies goals + training + incentives.

iv) **Decision-Making Theory**

Decision style based on **problem complexity/urgency**.

Styles: Autocratic, Consultative, Participative.

Characteristics of the contingency approach

The contingency approach to leadership is characterized by several fundamental principles, including:

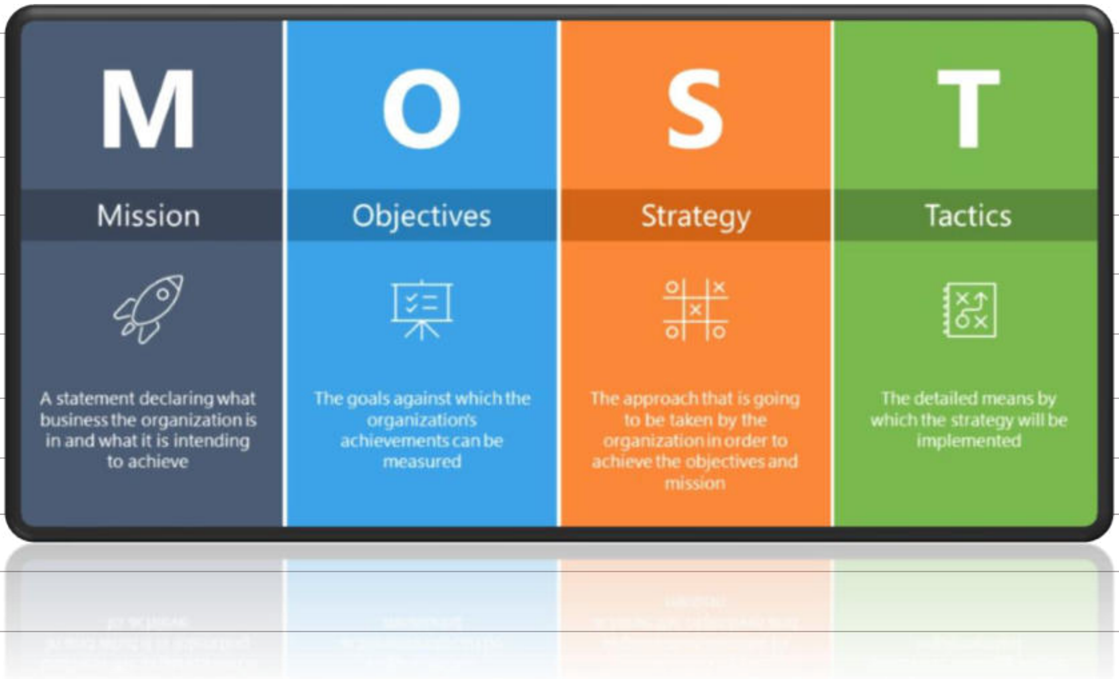
a) **Situational perspective:** The approach recognizes there is no one-size-fits-all solution or management style. Different scenarios require different directions, and HR professionals must adapt accordingly.

b) **Contextual factors:** The effectiveness of management practices depends on several contextual factors, including the organization's size, industry, technology, culture, goals, and external environment. These factors should inform decision-making and leadership style.

c) **Flexibility:** Managers should be flexible in their approach and willing to adjust their strategies based on changing situations. What works well in one case may not work in another. Flexibility is a cornerstone of the contingency approach.

d) **Individualization:** The contingency approach encourages individualized approaches to leadership and management. It acknowledges that employees have diverse needs and motivations. This means leaders must tailor their management practices accordingly to meet these unique requirements, ultimately enhancing performance.[2]

C) MOST ANALYSIS



MOST analysis is a useful **strategic tool for analyzing an organisation's strategic plan**. MOST stands for **Mission, Objectives, Strategy, and Tactics.**

Mission: Defines the overriding **direction and purpose of the organisation** and should position the business to succeed.

Objectives: Are the **statements of specific outcomes** that are to be achieved by the organisation. Objectives should be SMART– that is, Specific, Measurable. Achievable, Realistic, and Timely.

Strategy: Defines the **direction and scope of an organisation over the long term**, which achieves an advantage in a changing environment to achieve organisational objectives. Strategy contains options to help meet the business objectives.

Tactics: The **short-term, operational plans** and projects that will implement the strategy.

MOST analysis is used to analyse what the organisation has set out to achieve (the mission and objectives) and how it aims to achieve this (strategy and tactics).

MOST analysis provides a statement of intent for the organisation, and is usually created following some strategic analysis activity. It is also used during the strategy analysis, since it can demonstrate strength within the organisation or expose inherent weaknesses.

Benefits of MOST Analysis

MOST Analysis provides the following benefits to a business organisation:

a) Helps define what the organisation has set out to achieve (the mission and objectives).
b) Determines how it aims to achieve this (strategy and tactics).
c) Identifies, strengths, weaknesses, opportunities, and threats that the organisation faces.
d) Helps the organisation communicate its purpose.
e) Helps define business and transformation roadmaps to help enable the strategy.
f) Enables alignment with stakeholders.
g) Avoids day-to-day distractions and provides a basis for overall strategic direction.

CHAPTER 4

MANAGEMENT KNOWLEDGE FOR COMPANY SECRETARIES (CS)

COMPANY SECRETARY AS KEY MANAGERIAL PERSONNEL (KMP)

The Company Secretaries play an important role as **governance professionals** in all types of corporates, whether it is a private company, public company, section 8 company, government company or so.

In the recent international development in corporate governance, the role of Company Secretaries is **not limited to the doing compliance** with laws, regulations, standards, and codes; it is also about creating cultures of good practice.

The Company Secretary a**cts as a bridge for information, communication, advice, and arbitration** between the board and management and between the organization and its stakeholders including shareholders

To fulfill this role, the Company Secretary needs to be fully aware of the powers, rights, duties, and obligations of his entire business portfolio. In addition to providing advice and communication, the corporate secretary often called on to create and manage relationships between these different players in the corporate governance system. To carry out this role effectively, **a Company Secretary needs to act with the highest integrity and independence in protecting the interests of the organization, its shareholders, and others with a legitimate interest in the organization's affairs.**

This level of responsibility calls for a thorough knowledge of the business environment in which the organization operates as well as of the laws, rules, and regulations that govern its activities.

> Company Secretary has been recognized as Key Managerial Personnel and has placed along with Managing Director (MD) or Chief Executive officers (CEO) or Manager, Whole time director(s) or Chief Financial Officer (CFO) under Section 203 of the Companies Act, 2013. Accordingly, every listed company and every other company having paid-up share capital of ten crore rupees or more is required to appoint the whole time Company Secretary as the Key Managerial Personnel.

Key Managerial Personnel: The term 'key managerial personnel' has been defined in the Act which means:

a) the Chief Executive Officer or the Managing Director or the Manager;
b) the Company Secretary;
c) the Whole-Time Director;
d) the Chief Financial Officer;
e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
f) such other officer as may be prescribed **[section 2(51)].**

The role and liability have been defined at various places under the Companies Act, 2013.

COMPANY SECRETARY AS COMPLIANCE OFFICER

Under **Regulation 6 of the SEBI (LODR) Regulations, 2015**, a **listed company** is required to appoint a qualified company secretary as the compliance officer.

The compliance officer of the Company is responsible for:

a) ensuring **conformity with the regulatory provisions** applicable to the listed entity in letter and spirit;

b) **co-ordination with and reporting to the Board, recognised stock exchange(s) and depositories** with respect to compliance with rules, regulations and other directives of these authorities in the manner as specified from time to time;

c) ensuring that the **correct procedures have been followed** that would result in the correctness, authenticity and comprehensiveness of the information, statements and reports filed by the listed entity under these regulations;

d) monitoring email address of **grievance redressal division** as designated by the listed entity for the purpose of registering complaints by investors:

However, the company secretary is also entrusted with the duties for **ensuring compliance** with **SEBI (Prohibition of Insider Trading) Regulations, 2015** including maintenance of various documents and also to ensure compliance of the **SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**. The requirement for appointment of Compliance officer is not applicable in case of units issued by mutual funds which are listed on recognised stock exchange(s) governed by the provisions of the Securities and Exchange Board of India (Mutual Funds) Regulations 1996.

COMPANY SECRETARY AS A PART OF SENIOR MANAGEMENT

The Regulation 16 of the SEBI (LODR) Regulations, 2015 provides that the "senior management" shall mean the officers and personnel of the listed entity who are members of its **core management team**, **excluding the Board of Directors** , and shall also comprise all the members of the management one level below the Chief Executive

Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Accordingly, the role of Company Secretary in the various segments, is performed in different capacities. Broadly the Company Secretary is having the opportunities in the following two domains:

- Company Secretary in Employment
- Company Secretary in Practice

ROLE OF COMPANY SECRETARIES

The earliest role of a Company Secretary was to act as a record keeper and document the proceedings of meetings of the Board and Shareholders. Things have come a long way since then.

Company Secretaries are now recognised as **Key Managerial Personnel** under the Companies Act 2013. They play a pivotal role in **fostering good governance practices** and ensuring that regulatory compliances are fully taken care of.

The Company Secretary plays the **role of a confidante to the Board providing advice and counsel on the duties and responsibilities** of the Board. He/she ensures that the Company has both the legal and social licence to conduct operations.

He/she plays a crucial role in increasing the attention and ownership of the Board to **sustainability best practices**. To put in a nutshell, he/she acts as a glue to effective decision making at the Board Level.

Function and Duties of Company Secretary

At this juncture, it would be interesting to know about the following functions and duties of a Company Secretary in India, **as provided under Companies Act, 2013** and **Rule 10** of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 respectively.

a) to report to the Board about compliance with the provisions of this Act, the rules made thereunder and other laws applicable to the company;

b) to ensure that the company complies with the **applicable secretarial standards**;

c) to discharge such other duties as may be prescribed.

The duties of a Company Secretary are as under:

a) to provide to the directors of the company, collectively and individually, such **guidance** as they may require, with regard to their duties, responsibilities and powers;

b) to facilitate the convening of **meetings** and attend Board, committee and general meetings and maintain the minutes of these meetings;

c) to **obtain approvals** from the Board, general meeting, the government and such other authorities as required under the provisions of the Act;

d) to r**epresent** before various regulators, and other authorities under the Act in connection with discharge of various duties under the Act;

e) to **assist the Board** in the conduct of the affairs of the company;

f) to assist and advise the Board in **ensuring good corporate governance** and in **complying** with the corporate governance requirements and best practices; and

g) to discharge such **other duties** as have been **specified under the Act** or rules; and

h) such other duties as may be **assigned by the Board** from time to time.

ROLE OF COMPANY SECRETARY – AS SECRETARIAL AUDITOR

The term **"Secretarial Audit"** refers to the mechanism which is connected with the **audit of the non-financial aspects of the company**. It gives necessary comfort to the investors, management, regulators and other stakeholders, as to the **compliance of all applicable laws by the company and certifies the existence of adequate systems and processes for ensuring compliance of laws in the company.**

Secretarial Audit is not just an audit of the diligent compliance or that of the adherence to the law in true letter and spirit but has proved to be a strong founding pillar of the governance framework of the Indian Corporate Sector and a futuristic torchlight for the entire Indian Economy.

Secretarial Audit, as a result of faith of the law makers and the Regulatory Authorities in the Governance Professionals or as the law puts it, in the practicing company secretaries, bestows a huge responsibility on the Secretarial Auditors.

As per provisions of **Section 204(1)** of Companies Act, 2013:

- ✓ Every **listed company** or
- ✓ Every **public company** having a **paid- up share capital of 50 crore rupees or more** or a **turnover of 250 crore rupees** or more or
- ✓ Every company having **outstanding loans** or borrowings from banks or public financial institutions of **100 crore rupees or more;**

shall **annex with its Board's Report, a Secretarial audit report**, given by a company secretary in practice in **Form MR-3.**

Regulation 24A of the SEBI (LODR) Regulations, 2015 states that **every listed entity and its material unlisted subsidiaries** incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity.

Every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within **sixty days from end of each financial year**.

Section 134 and Sub-section (3) of Section 204 provides that the Board of Directors, in its report, shall explain in full any qualification or observation or other remarks made by the company secretary in practice in the secretarial audit report.

If a company or any officer of the company or the company secretary in practice, **contravenes the provisions of section 204**, the company, every officer of the company or the company secretary in practice, who is in default, shall be liable to a **penalty of two lakh rupees.**

The Secretarial Audit process involves audit planning, organised documentation process, co-ordination with different parties/stakeholders, risk assessment and efficient control mechanism during audit process.

AREAS WHERE COMPANY SECRETARY RENDER SERVICES

Corporate Governance Services: Advising on good governance practices and compliance of Corporate Governance norms as prescribed under various Corporate, Securities and Other Business Laws and regulations and guidelines made thereunder.

Corporate Secretarial Services:

a) Promotion, formation and incorporation of companies and matters related therewith
b) Filing, registering any document including forms, returns and applications by and on behalf of the company as an authorized representative
c) Maintenance of secretarial records, statutory books and registers
d) Arranging board/general meetings and preparing minutes thereof
e) All work relating to shares and their transfer and transmission etc.

Secretarial/Compliance Audit and Certification Services:

a) Secretarial Audit
b) Internal Audit
c) Signing of Annual Return
d) Other declaration, attestations and certifications under the Companies Act, 2013 and other legislations

Corporate Laws Advisory Services:

Advising companies on Compliance of legal and procedural aspects, particularly under –

a) SEBI Act, SCRA and rules and regulations made thereunder
b) Foreign Exchange Management Act
c) Consumer Protection Act

d) Depositories Act
e) Environment and Pollution Control Laws
f) Labour and Industrial Laws
g) Co-operative Societies Act
h) Mergers and Amalgamations and Strategic Alliances
i) Foreign Collaborations and Joint Ventures
j) Setting up subsidiaries abroad
k) Competition Policy and Anti-Competitive Practices
l) IPR Protection, Management, Valuation and Audit
m) Drafting of Legal documents

Representation Services:

Representing on behalf of a company and other persons before-

a) National Company Law Tribunal
b) Competition Commission of India
c) Securities Appellate Tribunal
d) Registrar of Companies
e) Labour Courts
f) Consumer Forums
g) Telecom Disputes Settlement and Appellate Tribunal
h) Tax Authorities
i) Other quasi-judicial bodies and

Arbitration and Conciliation Services:

a) Advising on arbitration, negotiation, and conciliation in commercial disputes between the parties

b) Acting as arbitration/conciliator in domestic and international commercial disputes

c) Drafting Arbitration/Conciliation Agreement/ clause

Financial Markets Services:

a) Public Issue, Listing and Securities Management

b) Advisor/consultant in issue of shares and other securities

c) Preparation of Projects Reports and Feasibility Studies

d) Syndication of Loans from banks & financial institutions

e) Drafting of prospectus/offer for sale/letter of offer/other documents related to issue of securities and obtaining various approvals in association with lead managers

f) Loan Documentation, registration of charges, status and search reports

g) Listing of securities/delisting of securities with recognized stock exchange

h) Private placement of shares and other securities

i) Buy-back of shares and other securities

j) Raising of funds from international markets – ADR/GDR/ECB

Takeover Code and Insider Trading:

a) Ensuring compliance of the Takeover Regulations and any other laws or rules as may be applicable in this regard

b) Acting as Compliance Officer and ensuring compliance with SEBI (Prohibition of insider Trading) Regulations, 1992 including maintenance of various documents

Securities Compliance and Certification Services

Compliance with rules and regulations in the securities market particularly –

a) Internal Audit of Depository Participants
b) Certification under SEBI (DIP) Guidelines
c) Audit in relation to Reconciliation of shares
d) Certificate in respect of compliance of Private Limited and Unlisted Public Company (Buy Back Securities) Rules

Finance and Accounting Services

a) Internal Audit
b) Secretary to Audit Committee
c) Working capital and liquidity management
d) Determination of an appropriate capital structure
e) Analysis of capital investment proposals
f) Business valuations prior to mergers and/or acquisitions
g) Loan syndication
h) Budgetary controls
i) Accounting and comp Taxation Services
j) Advisory services to companies on tax management and tax planning under Income Tax, Excise and Customs Laws
k) Preparing/reviewing various returns and reports required for compliance with a the tax laws and regulations
l) Representing companies and other persons before the tax authorities and tribunals

Management Services

a) General/Strategic Management
b) Advising on Legal Structure of the organization

c) Business policy strategy and planning

d) Formulation of the organizational structure

e) Acting as management representative to obtain ISO Certification Corporate

Communications and Public Relations

a) Communication with shareholders, stakeholders, Government and Regulators, Authorities, etc.

b) Advisory services for Brand equity and image

Human Resources Management

a) Advising on industrial and labour laws

b) Manpower planning and development

c) Audit of the HR function I Performance appraisal

d) Motivation and remuneration strategies

e) Industrial relations

f) Office management, work studies and performance standards

Information Technology

a) Compliance with cyber laws

b) Conducting Board Meetings through video-conferencing and teleconferencing

c) Advising on software copyright and licensing

d) Development of management reports and controls

e) Maintenance of statutory records in electronic form

f) Sending notices to shareholders by electronic mode

g) Filing of forms/documents in electronic form with Registrar of Companies and other statutory authorities

NEED FOR MANAGEMENT KNOWLEDGE BY A COMPANY SECRETARY

With the paradigm shift in the role and responsibility, the Company Secretary today is not only a subject matter expert but an active participant in Senior Management deliberations.

He/she has not only to ensure that legal compliances are fully met but also play a managerial role while extending counsel and advice to other members in the Senior Management and also to the Board of Directors.

A Company Secretary undertakes wide spectrum of activities conferred under Companies Act, 2013 and other laws and regulations, allowing him / her to incorporate companies, deal with various certification and audit services, sign annual returns, handle corporate restructuring, scrutinization of voting and reporting procedures and so on and so forth.

In view of this, it is necessary for a company secretary to have sound knowledge of management.

S. No.	Functions of Management	Applicability
1.	Planning	Since a Company Secretary is a strategic planner, in view of this, to formulate a robust plans pertaining to crucial business activities, such as corporate restructuring, setting up of a new business entity in domestic or foreign jurisdiction, critical

		operations, risk management plan etc. he / she needs to undertake the following steps: perception of opportunities, establishing objectives, setting premises, development of action plans, effective implementation of plans and checking its deviations.
2.	Organizing	A Company Secretary holds a crucial position in a company in the capacity of a Key Managerial Personnel and contribute substantially in integration and optimum utilization of resources, in this regard, the knowledge of organizing function of management will help immensely in achieving organisational efficiency.
3.	Staffing	Since staffing function involves managing the organisation structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure, in this regard, a Company Secretary have to select personnel for various secretarial work, compliances related activities, formulation of strategies, filing of annual returns, in providing support to the board and so on and so forth.
4.	Directing	As a governance professional, a Company Secretary needs to provide strategic leadership to the board, ensure all the regulatory compliances, safeguard the interests of the stakeholders, act as a catalyst in embracing environmental, social and governance dimensions etc. thereby, entailing leadership qualities to discharge the professional obligations efficiently.

5.	**Coordination**	*Company Secretary being the vital link between the company and its Board of Directors, shareholders and other stakeholders and regulatory authorities, as well as ensures that the Board procedures are followed and regularly reviewed, coordination becomes an important function for him / her.*

CASE STUDIES ON MANAGEMENT: (INDIAN)

These Indian case studies highlight management strategies of key corporates, offering insights into opportunities for Company Secretaries in handling disruptions, pivots, and market adaptations.

Amul and COVID-19

Amul, managed by the Gujarat Cooperative Milk Marketing Federation Limited, is India's largest milk and milk products producer. During the March 2020 lockdown, unlike competitors who cut procurement and logistics, Amul maintained full milk operations as essential commodities, supporting farmers despite a 20% revenue drop from restaurants. Household demand surged due to work-from-home trends, leading to extra procurement; resilient supply chain and IT backbone drove their success.

Bajaj Auto: Scooters to Motorcycles

Bajaj Auto, a top Indian two-wheeler maker, started with licensed Vespa scooters in the 1960s and launched its iconic Bajaj Chetak in the 1970s, with wait times up to 12 years. By the 2000s, scooter market share fell amid rising motorcycle sales and competition; Chetak production ended in 2006. In 2010, they fully exited scooters to focus on motorcycles and three-wheelers, sustaining top-three status through segment specialization.

DMart: Retail Disruption

Founded in the early 2000s by Radhakishan Damani, DMart began with one Mumbai store and grew to over 400 across India, reporting INR 57,790 crores revenue in FY 2025 with consistent profits post-2017 IPO. Key strategies include everyday low pricing with year-round offers, cautious store expansion, owning over 70% of properties, focusing on high-demand groceries/FMCG/household items, efficient supply chain via bulk buying and vendor ties, and lean operations with flat structure and minimal ads.

Ford India: Entry and Exit

Ford entered India in 1995 via a joint venture with Mahindra (Mahindra Ford India Limited), later buying full stake to become Ford India Private Ltd., investing over US$2 billion and launching cars until 2021. Despite efforts, sales lagged with low capacity utilization; a second Gujarat plant for EU exports failed, accumulating US$2 billion losses by 2021 closure. Analysts cite accumulated losses, overcapacity, few product launches, and poor Indian market understanding; Gujarat plant sold to Tata Motors, Chennai pending disposal.

Zomato: Pivot to Delivery

Launched in 2010 as DC Foodiebay (renamed Zomato to avoid eBay conflict), it started as a restaurant listing site, adding event ticketing in 2011 and expanding globally but with weak revenues. In 2015, it pivoted to food delivery via partners then own fleet, acquiring Blinkit in 2022; FY ended March 2025 turnover hit INR 20,243 crores. Success stemmed from solving online ordering/delivery needs, leveraging tech, and building sustainable revenue, positioning it as a top player with Swiggy.

Asian Paints: Paints Services Expansion

Started in 1942 as a partnership, Asian Paints leads via dealer networks reaching contractors, but launched Beautiful Homes Painting Service (BHPS) in 2019 for direct consumer access with end-to-end solutions. BHPS offers expert consultation, professional execution, site supervision, and warranties under an "on-time or money back" model, now covering 600 cities and 100,000 annual customers with goals for one million. Paint sales became incidental to the full service.

Gillette Guard: Reverse Innovation

Gillette entered India in 1984, launching premium Mach3 in 2004 (10x twin-blade cost) with features like long-lasting blades and ergonomic design, but sales stagnated even among high-income groups; low-end US blades also failed. Via reverse innovation, they created Gillette Guard for India (Rs.15 razor, Rs.5 refills) based on local research, simplifying design for manufacturing and suiting user needs. Success factors: local pain-point research, design tweaks, India-made production, and P&G's distribution reach.

CASE STUDIES ON MANAGEMENT (INTERNATIONAL)

PayPal: Financial Wellness Initiative

In 2015, CEO Dan Schulman aimed to democratize financial services at PayPal, flipping "it's expensive to be poor" via tech for universal financial health. Discovering many employees financially insecure in 2019, he launched a program cutting healthcare costs, granting stock options to all, raising wages, and offering financial education, costing tens of thousands. By two years later, fewer paycheck shortfalls, reduced frontline turnover, and revenue/profit gains offset costs.

Hilti: Fleet Management Pivot

Founded in 1941, family-owned Hilti sells power tools for construction, but customers underutilized tools across sites and faced upgrade costs. In 2000, they shifted to monthly rentals, reclaiming tools post-contract and providing tech upgrades, overcoming initial skepticism. Rentals now form the core business, recognizing tools as incidental for real estate clients in a successful 20+ year pay-per-use model.

Netflix: Employee Empowerment

Netflix, founded 1997 in California, streams video on-demand with 14,000+ employees and 300 million subscribers as of 2024. It grants broad discretion on decisions, expenses ("act in Netflix's best interest"), unlimited vacations, parental leave, and top-market pay with flexible cash/stock allocation. In exchange, supervisors apply the "keeper's test"—retaining only those they'd fight for—fostering high performance and transparency.

IBM: PC Business Exit

IBM ("Big Blue"), founded 1911 in New York, led punch cards, mainframes (70% share), and PCs like ThinkPad from 1981. By 2000s, thinning PC margins and rivals like HP/Dell prompted exit to focus on services/research. In 2005, sold PC division to China's Lenovo for US$1.25 billion (cash/stock), transferring ThinkPad, R&D access, IBM name license, and client supply deals.

Party	Gains
IBM	Resources for profitable services; steady PC supply for enterprises.
Lenovo	ThinkPad brand; global reach in 160 countries; became #3 then #1 PC maker by 2010.

Lenovo integrated via New York HQ, preserved quality, proving a win-win in global strategy despite integration skepticism.

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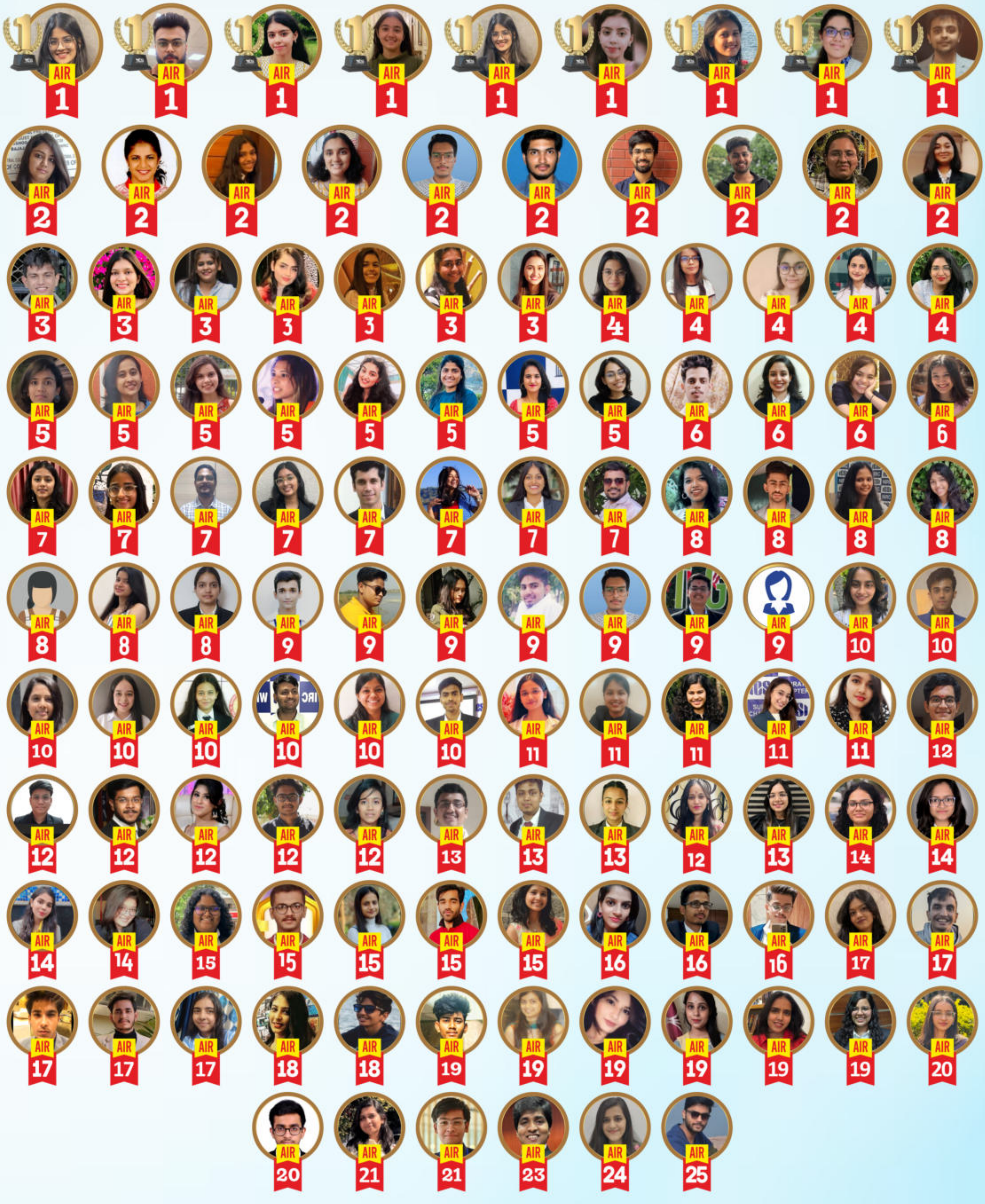

& many more

CS Vasudev Gyanchandani

As a committed professional and educator, he strongly believes that effective learning is achieved when theoretical knowledge is seamlessly integrated with practical application. His teaching philosophy focuses on building a strong understanding of corporate governance, legal compliance, and commercial awareness, enabling students to connect academic concepts with real-world practice.

With extensive experience across corporate, legal, and academic domains, he has worked with reputed organizations, including Tata Group entities and leading corporate law firms, handling a wide range of legal, secretarial, and treasury compliances. His industry exposure brings valuable practical insights into the classroom, enriching students' overall learning experience.