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Chapter 2- Planning, Organising, Directing, Controlling, Role of Manager

Before you start

[Functions of Management- Video lecture by Vidhya Mitra](#)

[Planning – video lecture by Vidhya Mitra](#)

Planning

Nature of Planning

Planning is the beginning of the process of management. A manager must plan before he can possibly organise, staff, direct or control. Because planning sets all other functions into action, it can be seen as the most basic function of management. Without planning other functions become mere activity, producing nothing but chaos. This has been called the principle of primacy of planning. Planning is an intellectual process which requires a manager to think before acting. It is thinking in advance. It is by planning that managers of organisations decide what is to be done, when it is to be done, how it is to be done, and who is to do it. Decision-making is thus an integral part of planning. It is defined as the process of choosing among alternatives. Obviously, decision-making will occur at many points in the planning process. For example, in planning for their organisation, managers must first decide which goal to pursue: "Shall we manufacture all parts internally or buy some from outside?" In fact, deciding which goal to pursue is probably the most important part of the planning process.

Managers must also decide which assumptions about the future and about the environment they will use in making their plans: "Will taxes on our earnings increase, and thus strain our company's cash flow, or can we expect taxes to remain at the present level?" In addition, managers must decide how they will allocate their resources to attain their goals: "Should we fill up a senior position by promoting an existing employee or should we hire someone from outside the organisation?" Because decision-making is such an integral part of planning.

Planning is a continuous process Koontz and O'Donnell' rightly observe that like a navigator constantly checking where his ship is going in the vast ocean, a manager should constantly watch the progress of his plans. He must constantly monitor the



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conditions, both within and outside the organisation to determine if changes are required in his plans. It is wiser for him to be right than merely being consistent. They call it the principle of navigational change. As a corollary to the above principle, it can be said that a plan must be flexible. By flexibility of a plan is meant its ability to change

direction to adapt to changing situations without undue cost. Because circumstances change, it is simple common sense that a plan must provide for as many contingencies as possible. It needs to possess a built-in flexibility in at least five major areas viz., technology, market, finance, personnel and organisation. Flexibility in technology means the mechanical ability of a company to change and vary its product-mix according to the changing needs of its customers. Flexibility in market means the company's ability to shift its marketing geographically. The company should be able to penetrate into unserved areas as and when there is a sudden spurt of demand in those areas. Flexibility in finance means the company's ability to obtain additional funds on favourable terms whenever there is need for them. Flexibility in personnel means the company's ability to shift individuals from one job to another. Flexibility in organisation means the company's ability to change its organisation structure. However, flexibility is possible only within limits. It is almost invariably true that it involves extra cost. Sometimes it may be so expensive that its benefits may not be worth the cost. Sometimes people may develop patterns of thought that are resistant to change. Sometimes already established policies and procedures may become so deeply ingrained in the organisation that changing them may become difficult. In most cases irretrievable costs already incurred in fixed assets, training, advertising, etc. may block flexibility.

Planning is an all-pervasive function. In other words, planning is important to all managers regardless of their level in the organisation. There are, however, some differences in involvement by managers at different levels. One major difference concerns the time period covered. Top level managers are generally concerned with longer time periods. Much of their planning involves activities that will take place six months to five years later, or even after that. Lower level managers are more concerned with planning activities for the day, week, or the month. First-line



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supervisors, for example, plan the work activities for their people for the day. They are not responsible for predicting sales levels and ordering materials to produce products six months in the future. A second major difference concerns the time spent on planning. Top managers generally spend more time on planning. They are more concerned with establishing objectives and developing plans to meet those objectives.

Lower-level managers are more involved in executing these plans.

IMPORTANCE OF PLANNING

Without planning, business decisions would become random, ad hoc choices. Four concrete reasons for the paramount importance of the planning function are as follows. Minimises Risk and Uncertainty In today's increasingly complex organisations, intuition alone can no longer be relied upon as a means for making decisions. This is one reason why planning has become so important. By providing a more rational, fact-based procedure for making decisions, planning allows managers and organisations to minimise risk and uncertainty. In a dynamic society such as ours, in which social and economic conditions alter rapidly, planning helps the manager to cope with and prepare for the changing environment. Planning does not deal with future decisions, but with the futurity of present decisions. For instance, if a manager does not make any provision for the replacement of plant and machinery, the problems he will have to face after ten years can well be imagined. The manager has a feeling of being in control if he has anticipated some of the possible consequences and has planned for them. It is like going out with an umbrella in cloudy weather. It is through planning that the manager relates the uncertainties and possibilities of tomorrow to the facts of today and yesterday.

Leads to Success Planning does not guarantee success, but studies have shown that, often things being equal, "chance favours the prepared mind". Companies that plan not only outperform the non-planners but also outperform their own past results. This may be because when a businessman's actions are not random or ad hoc, arising as mere reaction to the market place, i.e., when his actions are planned, he definitely does better. Military historians attribute much of the success of the world's greatest



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Generals to effective battle plans. Planning leads to success by doing beyond mere adaptation to market fluctuations. With the help of a sound plan, management can act proactively, and not simply react. It involves an attempt to shape the environment on the belief that business is not just the creation of environment but its creator as well.

Focuses

Attention on the Organisation's Goals Planning helps the manager to focus attention on the organisation's goals and activities. This makes it easier to apply and coordinate the resources of the organisation more economically. The whole organisation is forced to embrace identical goals and collaborate in achieving them. It also enables the manager to chalk-out in advance an orderly sequence of steps for the realisation of an organisation's goals and to avoid a needless overlapping of activities. Facilitates Control In planning, the manager sets goals and develops plans to accomplish these goals. These goals and plans then become standards or benchmarks against which performance can be measured. The function of control is to ensure that the activities conform to the plans. Thus, controls can be exercised only if there are plans. Trains Executives Planning is also an excellent means for training executives. They become involved in the activities of the organisation, and the plans arouse their interest in the multifarious aspects of planning.

STEPS IN PLANNING

The steps generally involved in planning are as follows.

1. Establishing Verifiable Goals or Set of Goals to be Achieved

The first step in planning is to determine the enterprise objectives. These are most often set by upper level or top managers, usually after a number of possible objectives have been carefully considered. There are many types of objectives managers may select: a desired sales volume or growth rate, the development of a new product or service, or even a more abstract goal such as becoming more active in the community. The type of goal selected will depend on a number of factors: the basic mission of the organisation, the values its managers hold, and the actual and potential abilities of the organisation. 2.

Establishing Planning Premises



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2. The second step in planning is to **establish planning premises**, i.e., certain assumptions about the future on the basis of which the plan will be ultimately formulated. Planning premises are vital to the success of planning as they supply pertinent facts and information relating to the future such as population trends, the general economic conditions, production costs and prices, probable competitive behaviour, capital and material availability, governmental control and so on. Since managers at different levels generally differ in their views about these premises it is imperative for the chief executive to arrive at a common set of premises that all can accept. If any one part of the organisation utilises a different set of premises, the result will be lack of coordination.

Planning premises can be variously classified as under:

- (a) Internal and external premises
- (b) Tangible and intangible premises
- (c) Controllable and non-controllable premises

Internal and external premises: Premises may exist within and outside the company. Important internal premises include sales forecasts, policies and programmes of the organisation, capital investment in plant and equipment, competence of management, skill of the labour force, other resources and abilities of the organisation in the form of machines, money and methods, and beliefs, behaviour and values of the owners and employees of the organisation. External premises may be classified in three groups: business environment, factors which influence the demand for the products of the enterprise and the factors which affect the resources available to the enterprise. These external premises may include the following: (i) General business and economic environment (ii) Technological changes (iii) Government policies and regulations (iv) Population growth (v) Political stability (vi) Sociological factors (vii) Demand for industry's product



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Tangible and intangible premises: Some of the planning premises may be tangible while some others may be intangible. Tangible premises are those which can be quantitatively measured while intangible premises are those which being qualitative in character cannot be so measured. Population growth, industry demand, capital and resources invested in the organisation are all tangible premises whose quantitative measurement is possible. On the other hand, political stability, sociological factors, business and economic environment, attitudes, philosophies and behaviour of the owners of the organisation are all intangible premises whose quantitative measurement is not possible.

Controllable and non-controllable premises: While some of the planning premises may be controllable, some others are non-controllable. Because of the presence of uncontrollable factors, there is need for the organisation to revise the plans periodically in accordance with current developments. Some of the examples of uncontrollable factors are strikes, wars, natural calamities, emergency, legislation, etc. Controllable factors are those which can be controlled and normally cannot upset well-thought out calculations of the organisation regarding the plan. Some of the examples of controllable factors are: the compliant against company.

- 3. Deciding the Planning Period** Once upper-level managers have selected the basic long-term goals and the planning premises, the next task is to decide the period of the plan. Businesses vary considerably in their planning periods. In some instances plans are made for a year only while in others they span decades. In each case, however, there is always some logic in selecting a particular time range for planning. Companies generally base their period on a future that can reasonably be anticipated. Other factors which influence the choice of a period are as follows: (a) lead time in development and commercialisation of a new product; (b) time required to recover capital



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investments or the pay-back period; and (c) length of commitments already made.

4. **Finding Alternative Courses of Action** The fourth step in planning is to search for and examine alternative courses of action. For instance, technical know-how may be secured by engaging a foreign technician or by training staff abroad. Similarly, products may be sold directly to the consumer by the company's salesmen or through exclusive agencies. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best.
5. **Evaluating and Selecting a Course of Action** Having sought alternative courses, the fifth step is to evaluate them in the light of the premises and goals and to select the best course or courses of action. This is done with the help of quantitative techniques and operations research.
6. **Developing Derivative Plans** Once the plan for the organisation has been formulated, middle and lower-level managers must draw up the appropriate plans for their sub-units. These are the plans required to support the basic plan. Thus, where an airline decides to acquire a fleet of new planes, a number of derivative plans dealing with the hiring and training of various types of personnel, the purchase of spare parts, the development of maintenance facilities, scheduling, advertising, financing and insurance need to be drawn up. In developing these derivative plans, lower-level managers take steps similar to those taken by upper-level managers selecting realistic goals, assessing their sub-units' particular strengths and weaknesses and analysing those parts of the environment that can affect them.
7. **Establishing and Deploying Action Plans** Managers possessing little understanding of how the organisation operates may not know how to turn the derivative plans into action. The action plan identifies particular activities necessary for this purpose and specifies the who, what, when, where and how of each action item. A draft version of the action plan should be communicated to inform those directly affected and gain their cooperation.
8. **Measuring and Controlling the Progress** Obviously, it is foolish to let a plan run its course



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without monitoring its progress. Hence the process of controlling is a critical part of any plan. Managers need to check the progress of their plans so that they can (a) take whatever remedial action is necessary to make the plan work, or (b) change the original plan if it is unrealistic.

LIMITATIONS OF PLANNING

A manager's plans are directed at achieving goals. But a planning effort encounters some limitations, which are discussed below.

- A. **Planning is an expensive and time-consuming process.** It involves significant amounts of money, energy and also risk, without any assurance of the fulfilment of the organisation's objectives. In view of this, many organisations, particularly the smaller ones, are usually unable to afford a formal planning programme.
- B. Planning sometimes restricts the organisation to the most rational and risk-free opportunities. It curbs the initiative of the manager and forces him to operate within the limits set by it. Sometimes times planning may cause delay in decision-making. In an emergency when there is need for the manager to take a quick decision, he may be bogged down by rules and procedures.
- C. The scope of planning is said to be limited in the case of organisations with rapidly changing situations. It is claimed that for industries producing fashionable articles or for industries engaged in the publication of textbooks, working on a day-to-day basis is more economical than on a planned basis.
- D. Establishment of advance plans tends to make administration inflexible. When unforeseen changes in the environment, such as a business recession, change in government policy, crop failure, etc. take place, the original plan loses its value and there is need to draw up a fresh plan. But there is a tendency to make the original plan work.
- E. There is the difficulty of formulating accurate premises. Since these premises are the background against which a set of plans is made, they necessarily deal with the future. Since the future cannot be known with accuracy, premising must be subject to a margin of error.



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F. Planning may sometimes face people's resistance to it. In old, established organisations, managers are often frustrated in instituting a new plan simply by the unwillingness or inability of people to accept it. Whatever be its limitations, planning is essential for every business enterprise. Unplanned business operations produce chaos and disorder. Moreover, it is always possible to overcome some of the limitations of planning. For instance, the rigidity of a plan can be overcome by revising it periodically, the expensiveness of a plan can be overcome by avoiding elaborate processes and errors in premising can be overcome by entrusting the work of planning to knowledgeable and competent staff.

MAKING PLANNING EFFECTIVE

Some guidelines for making planning effective are given below.

Coordination The planning process is complex, consisting of many major and derivative plans. Even so simple a plan as that to select a new piece of factory machinery may require many subsidiary or derivative plans, such as plans for its purchase, shipment, payment, receipt, unpacking, inspection, use, maintenance, etc. It is important that all these derivative plans fit together, not only in terms of content and action but also in terms of timing. Similarly, short and long-range planning should fit together. Communication Best planning occurs when every manager in the organisation has access to complete information, not only pertaining to his own area of planning but also to others' area. This is necessary to make him understand how his departmental goals and policies tie in with those of the enterprise as a whole. He should know what are the premises upon which he is expected to plan. The interchange of plans thus becomes an important task that should be recognised in the structure of plans.

Participation: Participation of subordinates with superiors is also a key element in making planning effective. It improves understanding of objectives and loyalty in the subordinates and makes execution of plans easy. There are several



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methods to increase participation of subordinates. **MBO** is one such methods Bottom-up planning is another method which encourages subordinates to develop, defend and sell their ideas. Committees and management clubs also develop in subordinates a strong feeling of unity with top management. Proper Climate It is critical that top managers establish proper climate for planning. This involves stimulating planning interest among the rank and file of managers by setting their goals, establishing planning premises, communicating policies and developing a tradition of change in the organisation.

PLANNING SKILLS (i)Ability to think ahead (ii)Ability to define company objectives (iii)Ability to forecast future environmental trends (iv)Ability to frame correct strategies (v)Ability to monitor the implementation of strategies (vi)Ability to provide an appropriately timed, intermeshed network of derivative and supporting programmes.



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Organising

Once the plans have been laid down and objectives specified therein, the next step is to organise resources in a manner which leads to the accomplishment of objectives. A critical issue in accomplishing the goals specified in the planning process is structuring the work of an organisation to adapt to the dynamic business environment. The activities of an enterprise must be organised in such a manner that plans can be successfully implemented. For planning to be fruitful a number of considerations like resources that will be needed, optimum utilisation of the same translation of work into attainable tasks, empowering the workforce to accomplish these tasks etc., need to be understood and dealt with properly. It is evident from the way Wipro has moved towards reaching for its goal of becoming a globally successful technology company, that organising plays a significant role in implementation of plans. What has Wipro done to become a contending force among other global giants? Are there lessons to be learnt from Wipro's approach? Wipro organised itself in a manner that allowed customer orientation to dominate over other goals and diversified on the basis of product lines. It also modified the relationships within the management hierarchy to suit the goals. The management function of organising ensures that efforts are directed towards the attainment of goals laid down in the planning function in such a manner that resources are used optimally and people are able to work collectively and effectively for a common purpose. Thus, it is in the context of effective management that the organisation function earns due importance. It is a means for translating plans into action.

The organising function leads to the creation of an organisational structure which includes the designing of roles to be filled by suitably skilled people and defining the inter relationship between these roles so that ambiguity in performance of duties can be eliminated. Not only is this important for productive cooperation between the personnel but also for clarification of extent of authority, as well as responsibility for results and logical grouping of activities. Meaning Let us take an example to understand how organising takes place. Have you ever paid attention to how, any event in the college actually takes place? What goes on behind the scene to make it the desired reality you want? The whole activity is divided into task groups each



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dealing with a specific area like the food committee, the decoration committee, the ticketing committee and so on. These are under the overall supervision of the official in charge of the event. Coordinating relationships are established among the various groups to enable smooth interaction and clarity about each group's contribution towards the event. All the above activities are a part of the organising function. Organising essentially implies a process which coordinates human efforts, assembles resources and integrates both into a unified whole to be utilised for achieving specified objectives.

Organising can be defined as a process that initiates implementation of plans by clarifying jobs and working relationships and effectively deploying resources for attainment of identified and desired results (goals).

Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

Louis Allen

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

Theo Haimman

Steps in the Process of Organising : Organising involves a series of steps that need to be taken in order to achieve the desired goal. Let us try and understand how organising is carried out with the help of an example. Suppose twelve students work for a school library in the summer vacations. One afternoon they are told to unload a shipment of new releases, stock the bookshelves, and then dispose of all waste (packaging, paper etc). If all the students decide to do it in their own way, it will result in mass confusion. However, if one student supervises the work by grouping students, dividing the work, assigning each group their quota and developing reporting relationships among them, the job will be done faster and in a better manner. From the above description, the following steps emerge in the process of organising:



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- (i) **Identification and division of work:** The first step in the process of organising involves identifying and dividing the work that has to be done in accordance with previously determined plans. The work is divided into manageable activities so that duplication can be avoided and the burden of work can be shared among the employees.
- (ii) **Departmentalisation:** Once work has been divided into small and manageable activities then those activities which are similar in nature are grouped together. Such sets facilitate specialisation. This grouping process is called departmentalisation. Departments can be created using several criteria as a basis. Examples of some of the most popularly used basis are territory (north, south, west etc.) and products (appliances, clothes, cosmetics etc).
- (iii) **Assignment of duties:** It is necessary to define the work of different job positions and accordingly allocate work to various employees. Once departments have been formed, each of them is placed under the charge of an individual. Jobs are then allocated to the members of each department in accordance to their skills and competencies. It is essential for effective performance that a proper match is made between the nature of a job and the ability of an individual. The work must be assigned to those who are best fitted to perform it well.
- (iv) **Establishing reporting relationships:** Merely allocating work is not enough. Each individual should also know who he has to take orders from and to whom he is accountable. The establishment of such clear relationships helps to create a hierarchal structure and helps in coordination amongst various departments.

Importance of Organising

Performance of the organising function can pave the way for a smooth transition of the enterprise in accordance with the dynamic business environment. The significance of the organising function mainly arises from the fact that it helps in the survival and growth of an enterprise and equips it to meet various challenges.



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In order for any business enterprise to perform tasks and successfully meet goals, the organising function must be properly performed. The following points highlight the crucial role that organising plays in any business enterprise:

- (i) **Benefits of specialisation:** Organising leads to a systematic allocation of jobs amongst the work force. This reduces the workload as well as enhances productivity because of the specific workers performing a specific job on a regular basis. Repetitive performance of a particular task allows a worker to gain experience in that area and leads to specialisation.
- (ii) **Clarity in working relationships:** The establishment of working relationships clarifies lines of communication and specifies who is to report to whom. This removes ambiguity in transfer of information and instructions. It helps in creating a hierarchical order thereby enabling the fixation of responsibility and specification of the extent of authority to be exercised by an individual.
- (iii) **Optimum utilization of resources:** Organising leads to the proper usage of all material, financial and human resources. The proper assignment of jobs avoids overlapping of work and also makes possible the best use of resources. Avoidance of duplication of work helps in preventing confusion and minimising the wastage of resources and efforts.
- (iv) **Adaptation to change:** The process of organising allows a business enterprise to accommodate changes in the business environment. It allows the organisation structure to be suitably modified and the revision of inter-relationships amongst managerial levels to pave the way for a smooth transition. It also provides much needed stability to the enterprise as it can then continue to survive and grow in spite of changes.
- (v) **Effective administration:** Organising provides a clear description of jobs and related duties. This helps to avoid confusion and duplication. Clarity in working relationships enables proper execution of work. Management of an enterprise thereby becomes easy and this brings effectiveness in administration.
- (vi) **Development of personnel:** Organising stimulates creativity amongst the managers. Effective delegation allows the managers to reduce their



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workload by assigning routine jobs to their subordinates. The reduction in workload by delegation is not just necessary because of limited capacity of an individual but also allows the manager to develop new methods and ways of performing tasks. It gives them the time to explore areas for growth and the opportunity to innovate thereby strengthening the company's competitive position. Delegation also develops in the subordinate the ability to deal effectively with challenges and helps them to realise their full potential.

- (vii) Expansion and growth: Organising helps in the growth and diversification of an enterprise by enabling it to deviate from existing norms and taking up new challenges. It allows a business enterprise to add more job positions, departments and even diversify their product lines. New geographical territories can be added to current areas of operation and this will help to increase customer base, sales and profit. Thus, organising is a process by which the manager brings order out of chaos, removes conflict among people over work or responsibility sharing and creates an environment suitable for teamwork.



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Staffing

The managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal and development of the personnels to fill the roles assigned to the employers/workforce.

According to Theo Haimann, “Staffing pertains to recruitment, selection, development and compensation of subordinates.”

Nature of Staffing Function

1. **Staffing is an important managerial function-** Staffing function is the most important managerial act along with planning, organizing, directing and controlling. The operations of these four functions depend upon the manpower which is available through staffing function.
2. **Staffing is a pervasive activity-** As staffing function is carried out by all managers and in all types of concerns where business activities are carried out.
3. **Staffing is a continuous activity-** This is because staffing function continues throughout the life of an organization due to the transfers and promotions that take place.
4. **The basis of staffing function is efficient management of personnels-** Human resources can be efficiently managed by a system or proper procedure, that is, recruitment, selection, placement, training and development, providing remuneration, etc.
5. **Staffing helps in placing right men at the right job.** It can be done effectively through proper recruitment procedures and then finally selecting the most suitable candidate as per the job requirements.
6. **Staffing is performed by all managers** depending upon the nature of business, size of the company, qualifications and skills of managers, etc. In small companies, the top management generally performs this function. In medium and small scale enterprise, it is performed especially by the personnel department of that concern.

Staffing Process - Steps involved in Staffing



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1. **Manpower requirements-** The very first step in staffing is to plan the manpower inventory required by a concern in order to match them with the job requirements and demands. Therefore, it involves forecasting and determining the future manpower needs of the concern.
2. **Recruitment-** Once the requirements are notified, the concern invites and solicits applications according to the invitations made to the desirable candidates.
3. **Selection-** This is the screening step of staffing in which the solicited applications are screened out and suitable candidates are appointed as per the requirements.
4. **Orientation and Placement-** Once screening takes place, the appointed candidates are made familiar to the work units and work environment through the orientation programmes. Placement takes place by putting right man on the right job.
5. **Training and Development-** Training is a part of incentives given to the workers in order to develop and grow them within the concern. Training is generally given according to the nature of activities and scope of expansion in it. Along with it, the workers are developed by providing them extra benefits of in depth knowledge of their functional areas. Development also includes giving them key and important jobs as a test or examination in order to analyse their performances.
6. **Remuneration-** It is a kind of compensation provided monetarily to the employees for their work performances. This is given according to the nature of job- skilled or unskilled, physical or mental, etc. Remuneration forms an important monetary incentive for the employees.
7. **Performance Evaluation-** In order to keep a track or record of the behaviour, attitudes as well as opinions of the workers towards their jobs. For this regular assessment is done to evaluate and supervise different work units in a concern. It is basically concerning to know the development cycle and growth patterns of the employees in a concern.



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8. **Promotion and transfer-** Promotion is said to be a non- monetary incentive in which the worker is shifted from a higher job demanding bigger responsibilities as well as shifting the workers and transferring them to different work units and branches of the same organization.

Directing

DIRECTING is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing have got no importance if direction function does not take place.

Directing initiates action and it is from here actual work starts. Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently. According to Human, "Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned" Therefore, Directing is the function of guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.

Direction has got following characteristics:

1. **Pervasive Function** - Directing is required at all levels of organization. Every manager provides guidance and inspiration to his subordinates.
2. **Continuous Activity** - Direction is a continuous activity as it continuous throughout the life of organization.
3. **Human Factor** - Directing function is related to subordinates and therefore it is related to human factor. Since human factor is complex and behaviour is unpredictable, direction function becomes important.
4. **Creative Activity** - Direction function helps in converting plans into performance. Without this function, people become inactive and physical resources are meaningless.



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5. **Executive Function** - Direction function is carried out by all managers and executives at all levels throughout the working of an enterprise, a subordinate receives instructions from his superior only.
6. **Delegate Function** - Direction is supposed to be a function dealing with human beings. Human behaviour is unpredictable by nature and conditioning the people's behaviour towards the goals of the enterprise is what the executive does in this function. Therefore, it is termed as having delicacy in it to tackle human behaviour.

Importance of Directing Function

Directing or Direction function is said to be the heart of management of process and therefore, is the central point around which accomplishment of goals take place. A few philosophers call Direction as "*Life spark of an enterprise*". It is also called as an actuating function of management because it is through direction that the operation of an enterprise actually starts. Being the central character of enterprise, it provides many benefits to a concern which are as follows:-

1. **It Initiates Actions** - Directions is the function which is the starting point of the work performance of subordinates. It is from this function the action takes place, subordinates understand their jobs and do according to the instructions laid. Whatever are plans laid, can be implemented only once the actual work starts. It is there that direction becomes beneficial.
2. **It Ingrates Efforts** - Through direction, the superiors are able to guide, inspire and instruct the subordinates to work. For this, efforts of every individual towards accomplishment of goals are required. It is through direction the efforts of every department can be related and integrated with others. This can be done through persuasive leadership and effective communication. Integration of efforts bring effectiveness and stability in a concern.
3. **Means of Motivation** - Direction function helps in achievement of goals. A manager makes use of the element of motivation here to improve the performances of subordinates. This can be done by providing incentives or compensation, whether monetary or non - monetary, which serves as a "Morale



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booster” to the subordinates Motivation is also helpful for the subordinates to give the best of their abilities which ultimately helps in growth.

4. **It Provides Stability** - Stability and balance in concern becomes very important for long term survival in the market. This can be brought upon by the managers with the help of four tools or elements of direction function - judicious blend of persuasive leadership, effective communication, strict supervision and efficient motivation. Stability is very important since that is an index of growth of an enterprise. Therefore a manager can use of all the four traits in him so that performance standards can be maintained.
5. **Coping up with the changes** - It is a human behaviour that human beings show resistance to change. Adaptability with changing environment helps in sustaining planned growth and becoming a market leader. It is directing function which is of use to meet with changes in environment, both internal as external. Effective communication helps in coping up with the changes. It is the role of manager here to communicate the nature and contents of changes very clearly to the subordinates. This helps in clarifications, easy adaptations and smooth running of an enterprise. For example, if a concern shifts from handlooms to powerlooms, an important change in technique of production takes place. The resulting factors are less of manpower and more of machinery. This can be resisted by the subordinates. The manager here can explain that the change was in the benefit of the subordinates. Through more mechanization, production increases and thereby the profits. Indirectly, the subordinates are benefited out of that in form of higher remuneration.
6. **Efficient Utilization of Resources** - Direction finance helps in clarifying the role of every subordinate towards his work. The resources can be utilized properly only when less of wastages, duplication of efforts, overlapping of performances, etc. doesn't take place. Through direction, the role of subordinates become clear as manager makes use of his supervisory, the guidance, the instructions and motivation skill to inspire the subordinates. This helps in maximum possible utilization of resources of men, machine, materials and money which helps in reducing costs and increasing profits.



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From the above discussion, one can justify that direction, surely, is the heart of management process. Heart plays an important role in a human body as it serves the function pumping blood to all parts of body which makes the parts function. In the similar manner, direction helps the subordinates to perform in best of their abilities and that too in a healthy environment. The manager makes use of the four elements of direction here so that work can be accomplished in a proper and right manner. According to Earnest Dale, “Directing is what has to be done and in what manner through dictating the procedures and policies for accomplishing performance standards”. Therefore, it is rightly said that direction is essence of management process.

Controlling

What is Controlling?

Controlling consists of verifying whether everything occurs in conformities with the plans adopted, instructions issued and principles established. Controlling ensures that there is effective and efficient utilization of organizational resources so as to achieve the planned goals. Controlling measures the deviation of actual performance from the standard performance, discovers the causes of such deviations and helps in taking corrective actions

According to Brech, “Controlling is a systematic exercise which is called as a process of checking actual performance against the standards or plans with a view to ensure adequate progress and also recording such experience as is gained as a contribution to possible future needs.”

According to Donnell, “Just as a navigator continually takes reading to ensure whether he is relative to a planned action, so should a business manager continually take reading to assure himself that his enterprise is on right course.”

Controlling has got two basic purposes

1. It facilitates co-ordination
2. It helps in planning



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Features of Controlling Function

Following are the characteristics of controlling function of management-

1. **Controlling is an end function-** A function which comes once the performances are made in conformities with plans.
2. **Controlling is a pervasive function-** which means it is performed by managers at all levels and in all type of concerns.
3. **Controlling is forward looking-** because effective control is not possible without past being controlled. Controlling always look to future so that follow-up can be made whenever required.
4. **Controlling is a dynamic process-** since controlling requires taking reviewed methods, changes have to be made wherever possible.
5. **Controlling is related with planning-** Planning and Controlling are two inseparable functions of management. Without planning, controlling is a meaningless exercise and without controlling, planning is useless. *Planning presupposes controlling and controlling succeeds planning.*

Controlling as a management function involves following steps:

1. **Establishment of standards-** Standards are the plans or the targets which have to be achieved in the course of business function. They can also be called as the criteria for judging the performance. Standards generally are classified into two-
 - a. **Measurable or tangible -** Those standards which can be measured and expressed are called as measurable standards. They can be in form of cost, output, expenditure, time, profit, etc.
 - b. **Non-measurable or intangible-** There are standards which cannot be measured monetarily. For example- performance of a manager, deviation of workers, their attitudes towards a concern. These are called as intangible standards.



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Controlling becomes easy through establishment of these standards because controlling is exercised on the basis of these standards.

2. **Measurement of performance-** The second major step in controlling is to measure the performance. Finding out deviations becomes easy through measuring the actual performance. Performance levels are sometimes easy to measure and sometimes difficult. Measurement of tangible standards is easy as it can be expressed in units, cost, money terms, etc. Quantitative measurement becomes difficult when performance of manager has to be measured. Performance of a manager cannot be measured in quantities. It can be measured only by-
 - a. Attitude of the workers,
 - b. Their morale to work,
 - c. The development in the attitudes regarding the physical environment, and
 - d. Their communication with the superiors.

It is also sometimes done through various reports like weekly, monthly, quarterly, yearly reports.

3. **Comparison of actual and standard performance-** Comparison of actual performance with the planned targets is very important. Deviation can be defined as the gap between actual performance and the planned targets. The manager has to find out two things here- extent of deviation and cause of deviation. Extent of deviation means that the manager has to find out whether the deviation is positive or negative or whether the actual performance is in conformity with the planned performance. The managers have to exercise control by exception. He has to find out those deviations which are critical and important for business. Minor deviations have to be ignored. Major deviations like replacement of machinery, appointment of workers, quality of raw material, rate of profits, etc. should be looked upon consciously. Therefore it is said, “ If a manager controls everything, he ends up controlling nothing.” For example, if



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stationery charges increase by a minor 5 to 10%, it can be called as a minor deviation. On the other hand, if monthly production decreases continuously, it is called as major deviation.

Once the deviation is identified, a manager has to think about various cause which has led to deviation. The causes can be-

- a. Erroneous planning,
 - b. Co-ordination loosens,
 - c. Implementation of plans is defective, and
 - d. Supervision and communication is ineffective, etc.
4. **Taking remedial actions-** Once the causes and extent of deviations are known, the manager has to detect those errors and take remedial measures for it. There are two alternatives here-
- a. Taking corrective measures for deviations which have occurred; and
 - b. After taking the corrective measures, if the actual performance is not in conformity with plans, the manager can revise the targets. It is here the controlling process comes to an end. Follow up is an important step because it is only through taking corrective measures, a manager can exercise controlling.

Relationship between planning and controlling

Planning and controlling are two separate functions of management, yet they are closely related. The scope of activities if both are overlapping to each other. Without the basis of planning, controlling activities becomes baseless and without controlling, planning becomes a meaningless exercise. In absence of controlling, no purpose can be served by. Therefore, planning and controlling reinforce each other. According to Billy Goetz, "Relationship between the two can be summarized in the following points

1. Planning precedes controlling and controlling succeeds planning.
2. Planning and controlling are inseparable functions of management.



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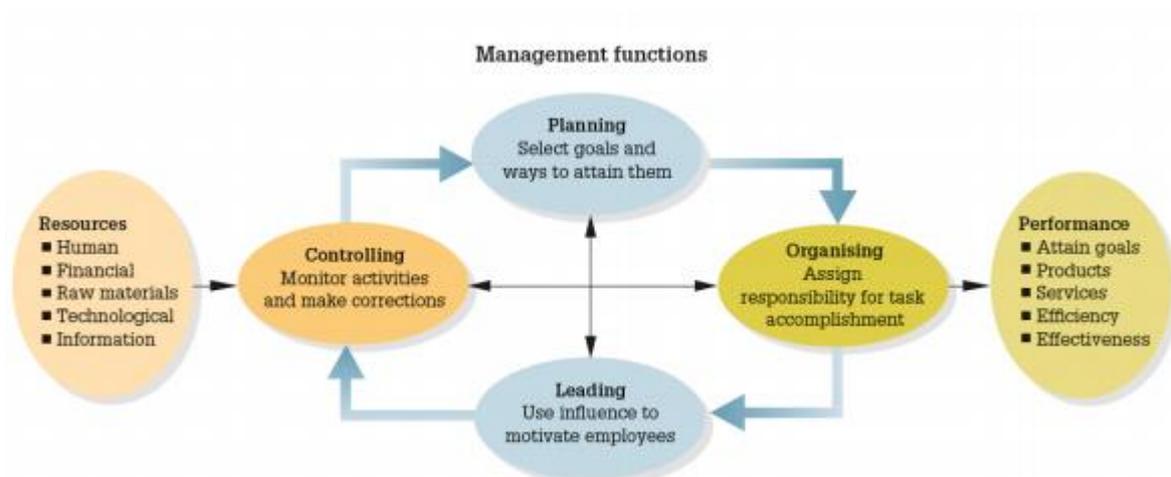
3. Activities are put on rails by planning and they are kept at right place through controlling.
4. The process of planning and controlling works on Systems Approach which is as follows :

Planning → Results → Corrective Action

5. Planning and controlling are integral parts of an organization as both are important for smooth running of an enterprise.
6. Planning and controlling reinforce each other. Each drives the other function of management.

In the present dynamic environment which affects the organization, the strong relationship between the two is very critical and important. In the present day environment, it is quite likely that planning fails due to some unforeseen events. There controlling comes to the rescue. Once controlling is done effectively, it give us stimulus to make better plans. Therefore, planning and controlling are inseparable functions of a business enterprise.

The summary of Management functions





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