**Administration Process**

1. Planning
2. Organizing
3. Leading
4. Coordination
5. Controlling
6. Decision Making

**Planning:**

Planning is the process of assessing an organization's goals and creating a realistic, detailed plan of action for meeting those goals. Much like writing a business plan, a management plan takes into consideration short- and long-term corporate strategies. The basic steps in the management planning process involve creating a road map that outlines each task the company must accomplish to meet its overall objectives.

Planning is the fundamental management function, which involves deciding beforehand, what is to be done, when is it to be done, how it is to be done and who is going to do it. It is an intellectual process which lays down an organization’s objectives and develops various courses of action, by which the organization can achieve those objectives. It chalks out exactly, how to attain a specific goal.

**I. Planning Process**

**1. Establish Goals**

The first step of the management planning process is to identify specific company goals. This portion of the planning process should include a detailed overview of each goal, including the reason for its selection and the anticipated outcomes of goal-related projects. Where possible, objectives should be described in quantitative or qualitative terms. An example of a goal is to raise profits by 25 percent over a 12-month period.

**2. Identify Resources**

Each goal should have financial and human resources projections associated with its completion. For example, a management plan may identify how many sales people it will require and how much it will cost to meet the goal of increasing sales by 25 percent.

**3. Establish Goal-Related Tasks**

Each goal should have tasks or projects associated with its achievement. For example, if a goal is to raise profits by 25 percent, a manager will need to outline the tasks required to meet that objective. Examples of tasks might include increasing the sales staff or developing advanced sales training techniques.

**4. Prioritize Goals and Tasks**

Prioritizing goals and tasks is about ordering objectives in terms of their importance. The tasks deemed most important will theoretically be approached and completed first. The prioritizing process may also reflect steps necessary in completing a task or achieving a goal. For example, if a goal is to increase sales by 25 percent and an associated task is to increase sales staff, the company will need to complete the steps toward achieving that objective in chronological order.

**5. Create Assignments and Timelines**

As the company prioritizes projects, it must establish timelines for completing associated tasks and assign individuals to complete them. This portion of the management planning process should consider the abilities of staff members and the time necessary to realistically complete assignments. For example, the sales manager in this scenario may be given monthly earning quotas to stay on track for the goal of increasing sales by 25 percent.

**6. Establish Evaluation Methods**

A management planning process should include a strategy for evaluating the progress toward goal completion throughout an established time period. One way to do this is through requesting a monthly progress report from department heads.

**7. Identify Alternative Courses of Action**

Even the best-laid plans can sometimes be thrown off track by unanticipated events. A management plan should include a contingency plan if certain aspects of the master plan prove to be unattainable. Alternative courses of action can be incorporated into each segment of the planning process, or for the plan in its entirety.

**II. Types of Plans**

There are actually three types of plans. They can be listed as following:

**i. Operational Plans**

The specific results expected from departments, work groups, and individuals are the **operational goals.** These goals are precise and measurable. “Process 150 sales applications each week” or “Publish 20 books this quarter” are examples of operational goals.

An **operational plan** is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans (see the next section). Operational plans can be a single‐use plan or an ongoing plan.

**ii. Tactical plans**

A **tactical plan** is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work.

Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short‐term goals. Long‐term goals, on the other hand, can take several years or more to accomplish. Normally, it is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

**iii. Strategic Plans**

A **strategic plan** is an outline of steps designed with the goals of the entire organization as a whole in mind, rather than with the goals of specific divisions or departments. Strategic planning begins with an organization's mission.

Strategic plans look ahead over the next two, three, five, or even more years to move the organization from where it currently is to where it wants to be. Requiring multilevel involvement, these plans demand harmony among all levels of management within the organization. Top‐level management develops the directional objectives for the entire organization, while lower levels of management develop compatible objectives and plans to achieve them. Top management's strategic plan for the entire organization becomes the framework and sets dimensions for the lower level planning.

**iii. Contingency plans**

Intelligent and successful management depends upon a constant pursuit of adaptation, flexibility, and mastery of changing conditions. Strong management requires a “keeping all options open” approach at all times — that's where contingency planning comes in.

**Contingency planning** involves identifying alternative courses of action that can be implemented if and when the original plan proves inadequate because of changing circumstances.

Keep in mind that events beyond a manager's control may cause even the most carefully prepared alternative future scenarios to go awry. Unexpected problems and events frequently occur. When they do, managers may need to change their plans. Anticipating change during the planning process is best in case things don't go as expected. Management can then develop alternatives to the existing plan and ready them for use when and if circumstances make these alternatives appropriate.

**III. Objective Setting**

It is a Key part of any planning; this exercise aims to answer two basic questions: "Where do we want to be?" and, "When do we want to reach there? As to how one can set the organizational goals, the following process can be increasingly assistive:

**Know your strengths and weaknesses**

Many businesses conduct a SWOT analysis where they identify their internal **S**trengths and **W**eaknesses as well as external **O**pportunities and **T**hreats. This information allow you to develop strategies that are relevant and realistic to your organization. Investigate what the future trends may be in your industry. You want to develop objectives that will give you a competitive advantage. There are also other methodologies you can use to identify your strengths and weaknesses.  At 7Geese, the CEO, Amin Palizban uses the [Hedgehog Concept by Jim Collins](http://blog.7geese.com/2013/07/13/how-to-use-the-hedgehog-concept-to-compete-with-massive-competitors-47/) to identify our long term objectives. He identifies what we are best at in the world, the economic driver for 7Geese, and what our team is deeply passionate about. While some CEOs may find this technique simplistic, the Hedgehog Concept is a great way to figure out what your company’s vision is and where you ultimately want to end up. It provides you with a great framework to start defining your organizational objectives.

**Future Perspective:**

The vision that you have for your organization should be reflected in your company’s objectives. Organizational objectives can be a mixture of both short term and long term goals. A great tip is to start with your 5 year goals. Where do you see your company in 5 years? What do you want to have achieved by then? Then think about the strategies you want to pursue in order to achieve those goals. These strategies are your 1 year objectives. What you have to do right now to support your business strategies are your quarterly or monthly goals.

*For example, suppose your 5 year goal is to have 1 million users for your product. To get to that goal, you may want to expand your product internationally. Your 1 year goal can be “Establish a branch in California and London”. Then break it down further to set your quarterly goal “Conduct a needs analysis for the US and European market”.*

**Use the SMART model to set your organizational objectives**

Try your best to make your objectives and key results **S**pecific, **M**easurable, **A**ttainable, **R**elevant and **T**ime bound.

*For example, you are a startup company in Vancouver and your long term goal is to be recognized as the best company in your industry. Instead of setting your organizational objective as “Being recognized as the best company”, you would apply the SMART model to your objectives and ask yourself these following questions:*

**Specific** – What type of company do you want to be the best at? On what scale do you want to compete? Do you want to be the best company in your area or in the world?

**Measurable** – How will you know when you have achieved your objective? What benchmarks are you going to use to measure your success?

**Attainable** – Is this objective achievable given your resources? What are the obstacles that you are going to encounter and can you get past the hurdles?

**Relevant** – How relevant is this objective to the company and its employees? Will it benefit your organization?

**Time bound** – When do you want to achieve this objective by?

*Taking into consideration the SMART model, your objective can be defined as “Getting the Best High Tech Company 2015 award by the Business Board of BC by the end of December 2015”.*

**Think about who is contributing to the objectives**

Sometimes CEOs may get confused about the difference between an organizational and a departmental goal. This situation arises within companies that are adopting a flatter organizational structure where they do not have a management level anymore. Ask yourself “who will contribute to the success of that objective?” and “who will have the greatest impact on the objective and its key results?” If anyone in the organization, given the nature of their position, can contribute to the objective, then it is on the organization level.

*For example, “Bring in $1 million in revenue” affects your PR, Marketing, HR, Engineering teams and so on. On the other hand, “Expand our team with 50 best talents” is more of a departmental or team-based objective as your HR department or recruitment team will have the most impact on this objective.*

**Brainstorm with your employees**

Many companies leave the organizational objectives to their executive team since these objectives are more on the higher level. However, I always encourage clients to ask for their employees’ feedback as they add more insights to your strategies. Working directly with your own customers, your employees receive information that your executive team may not get. You want to gather as much information possible about your internal processes and clients’ needs before setting your organizational objectives. Think about adding a 360 degrees feedback component to your objectives setting. More information is better than too little.

Setting organizational objectives is a daunting task. Using these 5 tips will help you create a framework around what your company’s goals should be. The most important thing for you to do after setting your company’s objectives is to **COMMUNICATE** them to your employees. Engage your employees by clearly showing them where your company is heading and how you want to achieve your objectives. Understanding your company’s vision will get your employees to start thinking about ways they can contribute to the success of your organization.

**2. Organizing:**

It involves designing, structuring, and coordinating the work components to achieve organizational goal. It is the process of determining what tasks are to be done, who is to do, how the tasks are to be grouped, who reports to whom, and where decisions are to be made. A key issue in accomplishing the goals identified in the planning process is structuring the work of the organization. Organizations are groups of people, with ideas and resources, working toward common goals. The purpose of the organizing function is to make the best use of the organization's resources to achieve organizational goals. Organizational structure is the formal decision-making framework by which job tasks are divided, grouped, and coordinated. Formalization is an important aspect of structure. It is the extent to which the units of the organization are explicitly defined and its policies, procedures, and goals are clearly stated. It is the official organizational structure conceived and built by top management. The formal organization can be seen and represented in chart form. An organization chart displays the organizational structure and shows job titles, lines of authority, and relationships between departments.

The process of organizing consists of following steps!

**1. Identification and Division of work:**

The organizing function begins with the division of total work into smaller units. Each unit of total work is called a job and an individual in the organization is assigned one job only. The division of work into smaller jobs leads to specialization because jobs are assigned to individuals according to their qualifications and capabilities. The division of work leads to systematic working. For example, in a bank every individual is assigned a job. One cashier accepts cash, one cashier makes payments, one person issues cheque books, one person receives cheques, etc. With division of work into jobs the banks work very smoothly and systematically.

**2. Grouping the Jobs and Departmentalization:**

After dividing the work in smaller jobs, related and similar jobs are grouped together and put under one department. The departmentalization or grouping of jobs can be done by the organization in different ways. But the most common two ways are:

**(a) Functional departmentalization:**

Under this method jobs related to common function are grouped under one department. For example, all the jobs related to production are grouped under production department; jobs related to sales are grouped under sales department and so on.

**(b) Divisional departmentalization:**

When an organization is producing more than one type of products then they prefer divisional depart mentation. Under this jobs related to one product are grouped under one department. For example, if an organization is producing cosmetics, textile and medicines then jobs related to production, sale and marketing of cosmetics are grouped under one department, jobs related to textile under one and so on.

**3. Assignment of Duties:**

After dividing the organization into specialized departments each individual working in different departments is assigned a duty matching to his skill and qualifications. The work is assigned according to the ability of individuals. Employees are assigned duties by giving them a document called job description. This document clearly defines the contents and responsibilities related to the job.

**4. Establishing Reporting Relationship:**

After grouping the activities in different departments the employees have to perform the job and to perform the job every individual needs some authority. So, in the fourth step of organizing process all the individuals are assigned some authority matching to the job they have to perform.

The assignment of the authority results in creation of superior-subordinate relationship and the question of who reports to whom is clarified. The individual of higher authority becomes the superior and with less authority becomes the subordinate.

With the establishment of authority, managerial hierarchy gets created (chain of command) and principle of scalar chain follows this hierarchy. The establishment of authority also helps in creation of managerial level.

The managers with maximum authority are considered as top level managers, managers with little less authority become part of middle level management and managers with minimum authority are grouped in lower level management. So with establishment of the authority the individuals can perform their jobs and everyone knows who will report to whom.

**3. Leading Process**

Leading is another of the basic function within the management process "Leading is the use of influence to motivate employees to achieve organizational goals" (Richard Daft).Managers must be able to make employees want to participate in achieving an organization's goals. Three components make up the leading function:

* Motivating employees
* Influencing employees
* Forming effective groups.

The leading process helps the organization move toward goal attainment.

**1. Receive instructions**
The first step is about getting clarity on your and your team’s objectives. This is where you get  instructions from your sponsor or stakeholders about what the team should do.

Without knowing the objectives, you cannot figure out the right things to do. this is why this is a crucial step and why stakeholder analysis (which includes your sponsor) is such an important activity in the early part of any project.

And get this: it is not enough simply to get the bullet point list if what the sponsors or stakeholders want. Such a list is rarely the whole story. What you need to get is the sponsors’ or stakeholders’ *intent*.

An intent is like a principle, it provides guidance in the absence of specific rules or instructions. You must know your sponsors and stakeholders’ intent. And, by extension, your team must know yours.

**2. Alert your team**
When you have new instructions of importance to your project, make sure you let your team know about the new instructions so they can start getting ready. Keeping everyone informed as well as possible helps you by getting more people engaged and thinking about what the new instructions mean to the project.

Don’t try to do everything yourself; engage the team, leverage the knowledge, skill and experience at your disposal and start growing leaders all around you. Use your judgement about how to do this and what to share, but do get out of your comfort zone and open up. You’ll soon start seeing some very interesting changes in the way your team acts, talks and thinks.

**3. Make a tentative plan**
You need to get a handle on what this means to you as early as possible. Even if you are missing some information or details, make an effort to create a quick and dirty, high level estimate based on what you know so far.

Just going through this exercise will help you identify what you will need to deliver successfully. Again, go your team, engage them in your planning. You want this to be their plan and not just your plan. A shared sense of ownership creates a powerful commitment to a plan. It makes a world of difference when you can point to the plan and say to your team “Well, you made this, so what do you suggest we do now?”

**4. Start mobilizing your resources**
As soon as you have your first tentative plan, the high level overview of what you need to deliver successfully, you must look at your resource requirements and when you’ll need what.

Anything that has a lead time associated with it, meaning you can’t just pull it off a shelf, out of some other team or whatever, has to be mobilized by sending requests to the resource owners spelling out what you need, how much, for when and for how long.

One of the recurring sources of problems and delays in projects is a failure to communicate early about needs for critical resources that are shared across many teams. Now you know how not to get caught in a yelling match with the wrong people at the wrong time

**5. Double-check your environment**

Part of successful delivery is to be in control of the environment you and your team is working in. You need to make sure you have everything available when you get around to executing the individual activities in your plan.

You do this by checking out the physical and logical environment where you will be working to complete the instructions you have received. The physical environment is the easy part; are there enough desks and chairs, network connections and so on. The logical environment covers things like tools and procedures. Do you have access to web conferencing, file storage, document management tools and so on? Do you have instructions for recording time, expense reports, getting security access to buildings, networks, email and so on?

Some of this may be part of your mobilization. E.g., it’s a common issues that people are brought on board a project, but network access and email has not been set up and sometimes access to the building will be denied if the paperwork wasn’t put in motion early enough.

**6. Complete the plan**
After you have had your discussions with your team and anyone else you needed to consult with, you are ready to make adjustments to your draft or tentative estimates and add in the necessary detail. Now you have a plan and hopefully one your team is backing 100%.

Your plan should spell out in clear language what activities should be completed, all the critical dependencies between activities, who are assigned to what, the start and finish times for each activity and a budget showing the expected costs.

The most important thing about any plan is to find the right level of detail. Too much detail and you will spend way too much time maintaining the plan because it will fall apart on day one, guaranteed. (It’s not for nothing the military jokes that “no plan ever survived first contact with the enemy”.)

Similarly, too high level a plan does not provide enough guidance to prioritize and lead your team.

Finally, you should know that a plan is an expression of *intent*: it lays out what you *should* do. In this sense, it is not an *instruction* because it does not provide any guidance on *how* to do anything.

**7. Give instructions to the team**
Now you’re ready to start executing, so communicate the plan to your team and check that they understand it. That last part is important. Obviously, the better you know your team, the better you will know how to communicate and interact with them.

As a starting point, don’t expect people to understand the plan on their own. This may be the first formal plan they have ever seen even if you did get them to contribute to it. As a matter of fact, don’t even assume they will read it without prompting.

This may sound negative, but it’s not really. People are incredibly busy and often flat out overloaded. In order to get anything done, they have to prioritize hard. If this is the reality, you best learn how to deal with it quickly.

To cut through all of the above, just plan on taking some time to review the plan with your team and answer any questions they may have.

**8. Supervise, coach and adjust during execution**
At some point you will kick this thing off and your team will be busy getting the work done. Since the plan by necessity lacks a lot of detail about how to do things, your team will have questions and will need to make decision on a daily basis.

This means you, the leader, must keep checking in on how your team is doing, answer questions, help make decisions and generally make adjustments along the way.

This is partly supervision and partly coaching. Mostly it is just you being available to support your team in any way you can. Remember the picture above where the team provides requests for support to you? Well this is how it all becomes real. In some cases, you will have to turn around and go up the chain to your sponsors or stakeholders with your own request for support.

Just as your team needs to learn the right time to quit stewing on something and ask for help, you need to be clear on when you have to do the same. Even if you are a team leader, you are part of someone’s team so you are not alone. Don’t ever think you have to solve everything on your own.

**Motivation:**

**Definition:**
According to Business Dictionary, “Internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal”.
Motivation results from the interaction of both conscious and unconscious factors such as the

 (1) Intensity of desire or need

(2) Incentive or reward value of the goal

 (3) Expectations of the individual and of his or her peers.

These factors are the reasons one has for behaving a certain way. An example is a student that spends extra time studying for a test because he or she wants a better grade in the class.
**Theories of Motivation:**

**1. Herzberg’s Hygiene theory**

It states that for employees to be motivated, certain conditions need to exist and the absence of these conditions or the hygiene factors demotivate the employees. The point that is being made in this theory is that the presence of hygiene factors is a precondition for performance and is not a determinant of performance. On the other hand, the absence of these factors actually demotivates the employee. Hence, the bottom line is that companies should have the basic conditions under which employees work fulfilled so that there is no drag on the performance.

The psychologist Frederick Herzberg extended the work of Maslow and propsed a new motivation theory popularly known as Herzberg’s Motivation Hygiene (Two-Factor) Theory. Herzberg conducted a widely reported motivational study on 200 accountants and engineers employed by firms in and around Western Pennsylvania.

**He asked these people to describe two important incidents at their jobs:**

(1) When did you feel particularly good about your job, and

(2) When did you feel exceptionally bad about your job? He used the critical incident method of obtaining data.

The responses when analyzed were found quite interesting and fairly consistent. The replies respondents gave when they felt good about their jobs were significantly different from the replies given when they felt bad. Reported good feelings were generally associated with job satisfaction, whereas bad feeling with job dissatisfaction. Herzberg labeled the job satisfiers motivators, and he called job dissatisfies hygiene or maintenance factors. Taken together, the motivators and hygiene factors have become known as Herzberg’s two-factor theory of motivation

Herzberg’s motivational and hygiene factors have been shown in the following table;

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According to Herzberg, the opposite of satisfaction is not dissatisfaction. The underlying reason, he says, is that removal of dissatisfying characteristics from a job does not necessarily make the job satisfying. He believes in the existence of a dual continuum. The opposite of ‘satisfaction’ is ‘no satisfaction’ and the opposite of ‘dissatisfaction’ is ‘no dissatisatisfaction’.

According to Herzberg, today’s motivators are tomorrow’s hygiene because the latter stop influencing the behaviour of persons when they get them. Accordingly, one’s hygiene may be the motivator of another.

**2. ERG motivation theory Alderfer**

Clayton P. Alderfer's ERG theory from 1969 condenses Maslow's five human needs into three categories: Existence, Relatedness and Growth.

1. **Existence Needs**Include all material and physiological desires (e.g., food, water, air, clothing, safety, physical love and affection). Maslow's first two levels.
2. **Relatedness Needs**Encompass social and external esteem; relationships with significant others like family, friends, co-workers and employers . This also means to be recognized and feel secure as part of a group or family. Maslow's third and fourth levels.
3. **Growth Needs**Internal esteem and self actualization; these impel a person to make creative or productive effects on himself and the environment (e.g., to progress toward one's ideal self). Maslow's fourth and fifth levels. This includes desires to be creative and productive, and to complete meaningful tasks.

Even though the priority of these needs differ from person to person, Alberger's ERG theory prioritises in terms of the categories' concreteness. Existence needs are the most concrete, and easiest to verify. Relatedness needs are less concrete than existence needs, which depend on a relationship between two or more people`e. Finally, growth needs are the least concrete in that their specific objectives depend on the uniqueness of each person.

**3. McGregor’s theory of motivation**

This theory alludes to the carrot and stick approach that is favored by many managers. This theory states that employees can be motivated by a dual pronged strategy of rewarding them for good work and punishing them for bad work. The opposites of these reactions mean that employees have a strong incentive to do well as opposed to doing badly.

Motivation of employees is indeed important for the health of the companies. Only when employees are motivated sufficiently can they give their best. Typically, companies focus on compensation and perks and benefits as a strategy to motivate employees. However, as we have seen in this article, employees are motivated by factors other than pay and hence, the HRD function must take cognizance of this fact and proceed accordingly. This means that the need for job satisfaction and fulfillment have to be taken care of as well for the employees to reach their potential.

**4. Coordination**

According to the Business Dictionary, Coordination can be defined as “the synchronization and integration of activities, responsibilities, and command and control structures to ensure that the resources of an organization are used most efficiently in pursuit of the specified objectives.”

Along with organizing, monitoring, and controlling, coordinating is one of the key functions of management.

**Features of Coordination**

**1. Coordination Integrates Group efforts:**

The concept of coordination always applies to group efforts. There is no need for coordination when only single individual is working.

The need for orderliness, integration arises only when more individuals are working as different individuals come from different backgrounds, have different styles of working so there is need to unify their efforts in common direction.

**2. Ensures Unity of efforts:**

Coordination always emphasizes on unifying the efforts of different individuals because conflicting efforts may cause damage to organization. The main aim of every manager is to coordinate the activities and functions of all individuals to common goal.

**3. Continuous process:**

Coordination is a non-ending function. It is a continuous function although its degree may vary. The managers work continuously to achieve coordination and maintain coordination because without coordination companies cannot function efficiently.

**4. Coordination is a pervasive function:**

Coordination is a universal function; it is required at all the levels, in all the departments and to perform all the functions due to interdependence of various activities on each other. For example if low quality inputs are purchased by purchase department, it will result in production of low quality product which further result in low sale, low revenue and so on.

**5. Coordination is the responsibility of all managers:**

Coordination is not the task of only top level managers but managers working at different levels try to coordinate the activities of organization. The top level try to coordinate the overall plans and policies of organization, middle level try to coordinate departmental activities and lower level coordinate the activities of workers.

**6. Coordination is a deliberate function:**

Every manager tries to coordinate the activities of organization to avoid confusion and chaos. Without coordination efforts of individuals cannot be united and integrated; that is why while performing various activities in the organization managers deliberately perform coordination function.

**5. Decision Making Process**

Decision-making is an essential aspect of modern management. It is a primary function of management. A manager's major job is sound/rational decision-making. He takes hundreds of decisions consciously and subconsciously. Decision-making is the key part of manager's activities. Decisions are important as they determine both managerial and organizational actions. A decision may be defined as "a course of action which is consciously chosen from among a set of alternatives to achieve a desired result." It represents a well-balanced judgment and a commitment to action.

It is rightly said that the first important function of management is to take decisions on problems and situations. Decision-making pervades all managerial actions. It is a continuous process. Decision-making is an indispensable component of the management process itself.

According to Peter Drucker, "Whatever a manager does, he does through decision-making". A manager has to take a decision before acting or before preparing a plan for execution. Moreover, his ability is very often judged by the quality of decisions he takes. Thus, management is always a decision-making process. It is a part of every managerial function. This is because action is not possible unless a firm decision is taken about a business problem or situation.

This clearly suggests that decision-making is necessary in planning, organising, directing, controlling and staffing. For example, in planning alternative plans are prepared to meet different possible situations. Out of such alternative plans, the best one (i.e., plan which most appropriate under the available business environment) is to be selected. Here, the planner has to take correct decision. This suggests that decision-making is the core of planning function. In the same way, decisions are required to be taken while performing other functions of management such as organising, directing, staffing, etc. This suggests the importance of decision-making in the whole process of management.

The effectiveness of management depends on the quality of decision-making. In this sense, management is rightly described as decision-making process. According to R. C. Davis, "management is a decision-making process." Decision-making is an intellectual process which involves selection of one course of action out of many alternatives. Decision-making will be followed by second function of management called planning. The other elements which follow planning are many such as organising, directing, coordinating, controlling and motivating.

Decision-making has priority over planning function. According to Peter Drucker, it is the top management which is responsible for all strategic decisions such as the objectives of the business, capital expenditure decisions as well as such operating decisions as training of manpower and so on. Without such decisions, no action can take place and naturally the resources would remain idle and unproductive. The managerial decisions should be correct to the maximum extent possible. For this, scientific decision-making is essential.

**2. Definitions of Decision-making**

1. The Oxford Dictionary defines the term decision-making as "the action of carrying out or carrying into effect".
2. According to Trewatha & Newport, "Decision-making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem".

**3. Characteristics of Decision Making**

1. Decision making implies choice: Decision making is choosing from among two or more alternative courses of action. Thus, it is the process of selection of one solution out of many available. For any business problem, alternative solutions are available. Managers have to consider these alternatives and select the best one for actual execution. Here, planners/ decision-makers have to consider the business environment available and select the promising alternative plan to deal with the business problem effectively. It is rightly said that "Decision-making is fundamentally choosing between the alternatives". In decision-making, various alternatives are to be considered critically and the best one is to be selected. Here, the available business environment also needs careful consideration. The alternative selected may be correct or may not be correct. This will be decided in the future, as per the results available from the decision already taken. In short, decision-making is fundamentally a process of choosing between the alternatives (two or more) available. Moreover, in the decision-making process, information is collected; alternative solutions are decided and considered critically in order to find out the best solution among the available. Every problem can be solved by different methods. These are the alternatives and a decision-maker has to select one alternative which he considers as most appropriate. This clearly suggests that decision-making is basically/fundamentally choosing between the alternatives. The alternatives may be two or more. Out of such alternatives, the most suitable is to be selected for actual use. The manager needs capacity to select the best alternative. The benefits of correct decision-making will be available only when the best alternative is selected for actual use.
2. Continuous activity/process: Decision-making is a continuous and dynamic process. It pervades all organizational activity. Managers have to take decisions on various policy and administrative matters. It is a never ending activity in business management.
3. Mental/intellectual activity: Decision-making is a mental as well as intellectual activity/process and requires knowledge, skills, experience and maturity on the part of decision-maker. It is essentially a human activity.
4. Based on reliable information/feedback: Good decisions are always based on reliable information. The quality of decision-making at all levels of the Organisation can be improved with the support of an effective and efficient management information system (MIS).
5. Goal oriented process: Decision-making aims at providing a solution to a given problem/ difficulty before a business enterprise. It is a goal-oriented process and provides solutions to problems faced by a business unit.
6. Means and not the end: Decision-making is a means for solving a problem or for achieving a target/objective and not the end in itself.
7. Relates to specific problem: Decision-making is not identical with problem solving but it has its roots in a problem itself.
8. Time-consuming activity: Decision-making is a time-consuming activity as various aspects need careful consideration before taking final decision. For decision makers, various steps are required to be completed. This makes decision-making a time consuming activity.
9. Needs effective communication: Decision-taken needs to be communicated to all concerned parties for suitable follow-up actions. Decisions taken will remain on paper if they are not communicated to concerned persons. Following actions will not be possible in the absence of effective communication.
10. Pervasive process: Decision-making process is all pervasive. This means managers working at all levels have to take decisions on matters within their jurisdiction.
11. Responsible job: Decision-making is a responsible job as wrong decisions prove to be too costly to the Organisation. Decision-makers should be matured, experienced, knowledgeable and rational in their approach. Decision-making need not be treated as routing and casual activity. It is a delicate and responsible job.

**Steps of Decision Making Process**

**Identify Problems**

The first step in the process is to recognize that there is a decision to be made. Decisions are not made arbitrarily; they result from an attempt to address a specific problem, need or opportunity. A supervisor in a retail shop may realize that he has too many employees on the floor compared with the day's current sales volume, for example, requiring him to make a decision to keep costs under control.

**Seek Information**

Managers seek out a range of information to clarify their options once they have identified an issue that requires a decision. Managers may seek to determine potential causes of a problem, the people and processes involved in the issue and any constraints placed on the decision-making process.

**Brainstorm Solutions**

Having a more complete understanding of the issue at hand allows managers’ to move on to make a list of potential solutions. This step can involve anything from a few seconds of thought to a few months or more of formal collaborative planning, depending on the nature of the decision.

**Choose an Alternative**

Managers weigh the pros and cons of each potential solution, seek additional information if needed and select the option they feel has the best chance of success at the least cost. Consider seeking outside advice if you have gone through all the previous steps on your own; asking for a second opinion can provide a new perspective on the problem and your potential solutions.

**Implement the Plan**

There is no time to second guess yourself when you put your decision into action. Once you have committed to putting a specific solution in place, get all of your employees on board and put the decision into action with conviction. That is not to say that a managerial decision cannot change after it has been enacted; savvy managers put monitoring systems in place to evaluate the outcomes of their decisions.

**Evaluate Outcomes**

Even the most experienced business owners can learn from their mistakes. Always monitor the results of strategic decisions you make as a small business owner; be ready to adapt your plan as necessary, or to switch to another potential solution if your chosen solution does not work out the way you expected.

**6. Controlling:**

Controlling is an important function of management which all the administrators are required to perform. In order to contribute towards achievement of organizational objectives, a manager is required to exercise effective control over the activities of his subordinates.

Thus, controlling can be defined as a managerial function to ensure that activities in an organization are performed according to the plans. Controlling also ensures efficient and effective use of organizational resources for achieving the goals. Hence, it is a goal oriented function.

Often, controlling and management control are considered same. However, there is a vast difference between the two. Controlling is one of the managerial functions while management control can be defined as a process which managers follow to perform the controlling function.

Management control refers to setting of predetermined standards, comparing actual performance with these standards and, if required, taking corrective actions to ensure the achievement of organizational goals.

**Definitions of Controlling:**

“Managerial control implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans”. Koontz And O’Donnell

“Control is the process of bringing about conformity of performance with planned action.” Dale Henning

Controlling function is performed in all types of organizations whether commercial or non-commercial and at all levels i.e. top, middle and supervisory levels of management. Thus, it is a pervasive function. Controlling should not be considered as the last function of the management.

The controlling function compares the actual performance with predetermined standards, finds out deviation and attempts to take corrective measures. Eventually, this process helps in formulation of future plans too. Thus, controlling function helps in bringing the management cycle back to planning.

**Importance of Controlling:**

The significance of the controlling function in an organization is as follows:

**1. Accomplishing Organizational Goals:**

Controlling helps in comparing the actual performance with the predetermined standards, finding out deviation and taking corrective measures to ensure that the activities are performed according to plans. Thus, it helps in achieving organizational goals.

**2. Judging Accuracy of Standards:**

An efficient control system helps in judging the accuracy of standards. It further helps in reviewing & revising the standards according to the changes in the organization and the environment.

**3. Making Efficient Use of Resources**:

Controlling checks the working of employees at each and every stage of operations. Hence, it ensures effective and efficient use of all resources in an organization with minimum wastage or spoilage.

**4. Improving Employee Motivation:**

Employees know the standards against which their performance will be judged. Systematic evaluation of performance and consequent rewards in the form of increment, bonus, promotion etc. motivate the employees to put in their best efforts.

**5. Ensuring Order and Discipline:**

Controlling ensures a close check on the activities of the employees. Hence, it helps in reducing the dishonest behavior of the employees and in creating order and discipline in an organization.

**6. Facilitating Coordination in Action:**

Controlling helps in providing a common direction to the all the activities of different departments and efforts of individuals for attaining the organizational objectives.

**Limitations of Controlling:**

The defects or limitations of controlling are as following:

1. Difficulty in Setting Quantitative Standards:

It becomes very difficult to compare the actual performance with the predetermined standards, if these standards are not expressed in quantitative terms. This is especially so in areas of job satisfaction, human behavior and employee morale.

2. No Control on External Factors:

An organization fails to have control on external factors like technological changes, competition, government policies, changes in taste of consumers etc.

3. Resistance from Employees:

Often employees resist the control systems since they consider them as curbs on their freedom. For example, surveillance through closed circuit television (CCTV).

4. Costly Affair:

Controlling involves a lot of expenditure, time and effort, thus it is a costly affair. Managers are required to ensure that the cost involved in installing and operating a control system should not be more than the benefits expected from it.