Principles of PUBLIC ADMINISTRATION

Dr. A. Ananda Kumar
Rev. Sr. A. Fathima Mary

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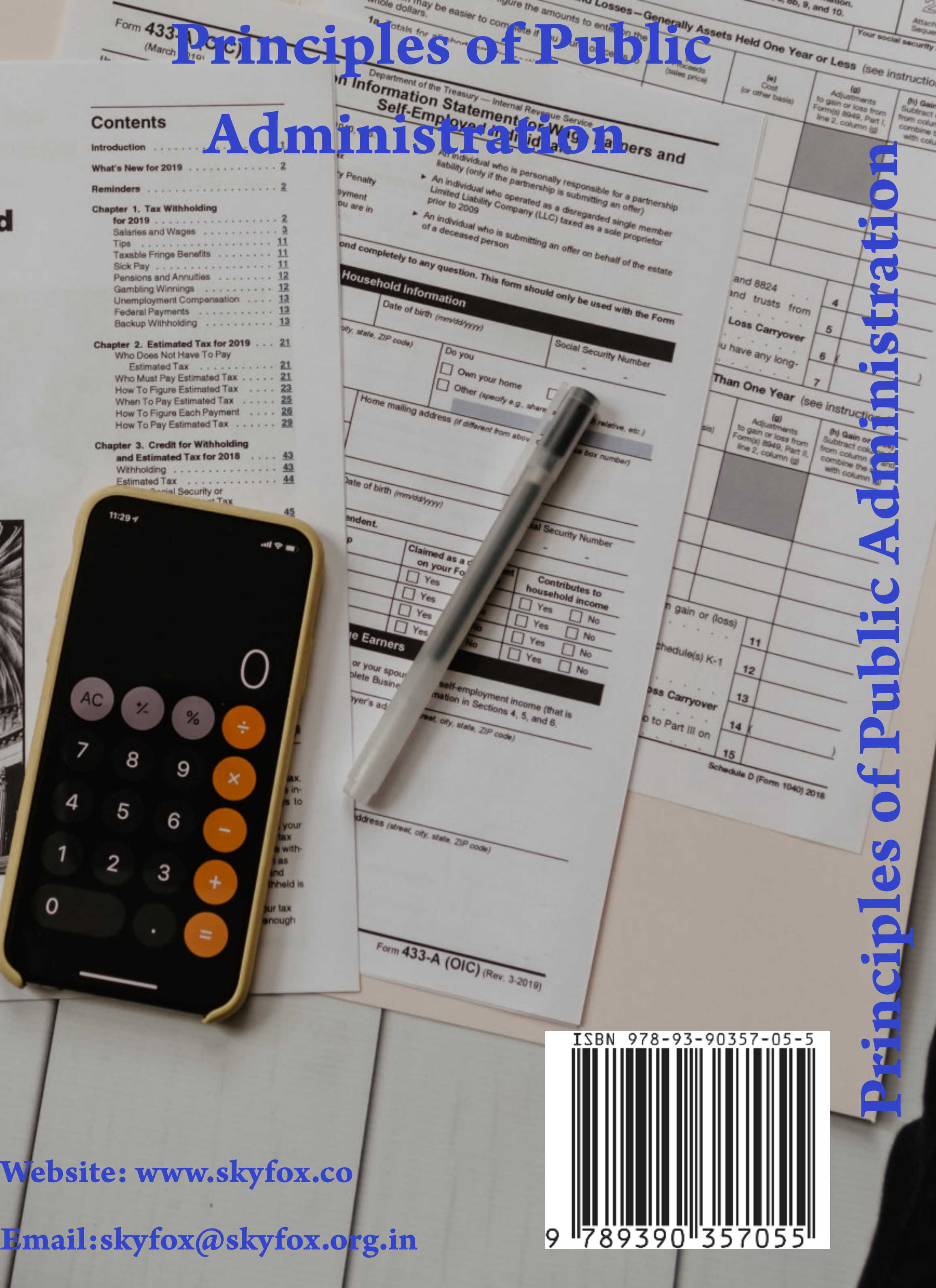

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Dr. A. Ananda Kumar

Rev. Sr. A. Fatima Mary

From the desk of
Dr. T. X. A. ANANTH, BBA, MSW, MBA, MPhil, PhD,
President – University Council

Dear Learner,

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I am happy at the efforts taken by the University in publishing this book not only in printed format, but also in PDF format in the Internet.

With warm regards

Dr. T. X. A. ANANTH
President – University Council

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PREFACE

To anyone who is curious about the operation of the forces shaping modern society or is deeply concerned that social action should work efficiently and worthily for a good of mankind, the question of public administration cannot fail to have a deep and abiding interest. It is an interest which will arise in all developed countries owning allegiance to the Rule of Law, whatever their form of government may be, because the idea of development is implicit in the idea of social action.

This book is an attempt to survey the whole field of public administration, necessarily in a general introductory manner, and to formulate, it is believed tor the first time, a series of analytical principles by which the subject may be presented as a separate topic or discipline in the social sciences.

It being his own belief, stated in the book itself, that no single experience, and hence no one mind, can hope to grasp the whole subject of modern government in its vast range and complexity, the authors will be guilty of no mock modesty in disclaiming any ambition to have reached finality upon the difficult and excyclopedic problems which the subject of public administration conceals.

Every attempt to contribute to it must be made tentatively and in the hope that others may thereby be provoked to supply, from Dr. A.Ananda Kumar & Rev. Sr. A.Fatima Mary experiences and deeper insight, those further refinements in analysis, statement, and application, by which alone thevalidity of the principles themselves may be firmly established. If this result can be achieved there should be good hope that the mechanics of social action may, a time goes on, operate more efficiently, creating less friction and producing fewer frustrations, under a wiser system of control to attain ever more worthy purposes.

Dr. A.Ananda Kumar
Rev. Sr. A. Fatima Mary

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CHAPTER I

INTRODUCTION TO PUBLIC ADMINISTRATION

Administration as an activity is as old as society itself. Ancient Greek, Roman and Indian political systems gave more importance to the concept of administration and its contribution on a large scale in the governing system; it dealt with every aspect of the state and its relation to the subjects of the state. Public Administration is state mechanism. In every Political System, the administration of people and systems has significant roles.

As an area of study it originated, with the publication of Woodrow Wilson's essay on "Study of Administration" in 1887. As a process, administration takes place in both public and private organisations in diverse institutionssuch as settings as business firms, labour unions, religious or charitable organisations, educational institutions, sales and marketing enterprises etc. Its nature is affected by the sphere with which it is concerned. Administration is commonly divided into two types, Public and Private Administration.

It is important to understand the functioning of administration for, on this rests the understanding of the government. Public Administration is a newly emerged discipline compared to other Social Sciences disciplines. Public Administration has gained immense importance since the emergence of Administrative state. As an aspect of government activity, it has existed since the emergence of political system(s). While public administration relates to the activities carried out by government, private administration refers to the management of private business enterprises.

Administration is the organisation and management of human and physical material resources to achieve a desired goal. Administration has been defined as a cooperative effort towards to achieve some common goal.Before discussing the meaning, definition, nature, scope and importance of public administration, the words administration, organisation and management must be studied, as these terms are often used interchangeably and synonymously. It is pertinent to know the distinctions of these three terms.

According to William Schulze **administration** is the force, which lays down the object for which an **organisation** and its **management** are to strive and the broad policies under which they are to operate.

An **organisation** is a combination of the necessary human beings, materials, tools, equipment and working space, that are brought together in systematic and effective co-relation to accomplish a desired objective.

Management must lead, guide and direct an **organisation** for the accomplishment of pre-determined objectives.

To put the above in simple terms, administration sets the goal, management strives to attain it and organisation is the machine of the management for the attainment of the ends determined by the administration. Some scholars have a different view about the administration and management. According to Peter Drucker, management is associated with business activity, which has to show economic performance, whereas administration is associated with the non-business activities such as activities of the Government.

The other view is that administration is associated with performing routine things in known settings in accordance with certain procedures, rules, and regulations. The Management is associated with performing functions like risk-taking, dynamic, creative and innovative functions. Some scholars of Public Administration are closely associated with the first view that is, administration is a determinative function. Management, on other hand is an executive function that is primarily concerned with carrying out the broad policies laid down by the administration. Organisation is the machinery through which coordination is established between administration and management.

Meaning of Public Administration

Definition: Naturally administration implies to bring an institution under proper and fruitful management. So administration may mean a fruitful management. The word fruitful means every work is done with a definite purpose. Public administration means that type of administration (or management) which is especially related with the public and public means all people living in a definite area.

The word Administration has been derived from the Latin words ***'ad'*** and ***'ministiare'*** which means **'to serve'.** In simple language it means the 'management of affairs' or 'looking after the people'. Administration can be broadly defined as the activities of groups of people co-operating to accomplish common goals. It is a process of management which is practised by all kinds of organisations ranging from the household to the most complex system of the government. Administration,according to Leonard DupeeWhite was a "process common to all group effort, public or private, civil or military, large scale or small scale".

Public administration is centrally concerned with the organisation of government policies and programmes as well as the behavior of officials (usually non-elected) formally responsible for their conduct. Generally, Public Administration has been used in two senses. In the wider sense it includes all the activities of the government whether falling in the sphere of legislature, executive or judicial branch of the government, in the narrow sense Public Administration is concerned with the activities of the executive branch only.

Public Administration is about

1. Decision making
2. Planning the work to be done
3. Formulating objectives and goals
4. Working with the legislature and citizen organisations to gain public support and funds for governmental programmes

5. Establishing and revising organisation
6. Directing and supervising employees
7. Providing leadership
8. Communicating and receiving communications
9. Determining work methods and procedures
10. Appraising performance
11. Exercising controls and other functions performed by government executives and supervisors
12. The action part of the government, the means by which the purposes and goals of the government are realized.

Broadly speaking, the term administration appears to bear at least four different meanings depending on the context in which it is used:

(1) **As a Discipline:** The name of a branch of learning or intellectual discipline as taught and studied in colleges and universities.

(2) **As a Vocation:** Type of work/trade or profession/occupation, especially one that involves knowledge and training in a branch of advance learning.

(3) **As a Process:** The sum total of activities undertaken to implement Public Policy or policies to produce some services or goods.

(4) **As a Synonymfor word meaning Executive or Government:** Such a person or group of persons in supreme charge of affairs, which could be head of a nation, state, or any other body.

Public Administration: The words public administration is the combination of two words - public and administration. In every sphere of social, economic and political life there is administration which means that for the proper functioning of the organisation or institution there must be proper rule or management and from this concept emerges the idea of administration. If the words are explained separately it would be as follows:

Public refers to Activity

1. Connected with large number of people.
2. Connected with public money.

Various Definitions of Public Administration

Leonard Dupee Whitestated that "Public Administration is the detailed and systematic execution of public law. Every particular application of law is an act of administration".

Clifford Dwight Waldo, an American political scientist and is perhaps the defining figure in modern public administration says **"**Public Administration is "the art and science of management applied to the affairs of the State".

John M. Pfiffnersays that Public Administration "consists of getting the work of government done by co-ordinating the efforts of the people so that they can work together to accomplish their set tasks".

Prof: Woodrow Wilson defined Public Administration as detailed and systematic execution of public law; every particular application of general law is an act of administration.

Luther Gullick 'Public Administration is that part of the science of administration which has to do with Government and thus concerns itself primarily with the executive branch where the work of the government is done.

Carson & Harris define Public administration as "the action part of the government, the means by which the purpose and the goals of the government are realized."

F. A. Nigro states that Public administration

1. Is a co-operative group effort in public settings
2. Has an important role in the formation of public policy and thus is part of the political process.

3. Covers all three branches – Executive, Legislature and Judicial.
4. Is different in significant ways from private administration.
5. It is closely associated with numerous private groups and people in providing services to the community smoothly and directly
6. Is concerned with policy formation and policy implementation
7. Is about translating political decisions into reality

Significance of Public Administration:

- It is the basis of modern society.
- It provides stability to society. So it is **stabilizing force** of society.
- It participates in **policy formation, policy implementation & policy evaluation.**
- It provides **protective cover** to society.
- It provides **facilitative functions** such as good education, clean, green, safe environment, good living conditions, etc.
- It manage public enterprises
- It works to connect people with it as it cannot work without the participation of people
- It promote science, technology, culture, education & research
- It is an instrument for socio-economic change, E.g., poverty alleviation
- Socio-economic changes come on direction of executives.

Gerald Caiden in ***The Dynamics of Public Administration*** writes that significance of the public administration has been increasing in contemporary modern society. The significance of public administration can be mentioned as follows:

1. Preservation of the polity
2. Maintenance of the stability and order
3. Institutionalization of socio-economic changes
4. Management of large scale commercial services
5. Ensuring growth and economic development
6. Protection of the weaker sections of the society

7. Formation of public opinion
8. Influencing public policies & political trends

Nature of Public Administration: There are two divergent views regarding the nature of the Public administration. In simply the nature of Public Administration deals the execution. These views are

- **Integral View:**According to this view, Public administration is a sum total of all the activities undertaken in pursuit of and in fulfillment of public policy. These activities include not only managerial and technical but also manual and clerical. Thus the activities of all persons from top to bottom constitute administration although they are of varying significance to the running of administrative machinery. Prof: L D White adopts this view of Public administration. According to him, Public Administration 'consists of all those operations having for their purpose the fulfilment or enforcement of public policy'.
  This definition covers a multitude of particular operations, many in fields. Another scholar Marshall E Dimock also shares the same view. He holds that administration is concerned with the 'what' and 'how' of a government works. The 'what' is the subject matter, the technical knowledge of a field which enables the administrator to perform his/her tasks. The 'how' is the technique of management, the principles according to which cooperative programmes are carried to success.
- **Managerial view:** According to this view, the works of only those persons who are engaged in the performance of managerial functions in an organisation constitute administration. In this managerial view the administration has the functions of planning, programming and organise all the activities in an organisation so as to achieve the desired ends. Luther Gullick and Herbert Simon subscribe this view. Gullick says 'Administration has to do with getting things done; with the accomplishment of defined objectives'.

Scope of Public Administration: In modern times Public administration has a pivotal role. There are many discussions about the scope of Public Administration, some scholars are argued that in the Neo-liberal time the scope of Public administration is very less and Private administration have growing importance. The scope of Public administration deals in many ways.

The modern state cannot confine its field of activities to only maintenance of law and order, dispensation of justice, collection of revenue and taxes. The modern state is expected to provide more and more services and amenities to the people. This results in tremendous growth in the responsibilities of the government as well as in the administrative machinery of the state. Naturally the scope of public administration is increased.

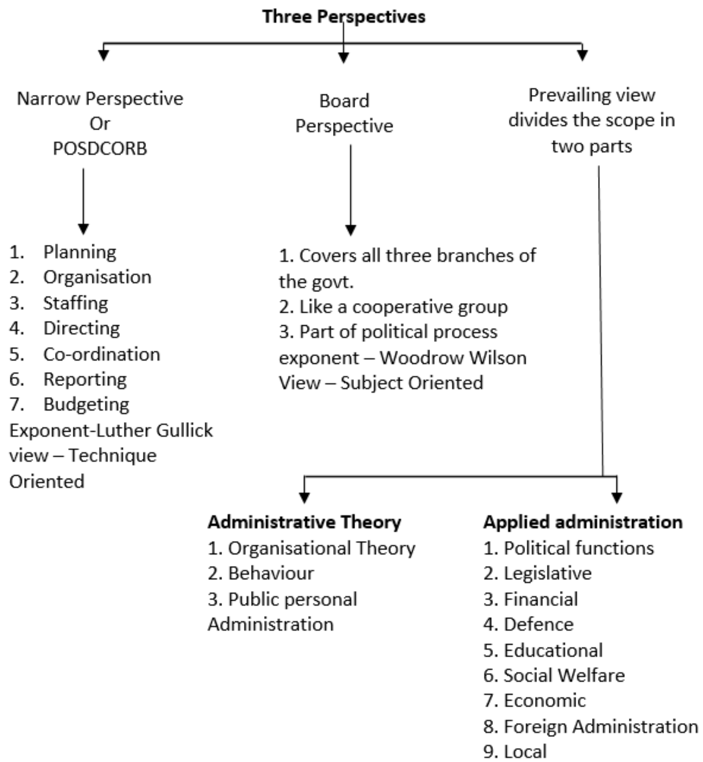
Public Administration and People: Public Administration is an organisational effort needed for a close relation to people. In every administrative system they have good relations between people and administrative agencies. It influenced the day to day life of the common people.

Public Administration and Democracy: In a democratic political system, the scope of public administration is related in many ways. It has close links to people and at the same time it becomes the watch-dog of the political system. The modern democratic state gave importance to the welfare principle that governs modern democracy. In a welfare democracy, effective administration is essential.There are many other reasons also that contribute to the scope of Public Administration.

- Development of Communication and Technology
- The Development of Neo-Liberal State
- The concept of Participatory Development
- Good Governance.
- E-Governance
- Environmental concerns
- Human rights approach

- New Social Movements and State

There are three perspectives to the scope of Public Administration.



Narrow perspective or POSDCORB perspective: Luther Gullick is the main exponent of this perspective. According to him the scope of public administration is narrow or limited. It is also regarded as **POSDCORB** view. He insists that the Public Administration is concerned only with those aspects of administration which are related with the executive branch and its seven types of administrative functions. These seven types of functions show the scope of Public Administration:

- **'P' stands for Planning** which is the first step of Public Administration. i.e. working out the broad outline of the things that need to be done.

- **'O' stands for Organisation** and it means establishment of the formal structure of authority through which the work is sub-divided, arranged and co-ordinated for the defined objective.

- **'S' stands for Staffing** is for the recruitment and training of the staff and maintenance of favourable conditions of work for the staff.

- **'D' stands for Directing** is the continuous task of making decisions and embodying them in specific and general orders and instructions, and thus guiding the enterprise.

- **'Co' stands for Co-ordination** – It means interrelating the various parts of organisation such as branches, divisions, sections of the work and elimination of overlapping.

- **'R' stands for Reporting** – It means informing the authority to whom the executive is responsible as to what is going on.

- **'B' stands for Budgeting** – It means accounting, fiscal planning and control.

The**POSDCORB Perspective** about the scope of Public Administration is limited and narrow. It stresses on the tools of Public Administration. It does not show the substance of administration. It is a technique-oriented perspective, and not subject oriented.

Broad perspective or subject-oriented perspective

Prof. Woodrow Wilson and **L. D. White** are the main exponents of this perspective. They have taken a very broad approach about the scope of Public Administration. According to them

a) **Public Administration covers all three branches of the government**. Legislative, Executive and Judicial and their interrelationship. Legislative organ makes the laws, Executive organ of the government implements the laws and the judicialorgan of the government interprets the laws. There is interrelationship between these three organs.

b) **Public Administration is like a cooperative group.** It consists of all from class one officer to class four employees.

c) **Public Administration is a part of the political process.** It has an important role in the formulation of public policy at all levels, from national to grassroots. It is closely associated with numerous private groups and individuals in providing services to the community. It has been influenced in recent years by the human relations approach.

Prevailing view divides the scope of Public Administration into two parts:

1. **Administrative theory:** It includes the following aspects

   - **Organisational Theory** – The Structure, organisation, functions and methods of all types of public authority engaged in administration, whether national, regional or local and executive.

- **Behaviour** – The functions of administrative authorities and the various methods appropriate to different types of functions. The various forms of control of administration.

- **Public Personal Administration** – The problems concerning personnel e.g. recruitment, training, promotion, retirement etc. and the problems relating to planning, research, information and public relation services.

2. **Applied administration:** It includes the following aspects

   - **Political functions –** It includes the executive – legislative relationship, administrative activities of the cabinet, the minister and permanent official relationship.

   - **Legislative function –** It includes delegated legislation and the preparatory work done by the officials in connection with the drawing up of bills.

   - **Financial functions –** It includes total financial administration from the preparation of the budget to its execution, accounting and audit etc.

   - **Defence –** Functions relating to military administration.

   - **Educational function –** It includes functions relating to educational administration.

   - **Social welfare administration –** It includes the activities of the departments concerned with food; housing, social security and development activities.

   - **Economic Administration –** It is concerned with the production and encouragement of industries and agriculture.

- **Foreign administration –** It includes the conduct of foreign affairs, diplomacy, international cooperation etc.

- **Local administration –** It concern with the activities of the local self-governing institutions.

Evolution and Growth of Public Administration: The growth of public administration has many facets. As a discipline the term Public Administration has emerged in the late 19^{th} and beginning of 20^{th} century. American President Woodrow Wilson contributed very much to the subject of Public Administration, he also known as the father of Public Administration. As a discipline, Public Administration is not very old. It emerged during the last part of the 19^{th} century. Public Administration passed through several phases of development. It can be broadly divided into the following five stages.

- Period I 1887 – 1926
- Period II 1927 - 1937
- Period III 1938 - 1947
- Period IV 1948 - 1970
- Period V 1971 –to the present

Period I (1887–1926) Public Administration Dichotomy: The discipline of Public Administration was born in the USA. The credit for initiating as an academic study of Public Administration goes to President Woodrow Wilson, who is regarded as the **father of the discipline of Public Administration**. In his article entitled **"The Study of Administration",** published in 1887, he emphasized the need to study Public Administration as a discipline apart from politics.

This is known as **Principle of Politic Administration Dichotomy**, i.e. a separation of Politics and Administration. Wilson argued that, "Administration lies outside the proper sphere of politics. According to Frank J.Goodnow, politics "has to do with the expression of the state will" while administration "has to do with the execution of these policies." In short, Goodnow posited the politics-administration dichotomy and he developed the Wilsonian theme further and greater courage and conviction.

Period II (1927–1937) Principles of Administration: The central belief of this period was that there are certain 'principles' of administration and which is the task of the scholars to discover and applied to increase the efficiency and economy of Public Administration. Scientific management handled the business of administration becomes a slogan. Administrative practitioners and business school join hands to mechanistic aspect of management. They claim that Public Administration is a science.

After the Wall Street stock market crash, the Great Depression of 1929 in the United States of America contributed a lot to the development. These periods were the golden years of 'principles' in the history of Public Administration. This was also a period when Public Administration commanded a high degree or respect and its products were in great demand both in government and business.

Period III (1938–1947) Era of challenge: The main theme during this period was the advocacy of 'Human Relationship Behavioural Approach' to the study of Public Administration. The idea of administrative dichotomy was rejected. It was argued that Administration cannot be separated from politics because of its political nature and role, Administration is not only concerned with policy decisions but deals with the policy formulation.

Period IV (1947–1970): The mid-1940s theorists challenged Wilson and Gullick. The politics-administration dichotomy remained the centre of criticism. In the 1960s and 1970s, the government itself came under fire as ineffective, inefficient, and largely a wasted effort. There was a call by citizens for efficient administration to replace ineffective, wasteful bureaucracy.

Public administration would have to distance itself from politics to answer this call and remain effective. Concurrently, after World War II, the whole concept of public administration expanded to include policy-making and analysis, thus the study of administrative policy making and analyses was introduced and enhanced into the government decision-making bodies.

Later, the human factor became a predominant concern and a point of emphasis in the study of Public Administration. This period witnessed the development and inclusion of knowledge of other social sciences, predominantly, psychology, anthropology, and sociology, into the study of public administration. Fritz Morstein Marx with his book ***The Elements of Public Administration***(1946), Paul H. Appleby ***Policy and Administration*** (1952), Frank Marini ***Towards a New Public Administration*** (1971), and others that have contributed positively in these endeavours.

Period V (1971 to the Present): After the 1970s the evolution of Public Administration gained new ways. The emergence of

- Development Administration
- Comparative Public Administration
- New Public Administration

These contributed to the evolution of Public Administration. The emergence of globalisation further contributed to this growth.

Public and Private Administration: Private administration is a concept newly emerged one. Private Administration challenged the development of Public Administration. After the 1970s the term private administration gained immense importance. There are many differences between these administrations.The most apparent difference between the two sectors is their organizing principles or goal. Another factor that makes the public sector different from the private sector is decision making.

Private Administration	Public Administration
Has a definite mission, which is the pursuit of profit or stability or growth of revenues	Has ambiguous purposes. This dilemma in ambiguity of purposes is exacerbated by many unnecessary and inoperable agencies, with purposes that overlap and bloated bureaucracies
The decision-making is much simpler – it is monopolistic or close to monopolistic. This type of decision-making would avoid any conflicts in interest; hence, the goal is clearly defined.	The decision must be and should be pluralistic. The founding fathers intentionally created a democratic republic where all key decisions are made in politicized environment. This allows for maximum participation such as open debate, multiple veto points and a decision making hierarchy where consensus must be achieved at each level, ideally, an informed decision.
It mainly functioned on the basis of profit motive.	It is not characterized solely by profit motive.
There is no legality; the owner's judgement is the only consideration.	It is strictly in accordance with certain legal safeguards in a manner to sustain the confidence and trust of the general public.
Strictly follows time factor.	It is not concerned about the time factor.
Focussed to the efficiency, transparency, accountability and credibility.	These functions only at a nominal level.

Public Administration a Science or an Art: Is public administration a science or an art? The answer to this question matters greatly to state building, because **good public administration is the key to effective governance**.

If public administration – the organisation and management of individual public agencies – **is a science**, then presumably it can be transferred to developing countries much like knowledge of how to maintain jet aircraft or operate a factory.

If **public administration is an art subject**, then teaching good public administration and setting up competent public agencies will be much more problematic.

There is no optimal form of organisation, either in the private sector or among public sector agencies. The absence of globally valid rules for organisational design and management means that public administration will be more of an art than a science. This implies that most good solutions to public administration problems, while having certain common features of institutional design, will not be clear-cut "best practices" because they will have to incorporate a great deal of context-specific information.

Theorizing about organisational design has been dominated by economists in recent years, who have sought to incorporate organisations into broader microeconomic theory. This effort has yielded certain important and useful insights into public sector reform. But in the end, the behavioral assumptions on which neoclassical economics rests – in particular, the assumption that people in organisations are motivated primarily by individual self-interest--are too limited to provide understanding of key aspects of organisational behavior. This line of thought has eclipsed earlier, more sociological understandings of organisations and has obscured some important insights of that tradition.

Institutional Economics and the Theory of Organisations: For all of its richness and complexity, a huge amount of organisational theory revolves around a single, central problem: that of delegated discretion. The conundrum of organisation theory is that while efficiency requires the delegation of discretion in decision-making and authority the very act of delegation creates problems of control and supervision. Observes one leading organisation theorist,

Because all information cannot be moved to a central decision maker, whether a central planner in an economy or the CEO in a firm, most decision rights must be delegated to those people who have the relevant information. The cost of moving information between people creates the necessity for decentralizing some decision rights in organisations and the economy. This decentralization in turn leads to systems to mitigate the control problem that results from the fact that self-interested people, with their own self-control problems who exercise decision rights as agents on behalf of others will not behave as perfect agents. Berle and Means recognised long ago that the divorce of ownership from management in modern corporations created significant corporate governance problems.

- The problem of delegated discretion is currently conceptualized by economists under the rubric of "principal-agent" relationships, something that has become the overarching framework for understanding governance problems.
- The owners, or principals, designate managers, or agents, to look after their interests, but the agents often face individual incentives that differ sharply from those of the principals. This is a problem with all forms of hierarchical organisation, and can exist at multiple levels of the hierarchy simultaneously. Jensen and Meckling introduced the concept of agency costs, which were the costs that principals had to pay to ensure that agents did their bidding.
- These costs included the costs of monitoring agent behavior, bonding the agent and the residual losses that occurred when the agent acted in ways contrary to the interests of the firm.

New Public Administration (NPA): The 1960s and 1970s were periods of turbulence, and instability in public administration. The earlier dogmas of public administration 'economy' and 'efficiency' were found inadequate and incomplete objectives of administrative activity. It began to be said that efficiency is not the whole of public administration. Man is the centre stage of all administrative activity who cannot be subjected to the mechanical test of efficiency. The term New Public Administration was used to describe new trends in administration.

Towards a New public Administration, the MinnowBrook Perspective was a book edited by Frank Marini and published in 1971 and ***Public Administration in a Time of Turbulence*** wasedited by Dwight Waldo and published simultaneously gave seeds of the concept of new public administration. The major factors for the emergence of new public administration were the following:

1. Philadelphia Conference
2. Minnow Brook Conference

Features of New Public Administration

Change and Administrative Responsiveness: The social, political, economic and technological environments **are** changing rapidly. Administrative organisations should therefore, develop clear criteria by which the effectiveness and relevance of their decisions and actions can be judged in the changing context.

Rationality: In Public Administration there is a good deal of emphasis on rationality as the main criterion for administrative dimensions and actions. But this rationality really refers to the rationality of, the administrator and not as people would interpret it. The administratorneeds to consult the citizens as well, not only about whatis proposed to be done but also about what ought to be done and by whom it should be done.

Management-Worker Relations: It is true that the human relations approach within an administrative organisation enhances both morale and productivity (efficiency) among employees but these **are not to be the end** in them. The main objective **should be the satisfaction of the citizens** with the performance and attitudes of the administrative employees whose morale and productivity would have risen due to any human relations approach within an organisation.

Structures: There is a need to adopt a dynamic approach to organisational structure. Appropriate decentralization of authority and modification of hierarchies of control and subordination for instance, need continuous review so that the structure becomes relevant to the changing needs of environment.

Goals of New Public Administration: New Public Administration literature has stressed four important goals and they are

- Relevance
- Values
- Equity
- Change

Relevance: Public Administration has always emphasized efficiency and economy. Public Administrationis criticized as having little to say about contemporary problems and issues. At the Minnow Brook Conference, the participants focussed attention on the need for policy-oriented.Public Administration must explicitly deal with the political and normative implications of all administrative actions.

Values: New Public Administration is explicitly normative. It rejects value concealing behaviouralism as well as procedural neutrality of traditional Public Administration. The participants at the Minnow Brook Conference clearly espoused that value neutral Public Administration is virtually impossible. They emphasised that public officials have to advocate the interests of the disadvantaged people.

Social Equity: Public Administration is indicated as an instrument of status quo, which denies social justice to the less privileged groups. Leaders of the New Public Administration emphasise the principle of social equity but considered welfare-oriented administration.

Change: Achievement of social equity requires promotion of change by the public administrators.Change is necessary to prevent Public Administration from coming under the dominance of powerful interest groups. New public administrators should regard change as a constant fact of administrative life.

Development Administration (DA): The term 'Development Administration' (DA) was first coined by U L Goswami in 1955.However the term was popularised by F W Riggs, Joseph La Palambara etc. The emergence of welfare state and the end of colonial era are the two significant factors contributed to the concept. The third world countries were moved from under-development to development, these countries face many problems during this time.

Development administration is focussed on their administrative problems.Development administration is the process of guiding an organisation towards the achievement of progressive political, economic and social objectives that are authoritatively determined in one manner the other. Development administration is concerned with following matters:

1. **The formulation and implementation** of plans, policies, programmes and projects for national development.
2. **It focussed on national development**.It is 'action oriented' and 'goal oriented' administrative system.
3. **Socio-economic change**was envisaged with development
4. **Time Frame** for work had to be maintained
5. **Client Orientation** had to be developed
6. **Goal Orientation** was the challenge

7. **Innovation**was encouraged

Persons connected with the public administration also had to take part in the formulation of policies and their implementation. It provided leadership. Since public administration is concerned with future of a society, it prepares plans. If there is any fault in the formulation of policy or in its implementation, then the public officers or administrators try to rectify the defects. Political theory is general but public administration is generally a specific term.

Dimensions of Public Administration: It is difficult to say anything definite about the scope or dimension of any social science — specifically public administration. Frankly speaking, public administration was an unknown subject about a century ago. Today it is a well-known subject and a very important subject.In earlier decades it was thought that public administration meant the management of day-to-day affairs of states. But this conservative idea has undergone radical changes.

There is a clear impact of globalisation upon the administrative region of any government. The fact is that as globalisation is rapidly expanding its wings of influence upon different regions, people of different countries are coming in close contact with each other. This results in changes in lifestyle, behaviour, outlook etc. People, through concerted effort, pressurise the government to meet their new and increasing demand which forces the government to adopt new policies, and to take special measures.

All these demand for new policies which the government is forced to take. The adoption of policy is not all; its implementation is of crucial importance which again falls within the area of public administration. In the sixties or seventies of the last century —the all-powerful man of China **Mao** Zedong (December 26, 1893-September 9, 1976), commonly known as Chairman Mao, was a Chinese communist revolutionary, poet, political theorist and founding father of the People's Republic of China, which he ruled as the Chairman of the Communist Party of China from its establishment in 1949 until his death, adopted a despicable policy known as Xenophobia (irrational dislike or fear of people from other countries). He did not allow the Chinese people to mix with the people of other countries.

He thought that it would contaminate the character and behaviour of the people of China. Today there is no such possibility. Naturally, free mixing among the various people of nation-states will bring about a change in everything. Before the Second World War (1939-1945) there were fewernation-states and international relations were at rudimentary levels. The governments (particularly of the Third World countries) were not under mounting pressures of masses of men.

Today the situation is different. Now-a-days common people are extremely conscious, political parties are highly active. The rise and fall of governments are not trifling matters. The spread of democracy has forced governments of nation states to take measures to meet the growing demands which have enhanced scope of public administration.

Max Weber, the Father of Bureaucratic Administration, confined his analysis on the concept of bureaucracy and its role in an industrialised capitalist society. But during the last eight decades both the capitalist states and people's attitude' towards government have considerably changed and this change has forced public administration to play greater and crucial role.There was a time when it was thought that the essential duty of a govern-ment is to maintain law and order and to see the security of the state. But today the whole situation has completely changed.

It is the duty of government to see that the state has been able to achieve targets of economic development. Neither the parliament nor the council of minister can do the job. It is the duty of bureaucracy or public administration to fulfil the targets of development prepared by the government. Needless to say that it is a new role of public administration and this has enhanced its functions. Today public administration is also called developmental administration.

Since the middle of the last century a new concept has received wide publicity and it is welfare idea or welfare principle. **John Maynard Keynes (1883-1946)** said that economic crisis — especially depression—could be averted or checked through planning and larger amount of governmental spending. Later on Lord Beveridge prepared a report which is known as Beveridge Report and in this report he suggested that the government must take responsibility to help the poor through social security system.

The social security objectives must be achieved by the government or state in cooperation with individuals. All these happened after the Second World War and from the very beginning of fifties of the last century the concept of welfare has achieved wide popularity and publicity. Today both capitalist and non-capitalist states are paying more and more attention to the welfare activities.The responsibility invariably falls upon the public administration which means that the functions of this department have enormously increased. Along with this, people's expectation from the government have soared so high that the authority cannot sit idle and say that it has no responsibility towards citizens.

Public Corporations: Characteristics, Advantages and Limitations

Characteristics of Public Corporations: Public corporations have certain basic differences with departmental managements. These differences have given a separate entity to public corporations.

Some of the salient features of public corporations are discussed below:

1. Public corporations can sue and also be sued in the courts of law and thus have their own name and legal personality.

2. It is created usually by an Act of Parliament which also defines the scope of its activities. It also defines the powers, privileges and immunities of its members.
3. Public corporation is wholly owned by the government and the entire equity capital is held in the name of the government.
4. The corporations usually have considerable autonomy in shaping their policies. These have also sufficient financial independence. But at the same time general principles and policies are laid down and decided by the government.
5. The management of the corporation is appointed by the government. Generally, a Board is nominated to manage public corporations.

6. Public corporation is generally not subject to budgetary accounting and audit-controls applicable to government departments.
7. The objective of a public corporation is to provide goods and services to the people at reasonable prices.

Advantages of Public Corporation: A public corporation has the following advantages:

1. Public corporations have complete freedom regarding their internal management. They can set their own goals and can decide their own line of action. They can devise their own programmes and policies.

2. Public corporations are free to take quick decisions which is very necessary for the success of a business concern. There is no government interference.

3. There is no rigidity in their working as in case of departmental undertakings. The flexibility is necessary in the case of business undertakings. According to President Roosevelt,- "It is clothed with the powers of the government but possessed of the flexibility and initiative of a private enterprise."

4. Public corporations aim at providing goods and services to the public at reasonable prices. Though they also earn profits, their primary objective is to help the people in getting various services.

5. The management of public corporations, being in the hands of experienced and competent persons, is more efficient than that of government department. Public corporations are free to employ persons according to their own requirements.

6. It is generally not subject to budget, accounting and audit controls applicable to the government department and thus, public corporation is at freedom to utilise its funds.

Limitations of Public Corporation: Though there are many advantages, public corporations suffer from the following limitations or weaknesses:

1. Public corporations are usually created under an Act of Parliament. Any change in the sphere of activities of the corporations involves an amendment in the particular Act. It is difficult and takes more time.

2. Autonomy and flexibility which are the main features of public corporations have remained on paper only. All important policies are decided with government approval and the management is also appointed by the government. The corporations, therefore, have no real freedom in their working. Consequently, the smooth working of the public corporations is disturbed. So public corporations exercise limited autonomy.

3. Public corporations may indulge in anti-social activities. They may charge higher prices from the consumers or may supply them goods of inferior quality to make up their inefficiency because of the monopoly enjoyed by them.

4. Though public corporations are autonomous bodies, still they are controlled by the government. Public Accounts Committee and Auditor and Comptroller General of India exercise control on public corporations.

5. These corporations are suitable only for organising very big state enterprises and not suitable for small enterprises.

There are other official cells or bodies to govern or regulate the efficient working of public administrative functions. They are usually called bureau, committee, council, trust, panel, directorate, commission, group, delegation etc.

CHAPTER II

ORGANISATIONAL ADMINISTRATION

Organisational structure is the framework by which a company communicates, develops goals and then works on achieving those goals. Within the framework of organisational structure are the principles by which that structure operates. The principles of organisational structure are the methods by which the organisation maintains that structure, and the processes it uses to keep the structure efficient.

Principle of objective: The organisational goal should be formulated for the business as whole and organisation should be framed to achieve that goal. Departmental goals should be developed so that ultimate common goal should be attained. If the common organisational goal is not decided, departments may set their own goals and there may be occurrence of conflict about the common objective.

Within the principles of organisational structure are the methods by which the organisation maintains its structure, and the processes it uses to keep the structure efficient.

- Principles of organisation
- Hierarchy of Command
- Role Definition
- Evaluating Outcomes
- Altering Organisational Structure

Principles of Organisation

1. **Principle of unity of objectives:** Organisational goals, departmental goals, and individual goals must be clearly defined. All goals and objectives must have uniformity. When there is contradiction among different level of goals desired goals can't be achieved. Therefore, unity of objectives is necessary

2. **Principle of specialisation:** Sound and effective organisation believes on organisation. The term specialization is related to work and employees. When an employee takes special type of knowledge and skill in any area, it is known as specialization. Modern business organisation needs the specialization, skill and knowledge by this desired sector of economy and thus, efficiency would be established.

3. **Principle of coordination:** In an organisation many equipment, tools are used. Coordination can be obtained by group effort that emphasize on unity of action. Therefore, coordination facilitates in several management concepts

4. **Principle of authority:** Authority is the kind of right and power through which it guides and directs the actions of others so that the organisational goals can be achieved. It is also related with decision making. It is vested in particular position, not to the person because authority is given by an institution and therefore it is legal. It generally flows from higher level to lowest level of management. There should be unbroken line of authority.

5. **Principle of responsibility:** Authentic body of an organisation is top level management, top level management direct the subordinates. Departmental managers and other personnel take the direction from top level management to perform the task. Authority is necessary to perform the work .only authority is not provided to the people but obligation is also provided. So the obligation to perform the duties and task is known as responsibility. Responsibility can't be delegated. It can't be avoided.

6. **Principle of delegation:** Process of transferring authority and creation of responsibility between superior and subordinates to accomplish a certain task is called delegation of authority. Authority is only delegated, not responsibilities in all levels of

management. The authority delegated should be equal to responsibility

7. **Principle of efficiency:** In enterprise different resources are used. Therese resources must be used in effective manner. When the organisation fulfil the objectives with minimum cost, it is effective. Organisation must always concentrate on efficiency.

8. **Principle of unity of command:** Subordinates should receive orders from single superior at a time and all subordinates should be accountable to that superior. More superior leads to confusion, delay and so on.

9. **Principle of span of control:** Unlimited subordinates cannot be supervised by manager, this principle thus helps to determine numerical limit if subordinates to be supervised by a manager. This improves efficiency.

10. **Principle of balance:**The functional activities their establishment and other performances should be balanced properly. Authority, centralization, decentralization must be balance equally. This is very challenging job but efficient management must keep it.

11. **Principle of communication:** Communication is the process of transformation of information from one person to another of different levels. It involves the systematic and continuous process of telling, listening and understanding opinions ideas, feelings, information, views etc. in flow of information. Effective communication is important

12. **Principle of personal ability:**For sound organisation, human resources is important. Employees must be capable. Able employees can perform higher. Mainly training and development programs must be encouraged to develop the skill in the employees

13. **Principle of flexibility:** Organisational structure must be flexible considering the environmental dynamism. Sometimes, dramatically change may occur in the organisation and in that condition, organisation should be ready to accept the change

14. **Principle of simplicity:**This principle emphasises the simplicity of organisational structure, the structure if organisation should be simple with minimum number of levels do that its member an understand duties and authorities.

Hierarchy of Command: One of the principles that holds an organisational structure together is the hierarchy of command. Respect for the authority of management and the executive team creates a functional line of communication. Instructions and decrees given by the upper echelon are validated by the belief in the hierarchy structure of the organisation. Everyone in the company can follow the trail of responsibility for projects, and employees understand who they report to and how the management structure affects their jobs.

Role Definition: According to the University of York, England, an efficient organisational structure helps to properly define everyone's role within the company. A clear definition of the responsibilities and standing of each person within the company creates an understanding of what is expected from each individual, and how individual performance can affect the efficiency of the entire organisation.

Altering Organisational Structure: One of the key principles of organisational structure is the ability to remain dynamic and change to suit the needs of the company. Some of the elements that necessitate change in an organisational structure include changing customer needs, a change in company management, new technology, and reacting to the activities of your competition.

Principles of Organizing: The organizing process can be done efficiently if the managers have certain guidelines so that they can take decisions and can act. To organize in an effective manner, the following **principles of organisation** can be used by a manager.

1. **Principle of Specialisation:** According to the principle, the whole work of a concern should be divided amongst the subordinates on the basis of qualifications, abilities and skills. It is through division of work specialization can be achieved which results in effective organisation.

2. **Principle of Functional Definition:** According to this principle, all the functions in a concern should be completely and clearly defined to the managers and subordinates. This can be done by clearly defining the duties, responsibilities, authority and relationships of people towards each other. Clarifications in authority-responsibility relationships help in achieving co-ordination and thereby organisation can take place effectively. For example, the primary functions of production, marketing and finance and the authority responsibility relationships in these departments should be clearly defined to every person attached to that department. Clarification in the authority-responsibility relationship helps in efficient organisation.

3. **Principles of Span of Control/Supervision:** According to this principle, span of control is a span of supervision which depicts the number of employees that can be handled and controlled effectively by a single manager. According to this principle, a manager should be able to handle what number of employees under him should be decided. This decision can be taken by choosing either from a wide or narrow span.

There are two types of span of control:

a. **Wide span of control:** It is one in which a manager can supervise and control effectively a large group of persons at one time. The features of this span are:

   i. Less overhead cost of supervision

ii. Prompt response from the employees
iii. Better communication
iv. Better supervision
v. Better co-ordination
vi. Suitable for repetitive jobs

b. **Narrow span of control:** According to this span, the work and authority is divided among many subordinates. The manager according to a narrow span supervises only a selected number of employees at one time. The features are:
    i. Work which requires tight control and supervision, for example, handicrafts, ivory work, etc. which requires craftsmanship, there narrow span is more helpful
    ii. Co-ordination is difficult to be achieved
    iii. Communication gaps can come
    iv. Messages can be distorted
    v. Specialisation work can be achieved

Factors influencing Span of Control

a) **Managerial abilities:** In the concerns where managers are capable, qualified and experienced, wide span of control is always helpful.

b) **Competence of subordinates:** Where the subordinates are capable and competent and their understanding levels are proper, the subordinates tend to very frequently visit the superiors for solving their problems. In such cases, the manager can handle large number of employees. Hence wide span is suitable.

c) **Nature of work:** If the work is of repetitive nature, wide span of supervision is more helpful. On the other hand, if work requires mental skill or craftsmanship, tight control and supervision is required in which narrow span is more helpful.

d) **Delegation of authority:** When the work is delegated to lower levels in an efficient and proper way, confusions are less and congeniality of the environment can be maintained. In such cases, wide span of control is suitable and the supervisors can manage and control large number of sub- ordinates at one time.

e) **Degree of decentralisation:** Decentralization is done in order to achieve specialization in which authority is shared by many people and managers at different levels. In such cases, a tall structure is helpful. There are certain concerns where decentralization is done in very effective way which results in direct and personal communication between superiors and sub-ordinates and there the superiors can manage large number of subordinates very easily. In such cases, wide span again helps.

4. **Principle of Scalar Chain:** Scalar chain is a chain of command or authority which flows from top to bottom. With a chain of authority available, wastages of resources are minimized, communication is affected, overlapping of work is avoided and easy organisation takes place. A scalar chain of command facilitates work flow in an organisation which helps in achievement of effective results. As the authority flows from top to bottom, it clarifies the authority positions to managers at all level and that facilitates effective organisation.

5. **Principle of Unity of Command:** It implies one subordinate-one superior relationship. Every subordinate is answerable and accountable to one boss at one time. This helps in avoiding communication gaps and feedback and response is prompt. Unity of command also helps in effective combination of resources, that is, physical, financial resources which helps in easy co-ordination and, therefore, effective organisation.

Managing Director

↓

Marketing Manager

↓

Sales/Media Manager

↓

Sales Executives

AUTHORITY FLOWS FROM TOP TO BOTTOM

According to the above diagram, the managing director has the highest level of authority. This authority is shared by the marketing manager who shares his authority with the sales manager. From this chain of hierarchy, the official chain of communication becomes clear which is helpful in achievement of results and which provides stability to a concern. This scalar chain of command always flows from the top to bottom and it defines the authority positions of different managers at different levels.

Line Staff and Auxiliary Agencies in Public Administration: It is not just difficult but impossible for a single man to carry out all the administrative responsibility single-handedly. Any leader requires a body of people whom he can direct and lead to achieve the desired goals of the organisation. The literal meaning of staff is learning as it was used in the army and it has been borrowed from there and used in civil organisations. As Mooney points out that, there are too many functions, too diversified knowledge and too many things to think about which is difficult for a single leader to encompass.

The distinction between line and staff agencies is more of degree than of the kind. Staff personals are involved in involved in planning and thinking. The execution and implementation of those plans and policies are the jobs of the line agencies. Like, pointed out earlier, in some cases the staff functions are similar to line functions and line functions to that of staff. The other way of looking at it is that the staff agencies collect data for the formulation of policies which can be further executed and complemented by line agencies.

The main function of the staff agencies as identified by L D White are:

- Keep the Chief Executive and top officials informed and updated with relevant information
- Assisting the Chief Executive and other officials in foreseeing problems and planning of the future
- To ensure that the matters which require the final decision making by the Chief Executive, reach his/her desk in time and that rational, logical, thoughtful and informed decisions are taken on those matters
- Evaluate the matters which may be settled elsewhere to be excluded in the Chief Executive's list
- Assist him in managing his/her time well
- Securing compliance by subordinates through the means of established policies and execution guidelines

Examples of such staff agencies are the British Treasury which helps formulate the financial policies of the Government. In USA, the general staff agency is the President's Executive Office which has two parts, the White House and the Bureau of Budget. Ever since the increased scope of the government activities lead to the process of specialization. Due to which there was a need to separate the primary and secondary activities of the administrative agencies. The house-keeping activities were segregated and organized under specialized offices. These activities are known as the auxiliary or the institutional activities.

According to Willoughby, the primary activities are those activities that a service performs to accomplish those very purposes for which it exists. Like the primary activity of the Home Affairs department is maintaining peace and order. The secondary activities are those which the service needs to maintain so that it may exist and operate as a service. Again, for the Home Affairs department, those services may be recruiting people, buying furniture and stationeries etc. the functions of auxiliary services are:

- Exercising financial controls and collecting revenues for the departments whose needs they have to meet
- Supplying equipment and arranging Services
- Acting as a record office
- Recruiting personnel

Staff, Line and Auxiliary Agencies/Government/Public Administration: In the interest of the efficiency and economy, it was considered desirable that the departmental organisation should be broken into two new directions. These new directions were 'staff agencies' and auxiliary agencies' as distinct from 'line agencies'.

Staff Agencies: The term 'staff agency' has been borrowed from military terminology and is commonly used in contradistinction to the term 'line agency'. As the growth of armies became complex, the field commanders who were engaged in the task of actual fighting felt the need for specialized services which led to the formation of the general staff with subsidiary staff agencies under them.

With the growth of large corporations, the need was felt to adopt a system similar to the army staff to give advice on matters which were not directly connected with business. The system took its roots first in the private business managements and later on, travelled to the government organisations. The Chief Executive has to perform diverse type of functions.

If these functions are to be performed efficiently, the head of the service must have full information about the problems which he has to meet. Whenever the service is one of magnitude, and the functions are of a technical character, the need for such information and technical advice of officers having expert knowledge become all the more important.

As Willoughby points out for this advice reliance cannot be placed entirely upon the officers subordinate to the head of the service because these officers are:

Firstly, the ones who for the most part raise questions to be answered; they are interested parties seeking something which it is the duty of the head to determine whether to grant it or not.

Secondly, these officers know only their own side of the question and are not usually aware of the other side.

Thirdly, to reach a decision a careful investigation of the factors involved in the question may be necessary. Experience shows that only to a limited extent it is desirable to entrust to officers these investigations. These officers may not have time, ability and that equipment which is required for the work. Naturally it follows from these considerations that special organisations to make research and act as the technical adviser or aid the head of the service should be set up. These special organisations are designated as 'staff agencies.

Henry Fayol rightly observed "Whatever their ability and their capacity for work the needs of great enterprises cannot fulfil alone their entire obligation. They are thus forced to have recourse to a group of men who have the strength, competence and the time which the Head may lack.

This group of men constitutes the staff of the management. It's a help or reinforcement a sort of extension of the managers' personality". F.A. Cleveland also says, "The staff agencies reach conclusions and help the management reach conclusions, both about what happened and what is proposed; their function is to know the facts and with knowledge they make and submit plans, but there they stop. The responsible controlling personnel of the management must decide."

According to Mooney, the staff is "an expansion of the personality of the executive. It means more eyes, more ears, and more hands to aid him in forming and carrying out his/her plans."

Characteristic features of a Staff Agency are:

- That they have no responsibility or authority for the actual performance of the duties for the performance of which the services are created and maintained.
- Their function is exclusively of a research, consultative and advisory character.
- They possess no power to give orders.

Functions of Staff Agencies: The main functions of the Staff Agency have been summarized by L.D. White as follows:

- To ensure that the Chief Executive (and other officials at the top) is adequately and correctly informed
- To assist him in foreseeing problems and planning future programmes
- To ensure that matters for his/her decision reach his/her desk promptly, in condition to be settled intelligently and without delay, and to protect him/her against hasty or ill-considered judgements
- To exclude every matter that can be settled elsewhere in the system
- To protect his/her time
- To secure means of ensuring compliance by subordinates with established policy and executive direction

Pfiffner categorized staff agencies in three units, viz., general staff, technical staff and auxiliary staff. The general staff helps the chief executive in administrative work generally by collecting information, by research, by sifting the information received so that it acts as 'filter and a funnel' to the executive.

Like a funnel, it receives all business intended for the chief executive but ensures like a filter that what passes to him is only that which is essential to decision-making. The functions of the general staff are of an administrative kind and do not require a very high degree of technical skill or knowledge. Auxiliary staff consists of units which perform certain duties and functions to meet the material demands of other departments.

The functions of the staff agencies have broadly been termed by Pfiffner as follows:

(a) Advising, teaching and consultation
(b) Co-ordination not merely through plans but also through human contacts
(c) Fact-finding and research
(d) Planning
(e) Contact and liaison
(f) Assisting the line
(g) Sometimes exercising delegated authority from the line commander.

According to Mooney, there are **three functions of staff agencies**, namely:

- **The informative function** of the staff is to collect for the chief executive all the relevant information on which his/her decisions may be based. This also involves research, study and enquiry
- **The advisory function** means that the staff in addition to supplying the relevant data for decision also advises the chief as to what, in its opinion, the decision should be.
- **The supervisory function** is to see that the decision taken by the chief is duly communicated to, and implemented by, the line agencies concerned.

F.A. Cleveland rightly observes "The staff agencies reach conclusion; their function is to know the facts and with knowledge they make and submit plans." Thus, the main functions of the Staff Agency are to furnish to the executive all relevant information regarding the case, to put up at the proper time and to offer its own advice on the matter. But it should not go beyond that. Sometimes there develops a tendency on the part of the staff to take executive power in its hands or on the part of executive to assign it primary activities which is not a desirable tendency.

The staff agency stands outside the main line of administrative hierarchy. Its function is not to command but to advise. It is not a part of the main executive but only, if we may so call an adjunct to it. In the words of Henri Fayol the staff "….is a help or reinforcement, a sort of extension of the manager's personality to assist him in carrying out his/her duties…."

Some examples of Staff Agencies: Executive Office of the President/Prime Minister of any country, Cabinet Secretariat; Cabinet Committees are the examples of staff agencies.

2. Line Agencies: The principal agencies which are organised on the basis of major substantive purpose, and are concerned with the provision of services for the people, or regulating their conduct in particular fields are termed 'line' agencies.They are concerned with the primary objects for which government exists. From top to bottom a single "line" of authority extends downwards from Secretary through the Deputy Secretary, Under Secretaries, Superintendents and clerks.The activities of line agencies are primary, i.e., "those which they perform in order to accomplish the purpose for which they exist". For example, the primary activity of the Secretary of Home Affairs Department is to maintain peace and order in the country.

The line agencies are thus concerned with the fulfilment of the primary objects of the government. They deal directly with the people and implement policies laid down by the Legislature. The people come directly in touch with the line agencies which constitute the pivot of administrative structure. The major line departments of any Government are Defence, Home, Health, Education, Railway and Transport.

Line agencies are of three kinds:

1. **Department:** Department is the largest and most prevalent form of administrative organisation.
2. **Corporation:** The public corporation is a new organisational device imported in public administration from private business administration.
3. **Independent Regulatory Commission:** This is a mixture of the departmental as well as corporation system. At the top it has a corporate character, but internally it has a departmental structure. In view of the fact that the main duties of a staff officer are to advise, assist and suggest rather than to operate, he requires the qualities of an expert and not of an administrator.

Firstly, he/she must have a sound general knowledge of the entire administration and not an expert knowledge of one particular department only.

Secondly, he/she should have the capacity to negotiate rather than command.

Thirdly, he/she should prefer to work from behind the curtain. His/her function is to advise and after advice to withdraw so as to give the executive time to take his/her decisions.

Lastly, he/she should be willing to accept the decisions of the executive. It is no business of his/her to see that the executive accepts his/her advice or not. He/she should not grudge if the executive does not accept his/her advice. He/she should ungrudgingly continue assisting the executive.

Line organisation is the oldest and simplest method of administrative organisation. According to this type of organisation, the authority flows from top to bottom in a concern. The line of command is carried out from top to bottom. This is the reason for calling this organisation as scalar organisation which means scalar chain of command is a part and parcel of this type of administrative organisation. In this type of organisation, the line of command flows on an even basis without any gaps in communication and co-ordination taking place.

Features of Line Organisation

1. It is the simplest form of organisation.
2. Line of authority flows from top to bottom.
3. Specialized and supportive services do not take place in these organisation.
4. Unified control by the line officers can be maintained since they can independently take decisions in their areas and spheres.
5. This kind of organisation always helps in bringing efficiency in communication and bringing stability to a concern.

Merits of Line Organisation

- **Simplest:** It is the most simple and oldest method of administration.

- **Unity of command:** In these organisations, superior-subordinate relationship is maintained and scalar chain of command flows from top to bottom.

- **Better discipline:** The control is unified and concentrates on one person and therefore, he can independently make decisions of his/her own. Unified control ensures better discipline.

- **Fixed responsibility:** In this type of organisation, every line executive has got fixed authority, power and fixed responsibility attached to every authority.

- **Flexibility:** There is coordination between the top most authority and bottom line authority. Since the authority relationships are clear, line officials are independent and can flexibly take the decision. This flexibility gives satisfaction of line executives.

- **Prompt decision:** Due to the factors of fixed responsibility and unity of command, the officials can take prompt decision.

Demerits of Line Organisation

- **Over reliance:** The line executive's decisions are implemented to the bottom. This results in over-relying on the line officials.

- **Lack of specialization:** A line organisation flows in a scalar chain from top to bottom and there is no scope for specialised functions. For example, expert advice on whatever decisions are taken by line managers is implemented in the same method.

- **Inadequate communication:** The policies and strategies which are framed by the top authority are carried out in the same way. This leaves no scope for communication from the other end. The complaints and suggestions of lower authority are not communicated back to the top authority. So there is one way communication.

- **Lack of co-ordination:** Whatever decisions are taken by the line officials, in certain situations wrong decisions, are carried down and implemented in the same way. Therefore, the degree of effective co-ordination is less.

- **Authority leadership:** The line officials have tendency to misuse their authority positions. This leads to autocratic leadership and monopoly in the concern.

3. Auxiliary Agencies: Pfiffner does not distinguish between staff and auxiliary agencies. He includes auxiliary agencies within the term 'staff'. According to him, there are three kinds of staff services general staff, technical staff and auxiliary staff.

The general staff helps the chief or other officer in his/her administrative work by advice, collection of information, research and sifting of important issues from the unimportant ones.

The technical staff consists of the technical officers such as engineers, doctors, financial experts, etc.

The auxiliary staff consists of officers or units who perform certain duties and functions common to the various administrative departments but which are incidental in character.

Willoughby calls them “institutional” or “house-keeping” activities. L.D. White prefers to use the term ‘auxiliary services’. According to Willoughby and White, these services may not be called ‘staff because they do not render any advice or assist in the sense in which ‘staff units do. They render certain services of house-keeping nature to the departments.

Auxiliary agencies are the agencies which serve the line agencies rather than the public. They perform functions common to all the departments. A line agency in order to perform the primary duties for which it exists must provide itself with and maintain a plant; it must establish and operate a system for the recruitment of its personnel; it must perform the work entailed in contracting, purchasing, storing and issue of supplies; it must contain a system for keeping of accounts.

In the not too remote past, each department performed these functions separately, i.e., it kept its own accounts, handled its own funds, purchased all its supplies and equipment and made its own contracts. But today with specialization of functions in public administration it has become desirable to organize these functions under separate agencies called Auxiliary Agencies.

Advantages of Auxiliary Agencies: The organisation of these separate organisational units called Auxiliary Agencies has the following advantages:

(i) The officers in 'line' agencies who have the responsibility for the performance of primary activities are relieved of the duties not directly pertaining to the performance of such activities and thus will be in a position to devote themselves exclusively to their duties.

(ii) This system ensures specialization of functions and it is but desirable that if they are to be effectively performed, they should be put under the charge of those persons who are expert in those fields.

(iii) It secures economy in administration as it avoids duplicity of work. A single auxiliary agency does a particular work common to all the departments and thus saves time and money, e.g., the Printing and Stationery does all the printing work for all the departments.

(iv) The system secures the advantage of closer supervision of the auxiliary functions. Improved methods may be rapidly introduced as each agency is concerned with only one type of activity.

(v) It will have the advantage of increased scope of operations and reduced unit costs, such as in large-scale purchasing, common godowns, etc.

Disadvantages of Auxiliary Agencies: Auxiliary agencies have been criticized on the following grounds:

(i) The establishment of auxiliary agencies means "tearing the department" which tends to weaken the responsibility of the 'line' agencies.

(ii) The auxiliary agencies may make encroachments upon the responsibilities of the 'line' agencies and thus conflict may ensue between them.

(iii) The auxiliary agencies tend to consider their mission superior to the objects sought by the line agencies and hence happen to subordinate questions of welfare to economy or mere symmetry.

(iv) Sometimes undue delay results in getting the required services or goods on account of long negotiations with the auxiliary agencies, e.g., the students may not get a lecturer for a very long time who is to be selected by the Public Service Commission or the college office may not get stationery for a long time from the Printing and Stationery Department.

It happens many a time that the amount sanctioned for a building by the Finance Department lapses because the Public Works Department" does not undertake work in time. The dangers inherent in auxiliary agencies have been well stated by Willard N. Hogam. He argued that the system resulted in a division of authority and responsibility; that the auxiliary agencies had pushed beyond their limit of usefulness; that they had evolved into a position to hinder and harass executive policies and decisions.

Thus it is difficult to lay down any hard and fast rule on the point. L.D. White is of the opinion that the auxiliary agencies are "one of the important means of ensuring unity in the executive branch, partly in the control of programme and policy, partly in the area of administration. In a vast enterprise they have become a sine qua non of executive leadership and administrative integration. It would be impossible to carry on the business of any large jurisdiction without them. Moreover, there are clear gains in the direction of economy due both to a large-scale common operation and to the accumulated experience of experts specializing in the various management fields. On the other hand, that the management services can handicap the line agencies by 'empire building' on their own account is beyond doubt ; this is a risk to meet which requires not only internal restraint on their part but a firm hand on the part of the chief executive whom they serve."

In conclusion it may be remarked that the case for establishing an auxiliary agency regarding any matter should be adjudged on the exigencies of the situation. "While the auxiliary agencies have ample justification under favourable circumstances, there is a point of marginal utility beyond which the unity and sense of full responsibility of the line department becomes the greater good". The nature of an auxiliary agency is primarily to facilitate rather than to control.

Importance of Organising Functions

1. **Specialisation**: Organisational structure is a network of relationships in which the work is divided into units and departments. This division of work is helping in bringing specialization in various activities of concern.

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

3. **Clarifies authority: Organisational** structure helps in clarifying the role positions to every manager (status quo). This can be done by clarifying the powers to every manager and the way he has to exercise those powers should be clarified so that misuse of powers do not take place. Well defined jobs and responsibilities attached helps in bringing efficiency into managers working. This helps in increasing productivity.

4. **Coordination:** Organisation is a means of creating co-ordination among different departments of the enterprise. It creates clear cut relationships among positions and ensure mutual co-operation among individuals. Harmony of work is brought by higher level managers exercising their authority over interconnected activities of lower level manager.

Authority responsibility relationships can be fruitful only when there is a formal relationship between the two. For smooth running of an organisation, the co-ordination between authority- responsibilities is very important. There should be co-ordination between different relationships. Clarity should be made for having an ultimate responsibility attached to every authority. There is a saying, "authority without responsibility leads to ineffective behaviour and responsibility without authority makes person ineffective." Therefore, co-ordination of authority- responsibility is very important.

5. **Effective administration:** The organisation structure is helpful in defining the jobs positions. The roles to be performed by different managers are clarified. Specialization is achieved through division of work. This all leads to efficient and effective administration.

6. **Growth and diversification**: A company's growth is totally dependent on how efficiently and smoothly a concern works. Efficiency can be brought about by clarifying the role positions to the managers, co-ordination between authority and responsibility and concentrating on specialization. In addition to this, a company can diversify if its potential grow. This is possible only when the organisation structure is well- defined. This is possible through a set of formal structure.

7. **Sense of security**: Organisational structure clarifies the job positions. The roles assigned to every manager are clear. Coordination is possible. Therefore, clarity of powers helps automatically in increasing mental satisfaction and thereby a sense of security in a concern. This is very important for job-satisfaction.

8. **Scope for new changes**: Where the roles and activities to be performed are clear and every person gets independence in his/her working, this provides enough space to a manager to

develop his/her talents and flourish his/her knowledge. A manager gets ready for taking independent decisions which can be a road or path to adoption of new techniques of production. This scope for bringing new changes into the running of an enterprise is possible only through a set of organisational structure.

Eight (8) Types of Organisational Structures: Their Advantages and Disadvantages

All managers must bear that there are two organisations they must deal with-one formal and the other informal. The formal organisation in usually delineated by organisational chart and job descriptions. The official reporting relationships are clearly known to every manager.Alongside the formal organisation exists are informal organisation which is a set of evolving relationships and patterns of human interaction within an organisation that are not officially prescribed.

Formal organisational structures are categorised as:

- Line organisational structure
- Staff or functional authority organisational structure
- Line and staff organisational structure
- Committee organisational structure
- Divisional organisational structure
- Project organisational structure
- Matrix organisational structure
- Hybrid organisational structure

These organisational structures are as follows:

Line Organisational Structure: A line organisation has only direct, vertical relationships between different levels in the firm. There are only line departments-departments directly involved in accomplishing the primary goal of the organisation. For example, in a typical firm, line departments include production and marketing in a line organisation authority follows the chain of command.

Feature: It hasonly direct vertical relationships between different levels in the firm.

Advantages:

1. Tends to simplify and clarify authority, responsibility and accountability relationships
2. Promotes fast decision making
3. Simple to understand

Disadvantages:

1. Neglects specialists in planning
2. Overloads key persons

Some of the advantages of a pure line organisation are:

- A line structure tends to simplify and clarify responsibility, authority and accountability relationships. The levels of responsibility and authority are likely to be precise and understandable.
- A line structure promotes fast decision making and flexibility.
- Because line organisations are usually small, managements and employees have greater closeness.

However, there are some disadvantages also. They are:

- As the firm grows larger, line organisation becomes more ineffective.
- Improved speed and flexibility may not offset the lack of specialized knowledge.
- Managers may have to become experts in too many fields.
- There is a tendency to become overly dependent on the few key people who perform numerous jobs.

2. Staff or functional authority organisational structure: The jobs or positions in an organisation can be categorized as:

i) **Line Position:** A position in the direct chain of command that is responsible for the achievement of an organisation's goals and

(ii) Staff Position:A position intended to provide expertise, advice and support for the line positions.The line officers or managers have the direct authority (known as line authority) to be exercised by them to achieve the organisational goals. The staff officers or managers have staff authority (i.e., authority to advice the line) over the line. This is also known as functional authority.

An organisation where staff departments have authority over line personnel in narrow areas of specialization is known as functional authority organisation.

In the line organisation, the line managers cannot be experts in all the functions they are required to perform. But in the functional authority organisation, staff personnel who are specialists in some fields are given functional authority. This is the right of staff specialists to issue orders in their own names in designated areas.

The principle of unity of command is violated when functional authority exists i.e., a worker or a group of workers may have to receive instructions or orders from the line supervisor as well as the staff specialist which may result in confusion and the conflicting orders from multiple sources may lead to increased ineffectiveness. Some staff specialists may exert direct authority over the line personnel, rather than exert advice authority. For example, quality control inspector may direct the worker as well as advise in matters related to quality.

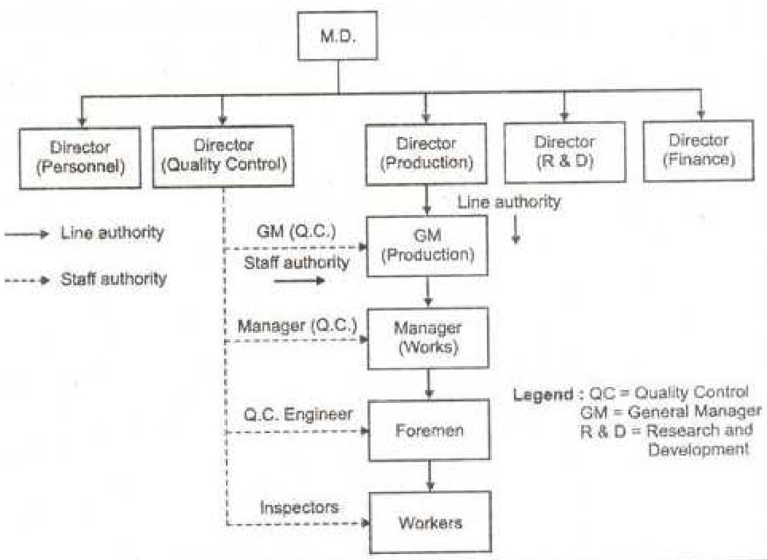


Illustration of a staff or functional authority organisational structure

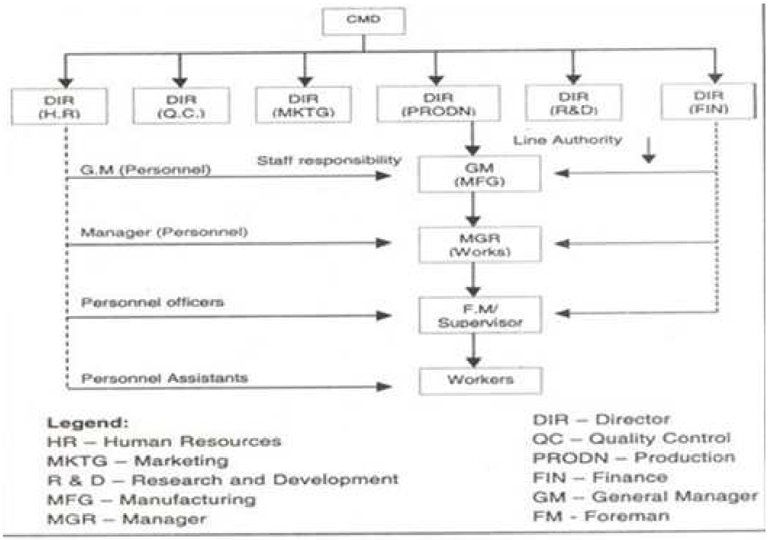
While this type of organisational structure overcomes the disadvantages of a pure line organisational structure, it has some major disadvantages:

They are:

(i) The potential conflicts resulting from violation of principle of unity of command

(ii) The tendency to keep authority centralized at higher levels in the organisation.

3. Line and Staff Organisational Structure: Most large organisations belong to this type of organisational structure. These organisations have direct, vertical relationships between different levels and also specialists responsible for advising and assisting line managers. Such organisations have both line and staff departments. Staff departments provide line people with advice and assistance in specialized areas such as quality control advising production department.



LINE AND STAFF ORGANISATIONAL CHART

The chart above illustrates the line functions are production and marketing whereas the staff functions include personnel, quality control, research and development, finance, accounting etc. The staff authority of functional authority organisational structure is replaced by staff responsibility so that the principle of unity of command is not violated.

Features:

1. Line and staff have direct vertical relationship between different levels.
2. Staff specialists are responsible for advising and assisting line managers/officers in specialized areas.
3. These types of specialized staff are (a) Advisory, (b) Service, (c) Control

Three types of specialized staffs can be identified:

(i) Advisory: Management information system, Operation Research and Quantitative Techniques, Industrial Engineering, Planning etc.

(ii) Service: Maintenance, Purchase, Stores, Finance, Marketing.

(iii) Control: Quality control, Cost control, Auditing etc.

Some of the staff perform only one of these functions but some may perform more than one or all the three functions. The primary advantage is the use of expertise of staff specialists by the line personnel. The span of control of line managers can be increased because they are relieved of many functions which the staff people perform to assist the line.

The advantages are:

- Use of expertise of staff specialists.
- Span of control can be increased
- Relieves line authorities of routine and specialized decisions.
- No need for all round executives.

The disadvantages are:

- Conflict between line and staff may still arise.
- Staff officers may resent their lack of authority.
- Co-ordination between line and staff may become difficult.

Committee Organisational Structure Features:

(a) Formed for managing certain problems/situations

(b) Are temporary decisions.

Advantages:

1. Committee decisions are better than individual decisions
2. Better interaction between committee members leads to better co-ordination of activities

3. Committee members can be motivated to participate in group decision making.
4. Group discussion may lead to creative thinking.

Disadvantages:

1. Committees may delay decisions, consume more time and hence more expensive.
2. Group action may lead to compromise and indecision.
3. 'Buck passing' may result.
4. Divisional Organisational Structure:

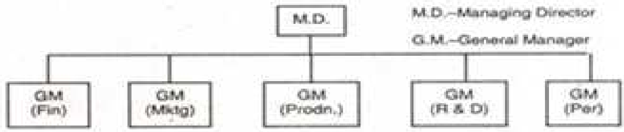
In this type of structure, the organisation can have different basis on which departments are formed. They are:

(i) Function
(ii) Product
(iii) Geographic territory
(iv) Project
(v) Combination approach

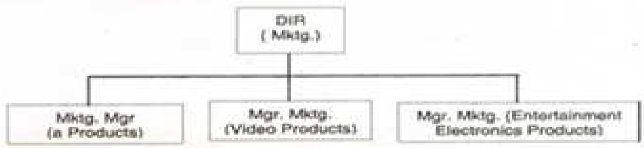
DIVISIONAL ORGANISATIONAL STRUCTURE

Features : Structure based on division of work based on a functional activity such as finance, marketing etc., or based on type of products manufactured or based on geographic location of the units or based on projects undertaken.

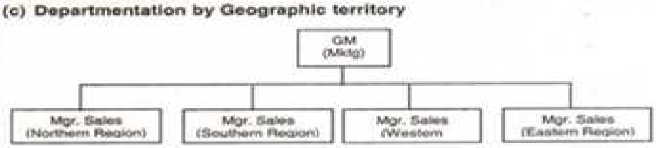
(a) Departmentation by Function



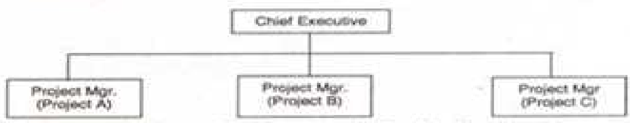
(b) Departmentation by Product



(c) Departmentation by Geographic territory

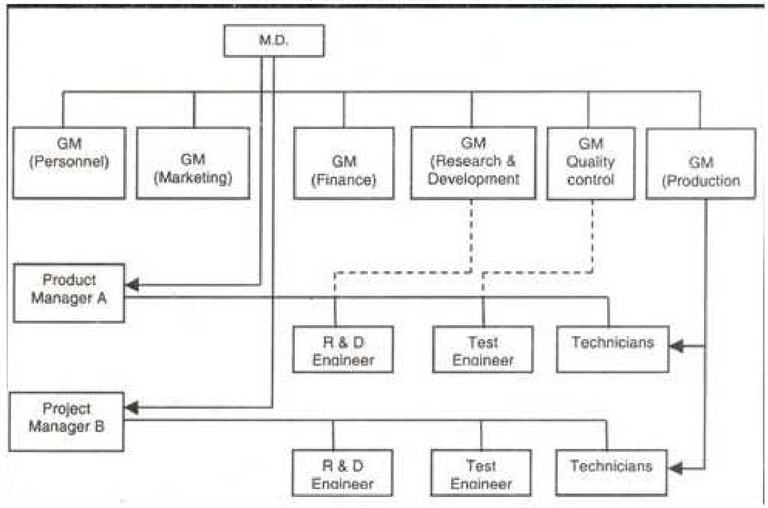


(d) Departmentation by Project



(e) Departmentation by combination approach (Combination of any two or more bases discussed above).

PROJECT ORGANISATIONAL STRUCTURE



Bureau: It is a division of a government department or an independent administrative unit. It is an office for collecting or distributing news or information, coordinating work, or performing specified services.

In 1971, Professor **William Niskanen** proposed a rational choice variation which he called the “budget-maximizing model”. He claimed that rational bureaucrats will universally seek to increase the budgets of their units (to enhance their stature), thereby contributing to state growth and increased public expenditure. Niskanen served on President Reagan’s Council of Economic Advisors; his model underpinned what has been touted as curtailed public spending and increased privatization. However, budgeted expenditures and the growing deficit during the Reagan administration is evidence of a different reality. A range of pluralist authors have critiqued **Niskanen’s Universalist approach**. These scholars have argued that officials tend also to be motivated by considerations of the public interest.

Dunleavy’s bureau-shaping: The bureau-shaping model, is a modification of Niskanen, it holds that rational bureaucrats only maximize the part of their budget that they spend on their own agency's operations or give to contractors and interest groups. Groups that are able to organize a “flow back” of benefits to senior officials would, according to this theory, receive increased budgetary attention. For instance, rational officials will get no benefit from paying out larger welfare checks to millions of low-income citizens because this does not serve a bureaucrat’s goals. Accordingly, one might instead expect a jurisdiction to seek budget increases for defence and security purposes in place programming. If we refer back to Reagan once again, Dunleavy’s bureau shaping model accounts for the alleged decrease in the “size” of government while spending did not, in fact, decrease. Domestic entitlement programming was financially deemphasized for military research and personnel.

Board: This is a group of people constituted as the decision-making body of an organisation. A board of directors is a recognized group of people who jointly oversee the activities of an organisation, which can be either a for-profit business, non-profit organisation, or a government agency.Members of the **board** are appointed (not elected) to set the policies of the organisation, and appoint (and fire) senior management personnel.

Committee: It is a body of one or more persons that is subordinate to a deliberative assembly. Usually, the assembly sends matters into a committee as a way to explore them more fully than would be possible if the assembly itself were considering them. Committees may have different functions and their type of work differ depending on the type of the organisation and its needs. For larger organisations, much work is done in committees. Committees can be a way to formally draw together people of relevant expertise from different parts of an organisation who otherwise would not have a good way to share information and coordinate actions. They may have the advantage of widening viewpoints and sharing out responsibilities. They can also be appointed with experts to recommend actions in matters that require specialized knowledge or technical judgment.

Council: This is a group of people who come together to consult, deliberate, or make decisions. A councilmay function as a legislature, especially at a town, city or county level, but most legislative bodies at the state or national level are not considered councils**.**

Trust: It is an arrangement whereby a person or persons hold property as its nominal owner for the good of one or more beneficiaries. It is a legal arrangement which, in its broadest sense, is a synonym to mean a person or persons in a position of trust and so can refer to an individual or group of individuals who holds property, authority, or a position of trust or responsibility for the benefit of another.

Panel: This is a small group of people chosen to give advice, make a decision, or publicly discuss their opinions. They answer questions, or opinions about something, or take part in a discussion for an audience. They are a group of people with special knowledge, skill, or experience who give advice or make decisions

Directoratecan be either the board of directors of a company or a section of a government department in charge of a particular activity. It can be an agency usually headed by a director, often a subdivision of a major government department.

Delegation is the act of empowering another to act on behalf of an individual or organisation; a group of persons chosen to represent others.

Independent Regulatory Commissions are governmental agencies created by an act of a country that are **independent** of the executive departments. Though they are considered part of the executive branch, these agencies are meant to impose and enforce regulations free of political influence. The need for such commissions was felt on account of the growing industrialisation and urbanisation of that country during the nineteenth century when the government felt it imperative to regulate private economic activities.

Regulatory agency, independent governmental commission established by legislative act in order to set standards in a specific field of activity, or operations, in the private sector of the economy and to then enforce those standards. Regulatory agencies function outside executive supervision. Because the regulations that they adopt have the force of law, part of these agencies' function is essentially legislative; but because they may also conduct hearings and pass judgments concerning adherenceto their regulations, they also exercise a judicial function—often carried out before a quasi-judicial official called an administrative law judge, who is not part of the court system.

Regulatory agencies have become popular means of promoting fair trade and consumer protection as problems of commerce and trade have become more complex, particularly in the 20th century. Regulatory agencies function outside executive supervision and independent governmental commission established by legislative actin order to set standards in a specific field of activity, or operations.

Regulatory agencies are usually a part of the executive branch of the government, and they have statutory authority to perform their functions with oversight from the legislative branch. Their actions are generally open to legal review. The functions of these commissions are of a **mixed nature — administrative, quasi-legislative,** and **quasi-judicial.** They frame rules and regulations, execute these rules and hear appeals against their own decisions.

It is on account of the mixed nature of their functions that they have been referred to as **'the fourth branch of the government'** as they do not fit into any of the three traditional branches of the government, which are **legislative, executive** and **judicial.**

2. These commissions are staffed by experts and are relatively small.

3. They are collegial in character and consist of a group of men discussing and deciding by majority vote.

Independence of these Commissions not absolute: It may, however, be mentioned that the independence of these regulatory commissions is relative and not absolute. Firstly, they are controlled by the Civil Service Commission in personnel administration.The judiciary examines their actions from three principal aspects. "In assuring the use of correct procedures in administrative action, in preventing action in excess of powers conferred by the legislature, and, where administrative action depends on a factual record, in making sure that the evidence in the record is sufficient."

Finally, they have the power to order an investigation into their working and operations. On the whole, these commissions are largely autonomous. It must be pointed out that the regulatory work by the administration is to be found in almost all the countries of the world and it is usually done by the various government departments, corporations, local bodies, etc.

CHAPTER III

LEADERSHIP ADMINISTRATION

Importance of Leadership: Leadership is an important function of management which helps to maximize efficiency and to achieve organisational goals. The following points justify the importance of leadership in a concern.

1. **Initiates action:** Leader is a person who starts the work by communicating the policies and plans to the subordinates from where the work actually starts.

2. **Motivation:** A leader proves to be playing an incentive role in the concern's working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.

3. **Providing guidance:** A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.

4. **Creating confidence:** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.

5. **Building morale:** Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.

6. **Builds work environment:** Management is getting things done from people. An efficient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employees and should listen to their problems and solve them. He should treat employees on humanitarian terms.

7. **Co-ordination:** This can be achieved through reconciling personal interests with organisational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.

Leadership and Management - Relationship and Differences: Leadership and management are the terms that are often considered synonymous. It is essential to understand that leadership is an essential part of effective management. As a crucial component of management, remarkable leadership behaviour stresses upon building an environment in which each and every employee develops and excels. Leadership is defined as the potential to influence and drive the group efforts towards the accomplishment of goals. This influence may originate from formal sources, such as that provided by acquisition of managerial position in an organisation.A manager must have traits of a leader, i.e., he must possess leadership qualities. Leaders develop and begin strategies that build and sustain competitive advantage. Organisations require robust leadership and robust management for optimal organisational efficiency.

Differences between Leadership and Management

Leader	Manager
Managers lay down the structure and delegates authority and responsibility	Leaders provides direction by developing the organisational vision and communicating it to the employees and inspiring them to achieve it
A leader gets his authority from	A manager gets his authority by

his followers	virtue of his position in the organisation.
Leadership is mainly a part of directing function of management. Leaders focus on listening, building relationships, teamwork, inspiring, motivating and persuading the followers	Management includes focus on planning, organizing, staffing, directing and controlling
Leaders follow their own instinct	Managers follow the organisation's policies and procedure
Leadership, on the other hand, is an art. In an organisation, if the managers are required, then leaders are a must/essential	Management is more of science as the managers are exact, planned, standard, logical and more of mind
Leadership deals with the people aspect in an organisation	Management deals with the technical dimension in an organisation or the job content
Leadership sees and evaluates individuals as having potential for things that can't be measured, i.e., it deals with future and the performance of people if their potential is fully extracted	Management measures/evaluates people by their name, past records, present performance
Leadership is proactive.	Management is reactive
Leadership is based more on verbal communication	Management is based more on written communication
• Create an environment that ensures employees are fulfilled. • Encourage people to develop to their full	Managers need to exercise their social influence rather than their authority or power to influence and inspire others

potential. • Provide connections between individual contributions and the larger business goals. • Inspire and motivate people to enhance their performance and value.	

Behavioural assessments can provide some insights to help identify those managers who have leadership potential, those who may need a little coaching to help them become good leaders and those who are just not suited to a leadership role. Having the advantage of the objective data provided by behavioural assessments can go a long way in helping HR identify potential leaders and plot a path for their development. In doing so, they will be keeping their management pipeline filled with potential managers and identify those managers who will be effective leaders for all levels of their organisation.

The organisations which are over managed and under-led do not perform upto the benchmark. Leadership accompanied by management sets a new direction and makes efficient use of resources to achieve it. Both leadership and management are essential for individual as well as organisational success.

Qualities of a Leader: A leader has got multidimensional traits in him which makes him appealing and effective in behaviour. The following are the requisites to be present in a good leader:

1. **Physical appearance:** A leader must have a pleasing appearance. Physique and health are very important for a good leader.

2. **Vision and foresight:** A leader cannot maintain influence unless he exhibits that he is forward looking. He has to visualize situations and thereby has to frame logical programmes.

3. **Intelligence:** A leader should be intelligent enough to examine problems and difficult situations. He should be analytical who weighs pros and cons and then summarizes the situation. Therefore, a positive bent of mind and mature outlook is very important.

4. **Communicative skills:** A leader must be able to communicate the policies and procedures clearly, precisely and effectively. This can be helpful in persuasion and stimulation.

5. **Objective:** A leader has to be having a fair outlook which is free from bias and which does not reflects his willingness towards a particular individual. He should develop his own opinion and should base his judgement on facts and logic.

6. **Knowledge of work:** A leader should be very precisely knowing the nature of work of his subordinates because it is then he can win the trust and confidence of his subordinates.

7. **Sense of responsibility:** Responsibility and accountability towards an individual's work is very important to bring a sense of influence. A leader must have a sense of responsibility towards organisational goals because only then he can get maximum of capabilities exploited in a real sense. For this, he has to motivate himself and arouse and urge to give best of his abilities. Only then he can motivate the subordinates to the best.

8. **Self-confidence and will-power:** Confidence in himself is important to earn the confidence of the subordinates. He should be trustworthy and should handle the situations with full will power. (You can read more about Self-Confidence at : Self Confidence - Tips to be Confident and Eliminate Your Apprehensions).

9. **Humanist:** This trait to be present in a leader is essential because he deals with human beings and is in personal contact with them. He has to handle the personal problems of his

subordinates with great care and attention. Therefore, treating the human beings on humanitarian grounds is essential for building a congenial environment.

10. **Empathy:** It is an old adage "Stepping into the shoes of others". This is very important because fair judgement and objectivity comes only then. A leader should understand the problems and complaints of employees and should also have a complete view of the needs and aspirations of the employees. This helps in improving human relations and personal contacts with the employees.

    From the above qualities present in a leader, one can understand the scope of leadership and it's importance for scope of business. A leader cannot have all traits at one time. But a few of them helps in achieving effective results

Role of a Leader: Following are the main roles of a leader required at all levels:

Leadership is a function which is important at all levels of management. In the top level, it is important for getting co-operation in formulation of plans and policies. In the middle and lower level, it is required for interpretation and execution of plans and programmes framed by the top management. Leadership can be exercised through guidance and counselling of the subordinates at the time of execution of plans.

1. **Representative of the organisation:** A leader, i.e., a manager is said to be the representative of the enterprise. He/she has to represent the concern at seminars, conferences, general meetings, etc. His/her role is to communicate the rationale of the enterprise to outside public. He/she is also representative of the own department which he/she leads.
2. **Integrates and reconciles personal with organisational goals:** A leader through leadership traits helps in reconciling/ integrating the personal goals of the employees with the

organisational goals. He is trying to co-ordinate the efforts of people towards a common purpose and thereby achieves objectives. This can be done only if he/she can influence and get willing co-operation and urge to accomplish the objectives.

3. **Solicits support:** A leader is a manager and besides that he is a person who entertains and invites support and co-operation of subordinates. This he/she can do by his/her personality, intelligence, maturity and experience which can provide him/his positive result. In this regard, a leader has to invite suggestions and if possible implement them into plans and programmes of enterprise. This way, he/she can solicit full support of employees which results in willingness to work and thereby effectiveness in running of a concern.
4. **Friend, philosopher and guide:** A leader must possess the three dimensional traits in him. He/she can be a friend by sharing the feelings, opinions and desires with the employees. He/she can be a philosopher by utilising his/her intelligence and experience and thereby guiding the employees as and when time requires. He/she can be a guide by supervising and communicating the employees the plans and policies of top management and secure their co-operation to achieve the goals of a concern. At times he/she can also play the role of a counsellor by counselling and a problem-solving approach. He/she can listen to the problems of the employees and try to solve them.

Different Leadership Styles: Leadership styles vary according to the way a person uses power to lead other people. Research has identified a variety of leadership styles based on the number of followers. Not all of these styles would deem fit for all kind of situations, you can read them through to see which one fits right to your company or situation. The most appropriate leadership style depends on the function of the leader, the followers and the situation.

Some leaders cannot work comfortably with a high degree of followers' participation in decision making. Some employers lack the ability or the desire to assume responsibility. Furthermore, the specific situation helps determine the most effective style of interactions. Sometimes leaders must handle problems that require immediate solutions without consulting followers.

1. **Autocratic Leadership:** This style is centred on the boss. In this leadership the leader holds all authority and responsibility. In this leadership, leaders make decisions on their own without consulting subordinates. They reach decisions, communicate them to subordinates and expect prompt implementation. Autocratic work environment does normally have little or no flexibility. In this kind of leadership, guidelines, procedures and policies are all natural additions of an autocratic leader. Statistically, there are very few situations that can actually support autocratic leadership.

2. **Democratic Leadership:** In this leadership style, subordinates are involved in making decisions. Unlike autocratic, this headship is centred on subordinates' contributions. The democratic leader holds final responsibility, but he or she is known to delegate authority to other people, who determine work projects.The most unique feature of this leadership is that communication is active upward and downward. With respect to statistics, democratic leadership is one of the most preferred leadership, and it entails the following: fairness, competence, creativity, courage, intelligence and honesty.

3. **Strategic Leadership:** This kind of leadership is one that involves a leader who is essentially the head of an organisation. The strategic leader is not limited to those at the top of the organisation. It is geared to a wider audience at all levels who want to create a high performance life, team or organisation.The strategic leader fills the gap between the need for new possibility and the need for practicality by providing a

prescriptive set of habits. An effective strategic leadership delivers the goods in terms of what an organisation naturally expects from its leadership in times of change. 55% of this leadership normally involves strategic thinking.

4. **Transformational Leadership:** Unlike other leadership styles, transformational leadership is all about initiating change in organisations, groups, oneself and others.Transformational leaders motivate others to do more than they originally intended and often even more than they thought possible. They set more challenging expectations and typically achieve higher performance.Statistically, transformational leadership tends to have more committed and satisfied followers. This is mainly so because transformational leaders empower followers.

5. **Team Leadership:** This leadership involves the creation of a vivid picture of its future, where it is heading and what it will stand for. The vision inspires and provides a strong sense of purpose and direction.Team leadership is about working with the hearts and minds of all those involved. It also recognizes that teamwork may not always involve trusting cooperative relationships. The most challenging aspect of this leadership is whether or not it will succeed. According to *Harvard Business Review*, team leadership may fail because of poor leadership qualities.

6. **Cross-Cultural Leadership:** This form of leadership normally exists where there are various cultures in the society. This leadership has also industrialized as a way to recognize front runners who work in the contemporary globalized market.Organisations, particularly international ones require leaders who can effectively adjust their leadership to work in different environs. Most of the leaderships observed in the United States are cross-cultural because of the different cultures that live and work there.

7. **Facilitative Leadership:** This leadership is too dependent on measurements and outcomes – not a skill, although it takes much skill to master. The effectiveness of a group is directly related to the efficacy of its process. If the group is high functioning, the facilitative leader uses a light hand on the process.On the other hand, if the group is low functioning, the facilitative leader will be more directives in helping the group run its process. An effective facilitative leadership involves monitoring of group dynamics, offering process suggestions and interventions to help the group stay on track.

8. **Laissez-faire Leadership:** Thisleadership gives authority to employees. In this kind of leadership, departments or subordinates are allowed to work as they choose with minimal or no interference. According to research, this kind of leadership has been consistently found to be the least satisfying and least effective management style.

9. **Transactional Leadership:** This is a leadership that maintains or continues the status quo. It is also the leadership that involves an exchange process, whereby followers get immediate, tangible rewards for carrying out the leader's orders. Transactional leadership can sound rather basic, with its focus on exchange.Being clear, focusing on expectations, giving feedback are all important leadership skills.Transactional leadership behaviours can include: clarifying what is expected of followers' performance; explaining how to meet such expectations; and allocating rewards that are contingent on meeting objectives.

10. **Coaching Leadership:** This leadership involves teaching and supervising followers. A coaching leader is highly operational in setting where results/ performance require improvement. Basically, in this kind of leadership, followers are helped to improve their skills. Coaching leadership does the following: motivates followers, inspires followers and encourages followers.

11. **Charismatic Leadership:** In this leadership, the charismatic leader manifests his or her revolutionary power. Charisma does not mean sheer behavioural change. It actually involves a transformation of followers' values and beliefs. Therefore, this distinguishes a charismatic leader from a simply populist leader who may affect attitudes towards specific objects, but who is not prepared as the charismatic leader is, to transform the underlying normative orientation that structures specific attitudes.

12. **Visionary Leadership:** This form of leadership involves leaders who recognize that the methods, steps and processes of leadership are all obtained with and through people. Most great and successful leaders have the aspects of vision in them. However, those who are highly visionary are the ones considered to be exhibiting visionary leadership. Outstanding leaders will always transform their visions into realities.

13. **The Coercive style** seeks immediate compliance from employees. As a style that can be linked to that of a dictatorship, it can be summed up with "Do what I tell you." This style does come with drawbacks. It can cause people to feel devalued, and it can have a strong and overwhelming negative impact on the work climate. The coercive style has its place, however. In a crisis such as a company turnaround, leaders may need to take this type of direct approach to produce results.

14. **The Authoritative style,** is adopted by visionary leaders who take a "firm but fair" approach that mobilizes members toward a specific goal. It's often known as the "come with me" style. This style has the most positive impact on change, closely followed by the affiliative, democratic and coaching styles. By using clear directions and providing motivation and feedback on task performance, the authoritative style's strength is enthusiastic, long-term direction. The authoritative style is not always practical, however. If a leader is working with a team that is more

experienced than the leader, it can seem overbearing or cause the team to view the leader as being out of touch or egotistic.

15. **The Affiliate style** believe "people come first" style, an affiliative leader praises and nurtures members to cultivate a sense of belonging in an organisation. Strong emotional bonds can produce loyalty in an organisation. The affiliative style strengthens such connections to form a positive workspace. As a result, this style is effective in most conditions, particularly in instances that trust or morale needs to be improved. It can also be necessary when trust has been broken. Leaders should not use this style alone. It can create a culture where poor performance or even mediocrity is tolerated. Constructive criticism is also left out in this style, meaning employees will likely stay stagnant in their workplace performance.

John C Maxwell defines leadership, "**A leader is one who knows the way, goes the way, and shows the way**." Irrespective of how you define a leader, he or she can prove to be a difference maker between success and failure. A good leader has a futuristic vision and knows how to turn his ideas into real-world success stories.

Qualities of a good leader:

1. **Honesty and Integrity:** President of United States, Dwight D. Eisenhower once said, "The supreme quality of leadership is unquestionably integrity. Without it, no real success is possible, no matter whether it is on a section gang, a football field, in an army, or in an office." Honesty and integrity are two important ingredients which make a good leader. How can you expect your followers to be honest when you lack these qualities yourself? Leaders succeed when they stick to their values and core beliefs and without ethics, this will not be possible.

2. **Confidence**: To be an effective leader, you should be confident enough to ensure that other follow your commands. If you are unsure about your own decisions and qualities, then your

subordinates will never follow you. As a leader, you have to be oozing with confidence, show some swagger and assertiveness to gain the respect of your subordinates. This does not mean that you should be overconfident, but you should at least reflect the degree of confidence required to ensure that your followers trust you as a leader.

3. **Inspiration to Others:** Probably the most difficult job for a leader is to persuade others to follow. It can only be possible if you inspire your followers by setting a good example. When the going gets tough, they look up to you and see how you react to the situation. If you handle it well, they will follow you. As a leader, should think positive and this positive approach should be visible through your actions. Stay calm under pressure and keep the motivation level up. As John Quincy Adams puts it, "If your actions inspire others to dream more, learn more, do more and become more, you are a leader." If you are successful in inspiring your subordinates, you can easily overcome any current and future challenge easily.

4. **Commitment and Passion:** Your teams look up to you and if you want them to give them their all, you will have to be passionate about it too. When your teammates see you getting your hands dirty, they will also give their best shot. It will also help you to gain the respect of your subordinates and infuse new energy in your team members, which helps them to perform better. If they feel that you are not fully committed or lacks passion, then it would be an uphill task for the leader to motivate your followers to achieve the goal.

5. **Good Communicator:** Until you clearly communicate your vision to your team and tell them the strategy to achieve the goal, it will be very difficult for you to get the results you want. Simply put, if you are unable to communicate your message effectively to your team, you can never be a good leader. A good communicator can be a good leader. Words have the power to motivate people and

make them do the unthinkable. If you use them effectively, you can also achieve better results.

6.Decision-Making Capabilities: Apart from having a futuristic vision, a leader should have the ability to take the right decision at the right time. Decisions taken by leaders have a profound impact on masses. A leader should think long and hard before taking a decision but once the decision is taken, stand by it. Although, most leaders take decisions on their own, but it is highly recommended that you consult key stakeholders before taking a decision. After all, they are the ones who will benefit or suffer from your decisions.

7. Accountability: Make sure that every one of your subordinates is accountable for what they are doing. If they do well, give them a pat on the back but if they struggle, make them realize their mistakes and work together to improve. Holding them accountable for their actions will create a sense of responsibility among your subordinates and they will go about the business more seriously.

8.Delegation and Empowerment: You cannot do everything, right. It is important for a leader to focus on key responsibilities while leaving the rest to others. By that, I mean empowering your followers and delegating tasks to them. If you continue to micromanage your subordinates, it will develop a lack of trust and more importantly, you will not be able to focus on important matters, as you should be. Delegate tasks to your subordinates and see how they perform. Provide them with all the resources and support they need to achieve the objective and give them a chance to bear the responsibility.

9.Creativity and Innovation: It is good to know what separates a leader from a follower. Steve Jobs, the greatest visionary of our time answers this question this way, "Innovation distinguishes between a leader and a follower." In order to get ahead in today's fast-paced world, a leader must be creative and innovative at the same time. Creative thinking and constant innovation is what makes you and your team stand out from the crowd. Learn to think out of the box to come up with unique ideas and turn those ideas and goals into reality.

10. **Empathy:** Last but certainly not the least, is empathy. Leaders should develop empathy with their followers. Unfortunately, most leaders follow a dictatorial style and neglect empathy altogether. Due to this, they fail to make a closer connection with their followers. Understanding the problems of your followers and feeling their pain is the first step to become an effective leader. Even that is not enough until you work hard and provide your followers with the suitable solution to their problems.

11. **Vision and foresight:** A leader cannot maintain influence unless he exhibits that he is forward looking. He has to visualize situations and thereby has to frame logical programmes.

12. **Objective:** A leader has to be having a fair outlook which is free from bias and which does not reflects his willingness towards a particular individual. He should develop his own opinion and should base his judgement on facts and logic.

Leadership Development definition: Leadership development refers to activities that improve the skills, abilities and confidence of leaders. Programmes vary massively in complexity, cost and style of teaching. Coaching and mentoring are **two forms of development** often used to guide and develop leaders.According to Baldwin and Ford (1988), the success of leadership development is influenced heavily by the quality of the programme, level of support and acceptance from superiors, and the characteristics/learning style of the person being developed.

Some commentators differentiate between leadership development and leader development, the former being used when referring to development programmes focusing on collective leadership in an organisation and the latter on individuals. Leadership development is a common process in succession planning, which aims to produce high-calibre leaders to take over senior positions when they become vacant. High-performers are typically identified for these leadership development programmes, which may be longer-term and broader than programmes focusing on tighter end-goals.

Leadership development: This refers to any activity that enhances the capability of an individual to assume leadership roles and responsibilities. Examples include degree programs in management, executive education, seminars and workshops, and even internships. These types of learning opportunities focus on developing knowledge, skills, self-awareness, and abilities needed to lead effectively.

Just as not all people are born with the ability or desire to lead. Personal traits and behavioral dispositions can help or hinder a person's leadership effectiveness. While these are difficult to change, leadership is a set of behaviors and practices that can be learned through effort and experience.

Methods of Leadership Development: Leader development takes place through multiple mechanisms: formal instruction, developmental job assignments, 360-degree feedback, executive coaching, and self-directed learning. These approaches may occur independently but are more effective in combination.

Formal Training: Organisations often offer formal training programs to their leaders. Traditional styles provide leaders with required knowledge and skills in a particular area using coursework, practice, "overlearning" with rehearsals, and feedback (Kozlowski, 1998). This traditional lecture-based classroom training is useful; however, its limitations include the question of a leader's ability to transfer the information from a training environment to a work setting.

Developmental Job Assignment: Following formal training, organisations can assign leaders to developmental jobs that target the newly acquired skills. A job that is developmental is one in which leaders learn, undergo personal change, and gain leadership skills resulting from the roles, responsibilities, and tasks involved in that job. Developmental job assignments are one of the most effective forms of leader development. A "stretch" or developmental assignment challenges leaders' new skills and pushes them out of their comfort zone to operate in a more complex environment, one that involves new elements, problems, and dilemmas to resolve.

360° Feedback: The 360-degree feedback approach is a necessary component of leader development that allows leaders to maximize learning opportunities from their current assignment. It systematically provides leaders with perceptions of their performance from a full circle of viewpoints, including subordinates, peers, superiors, and the leader's own self- assessment. With information coming from so many different sources, the messages may be contradictory and difficult to interpret.

However, when several different sources concur on a similar perspective, whether it is a strength or weakness, then the clarity of the message will increase. For this mechanism to be effective, the leader must accept feedback and be open and willing to make changes. Coaching is an effective way to facilitate 360-degree feedback and help effect change using open discussion.

Coaching: Leadership coaching focusses on enhancing leader effectiveness, along with the effectiveness of the team and organisation. It involves an intense, one-on-one relationship aimed at imparting important lessons through assessment, challenge, and support. Although the goal of coaching is sometimes to correct a fault, it is used more and more to help already successful leaders move to the next level of increased responsibilities and new and complex challenges. Coaching, aims to move leaders toward measurable goals that will contribute to individual and organisational growth.

Self-directed Learning: Using self-directed learning, individual leaders teach themselves new skills by selecting areas for development, choosing learning avenues, and identifying resources. This type of development is a self-paced process that aims not only to acquire new skills but also to gain a broader perspective on leadership responsibilities and what it takes to succeed as a leader.

Leadership Development Models: McCauley, Van Veslor, and Ruderman (2010) described a two-part model for developing leaders. The first part identifies three elements that combine to make developmental experiences stronger: assessment, challenge, and support. Assessment lets leaders know where they stand in areas of strengths, current performance level, and developmental needs.

Challenging experiences are ones that stretch leaders' ability to work outside of their comfort zone, develop new skills and abilities, and provide important opportunities to learn. Support—which comes in the form of bosses, co-workers, friends, family, coaches, and mentors—enables leaders to handle the struggle of developing.

The second part of the leader-development model illustrates that the development process involves a variety of developmental experiences and the ability to learn from them. These experiences and the ability to learn also have an impact on each other: leaders with a high ability to learn from experience will seek out developmental experiences, and through these experiences leaders increase their ability to learn.

The leader-development process is rooted in a particular leadership context, which includes elements such as age, culture, economic conditions, population gender, organisational purpose and mission, and business strategy. This environment molds the leader development process. Along with assessment, challenge and support, leadership contexts are important aspects of the leader-development model.

General Electric Model of Leadership Development: Another well-known model of leadership development is used by the General Electric Corporation. Managers with high potential are identified early in their careers. Their development is monitored and planned to include a variety of job placements to develop skills and experience, a rigorous performance-evaluation process, and formal training programs at the corporate leadership centre in Crotonville, New York. For top managers, the CEO leads some of the training; the CEO also reviews performance evaluations for high-potential managers during site visits to the various subsidiary divisions.

Inspire others: President John Quincy Adams once said, "If your actions inspire others to dream more, learn more, do more and become more, you are a leader." Some leaders, like the ones Adams describes, rise naturally to the top, while others must be searched for. Small businesses need leaders that don't just look like leaders but can meet the challenges of the small business arena. Managers should create criteria for leaders prior to the selection process.

Solve Problems: Leaders must tackle problems and find solutions quickly and efficiently. Evaluate each candidate’s problem-solving abilities before making a decision. Besides unearthing problems or potential problems, leaders will need to explain the issue to others. Leaders must bring ideas to the table and facilitate an environment where others can contribute their suggestions. A good leader will take responsibility when things go wrong and share the glory when things go right.

Make Decisions: Leaders must be able to make unilateral decisions and lead their team through the decision-making process. Small business leaders should be able to implement their decisions as smoothly as possible. Decisions must be made in a timely manner but leaders must weigh their decisions before implementation. Once decisions are made, a good leader will follow through during key deadlines in the process.

Good Communication: Potential leaders should be good communicators. Leaders are an important link in the communication chain. Upper management depend on leaders to carry their ideas to employees while workers rely on leaders to carry their feedback to the employer. Inter-departmental communication is crucial too. Besides promoting communication internally, leaders must be able to share the company's vision with customers and vendors. Candidates for promotion should be persuasive but willing to listen when others have good ideas.

Organise Tasks: Leaders organize departments, people and projects. Some small businesses use leaders to develop budgets, facilitate meetings and oversee everyday office tasks. Criteria for leaders should include good administration skills or the ability to work with qualified administrators. As the chief task organizer, leaders need to plan for the smallest details to insure the success of a project or the reaching of a company goal.

Motivate Others: An excessive amount of charisma is not a requirement for leadership, but leaders should be able to motivate their teams. Leaders should have sincere concern for the health and wellness of their employees. These key positions should be filled by people who know how to show their appreciation and recognition to other employees regularly. A high level of enthusiasm, the ability to think positively, and vision-casting are also key criteria the hiring staff should consider.

Identify and Select Effective Leaders: Many organisations today are in need of leaders. This elusive breed of people can unleash the unique talents in others and lead them in achieving the organisation's goals. Organisations usually look to their managers at all levels to provide some degree of a leadership role, but don't really define the difference between management and leadership.

Policies and procedures also provide clarity when dealing with accountability issues or activities that are of critical **importance** to the company, such as, health and safety, legal liabilities, regulatory requirements or issues that have serious consequences.Good policies are fundamental to progress in the economic and social spheres. Policy formulation is a central function of government and the quality of the policies therefore depends on the capacity of government to manage policy-making processes. But, there has been no clear understanding of what constitutes this capacity, nor of what the policy formulation process really looks like. As a result, it has been difficult to know how to enhance it.

Introduction to Public Policy: Public Policy is a formal documented statement of intentions and sets of actions of a government to either remove certain deficiencies or improve the conditions in any particular area of concern/interest. Thomas Dye defines it as "Whatever governments choose to do or not to do"(1987) while according to Anderson it is a "Purposive course of action or inaction undertaken by an actor or a set of actors in dealing with a problem or matter of concern" (1994).

Meaning of Policy formulation: It is defined as the development of effective and acceptable courses of action for addressing what has been placed on the policy agenda. There are two parts to this definition of policy formulation:

1. **Effective formulation** means that the policy proposed is regarded as a **valid, efficient** and **implementable** solution to the issue at hand. If the policy is seen as ineffective or unworkable in practice, there is no legitimate reason to propose it. Policy analysts try to identify effective alternatives. This is the analytical phase of policy formulation.

2. **Acceptable formulation** means that the proposed course of action is likely to be authorised by the legitimate decision makers, usually through majority-building in a bargaining process. That is, it must be politically feasible. If the policy is likely to be rejected by the decision making body, it may be

impractical to suggest it. This is the political phase of policy formulation.

There are two aspects to policy formulation: The **analytical** and the **political**.

First, effective policy alternatives, presumably based on sound analysis, must be conceived and clearly articulated.

Second, a political choice among these alternatives must be made: The policy must be authorized through a political process, such as legislation or regulation. Both phases – analysis and authorization – comprise policy formulation.

The definition of policy formulation can be represented by this formula:

Analysis + Authorization = Formulation

The tidy division of labour incorporates two distinct roles of professional policy analysts, working both inside and outside government, who use their formidable kit of analytical tools to study an issue and to devise policy alternatives which appear to address the issue at hand. This presumably brings theory and knowledge into policy formulation.

Elected or appointed officials, however, have the final choice among alternatives presented. We like to think that they bring judgment, wisdom, and accountability to policy formulation. Both analysis and selection involve values, but this is often hidden in the case of the former, but certainly not the latter.

Two Complementary Roles – Analyst and Decision Maker: Both roles should complement each other. The policy planners are expected to contribute sound technical analysis regarding means, behavior, cost, implementation strategy, and consequences, good or bad. Technical analysts, however, are not held accountable to the public. The elected or politically appointed officials do not necessarily have the analytical ability to address the problem. The judgment as to goals, trade-offs, value priorities, and weighing the overall effects are left to the decision makers who are, in theory, accountable under our representative form of government.

The arrangement works to the extent that the analysts are keen and informed and that the decision makers exercise sound judgment and are responsive. If the policy goes awry, we might ask if the technical analysis was faulty or if the political actors either exercised bad judgment, excluded effective alternatives, poor definition of the problem, or "played politics" with public policy. Either way, we assume the politicians are ultimately charged with policy making and that they will properly be held accountable by the public. Elected or appointed officials, however, have the final choice among alternatives presented.

A policy could either be a part of an overall development policy and strategy of the country i.e. Growth Strategy for Pakistan prepared by a government body or it could be a specific document addressing a particular issue i.e.

- Food Security Policy
- Poverty Reduction Strategy
- National Housing Policy
- Climate Change Policy etc.

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Good policies are fundamental to progress in the economic and social spheres. Policy formulation is a central function of government and the quality of the policies therefore depends on the capacity of government to manage policy-making processes. But, there has been no clear understanding of what constitutes this capacity, or of what the policy formulation process really looks like. As a result, it has been difficult to know how to enhance it.

Steps in the policy making process

- **Agenda setting:** Defining and prioritizing the problems facing the government.
- **Policy formulation:** Considering possible solutions
- **Policy adoption:** Formal government action to endorse a solution.
- **Policy Implementation:** Bureaucracy attempts to make the policy work in practice.

Types of Policies: There are three major types of government policies that are commonly implemented.

Public policy is a goal-directed course of action, taken by government, to deal with a public problem. Governments use public policy to solve a social problem (housing, welfare), to counter a threat (crime, illegal drugs), or to pursue an objective (revenue generation). Public policy, then, is a choice made by official government bodies and agencies that affect the public interest. Public policymaking involves a series of activities that leads ultimately to a policy decision and the application of that decision.

Three major types of Public Policy: Regulatory policy, Distributive policy, and Redistributive policy. Each type has its own special purpose.

Regulatory Public Policy: A major goal of regulatory policy is to maintain order and prohibit behaviors that endanger society. Government accomplishes this goal by restricting citizens, groups, or corporations from engaging in those actions that negatively affect the political and social order. Examples include attempts to administer voting procedures, provide traffic ordinances, and prohibit people from using certain drugs. Another goal of regulatory policy is to protect economic activities and business markets by prohibiting industry from practicing activities detrimental to the free market, such as the creation of monopolies. Regulatory policy is also evident in the use of laws designed to protect the workplace and the environment.

Distributive Public Policy: Distributive policy refers to the provision of benefits to citizens, groups, or corporations. Governments also use distributive policy to encourage certain activities. Tax abatements and farm subsidies to promote economic development, and tax write-offs for homeowners to promote the housing industry, are good examples. Distributive policy is also evident when the government promotes the purchase of U.S. savings bonds.

Redistributive Public Policy: The major purpose of redistributive policy is to promote equality. The government redistributes societal wealth from one group to another group. This occurs when the government provides benefits directly to citizens through social programs such as welfare. Progressive taxation, where tax rates increase as your income increases, is another example of a redistributive policy.

Policymaking is the act of creating laws or setting standards for a government or business. An example of **policymaking** is when the President and his/her staff draft and pass a new crime bill. **Policy making Process**refers to the actions taken by government — its decisions that are intended to solve problems and improve the quality of life for its citizens. A **policy** established and carried out by the government goes through several stages from inception to conclusion.

The Process: Scholars have identified **seven stages in the policymaking process** (Wayne et al. 1995).

- **The first stage,** and often the most critical, is **problem recognition.** Before an issue can be considered, policy makers must recognize it as a problem requiring public attention.

- The **second stage** is the **agenda setting.** This means that a government body empowered to resolve the problem considers the issue. Interest group strength, political support, and the severity of the issue determine whether the issue reaches the political agenda. The government could address many problems. Not all problems, however, are visible political issues.

Policy Agenda, is the range of issues the political system is addressing. There is not an official agenda for all of government, so there is no reference to a formal document. Once an issue is on the agenda, the institutions of government will consider different policy solutions. No one necessarily takes quick action. Being on the agenda can be a long road for the issue to travel. Once one institution takes action, though, it is likely that the others will be drawn into policymaking, too. It is also likely that there will be a court challenge to the way the agency is carrying out the programme.

- **Policy formulation,** the **third stage,** involves the shaping of specific proposals addressing the problem. Formulating policy in a way that maximizes official and public support for the measure is important because it helps to ensure its adoption and practice. **Policy formulation** is the development of effective and acceptable courses of action for addressing what has been placed on the **policy** agenda.

- The **fourth stage** is **policy adoption.** This is the most political stage of the policy process. It involves bargaining, compromising, and negotiation. Seldom does a proposal emerge from the process as originally formulated. Politicians often use policy-negotiating tactics such as pork barrel politics and logrolling during this stage.

- **Policy implementation,** the **fifth stage,** involves putting the policy into action. This is normally the responsibility of an administrative board or agency. Policy implementation is often left to the discretion of the administrative agency, with the Congress playing an oversight role.

- The **sixth stage** of the process is **policy evaluation.** After an agency puts a program into operation, it must evaluate the policy's success or failure. Evaluation can take place when an agency assigns staff members to examine how well a programme is working. Using social science methodology, the staff will try to design a valid means of collecting data to find out how well the program is addressing the original policy issue.

  Administrators may also hire outside consultants to do evaluations if in-house personnel are not available. In a less formal way, evaluation also takes place through communication from the field. Field office workers who apply the programme and deal with the agency's clients daily will quickly develop strong impressions of what works and what does not work. They will encourage the government to change those policies that are not working. Change can also come from new agency regulations or by asking the governing powers to revise the statute.

- The **final stage** is **policy termination.** Government must cancel policies when they become dysfunctional or unnecessary. Government, however, often neglects this stage. Consequently, the size, scope, and influence of government grow

Policy formulation and implementation is not a random act of an organisation, rather it is a deliberate action taken by a competent authority which initiated the action and is approved by the public representatives, usually the minister in charge of a ministry or the cabinet.

Although it is not a piece of legislation approved by the parliament in the form of an act of parliament, it has the sanctity of its own and can be used as a reference for dispute resolution in the court of law. In some cases the policy itself or parts of the document, which is in essence a value judgment of the regime in power, could be converted into an act of parliament.

Public policy formulation is the exclusive domain of the elected representatives of the county; however it is implemented by the state apparatus which formulates strategies to implement it. Consequently policy is distinct from the strategy in the sense that while the policy is fairly general in nature indicating what is to be done and why, the strategy outlines the exact measures to be taken for realizing the goals and objectives set out by the policy.

As the faithful implementation of a policy duly approved by a competent authority is the foremost duty of a civil servant, his performance will be invariably judged by the way he implements the policy for effective service delivery and consumer satisfaction. That is why ,in the contemporary world, the need for effective, informed and neutral policy makers and public servants is ever increasing as the issues pertaining to government are becoming more complex in nature.

Sources and Drivers of Policy Formulation: Need for formulating a new policy or replacing/amending an existing one can arise out of any one or more of the following reasons;

- **Societal structural changes:** Demographic transition, economic transformation, social reengineering, globalization etc. may necessitate formulation of new policies to cope with the emerging challenges.

- **Regime change:** New political elite coming into power invariably brings a new agenda, a new vision and a new mission for which new policies are needed

- **Donors/world institutions:** Aid given by these institutions may be contingent upon certain policy changes, structural reforms

- **Global commitments:** State may have entered into international conventions which normally need local policy formulation

- **Pressure groups:** industrial ,agricultural lobbies, social causes advocacy groups can force state for making policies for their own benefits

- **Court Orders:** Superior courts sometimes pass orders for formulating clear policies or review an existing policy while hearing any case

Process of Policy Formulation and Implementation: This comprises four interlinked stages;

Initiation of Policy Process: There are a variety of reasons for governments to take the initiative for developing a policy e.g.:

- Awareness of a precarious internal security situation.
- Pressure on the government to provide cheap housing
- Needs to change the employment conditions
- Pursuit of food security objectives national agenda

Once it has been decided to formulate a policy to address a problem, an in-house or multi-sectoral task force is constituted to diagnose the situation, formulate a draft policy document and submit it to the relevant authority for its validation.

Draft Policy Formulation and Validation: Policy formulation is an iterative process, comprising various sub-steps and involving all relevant stakeholders to ensure that the policy is realistic, feasible, widely accepted and supported, and that can be effectively implemented. There are two options for preparing a policy document each having advantages and disadvantages:

- **Integration of policy concerns into overall and sectoral policies:** While this approach has the advantage that it ensures integration of policy concerns in other relevant sector policies, the flip side is the risk of conceptual ambiguities and inconsistencies in the pursuance of objectives in the different sectors.

- **Preparation of a sector-specific policy document**, which has the advantage of providing a consistent framework of objectives and policy measures. However there is a danger that the different sector ministries feel less committed to make their contribution to policy formulation and implementation.

Whichever option is chosen, there are normally four phases in draft policy formulation and its validation process.

- **PHASE-1:** A task force composed of representatives of key stakeholders is established for draft policy formulation. It may form sub-teams consisting of representatives of the concerned ministries to deal with specific issues

- **PHASE-2:** During this phase, a first round of policy formulation workshops should be conducted at central and decentralized levels to diagnose the situation by collecting and analyzing relevant data and information, reviewing existing policies, stocktaking of existing initiatives and consulting relevant governmental and non- governmental organisations

- **PHASE-3:** In this phase the task force will produce a first draft of the policy document(s). The document needs to set out the objectives to be achieved, and to address all relevant issues related to where action is required.

- **PHASE-4:** On the basis of the feedback on the first draft, the task force will prepare a revised second draft policy document, setting-out the objectives, priorities, and an outline of the policy measures to be taken to achieve the objectives. This second draft will be presented to the head of the Ministry/department who will have to endorse the policy.

Once validated, the concerned ministry or department gets its approval from the competent authority usually the minister or in case of multisectoral policy, the cabinet. If it affects the provinces, then the approval of the Council of Common Interests (CCI) is mandatory.

Policy Implementation: On the basis of the measures and priorities defined in the document, a Strategic Plan of Action for implementing the policy measures will have to be formulated. There can be three types of policy measures:

1. **Regulatory type** wherein a set of rules, regulations and procedures are recommended for the public authorities and applied in policy implementation.

2. **Programme type** wherein the recommended policy measures are implemented through launching of specific programmes/ projects.

3. **Combination of the regulatory and programme types** of policy measures. This type of combined measures is needed in the following cases:

Needless to reiterate, implementing the policy approved by the competent authority is role of the civil servants who are responsible for its effective and efficient execution

Policy Monitoring and Evaluation(M&E) is an essential element of policy formulation and implementation cycle to ensure that the policy is effective in achieving the objective and take mid-term corrections where needed by providing the government and other stakeholders with up-to-date information on the state of implementation of the policy and assessing whether the implementation of the policy is on track towards attaining the planned objectives.

While a central M & E unit is responsible for the compilation and analysis of the M & E results of all related interventions, different stakeholders should perform M & E at all levels of policy implementation and monitoring activities by different organisations need to be harmonized. At certain time intervals, comprehensive evaluations of the progress in implementation and achievements of the policy will need to be conducted.

Public Administrators as Policy Makers: Chief executives, the legislature, the courts, various linkage institutions, and private citizens are players in the policymaking process. Public administrators are also influential because they often play a role in each stage of the process.

Administrators are responsible for delivering services to the public. As such, they often identify problems not envisioned by those who enact public policy. Thus, administrators may call for the legislature to place the problem on the political agenda. Since they are the experts in policy delivery and are closest to the constituency, policy makers often address their demands.

Administrators can also affect policy during the formulation stage because they have the information concerning the substantive impact of the policy. They also have the expertise to decide how policy makers can change the policy to meet the needs of most of the possible policy beneficiaries. Legislators also call on the administrators' advice during the adoption phase of policymaking.

Administrators most affect policy development during the implementation stage. Because legislation or executive orders establishing policy are normallyvague, administrators often specify policy as they carry it out. Legislative bodies are often understaffed and without the necessary expertise to comprehend all facets of program needs. Therefore, they often delegate policymaking tasks to the administrative agencies with the required expertise. Thus, administrators not only carry out policy as an official part of their daily operation, but they also polish it.

Policy analysis often results in the enhancement, or polishing, of policy. The burden of securing compliance with public policies also rests primarily with administrators. They strive to shape, alter, or use the values people find important when making choices. They seek to limit the acceptable choices by attaching penalties to undesired alternatives and rewards or benefits to desired alternatives. Administrators also try to interpret and administer policies in ways designed to simplify compliance with their requirements.

Public administrators are also active during the policy evaluation stage. They take steps, for example, to find out the substantive impact of policy. They also maintain the records that congressional oversight committees and other groups review when evaluating policy. As such, they possess and control the evidence of the policy's impact.

Administrators can eventually influence the cancellation of a public policy by gaining the support of their clientele. Agencies often convince their customers that the service they offer is important. Thus, should a program face cancellation, agencies have a customer power base they can use to convince legislators to continue their program.

Public administrators can also influence policy through the processes of rule-making, adjudication, and law enforcement. In their quasi-legislative rule-making capacity, an agency issues rules with the force of law that applies to all persons under their jurisdiction. Adjudication is a quasi-judicial process where agencies charge individuals suspected of violating a rule and hear their case before an administrative review board. If violations are found, the board imposes sanctions on the guilty party.

Natural catastrophes are a type of triggering device that can induce policy activity. Floods, earthquakes, and hurricane damage often result in demands for government action to address private and public property damage. Agitation by sectors of the society in response to natural catastrophes also provokes government action. For example, agitation by coal miners who lost friends and family in mine cave-ins throughout the country led to government action.

Decision Making: One of the first **decision making problems** is made often without realising it, is to decide whether there is a **problem** to solve or a **decision** to make. Each day individuals are faced with a multitude of decisions. Some of these are relatively small, such as deciding what to wear or what to have for breakfast. Others are big and can have a major influence on the course of one's life, for example:

- Where to go to school
- Whether to have children in a marriage

Some decisions take time while others must be made in a split-second. While we employ a number of different decision-making strategies, we also often fall prey to a number of common fallacies, biases, and other decision-making errors.

Heuristics: It is a sort of mental shortcut or rule of thumb utilised when making a judgment or decision. Heuristics help to lighten the mental load when we make choices, but they can also lead to errors. It comes with a couple of major advantages:

- They allow one to reach conclusions quickly
- They tend to work quite frequently.

However, they can sometimes lead one to make mistakes and misjudge situations. Two common types of mental shortcuts are:

- **The Representativeness Heuristic:** This involves judging the probability of an event based upon how similar it is to our existing prototype of such an event. For example, gamblers often judge the probability that they will win their next game based on whether or not they won the last game. In reality, the games are not dependent upon each other and winning or losing is entirely up to chance.

- **The Availability Heuristic:** This involves judging the likelihood of an event based upon how quickly we can call similar events to mind. For example, you might believe that plane crashes are more common than they really are simply because you can quickly think of several examples of high profile airplane accidents.

Overconfidence: Another problem that can impact decision-making is our tendency to overestimate our own knowledge, skill, or judgment. In an experiment looking at this phenomenon, researchers Baruch Fischhoff, Paul Slovic, and Sarah Lichtenstein (1977) gave participants a variety of statements that had two different answers.

Participants were asked to select the answer they believed was correct and then rate how confident they were in their answers. When people stated that they were 100% confident in their answers, they were only correct about 80% of the time. No matter what the cause, this tendency to overestimate our own knowledge can lead to poor decisions. Overconfidence is your ability to navigate the route which will lead to the wrong choice, and adds considerable time to work in hand.

Hindsight Bias: In psychology, this tendency to look back retrospectively and easily spot all the signs leading up to a particular outcome is known as the hindsight bias. Sometimes referred to as the "I-knew-it-all-along" phenomenon, this tendency can lead us to believe that we can actually predict consequences in situations that are really dependent upon chance.

For example, a gambler might mistakenly believe that they can accurately predict the outcome of a game of cards. In reality, there is no way that he can know what will happen since the game is based upon probability.

Illusory Correlation: When making decisions, we sometimes see relationships that do not really exist. For example, we might believe that two unrelated events have some type of relationship simply because they occurred around the same time. In other cases, a one-time association between two different variables might lead us to assume that the two are somehow connected. For example, if you have a bad experience with a rude waitress, you might mistakenly believe that all waitresses are rude.

This tendency to see relationships where none exist is known in psychology as an 'illusory correlation'. In addition to leading to faulty beliefs, illusory correlations can also cause problems in the decision-making process. For example, imagine that you are interested in getting a new pet but you are not sure which type of pet you might want. A bad childhood experience with a dog might lead you to hold the mistaken belief that all dogs are aggressive and tend to bite. This can influence you as you make your choices about which pet to get, and might lead you to reject getting a puppy even though a dog would likely make a great pet for you.

Administrative Problems in Decision-making: The various administrative problems that are faced by the management in the process of decision-making are as follows:

1. **Correctness of decision:** Correctness of decision is a very important problem of management. Correctness depends on several factors such as sophistication of the decision-maker, accuracy of information and ability of the decision-maker to visualise all possible alternative courses of action available in a given situation.

2. **The decision environment:** The environment, organisational as well as physical that is prevailing in the enterprise, influences the nature of the decision taken. If the general environment is satisfactory, there will be mutual confidence among managers, and also wholehearted co-operation by the subordinates for implementing the decision effectively. Further, there will be great scope for conducting research and analysis of the factors that have a bearing on the decision. Again, a good environment encourages managers to take decisions with confidence instead of avoiding them.

3. **Timing of decisions:** In decision-making, timing is an important factor. The problem is not merely taking a decision, but when to take it. If the decisions are not taken at the right time, they will not serve any purpose. For example, if the management has to decide the time of introducing a new product in the market, and if the decision taken in his respect is not correct, it may lose the market to its competitors. Thus, timing of decision plays an important role.

4. **Effective communication of decision:** Another important administrative problem is the effective communication of decisions to those for whom they are meant. The decision should be communicated in a simple language and without any

ambiguity, if the decisions are properly communicated, the implementation would not be difficult.

5. Participation in decision-making: Employees who are likely to be affected by a decision should be encouraged to take part in arriving at the final decision so that their wholehearted co-operation will be available for the effective implementation of decision. However, the extent of participation depends on the nature of organisation. If it is an authoritarian organisation in which the executives feel that decision-making is their monopoly, the extent of participation is at a minimum and if it is a "democratic organisation", the extent of participation is great.

6. Implementation of decision: After taking a decision, the problem that has to be faced is its effective implementation. For implementation, not merely effective communication but also good incentives and motivation of subordinates are essential. The management should create such an environment that would help the subordinates perform their jobs better and more easily.

Common Difficulties in Decision Making: Some common difficulties faced in making decisions and implementing them are as follows:

i. Incomplete **Information:** This is a major problem for every manger. Lack of information leaves a manager adrift in a sea of uncertainty. Not only this, most decisions involve too many complex variables for one person to be able to examine all of them fully.

ii.Un-supporting Environment: The environment—physical and organisational—that prevails in an enterprise affects both the nature of decisions and their implementation. If there is all round goodwill and trust and if the employees are properly motivated, the manager is encouraged to take decisions with confidence. On the other hand, under the opposite circumstances he avoids decision-making.

iii.Non-Acceptance by Subordinates: If subordinates have a stake in the decision or are likely to be strongly affected by it, acceptance will probably be necessary for effective implementation. On the other hand, subordinates may not really care what decision is reached. In such situations, acceptance is not an issue. Democratic leadership style which encourages subordinates to suggest, criticize, make recommendations or decide upon policies or projects is an effective device for gaming their acceptance and commitment.

iv. Ineffective Communication: Another important problem in decision-making is the ineffective communication of a decision. This makes implementation difficult. The manager should, therefore, take care to communicate all decisions to the employees in clear, precise and simple language.

v. Incorrect Timing: In decision-making, the problem is not merely of taking a correct decision. It is also of selecting an appropriate time for taking the decision. If the decision is correct but the time is inopportune, it will not serve any purpose. For example, if the manager wants to decide about introducing a new product in the market, he should take the decision at a correct time. Otherwise, he may lose the market to his competitors.

Guidelines for Effective Decision Making: Decision making is an arduous task. A successful and correct decision is gratifying to the decision maker but he also experiences frustration when he faces ill-structured and uncertain situations and when his decision fails to achieve the decision objectives. Yet, managers must make decisions as it is their most important responsibility to their organisation.

The following guidelines are offered as an aid to effective decision making:

1. Define the Goals: The decision maker should define the goals that he seeks to achieve by making a decision. The goal of a decision is derived from his objectives which in turn are a part of the total organisational objectives. Thus, the goal of a decision should be compatible with and contribute to larger goals.

2. **Ensure that the Decision Contributes to the Goal:** Once the goal has been determined, it becomes the criterion for making the decisions, as well as for evaluating its results. Often, an executive seeks to achieve not one but more than one goals through a decision. For example, the goal of a marketing decision may be not only to increase the sales volume but also increase the profit margin. These goals may not always be compatible. It requires the decision maker to balance the conflicting goals in such a manner that he can achieve all the goals simultaneously.

3. **Adopt a Diagnostic Approach:** A decision maker has to be a diagnostician in many ways. He has to identify and define the problem. Further, he has to diagnose what and how much information is relevant to the problem being attacked, and where he will get it. Development and evaluation of alternative also require diagnostic abilities. He also has to diagnose the surrounding situation comprising the internal and external environmental forces. Thus, effectiveness in decision making significantly depends on an executive's diagnostic abilities.

4. **Involve Subordinates in Decision Making Process:** Involvement of subordinates in decision making process serves many purposes. It improves the quality of the decision, particularly if the decision maker does not possess all the special abilities required for making a particular decision. It is more likely to happen than not, as every decision has several aspects such as administrators, technical, human relations and financial aspects. The most important stage at which subordinates' participation can enhance the decision quality is the stage of development and evaluation of alternative solutions to problems. Their participation can bring not only new insights to the problem, but also elicit their commitment to implement the decision. Those who participate in

making a decision tend to become ego involved in it, and thereby committed to its successful implementation.

5. **Ensure Successful Implementation of the Decision:** Even the best decision will not yield satisfactory results unless, it is implemented effectively. Successful implementation of a decision significantly depends on the extent of understanding of the decision and its implications, and motivation of the subordinates who have to carry it. An executive can enhance his effectiveness in both these directions by promoting upward communication. He should also be able to know when and what kind of guidance is needed by them, and be willing to extend it to those who need it. He can be more effective if he successfully welds his subordinates into a team with himself as the team leader.

6. **Evaluate the Results:** The purpose of a decision is to accomplish some goal which will not be attained without it. The results of the decision should, therefore, be evaluated in terms of its predetermined goals.

7. **Be Flexible:** The decision maker should adopt a flexible approach not only in making the decision but also after the decision has been put into implementation. If it is not yielding the desired results, he should modify, discard, or replace it with another decision which may produce better results.

Meaning and Nature of Communication: It is good to remember that in communicating, you are actually expressing your feeling. The exchange of information or passing of information, ideas or thought from one person to the other or from one end to the other is communication. According to McFarland communication is, "a process of meaningful interaction among human beings. More specifically, it is the process by which meanings are perceived and understandings are reached among human beings." Newman and summer defined communication as "an exchange of facts, ideas, opinions or emotions by two or more persons."

Communication is the process of passing information from one person to another. Whatever one wants to say to someone should be clearly understood by the receiver or else the very purpose of the communication would be defeated. In an organisation communication facilitates the flow of information and understanding between different people and departments through different media using all the channels and networks.

This flow of information is vital for managerial effectiveness and decision making in general and for human resource manager in particular as he has to be in contact with the managers of various departments, employees and workers and trade union leaders.

Communication thus helps understand people better removing misunderstanding and creating clarity of thoughts and expression. It also educates people. The communication may be written or oral, formal, informal, and upward, downward, horizontal, diagonal, interpersonal, intrapersonal, interdepartmental, intra-organisational. Communication is an important management function closely associated with all other managerial functions.

It bridges the gap between individuals and groups through flow of information and understanding between them. Information is the most vital aspect for communication. It is the information which is transmitted, studied, analysed and interpreted and stored. The manager therefore has to spare time to collect, analyze and store the information for decision-making and routine day to day business.

Purpose of Communication: Management is getting the things done through others. The people working in the organisation should therefore be informed how to do the work assigned to them in the best possible manner. The communication is essential in any organisation.

The purpose of the communication can be summed up to be:

1. **Flow of Information:**The relevant information must flow continuously from top to bottom and vice versa. The staff at all levels must be kept informed about the organisational objectives and other developments taking place in the organisation. A care should be taken that no one should be misinformed. The information should reach the incumbent in the language he or she can understand better. The use of difficult words should be avoided. The right information should reach the right person, at right time through the right person.

2. **Coordination:**It is through communication the efforts of all the staff working in the organisation can be coordinated for the accomplishment of the organisational goals. The coordination of all personnel's and their efforts is the essence of management which can be attained through effective communication.

3. **Learning Management Skills:**Communication facilitates flow of information, ideas, beliefs, perception, advice, opinion, orders and instructions etc. both ways which enable the managers and other supervisory staff to learn managerial skills through experience of others. The experience of the sender of the message gets reflected in it which the person at the receiving end can learn by analyzing and understanding it.

4. **Preparing People to Accept Change:**The proper and effective communication is an important tool in the hands of management of any organisation to bring about overall change in the organisational policies, procedures and work style and make the staff to accept and respond positively.

5. **Developing Good Human Relations:** Managers and workers and other staff exchange their ideas, thoughts and perceptions with each other through communication. This helps them to understand each other better. They realize the difficulties faced

by their colleagues at the workplace. This leads to promotion of good human relations in the organisation.

6. **Ideas of Subordinates Encouraged:**Communication facilitates inviting and encouraging the ideas from subordinates on certain occasions on any task. This will develop creative thinking. Honouring subordinates' ideas will further motivate them for hard work and a sense of belonging to the organisation will be developed. It will provide them with the encouragement to share information with their superiors without hesitation. The managers must know the ideas, thoughts, comments, reactions and attitudes of their subordinates and subordinates should know the same from the lowest level staff of their respective departments.

Importance of Communication: Effective communication is vital for efficient management and to improve industrial relations. In modern world the growth of telecommunication, information technology and the growing competition and complexity in production have increased importance of communication in organisations large and small irrespective of their type and kind. A corporate executive must be in a position to communicate effectively with his superiors, colleagues in other departments and subordinates. This will make him perform well and enable an individual to give 100% to the organisation.

The following points can illustrate the importance of communication in human resource management:

1. **Base for Action:**Communication acts as a base for any action. Starting of any activity begins with communication which brings information necessary to begin with.

2. **Planning becomes Easy:**Communication facilitates planning. Planning is made easy by communication. Any type of information regarding the human resource requirement of each department of the organisation with their qualifications, the type and kinds of job etc. can be collected through communication

which helps in human resource planning. Policies and programmes for their acquisition can be prepared and implemented. In the entire process communication plays a vital role, it also facilitates managerial planning of the organisation.

3. **Means of Coordination:** Communication is an important tool for coordinating the efforts of various people at work in the organisation.

4. **Aids in Decision-Making:**The information collected through communication aids in decision-making. Communication facilitates access to the vital information required to take decisions.

5. **Provides Effective Leadership:**A communication skill bring manager near to his subordinates and exchange ideas and submits appropriate proposals, knows their opinions, seeks advices and make decisions. This enables a manager to win confidence of his subordinates through constantly communicating with them and removing probable misunderstandings. In this way he leads his people to accomplish the organisational goal.

6. **Boosts Morale and Motivation:** An effective communication system instils confidence among subordinates and workers ensuring change in their attitude and behaviour. The main cause of conflict and dissatisfaction is misunderstanding which can be removed through communication skills. The removal of misunderstanding makes manager and his subordinates understand each other and create good industrial relations. This boosts up the morale of the people and motivates them to work harder.

Principles of Communication: Lack of effective communication renders an organisation handicapped. So to have effective communication certain principles are to be followed. They are as follows:

1. **Clarity:**The principle of clarity means the communicator should use such a language which is easy to understand. The message must be understood by the receiver. The words used should be simple and unambiguous. The language should not create any confusion or misunderstanding. Language is the medium of communication; hence it should be clear and understandable.

2. **Adequacy and Consistency:**The communicator must carefully take into account that the information to be communicated should be complete and adequate in all respect. Inadequate and incomplete message creates confusion and delays the action to be taken. The adequate information must be consistent with the organisational objectives, plans, policies and procedures. The message which is inconsistent may play havoc and distort the corporate interests.

3. **Integration:**The principle of integration portrays that through communication the efforts of human resources of the organisation should be integrated towards achievement of corporate objectives. The very aim of communication is to achieve the set target. The communication should aim at coordinating the activities of the people at work to attain the corporate goals.

4. **Economy:**The unnecessary use of communication system will add to cost. The system of communication must be used efficiently, timely i.e. at the appropriate time and when it is necessary. The economy in use of communication system can be achieved in this way.

5. **Feedback:**The purpose of communication will be defeated if feedback is not taken from the receiver. The confirmation of the receipt of the message in its right perspective from its receiver fulfills the object of communication. The feedback is essential only in case of written communication and messages sent

through messengers. In case of oral type of communication the feedback is immediately known.

6. **Need for Communication Network:** The route through which the communication passes from sender or communicator to its receiver or communicate refers to communication network. For effective communication this network is essential. The managerial effectiveness will also depend upon the availability of adequate network.

7. **Attention:**The message communicated must draw the attention of the receiver staff and ensure action from him in the right perspective. The efficient, sincere and prompt manager succeeds in drawing the attention of his subordinates to what he is conveying. It is the psychology of the people that they watch their superiors closely and then respond to their orders or instructions. Lazy and insincere superiors fail to garner support for themselves and their instructions usually are not taken seriously by their subordinates. Adhering to the above principles shall make communication effective, minimize the human relations problems and increase the overall efficiency.

Significance of Communication: Organisations are totally reliant on communication, which is defined as the exchange of ideas, messages, or information by speech, signals, or writing. Without communication, organisations would not function. If communication is diminished or hampered, the entire organisation suffers. When communication is thorough, accurate, and timely, the organisation tends to be vibrant and effective. Communication is central to the entire management process for four primary reasons:

- **Communication is a linking process of management.** Communication is the way managers conduct the managerial functions of planning, organising, staffing, directing, and controlling. Communication is the heart of all organisations

- **Communication is the primary means by which people obtain and exchange information.** Decisions are often dependent upon the quality and quantity of the information received. If the information on which a decision is based is poor or incomplete, the decision will often be incorrect.

- **The most time-consuming activity a manager engages in is communication.** Managers spend between 70 to 90% of their time communicating with employees and other internal and external customers.

- **Information and communication represent power in organisations.** An employee cannot do anything constructive in a work unit unless he or she knows what is to be done, when the task is to be accomplished, and who else is involved. The staff members who have this information become centres of power.

The ability to communicate well, both orally and in writing is a critical managerial skill and a foundation of effective leadership. Through communication, people exchange and share information with one another and influence one another's attitudes, behaviors, and understandings. Communication allows managers to establish and maintain interpersonal relationships, listen to others, and otherwise gain the information needed to create an inspirational workplace. No manager can handle conflict, negotiate successfully, and succeed at leadership without being a good communicator.

Effective communication is critical to any successful relationship. It is an important tool for better understanding between friends, neighbors, spouse, stakeholders and colleagues. It therefore important to remind ourselves about good communication practices, after all, **words have at least two meanings: what you intend to say and what the listener thinks you mean.** The business world is fraught with opportunities for poor communication to ruin great ideas or otherwise excellent situations.

As a result, it is imperative for companies to establish effective communication policies and for employees to review and apply these carefully. In some cases, effective business communication coincides with basic good manners: treating others fairly and interacting politely. In other cases, business communication has spawned its own communication niche that takes into account the ever-changing expectations of the modern world.

Essentials of Effective Communication: Effective communication is not just a discussion but also it is a part of impressing other person involved in the communication. While talking about utility, communication has enough capability to construct/build your image as you want but on the other hand certain mistakes during the communication that is bad communication can destroy all of your efforts.

Thus the need of communication rather the need of effective communication is everywhere. The business person needs effective communication to convince his/her clients, a politician requires effective communication to display his/her work to the public as well as to ask for votes similarly a teacher needs effective communication to teach or explain something to his students.

The **five** essentials of effective communication are as follows:

Confidence: This is most important phenomenon in the effective communication. If a person is talking something, then it is necessary that he must firmly express his thoughts. When we talk about effective communication, the confidence level of the speaker does matter in most of the cases. If a communication participant wants to convince another participant, then he himself should be confident on what he is saying. Another person will not take it seriously if the first person is not confident on his statements. Thus the confidence plays a vital role in the effective communication.

Body language: When a person speaks and shares his thoughts, emotions or ideas to another person is known as verbal communication, whereas when a person remains silent and still he/she transfers his/her thoughts, emotions or ideas to another person is known as non-verbal communication. Body language is the main thing which deals with non-verbal communication. Effective body language can be used as supplementary to the verbal communication. To follow the general etiquettes relating to body language is a good practice during the communication.

Eye contact: Although it is a part of non-verbal communication, this is an important factor in the communication process. When a person express his ideas, emotions or thoughts through the words, he can convey up to just 60% or 70% of what he wanted to convey but the remaining portion is conveyed by eye contact. It is also a medium for expressing integrity or honesty throughout the communication.

Listen: Listening to the speaker is as much important in the effective communication as to express your thoughts. Listening is a fundamental etiquette of communication. You can express your thoughts and ideas only when you can understand what the other person is saying, and to understand better what other person is saying you must listen to him/her carefully. Thus listening is necessary part of effective communication.

Tone: When you speak or write something, it is necessary that the other person who is participant in the communication should understand it properly. The effective communicator should always maintain low/high levels of verbal tone during his speech. The verbal tone includes tempo, loudness, pronunciations of words used. In important situations like during interviews verbal tone plays a key role in expressing thoughts or opinions. In some cases, verbal tone highlights the politeness of a speaker. It is an essential part of effective communication. The written tone is to be polite and use words without ambiguity in order to avoid confusion in understanding by the receiver of the communication.

Barriers to communication: This arises from a variety of sources such as complex organisational structure, use of ambiguous words, perceptual differences of sender and receiver, status difference etc. The barriers to communication in the following four categories:

1. Organisational barriers
2. Individual barriers
3. Semantic barrier
4. Other barriers

Organisational Barriers generate from within the organisation are known as organisational barriers may be of the following types:

- **Negative organisational climate:** The main aspect of organisational climate that acts as communication barrier is the negative attitude of top management. Negative attitude of top management discourages communication initiative of the employees.

- **Absence of communication policy:** Well-designed communication policy encourages communication in the organisation. In the absence of such policies, employees fail hesitate to communicate.

- **Excessive authority layers:** Excessive authority layers acts as a severe impediment to successful communication. In the case of excessive authority layers, information reaches to its final destination passing through several hierarchical levels. As a result, information may be distorted or lost. Excessive authority layers also cause a delay in communication.

- **Filtering:** Filtering implies a wilful distortion of information. This problem usually arises in upward communication. In upward communication, employees tend to pass only those messages that create a positive impression about them.

Individual Barriers are created by the sender and receiver and are known as individual barriers. Such barriers include the following:

- **Differences in personality:** Personality is the set of attributes that define a person. Every person holds a distinct personality. This individual nature of personality acts as a barrier to communication.

- **Perceptual differences:** Perception is the unique way in which people respond or interpret an object. The difference in perception is a very common problem in effective communication. It for example, a subscriber of BTTB's land phone in Bangladesh may positively react to the government's move to privatize BTTB expecting a better service. But an employee of BTTB might view this as step to cut jobs and retrench existing employees.

- **Fear** of reprisal or attack, fear of criticism for knowing very little etc. may create a problem in communication.

- **Stereotyping:** It is generalizing about a class of people or events that is widely held by a given culture. In case of stereotyping, people develop communication statements and mind-sets about others. This orientation exposes itself in such statements and mindsets. For example, "All used car salesmen are dishonest," or "All foreign recruiting agents are liars." Such all-inclusive perceptions not only are seldom correct but they also block mental activity that is necessary for successful communication.

- **Halo Effect:** This the tendency to use a general impression based on one or a few characteristics to judge other characteristics of that same individual. For example, a manger might identify one trait of an employee, such as an excellent attendance record, and perceive that the employee's productivity and quality of work must also be outstanding.

- **Inattention:** Sometimes communication does not reach due to the inattention of the receiver. Such inattention may result from busyness, lack of interest about subject, suffering from disease or family problem etc.

Language or Semantic Barrier: A common barrier to effective communication is semantic distortion, which can be deliberate or accidental. A semantic problem arises when words and symbols have different meanings for different people that lead to a misunderstanding. For examples, an advertisement states, "we sell for less."

Other Barriers

1. **Geographical Barrier:** Geographical distance creates communication gap. For example, Melbourne in Florida and Melbourne in Australia can create a problem.

2. **Lack of Harmony:** If mutual understanding that exists between sender and receiver of communication is absent then communication is barred.

3. **Faulty use of expression or language:** If communication fails to communicate the message in a correct way then receiver faces problem. Faulty expression creates miscommunication or confusion.

4. **Cultural Difference:** Difference nations have different cultures. Lack of proper knowledge and wisdom to the culture of receiver may be a reason of communication problem.

5. **Absence of Feedback:** When there is a feedback from receiver, communication becomes effective. Feedback creates awareness in the mind of sender regarding the communication and aids him to modify the quality of communication.

Consequently, any problem, interference on hindering the process of communication is identified as the barrier to communication. An organisational Authority must try to avoid these barriers to communication to make communication better and effective. Successful **supervisors** develop effective communication **skills**. A **supervisor** who is a good listener is a proactive **supervisor**.

One important requirement of a successful **supervisor** is recognizing problems before they develop into something more serious. It covers five key **functions** of planning, organizing, staffing, leading, and controlling organisational resources for the attainment of results. **Supervisors** are an essential part of the management team. There are **eight** crucial soft skills supervisors need to have. They are

Communication	Interpersonal Skills
Conflict Resolution	Time and Priority Management
Leadership	Diversity and Generational Differences in the Workplace
Critical Thinking	Problem Solving

Bernard and Goodyear (1998) believe that this definition that has come to be accepted within the counseling profession:"Supervision is an intervention that is provided by a senior member of a profession to a junior member or members of that same profession. This relationship is evaluative, extends over time, and has the simultaneous purposes of enhancing the professional functioning of the junior member(s), monitoring the quality of professional services offered to the clients she, he, or they see(s), and serving as a gatekeeper of those who are to enter the particular profession."Within the definition, there is mention of several components of supervision:

Supervision is an intervention: There are unique competencies and skills involved in supervision that allow the supervisor to help the supervisee. Models of supervision exist that provide a framework for the process. In addition, supervisors incorporate various modes and interventions to facilitate supervisee development.Awareness of these models, modes, and interventions will help the supervisee understand the underlying processes of supervision and therefore, be a more active participant in the supervision process. A dialogue can develop between supervisor and supervisee as a means to share personal styles and preferences for frameworks and interventions to be used in supervision.

Supervision is provided by a senior member of a profession: Supervisors typically include a course instructor and an individual supervisor. Depending on the level of the fieldwork experience and the programme, the instructor may be the course instructor or other professor from the training programme, a doctoral student from the training programme, and/or a professional counselor affiliated with the site at which the student is engaged in the fieldwork experience. It is important that the supervisee understand the roles and expectations of each supervisor.

Supervision is a relationship that extends over time: The process of supervision occurs within the relationship established between the supervisor and supervisee. It is important to keep in mind that both the supervisor and supervisee contribute to the relationship and have responsibilities within the process. An assumption of supervision is that it will last long enough for some developmental progress of the supervisee.

Supervision is differentiated from brief interactions (such as workshops), and consultation that, by definition, is time and session limited, although all of these interactions share common goals (e.g., training in a skill, clarification of process, regaining objectivity). The fact that supervision is ongoing allows for the relationship to grow and develop. The importance of the supervisory relationship has received much attention in supervision literature. While not the sole determinate of the quality of supervision, the quality of the relationship between the supervisor and supervisee can add or detract from the experience. It is important that the "relationship" aspect of supervision not be overlooked or neglected.

The supervisor evaluates, monitors, and serves as a gatekeeper: In addition to enhancing the professional functioning of counselors, supervisors have an ethical and legal responsibility to monitor the quality of care that is being delivered to the supervisee's clients. In order to enhance the professional functioning of the supervisee and assure quality of care, the supervisor constantly monitors and provides feedback regarding supervisee performance. This formative evaluation forms the basis of the work done in supervision. The supervisor also serves as a gatekeeper for those who want to enter the counseling profession. The supervisor is charged to evaluate the counselor based on work done with current clients, and to assess potential for working with future clients.

As part of this role, supervisors formally evaluate supervisees. These summative evaluations occur after there has been enough supervision to expect a certain degree of competence. For example, during fieldwork experiences, summative evaluations typically occur at the midpoint and end of semesters. Evaluation is a crucial aspect of the supervision process, and one that is often the source of discomfort for both the supervisor and supervisee.

Objectives of Supervision:

1. **Promote communication:** It helps managers understand workers' goals and workers understand organisational goals. Both try to satisfy each other's goals and, thus, contribute to organisational productivity.

2. **Promote motivation:** Supervision along with two-way communication motivates the workers to achieve the organisational targets.

3. **Promote performance:** If workers are not able to achieve the targets, supervision helps in guiding and improving their performance.

4. Evaluate performance: Supervision evaluates the performance of workers and determines their compensation packages. People who achieve the standards are paid incentives than those who achieve less than standards.

The functions of supervision: The immediate roots of what we have come to know as supervision in the human services lie in the development of social work and casework. For example, in the concern for the needs of clients; and the taking up of ideas and practices that owe much to the emergence of psychoanalysis. However, to make sense of supervision it is necessary to look to the various forms of apprenticeship that have existed in different societies.

In ancient China, Africa and Europe (feudal and otherwise), for example, there are numerous examples of people new to a craft or activity having to reveal their work to, and explore it with, masters or mistresses i.e. those recognised as skilled and wise. By spending time with practitioners, by 'looking over their shoulders', taking part in the routines and practices associated with the trade or activity, and having them explore our work, we become full members of the community of practice.

Three areas in the role of a supervisor:

- **Administrative** is the promotion and maintenance of good standards of work, co-ordination of practice with policies of administration, the assurance of an efficient and smooth-running office;

- **Educational** is the development of each individual worker on the staff in a manner calculated to evoke her fully to realize her possibilities of usefulness; and

- **Supportive** is the maintenance of harmonious working relationships, the cultivation of esprit de corps.

Types of Supervision: Supervision is generally classified according to the behaviour of supervisors towards his subordinates. These are also called as techniques of supervision and they are: Autocratic, Laissez-faire, Democratic and Bureaucratic supervision.

1. **Autocratic or Authoritarian supervision:** Under this type, the supervisor wields absolute power and wants complete obedience from his subordinates. He wants everything to be done strictly according to his instructions and never likes any intervention from his subordinates. This type of supervision is resorted to tackle indiscipline subordinates.

2. **Laissez-faire or free-rein supervision:** This is also known as independent supervision. Under this type of supervision, maximum freedom is allowed to the subordinates. The supervisor never interferes in the work of the subordinates. In other words, full freedom is given to workers to do their jobs. Subordinates are encouraged to solve their problems themselves.

3. **Democratic supervision:** Under this type, supervisor acts according to the mutual consent and discussion or in other words he consults subordinates in the process of decision making. This is also known as participative or consultative supervision. Subordinates are encouraged to give suggestions, take initiative and exercise free judgment. This results in job satisfaction and improved morale of employees.

4. **Bureaucratic supervision:** Under this type certain working rules and regulations are laid down by the supervisor and all the subordinates are required to follow these rules and regulations very strictly. A serious note of the violation of these rules and regulations is taken by the supervisor. This brings about stability and uniformity in the organisation. But in actual practice it has been observed that there are delays and inefficiency in work due to bureaucratic supervision.

Methods of Supervision: Supervision can be done by the following methods:

1. **Personal contact:** Supervisors personally observe the work of employees, analyse problems, correct them and explain better methods of work to them.

2. **Correspondence:** Supervisors contact employees through correspondence. They send instructions in writing and receive written replies from them.

3. **Reports:** Workers prepare periodic reports (weekly, monthly or annual) of their performance and send them to the head office. In case of sales reports, they contain information about number of calls made by the salesmen, number of orders taken, new prospects added etc. The sales supervisors go through the report, evaluate the salesmen's performance and offer sales advice to enhance their sales efforts.

4. **Telecommunication:** Modern means of communication like telephone, electronic mail, voice mail, video conferencing etc. help supervisors correspond with workers, supervise their efforts and provide the necessary support and help.

CHAPTER IV

PERSONNEL ADMINISTRATION

Personnel Administration(PA) is an integral part of every public management activity. In this section, we describe personnel administration functions, the impact personnel offices have on public managers, and how reform initiatives have changed personnel administration at the federal level.

Peter D. Johnson defines Personnel Administration as the "effective utilization of human resources to achieve organisational objectives". 'Personnel' refers to employees in an organization; it includes all levels of employees both, superiors and subordinates. The term personnel administration, however, has a wider connotation as it deals with broader elements including

- Classification
- Recruitment
- Training
- Promotion
- Compensation
- Discipline
- Retirement benefits of the personnel

Personnel administration is also called

- Personnel Management
- Manpower Management
- Labour Welfare Management
- Human Resource Management

Concept of Personnel Administration: PA department performs the vital task of weaving sectional and individual interests and practices in to the matrix of group functioning, that is the organization. Organization had hitherto looked at the Personal department for management of paper work involving hiring and paying people. More recently, organizations consider the human resource better suited for the task. PA plays a significant part in both regulatory and policy planning functions. Though in change, theoretically, of traditional POSDCORB functions, Personnel administration today ventures beyond theoretical postulates. The coverage of HRM has expanded to more enveloping domains in the discipline and profession, throwing open possibilities in the art, science and craft of management theory and practice respectively.

Functions of personnel management are for:

- **Ensuring** that the organization gets the right type of people (i.e. able, skilled and qualified people), in right quantity (i.e. in sufficient numbers to meet the human resource needs of the organization), at the right time and at the right place to achieve the goals of the organization.
- **Using** human resources in the most effective and efficient way to reduce personnel costs, to right size the organization and to eliminate unnecessary work.
- **Enhancing** employee skills on present jobs and upgrading skills for future jobs, through training and development programmes, to improve the work performance of the employees.
- **Conducting** performance appraisals to determine how well employees are doing their job and communicates that information to employees, agreeing on new objectives, targets or standards and establishing a plan for performance improvement.
- **Providing** with equitable pay/remuneration and other benefits and compensation for their contribution towards the achievement of organizational objectives.
- **Rewarding** employees for their contribution towards the achievement of reaching beyond organizational objectives.
- **Maintaining** positive and harmonious relationship between the management and employees
- **Handling** efficiently and in a humanitarian manner
  - Grievances

- Disciplinary proceedings
- Trade unions
- Collective bargaining process

Meaning and Importance of its Development: Personnel Administration is also popularly **known as Human Resources Management**. Just as people of a country are its whole strength, similarly personnel (employees) make an organisation successful. However manpower (raw labour/people who are able to do work) itself does not contribute to the success/development of the organisation, it has to be converted into human resources through systematic planning, adequate training and proper education.

Human resource is converted to human capital through adequate administration and human resources are the most important and valuable asset and part of an organisation as over time their value never depreciates.in fact it only increases with the passage of time unlike other assets and resources of an organisation. Adequate usage of human resources/personnel automatically ensures optimum utilisation of financial, physical and technological resources.

With the emergence of democratic institutions and the welfare state government as well as corporates tasks are on a steep increase and so there is an increased demand for personnel at every level in terms of efficient discharge of their duties and it is the job of the Personnel Administration department to assure that this demand is met at the right time with the suitable candidates.

Personnel Administration does not have a standard definition but there is unanimity among writers. Personnel function is concerned with the procurement, development, compensation integration and maintenance of the personnel and their inter-relationships in an organisation for the purpose of contributing toward the accomplishment of that organisation's major goals and objectives.

Thus it can be understood that Personnel Administration deals with recruitment, placement, training, disciplinary measures, curbing nepotism and favouritism, monetary and non-monetary incentives and retirement benefits of the personnel within an organisation as well as to handle the nature of personnel relationships in the organisation as well as assisting the top management in negotiating with labour unions. Personnel administration also includes all those activities and functions relating to policy formulation, planning, policy implementation, social change and modernisation, administrative reforms and public relations in an organisation

Personnel Administration is affected by the socio-economic-political environment as well. For example.in the era of welfare and developmental programmes, personnel/employees are now expected to be more efficient, effective, sympathetic and competent. People's involvement in administration is also increasing via NGOs, NPOs, Civil Society and other policies and programmes of the government

Personnel are to perform 'line' and 'staff' functions, line functions refer to those activities related to the primary activity of the organisation and the staff functions are those which facilitate and assist the performance of line work. Like staff perform the functions of processing and supplying required number of personnel and training and development of personnel whereas those personnel perform the field and executive works of the organisations goals and objectives.

It is not a simple area of management in today's times as Personnel management administration has to keep the motivation and morale of the personnel high every time for them to whole heartedly perform the humongous tasks they have at hand efficiently and competently as well as sympathetically. Thus it can be seen that without an efficient personnel management administration or more popularly as it is called Human Resources management contributing to Human Resources/Personnel Development, it is impossible to achieve organisational goals and become a successful organisation.

Personnel Administrative Functions: These consist of those procedures and behaviors that combine the needs of organizations and people to achieve common goals. It involves every aspect of an employee's work-related activity. It is that part of public administration charged with shaping the quality and quantity of public employment. This charge is realized when personnel managers work with other departmental employees to achieve organisational goals.

The personnel function **involves personnel administration and human resource management**. Personnel administration **is the management of those activities**, or functions, **associated with recruiting and placing** a satisfactory workforce in the organization. On the other hand, the responsibility for enhancing job satisfaction and productivity is an important part of the manager's job and part of human resource management. Personnel administration does not spend time examining the tasks associated with human resource management. Instead, they concentrate on personnel administrative functions such as recruitment, selection, position classification, compensation, training, evaluation, and adverse action or employee disciplinary processes.

The **goal of the recruitment process** is **to identify a large pool of available people** who are **interested in public employment**. The most common recruitment technique is to fill vacancies from an available pool of qualified candidates. A longer-range strategy is manpower forecasting and planning. Forecasting is used to predict the capability of the employment market to fill an agency's future personnel needs. Planning is used to develop manpower strategies.

A major purpose of the selection process is **to choose the best applicants identified** during the recruitment process. As such, personnel administrators use application forms, examinations, and interviews. The first step in screening job applicants is the completion of an application form. Then civil service examinations are used to qualify and rank applicants. Those individuals with the highest scores are referred to the official with authority to interview and hire the applicant. Thus, the last two steps in the process are usually the interview and selection process that includes notifying the individual of his or her selection. These steps are important to the personnel system in that they contribute to the maintenance of a selection process based on merit versus patronage.

Personnel administration **uses a position classification system** to provide for an equitable and effective personnel management system. This process involves the classification of positions, not people, with the person hired automatically assuming the title and benefits associated with the position. The advantages of position classification are its ability to structure the work being done in the organization, describe jobs to employees, and protect against violations of the merit system. A good position classification system that delineates the duties and responsibilities of each job is also central to the creation of compensation plans.

Compensation plans are a major concern of public personnel administrators. By combining duties and responsibilities, the personnel system attempts to ensure equal pay for work of equal value. Compensation plans in most public agencies are established by surveying agency positions, gathering comparative data from other organizations, formulating a pay schedule, and integrating it with the position classification plan. Compensation can also include employee benefit packages, health and accident compensation, and retirement plans.

Compensation is a reward for existing ability. Thus, **employee training is used in equitable personnel systems** to improve employee abilities. Typical training programs include orientation sessions, probation periods, supervisory training, remedial or refresher classes, and courses in specific subjects. Seminars, programmed instruction, case studies, and conferences are methods of instruction used by personnel managers. On-the-job training and job rotation, while perhaps mandated by the personnel administrator, are usually part of the human resource management end of the personnel system continuum.

Another important function of the personnel administrator is the **maintenance of an evaluation system.** The goal of a rating system is to improve individual performance by ensuring discussion between the employer and employee about work quality. Appraisal procedures can be an important factor in personal motivation, organisational communication, supervisory understanding, and personnel actions, such as promotions and pay raises. They can also provide a check on the effectiveness of other personnel processes like recruitment.

Evaluations can also lead to, or substantiate, **adverse personnel actions** against employees. Examples include reprimands, demotions, and dismissals. The purpose of adverse actions is to correct a situation in which an employee is incompetent or has violated established agency policies and practices.

Functions of Personnel Administration in Human Resource Management

1) **Human Resource Planning:** Before the process of Recruitment begins. Manpower Planning precedes it. Now first lets one understand what Manpower Planning is. Manpower planning as one of the functions of Personnel Administration is of utmost importance. It is the process of assessment of an organisation's requirements in terms of number of personnel needed for a job, which includes job definition, description, skills and specialisation it incorporates.
   Duration for which the personnel are required nature of work, objectives of the job in line with the objectives and goals of the organisation, etc. It is a sound manpower planning that gives adequate time for recruitment selection and training of such personnel.in short it lays down a full blue print chart of processes to follow and the time period it should follow.

2) **Selection.** It involves choosing from the available candidates the individual who is mostqualified to fill the position. Steps in the selection process include reviewing theapplication forms, psychological testing, employment interviews, reference checking, a medical examination. Based on the information gathered, a selection decision is made.

3) **Recruitment:** Once manpower planning is done the process of recruitment begins. Recruitment is the process that entails the search for prospective workers and stimulating them to apply for the jobs put up by the personnel administration on behalf of the organisation. It is based on selection of the best principle where a number of applicants are invited for a single job opening and then the unwanted are eliminated selecting the one for the job who suits all the prerequisites suitably.

   Recruitment can make a break an organisation because even a brilliant training module cannot repair a faulty recruitment. The recruitment process consists of attractive recruitment literature and publicity finding out target sector and people usage of scientific tests for ability and aptitude testing of prospective candidates tapping right candidates from within the organisation as well as outside as the requirement be(sometimes only one way or combined placement of the right man for the right job and effective probation period process and proper induction into the organisation.

4) **Human Resource Development:** This activity is also known as Training and Development.Training helps the employee gain the specific job-related skills that will ensure effective performance of work. Development is the process of helping the employee grow in his/her career and achieve his/her career goals. Training and development is a means ofachieving global competitiveness, improving productivity and the capacity to adapt tochanges in the environment.In the public sector, various types of training programmes are conducted to help

civilservants to acquire knowledge, skills and develop a positive attitude towards work.

5) **Orientation:** Employee orientation or induction is a key part of the training and development activity. It introduces the new employee to the organization - to the requirements of the job; to the social situation in which he or she will be working; and to its norms and culture. Orientations usually include an overview of the organization; policies, procedures, rules and regulations; compensation, benefits, safety and accident prevention, employee and union relations; and job duties and responsibilities. Formal orientation can achieve significant cost savings by reducing the anxieties of new employees and by fostering positive attitudes, job satisfaction and a sense belonging and commitment. Helping new employees to feel part of the organization can reduce labour turnover costs and improve the profitability and competitiveness of the organization.

6) **Training:** This is the continuous process of imparting and upgrading/developing professional knowledge, broader vision. Correct, ethical and novel patterns of behaviour, habits and aptitudes, awareness of organisational as well as societal objectives, increasing morale and motivation and the employee's potential contribution to the same. It is an ongoing process of response to a need.

7) **Types of Training:** There are two types of training - Formal and Informal.

   a) Informal Training: Trial and error method is used and lessons are learnt from the mistakes by employees. The success of this technique of training lies on the experience and seniority of the senior officer and his/her interest in the new entrant.

   b) Formal Training: It is the inculcation of administrative skills in the personnel through well-defined courses. Examples are – Pre-

entry training, orientation training in-service training, vocational training etc. Informal training helps in improving the quality of administration whereas formal training helps in the broadening the faculty of the personnel.
Other methods of training can be the lecture method, case-study method, syndicate method (group of individuals or organisations combined or making joint effort to undertake some specific duty/transaction, in this case training purpose).etc. Every organisation and system of personnel administration must pay immense and minute attention to the training needs of employees of the organisation as it is the heart of the system.

Types of Formal Training: There are a number of different types of training we can use to engage an employee. These types are usually used in all steps of a training process (orientation, in-house, mentorship, and external training). The training utilized depends on the amount of resources available for training, the type of company, and the priority the company places on training. Most HR managers use a variety of these types of training to develop a holistic employee.

Technical or Technology Training: Depending on the type of job, technical training will be required. Technical training is a type of training meant to teach the new employee the technological aspects of the job. In a retail environment, technical training might include teaching someone how to use the computer system to ring up customers. In a sales position, it might include showing someone how to use the Customer Relationship Management (CRM) system to find new prospects.

In a consulting business, technical training might be used so the consultant knows how to use the system to input the number of hours that should be charged to a client. In a restaurant, the server needs to be trained on how to use the system to process orders. Assume a company has decided to switch to the newest version of Microsoft Office. This might require some technical training of the entire company to ensure everyone uses the technology effectively. Technical training is often performed in-house, but it can also be administered externally.

Quality Training: In a production-focused business, quality training is extremely important. Quality training refers to familiarizing employees with the means of preventing, detecting, and eliminating non-equality items, usually in an organization that produces a product. In a world where quality can set your business apart from competitors, this type of training provides employees with the knowledge to recognize products that are not up to quality standards and teaches them what to do in this scenario.

Numerous organizations, such as the International Organization for Standardization (ISO), measure quality based on a number of metrics. This organization provides the stamp of quality approval for companies producing tangible products. ISO has developed quality standards for almost every field imaginable, not only considering product quality but also certifying companies in environmental management quality. ISO9000 is the set of standards for quality management, while ISO14000 is the set of standards for environmental management. ISO has developed 18,000 standards over the last 60 years1. With the increase in globalization, these international quality standards are more important than ever for business development. Some companies, like 3M (QAI, 2011), choose to offer ISO training as external online training, employing companies such as QAI to deliver the training both online and in classrooms to employees.

Training employees on quality standards, including ISO standards, can give the employees and the company a competitive advantage. It can result in cost savings in production as well as provide an edge in marketing of the quality-controlled products. Some quality training can happen in-house, but organizations such as ISO also perform external training.

Skills Training: This is the third type of training, includes proficiencies needed to actually perform the job. For example, an administrative assistant might be trained in how to answer the phone, while a salesperson at Best Buy might be trained in assessment of customer needs and on how to offer the customer information to make a buying decision. Think of skills training as the things you actually need to know to perform your job. A cashier needs to know not only the technology to ring someone up but what to do if something is priced wrong.

Most of the time, skills training is given in-house and can include the use of a mentor. An example of a type of skills training is from AT&T and Apple (Whitney, 2011), who in summer 2011 asked their managers to accelerate retail employee training on the iPhone 5, which was released to market in the fall.

Soft Skills Training: The fourth type of training is called soft skills training. Soft skills refer to personality traits, social graces, communication, and personal habits that are used to characterize relationships with other people. Soft skills might include how to answer the phone or how to be friendly and welcoming to customers. It could include **sexual harassment training** and **ethics training.** In some jobs, necessary soft skills might include how to **motivate others, maintain small talk**, and **establish rapport.**

In a retail or restaurant environment, soft skills are used in every interaction with customers and are a key component of the customer experience. Many problems in organizations are due to a lack of soft skills, or interpersonal skills, not by problems with the business itself. As a result, HR and managers should work together to strengthen these employee skills. Soft skills training can be administered either in-house or externally.

Professional and Legal Training: In some jobs, professional training must be done on an ongoing basis. **Professional training** is a type of training required to be up to date in one's own professional field. For example, tax laws change often, and as a result, an accountant for H&R Block must receive yearly professional training on new tax codes (Silkey, 2010). Lawyers need professional training as laws change. A personal fitness trainer will undergo yearly certifications to stay up to date in new fitness and nutrition information.

Some organizations have paid a high cost for not properly training their employees on the laws relating to their industry. In 2011, Massachusetts General Hospital paid over $1 million in fines related to privacy policies that were not followed (Donnelly, 2011). As a result, the organization has agreed to develop training for workers on medical privacy. The fines could have been prevented if the organisation had provided the proper training to begin with. Other types of legal training might include sexual harassment law training and discrimination law training.

Team Training: The goal of team training is to develop cohesiveness among team members, allowing them to get to know each other and facilitate relationship building. We can define team training as a process that empowers teams to improve decision making, problem solving, and team-development skills to achieve business results. Often this type of training can occur after an organization has been restructured and new people are working together or perhaps after a merger or acquisition. Some reasons for team training include the following:

- Improving communication
- Making the workplace more enjoyable
- Motivating a team
- Getting to know each other

- Getting everyone "onto the same page," including goal setting
- Teaching the team self-regulation strategies
- Helping participants to learn more about themselves (strengths and weaknesses)
- Identifying and utilizing the strengths of team members
- Improving team productivity
- Practicing effective collaboration with team members

Team training can be administered either in-house or externally. Ironically, through the use of technology, team training no longer requires people to even be in the same room.

Managerial Training: After someone has spent time with an organization, they might be identified as a candidate for promotion. When this occurs, managerial training would occur. Topics might include those from our soft skills section, such as how to motivate and delegate, while others may be technical in nature. For example, if management uses a particular computer system for scheduling, the manager candidate might be technically trained. Some managerial training might be performed in-house while other training, such as leadership skills, might be performed externally.

For example, Mastek, a global IT solutions and services provider, provides a program called "One Skill a Month," which enables managers to learn skills such as delegation, coaching, and giving feedback. The average number of total training days at Mastek is 7.8 per employee2 and includes managerial topics and soft skills topics such as e-mail etiquette. The goal of its training programs is to increase productivity, one of the organization's core values.

Safety Training: This is a type of training that occurs to ensure employees are protected from injuries caused by work-related accidents. Safety training is especially important for organizations that use chemicals or other types of hazardous materials in their production. Safety training can also include evacuation plans, fire drills, and workplace violence procedures. Sometimes in-house training will also cover safety training. Safety training can also include the following:

- Eye safety
- First aid
- Food service safety
- Hearing protection
- Asbestos
- Construction safety
- Hazmat safety

Post-Entry Training: Post-entry training is given to civil servants after their entry into the service. This type of training is usually given to the new recruits before they take up their job assignments or assume their duties. The aim of post-entry training is to provide the necessary skills and insights to the new recruits and thus prepare them to manage the challenges and shoulder the responsibilities of their job. This type of training takes the form of institutional or on-the-job training or a combination of both. The civil service training centre, conducts this type of academic and practical training for the new recruits to the Administrative and Diplomatic Service.

In-Service Training: This type of training is given to serving civil servants by the government agencies individually or by private professional institutions or local or foreign universities. This takes the form of seminars, workshops, refresher courses, conferences or short-term or long-term management courses leading to a certificate, diploma, degree or post-graduate qualification. This type of training is given to different categories of civil servants. The main aim of this type of training programme is to update the skills and knowledge and to acquaint the civil servants with the latest managerial techniques and concepts.

8) Career Advancement: Career advancement as a function of personnel administration is concerned with the activities that promote job growth or expansion of job roles/responsibilities. It is how an individual/employee manages his/her career within the organisation (promotion, internal job postings etc.) and between different organisations(shifting jobs, changing organisations for career growth and development advancement as well as providing refinement of skills opportunities and knowledge to the employees together with identifying options of growth for them. It is an ongoing and dynamic process.

Human Resources Management department has the responsibility to encourage and support in reviewing and re-assessing their goals and activities as well as to provide valuable feedback and learning activities or resources and can contribute significantly to the staff member's career development by supporting career development activities within the department.

Support for career development via the Personnel Human Resource department is important because:

- Current information about the organisation and future trends helps employees create more realistic career development goals.
- Focus on skill development contributes to learning opportunities.
- Opportunities for promotion and/or lateral moves contribute to the employee's career satisfaction.
- A greater sense of responsibility for managing one's own career contributes to self-confidence
- Career planning and development clarifies the match between organizational and individual employee goals.
- It is cost-effective to use the HRD (Human Resource department/Personnel Administration) staff talent to provide career development opportunities within your department.

- Career development increases employee motivation and productivity
- Attention to career development helps the HRD attract top staff and retain valued employees
- Supporting career development and growth of employees is mandated by the Philosophy of Human Resources Management.

Career development can be supported by

- Conduct an annual individual development plan and career discussion with employees and require other supervisors in the concerned department to do the same.
- Hold supervisors in the respective department accountable for supporting employee development efforts.
- Create programs and activities to provide skill development, such as job rotation, cross-training, mentoring, internships, coaching, and career strategy groups.
- Recognise that HRD's role includes providing support and/or release time for staff members' development beyond their current jobs. Support requests for alternate work schedules from staff members.

HRD should serve as a role model by

- Participating in career and professional development opportunities
- Viewing staff members' applications for other positions as a healthy sign of a dynamic workplace
- Supporting lateral moves within the organization
- Referring employees to the Staff Internship Program to explore opportunities to apply for career development internships or self-initiate an internship in an area of special interest.
- Creating job vacancy listings that allow for the most diverse applicant pool while honouring, transferable skills.

Roles the department can play to attain the goal of career development advancement of employee

Coach: Helps employees identify strengths, weaknesses, interests, and values by maintaining open, effective communication and ongoing encouragement. Coaching can be improved by:

- Encouraging two-way dialogue
- Showing employees how to identify their skills, interests, and values
- Scheduling uninterrupted career development discussions

Advisor: Provides organizational information, realities, and resources to employees. It can improve advising by:

- Helping employees develop realistic career goals based on HRD department's needs and their individual development plans
- Helping employees understand the current opportunities and limitations on the campus
- Advising employees on the feasibility of various career options

Appraiser: Evaluates employees' performance in an open, candid way and relates this to potential opportunities. Can improve the appraisal skills by:

- Providing frequent feedback in a way that fosters development
- Conducting performance appraisals that define strengths, weaknesses, and career development needs
- Relating current performance to future potential in realistic ways
- Using an individual development plan as a tool for continual feedback and development

Referral Agent: Helps employees meet their goals through contacts with people and resources. You can improve your referral agent skills by:

- Helping employees formulate development plans and consulting on strategies
- Providing opportunities for experience, exposure, and visibility, such as committees and task forces)
- Using personal resources who HRD would know and what the department knows to create opportunities
- Assisting in seeking employees' placement lateral or vertical

5) **Position Classification:** In Personnel administration, position classification means grouping of various positions on the basis of the commonality of responsibilities and duties. It started with the movement of equal pay for equal work. It brings orderliness into the system and makes treatment uniform to people irrespective of their caste, status, birth, age, gender etc. It also is handy as a functional tool since it makes clear even to the incumbent about his responsibilities and duties as well as hierarchical systems formally associated with his/her position. A set of similar/identical positions and having identical qualifications, functional and salary structure when put together form a 'class'.

The Grade Systemof Position Classification is used to denote all 'classes' of positions which (though different in subject matter or kind of work) are sufficiently similar as to the level of difficulty and responsibility and level of qualifications for the job like civil engineer, accountant, geologist, etc. Each position classification is placed under a 'class' and each class should be placed in the appropriate trade'.

Advantages of Position Classification:

a) Facilitates division of work.
b) Removes arbitrary standards.
c) Promotes employee equality and motivation.
d) Ensures effective manpower planning and utilisation.
e) Lays down uniform work standards.
f) Speeds up recruitment process and indicates training needs.

g) Helps in maintaining updated personnel records.

Disadvantages of Position Classification:

a) Introduces element of rigidity in personnel system.
b) Under this, it is difficult to shift an employee from one position to another in the interest of the administration.
c) Tends to get stale rather soon and a lot of effort is needed to keep it up to date
d) Constant pressure from employees to upgrade their positions.

6) Discipline: In simple terms, it can be stated as the force that prompts individuals, organisations, nations, etc. to observe rules and regulations and policies stipulated by the above mentioned which are deemed necessary for the effective running of the same. Discipline is instilled in an organisation in the following manner:

a) Clearly stated rules, regulations, objectives and code of conduct of the organisation which are constantly updated and reviewed
b) No discrimination in enforcing the above.
c) Proper communication among all levels.
d) Strong disciplinary action so that indiscipline is not committed the second time.
e) Practices that breed indiscipline should be discouraged and prevented like favouritism, lack of communication, lack of leadership, low morale and motivation among staff, irregularity and non-punctuality.

Disciplinary actions to be taken and sequence of actions followed from trivial offences to serious:
a) Verbal warning
b) Loss of entitlement, incentive
c) Suspension
d) Demotion
e) Appointment termination
f) Dismissal

Rank is the relative position, value, worth, complexity, power, importance, authority, level, etc. of a person or object within a ranking. **Position connotes** a set of duties or responsibilities assigned to the employee. The position at a given time may be occupied or vacant and immaterial for purpose of classification. Similar positions form a class which is a group of positions that are sufficiently alike in respect to their duties. All positions in a class have similar pay scales.

Steps of Position Classification:

- Analyse and record duties and other characteristics of positions to be classified.
- Group positions into classes
- Write standard for each class
- Install by allocating individual positions to the classes thus described.

Advantages:

- Provides high degree of specialisation suitable for technical jobs like engineering.
- Equal pay for equal work.
- Defines contents of job in detail
- Conducive for formulation of scientific standard on which various aspects like recruitment, training, manpower planning, promotion depend.
- More emphasis on merit and proper match between job requirement and qualifications of incumbent.
- Can adopt uniform nomenclatures.
- Well defined responsibilities for workers, government, management. Also lateral entry between private and the government is allowed.

Disadvantages:

- Hinders horizontal and vertical mobility.

- Classification needs time and may get out-dated fast. Makes employees insecure about their jobs and they feel a pressure to upgrade their positions.
- Not suitable in developing countries where duties of many officers not defined.
- Not suitable for generalists.

Rank classification: Employee is classified on basis of rank in a hierarchy. Each employee is placed in a class. Salary, status depends on rank not position.

Advantages:

- Flexible, so personnel can be transferred across departments.
- More emphasis on generalists
- Faster to classify.
- Promotes loyalty to service and not a department.
- Attracts competent people.

Disadvantages:

- Not suitable for specialists.
- Violates equal pay for equal work.
- Does not specify contents of jobs in details so performance appraisal is subjective.
- Classification can create class distinction and feudal hierarchy.
- Overlooks claim of merit for holding a post. No match between requirements of job and qualification for candidates.

Functional classification will remove class consciousness and lead to smooth, harmonious and efficient functioning of service. It will also promote belonging-ness to the service as a whole. The following classes can be made:

- Top executive
- Senior executive
- Executive

- Supervisory personnel
- Supporting personnel
- Auxiliary personnel

Promotion has its roots in Latin word '*promovere*' which means 'to move forward'. Its dictionary meaning is 'to elevate, to advance, to contribute the growth or prosperity' etc. Really speaking, promotion refers to advancement in rank and status leading to enhancement of emoluments. In the words of Scott and Clothier, **"A promotion is the transfer of an employee to a job which pays more money or one that carries some preferred status."** Promotion, in the words of Dr. L.D. White, "means an appointment from a given position to a more difficult type of work and greater responsibility, accompanied by change of title and usually an increase in pay." It is to be noted that mere increase of pay is not promotion. Although promotion implies larger salary too, its essence is getting into a post of higher duties and responsibilities. Real promotion means rising to a higher post carrying a higher grade.

The change in duties and responsibilities form the essential characteristic of the promotion process. If a lecturer is appointed the Head of the Department in a college, it is considered a promotion. Likewise, if the Head is appointed Principal it is promotion and it would lead to the following factors:

- A change of duties
- Responsibilities
- Higher pay scale

Promotion generally leads to the enhancement of salary but sometimes it may result in immediate financial advantage. Promotion should be distinguished from 'advancement' and 'increase in compensation.' Advancement or what is also called, 'administrative promotion,' has been defined by Dr. White as a personnel administrative device which pertains "to an advance in pay by a prescribed increment within the scale of pay appropriate to a given position." The employee enters the service in a fixed grade and as he progresses in his service and gains more experience, he is given higher pay scale. This increment, which is annual, is called technically 'advancement' or 'administrative promotion'. It differs from promotion proper i as it does not entail any change in status, duties or responsibilities. It is merely an increase of emoluments which is usually automatic.

Promotion is the usual means to fill vacancies in higher ranks in a grade by selecting officers from a lower rank in the same grade. Officers are selected for promotion on the criteria of

- Character
- Ability
- Experience
- Any qualifications prescribed for the higher rank

The officer selected for promotion must be the most meritorious, one who is able and ready to perform the more demanding duties at a higher rank. Seniority will be given weight only when no eligible officer stands out as the most meritorious and suitable for promotion. All eligible candidates are considered on equal terms irrespective of their terms of appointment.

Principles of Promotion: The need for the principles of promotion arises because of the opportunities are limited. Everybody entering service cannot go up the highest rung of the ladder in due course, as there are not enough of higher posts to permit the promotion for everybody.Hence there arises the underlying and irreconcilable conflict in any promotion system. Large numbers of employees, normally ambitious and intent on success in their vocation or profession, and under heavy economic pressure with the passing of the years, face a limited n umber of higher positions in which vacancies occur at relatively irregular and infrequent intervals. No form of promotion system can solve this dilemma.

A large number of civil servants, therefore, cannot get any promotion and retire from the same class in which they had started their career.

The employees who are not given promotion should be made to feel that their exclusion from promotion is not arbitrary and that they cannot be promoted in terms of some recognized principles. The morale of public services is apt to be destroyed if promotions are made capriciously without considering any principle. Hence, there arises the importance of the principles of promotion.

Generally speaking there are two main principles of promotion, namely, **seniority** and **merit.**

1. Seniority Principle: Historically speaking, this is the oldest principle though it is still prevalent. This means that the length of service would determine the order of precedence in making promotion. According to this principle, the employee who has longer service to his credit would be entitled to the promotion. Determination of seniority is not, however, a simple affair.

A public servant of a higher grade is senior to those who are in lower grade. Similarly an employee of a higher class though getting actually less pay is senior to an employee of a lower class getting at the time more pay. Among the employees of the same grade, one, who has been holding a substantive post longer than his rival, is senior.

Advantages of the Seniority Principle:

(a) Seniority is a matter of fact which is apt to be accepted.
(b) Senior man is more experienced. Hence more experience ordinarily should be enough qualification for promotion.
(c) It is a fair and just basis of promotion as everybody gets an opportunity for promotion in turn. It is conducive to employer-employee relationship.
(d) It keeps the morale of the employees boosted as they are sure of promotion at their turn.
(e) The seniority basis of promotion leads to automatic promotion. It is simple and easy to comprehend.

(f) The old employees in particular stand for this system of promotion as they have not to be lorded over by the young chaps.
(g) It is more economical than the process of open market competition.
(h) The government or management will have a known man having creditable record at the helm of affairs. Hence the risk of having an unknown outsider at the top position is avoided.

To quote Dr. Finer, "It is automatic, and avoids the need for making invidious distinctions between one person and another, of placing the young over the old, of measuring the responsibility for the result of promotion." It is a fool-proof system against favouritism and undue intervention of politicians. The principle of seniority is so simple, clear and objective that there is no cause left for heart-burning or resentment among the employees. The employees naturally favour this principle of promotion.

Drawbacks of the Seniority Principle

First, it does not lead to the selection of the best among the eligible. There is no guarantee that the senior man will also be more competent than his junior one. An incompetent person may come at the head of competent persons and this may cause resentment among the employees thereby impairing the efficiency of administration. Dr. White remarks, "consistent application of the rule of seniority up to the scale of supervisory and administrative position would in itself cause the resignation of better men and thus invite progressive deterioration in the higher grades where special competence is particularly needed."

Second, the principle of seniority does not ensure the reaching of the higher positions by every officer and his holding it for a reasonable period. As Gladden puts it, "All members of a grade are not fit for promotion promotions are usually few and far between, an abnormal rather than a normal process; while changes in personnel are most likely to be subject to irregular fluctuations."

Third, if seniority alone is the basis of promotion, employees would not make any effort for self-improvement.

Fourth, seniority does not necessarily coincide with age especially in a grade which is partly recruited directly and partly by promotion and so a ludicrous position may result wherein young people may come to be placed over the older.

Prof. Pfiffner says that "A system of promotion by seniority will frequently result in raising to supervisory and directing positions persons who have "crank" complexes. Frequently advancing years, un-mellowed by the give and take of competitive life, acquire an intolerance in non-essentials which dampens the initiative of subordinates. Seniority alone will tend to fill the higher places with incompetent persons. It will discourage the ambitious and remove those incentives which develop personality, courage, self-reliance and progressive out-look."

Fifth, the technological developments and the improvement in the working machinery necessitate the infusion of new blood in the administration. The older people lack the knowledge in consonance with the fast changing environments and are misfit for the current times.

Many employees who cannot hope to reach the highest positions enthusiastically support the principle of 'promotion on seniority basis' on the plea that it alone assures equality of opportunity. It is difficult to pass any final judgment on the merits and demerits of the seniority principle. In its extreme form the principle of seniority is a contention for the acceptance of mere length of service as the basis for promotion.

In its mild form it means that seniority should determine the order in which the officers should be considered for promotion, but those found unfit may be passed over. This may be called seniority-cum-fitness principle. A third form of the principle is that seniority should be the determining factor in the lower range of the service, while for the higher services the merit principle may be employed. In principle, authorities on the subject have come to mutual agreement that:

(a) In promotion to higher posts merit alone should be the consideration to the exclusion of the seniority,

(b) In promotion to middle posts, merit should be the primary and seniority a secondary consideration,

(c) In promotion to lower posts of a routine nature, seniority should carry greater weight.

In spite of all the arguments against seniority, it is still firmly entrenched as a principle of promotion. The pull of seniority over promotions is great. It is with great difficulty that seniority is ignored in practice. This led Tomlin Commission to observe. "In regard to service generally the factor of seniority is unlikely to be undervalued."

However, entrusting higher responsibilities to a person simply because he is senior is not justified. For higher administrative posts, seniority principle should be set at naught and merit principle be opted for. Routine kinds of jobs of lower classes may be governed by the merit principle alone. Thus, others who got 'fair', 'satisfactory' or poor were excluded.

Later the government revised the instruction to the three categories 'fit for promotion not yet 'fit for promotion and 'unfit for promotion', while writing confidential report for secretariat officers of the status of undersecretary and above. However, it is to be indicated whether the officer concerned possessed outstanding qualities which entitled him for promotion out of turn. Evidently the number of gradation has been reduced from five to four.

2. Merit Principle: The principle of merit is just the opposite of the principle of seniority. It means that promotion would be made on the basis of qualifications and achievements of the employee irrespective of high length of service. The most meritorious or best qualified person would be promoted. This principle would provide due incentive to the efficient and hard-working employees and thus help boost the general morale of the employees and increase the efficiency of the department. It would favourably affect the entire personnel system. Merit is, however, a complex concept. It is rather difficult to measure it objectively.

Generally speaking, there are three methods of judging the merits of the candidates:

a) Personal Judgment of the seniors
b) Promotional Examination
c) Service Ratings

Personal Judgment of seniors: It is a time honoured system. The determination of merit for promotion may be left to the judgment of the head of the department who has been in closest contact with the employees and thus is in the best position to appraise their qualities. Moreover he, being responsible for the discipline and morale of employees working in his department, must be directly concerned with the conferring of awards, as pronouncing of punishments. This system has the advantage of being both simple and comprehensive. But there are two serious defects in this system.

First, it can work only in small organizations. In large-scale organizations, it is rather impossible for the Head of the Department to be in closest touch with all the employees and make a personal judgment of the capacities of each one of them.

Second, this system is highly subjective and is susceptible to favouritism and extraneous considerations. As such, it may cause suspicion and resentment among the employees. In order to remove these defects of the system, Prof. Mayers has suggested the placing of promotion of employees in the hands of a board organised in each service, on which the employees are duly represented.

Though Willoughby does not agree with the proposal of Mr Mayers, yet the proposal has much to commend it. In many countries, the head of the department is assisted by a Promotional Board constituted by him from among officials of his own department. Usually, this Board comprises

- Head of the section or branch to which the employee belongs
- Head of the section or branch to which he is to be promoted
- An officer of the Establishment branch of the same department

This Board may review the progress report of any employee. Promotions are usually made on the basis of service records.

2. Promotional Examination: Promotion may also be made on the basis of a written examination which may be an open competition, a limited competition, or merely a pass examination. In an open competition, anyone whether in the service or not, can compete for the said post. Thus outsiders also not working in the department can compete for promotional tests.

This system is justified on the ground that it widens the range of selection without prejudicing the interests of the present employees since they are apt to benefit due to their special knowledge of government work. Moreover this system injects new blood and fresh ideas into the department which will have a rejuvenating effect upon it. It is criticized on the plea that it tends to destroy the morale of the employees as it brings in outsiders who grab the higher jobs from those who actually deserve them. Such a system is, however, rare.

Limited Competition: Under this system, examination is a limited competition among those who are already in the service. This is also known as 'closed system'. This system is preferred by employees in the lower grades.

Pass examination: The third type of promotional examination is the pass examination in which a candidate has just to pass the examination and give a proof of his minimum attainments. The employee will be promoted only if he has passed the pass examination.This system is followed for junior clerks, typist, stenographer and other mechanical jobs. A list of qualified candidates is maintained and they are promoted on the basis of the list issued on the occurrence of a vacancy.

Criticism of the System: It is argued that examination method eliminates favouritism, corruption and arbitrary promotions. The method is quite objective and relieves the promotion- making authorities of the troublesome responsibility of making selections. However, it is looked upon with disfavour by many scholars of personnel administration.

First, it is considered to be an interference with the ordinary official work of the candidates and is thus detrimental to public interest.

Second, examination is not a sure test of the personality of an employee. An intellectually superior person may not be a man of initiative, tact and judgment which cannot be judged by written examination.

Apart from it, memorizing or cramming things for taking an examination is extremely irksome to older employees. There is an age to learn things. After crossing that age it is difficult to memories new facts and figures.

The prevailing discontentment among the aged assistants and clerks of the Central Government who have been crossed over by the young persons, both in seniority and permanency, on account of these examinations bears testimony to this fact.

Due to these defects, examination method is not generally used for determining the merit of employees for promotion except in those cases where the number of candidates from among whom promotion is to be made is exceptionally large and where technical knowledge is an important requisite for the posts to which promotions are to be made.

The general trend is towards the adoption of a system of formalized reports which help in assessing the eligible officers on standard basis.

3. Efficiency Rating: The other system of judging the qualifications of employees for promotion is on the basis of service records which are also sometimes called efficiency rating or service file. It may be carefully noted that maintenance of service records of employees is not by itself efficiency rating.Such records only furnish the data on the basis of which efficiency may be evaluated. Today, the size of government organizations is so large that no officer can possibly remember about the efficiency of individual employees working in his department.

Types of Retirement

Age Retirement: Retiring at Normal Pension Age or later: The retiring person will be paid age retirement benefits on application at Normal Pension Age (NPA) if you are no longer in pensionable employment. If you remain in employment after NPA, you will be paid benefits when you eventually cease pensionable employment. If you have a break in pensionable employment after NPA, even for one day, you will be entitled to benefits from that date. All reckonable service up to age 75, limited to 45 years in total, will be used in the calculation of your retirement benefits.

.If you are in pensionable employment or excluded employment when you apply for actuarially reduced benefits you must obtain the consent of your employer to gain immediate access to retirement benefits. Employers cannot withhold their consent for longer than six months from the date on which you submit your request. Subject to your employer's consent, actuarially reduced pension benefits are paid from the day after the last day of pensionable or excluded employment.

Premature Retirement: Caused by redundancy or reorganisation: If your employer makes you redundant or you leave pensionable employment on the grounds of organisational efficiency, you may be granted premature retirement benefits. The payment of these unreduced benefits is at the discretion of your employer. The premature retirement arrangements provide for two types of compensation payable by your employer:

Mandatory compensation benefits: (pension and lump sum) are split between the scheme and your employer. Your employer must agree to pay this if an application for premature retirement benefits is to be accepted;

Discretionary compensation: your benefits may be increased by your employer to compensate that you have had to retire early. Whether to increase your benefits in this way is entirely at the discretion of your employer and is subject to certain limits.

Disability Retirement: If you are a Regular Member and become totally disabled and incapable of performing your normal job duties, you may be eligible to start receiving a Disability retirement benefit. Disability retirement must be approved by an authorized physician. If you receive Disability retirement, you may accept employment that you can perform with your disability.

Earnings from employment are limited to the difference between your final average compensation, adjusted for inflation based on the Consumer Price Index (CPI), and your Disability benefit. The authorising source may require you to undergo a medical examination. If you return to work for at least three years, the time for which you received Disability benefits will be credited to you for retirement eligibility, but not for the calculation of benefits. In the event that this occurs, your eligibility for Regular retirement may be affected.

Early Retirement: Early retirement is a situation in which a person stops working earlier than at the usual statutory retirement age. This retirement outlines Minimum Retirement Age (MRA) and annuity computations as well as Discontinued Service.

Voluntary Retirement: The eligibility for this is based on the person's age and the number of years of creditable service and any other special requirements. **Voluntary retirement** scheme is a method used by companies to reduce surplus staff. This mode has come about in India as labour laws do not permit direct retrenchment of union employees. The description VRS applies to an employee who has completed 10 years of service or is above 40 years of age.

Some public and private employers offer voluntary retirement plans for employees. Such plans generally allow an employee to retire at an age younger than that required to earn mandatory retirement benefits, usually with a reduced level of benefits. Voluntary retirement is often used for the employer's goal of reshaping and repositioning of the workforce. Voluntary retirement is often offered when an employer anticipates layoffs and wants to reduce the number of affected employees by offering additional incentives to those willing to retire sooner than planned. Complex rules govern vesting and payment of benefits, so careful investigation of applicable requirements should be made before opting for early retirement.

The policies for opting for early retirement vary by employer. Such policies govern who is eligible for voluntary retirement and often provide a period of time within which the option must be exercised. The policy may define who is eligible for early retirement by setting a minimum age and/or length of service. They may require retirement when a voluntary retirement application is submitted and not withdrawn within a certain time period. Public employee voluntary retirement programmes are subject to state, federal, union, and/or agency laws and regulations.

Benefits of Retirement: Retirement marks the end of a person's working career, but retirees in recent decades have radically redefined what it means to be retired. Today, retirees are often active in a variety of areas and may even pursue part- or full-time employment after leaving behind a career of many years. Whatever form it takes, there are several major advantages of retirement.

Stress Reduction: Jobs are a major source of stress for many people, and retirement may offer relief. By removing the need to perform to a high standard and meet specific targets, or the anxiety that may come from interacting with superiors and customers, retirement can be good for a retiree's mental and physical health.

Health Benefits: It usually occurs late in life, retirement is often associated with a time of poor or fading health. However, retirees have more time to sleep, exercise and choose or prepare healthful foods--making retirement an opportunity to actually improve overall health. Many retirees take up an athletic hobby, such as golf or walking, which can easily be carried over into later life and promote longevity.

Philanthropy: Many retirees use their new-found free time and accumulated wealth to become involved in philanthropic activities. From making charitable donations to serving on the board of a community foundation, this type of activity provides a chance for retirees to use the skills and experience they developed over the course of a lifetime to meet the needs of the community.

Family Involvement: Retirement offers the advantage of allowing more time and energy to spend with family members. The classic instance of retired grandparents serving as babysitters is only the most common example. Retirees can use their new lifestyle to spend more time with adult children, distant family members, retired siblings and close friends.

A New Lifestyle: Retirement has the advantage of being one of the few times in life when many people can freely rearrange their lifestyle and its priorities. Spending more time on a hobby, following an intellectual pursuit or traveling can define an entirely new way of life, especially if a career dominated much of a person’s time commitments prior to retirement.

CHAPTER V

FINANCIAL ADMINISTRATION

Introduction: Finance is the life blood of every organisation; Personnel and materials which are needed for the functioning of any office, industryand enterprise can be made available only if money is provided. The efficiency of operating systems and maintenance systems depends upon the effectiveness of financial system as every administrative act may have financial implications. The significance of finance to public administration is quite obvious as is evident from the remark of Lloyd George: “Government is finance”.

Financial administration, as an important aspect of public administration is as ancient as organised governments all over the world. In its rudimentary form, it was performing certain limited functions till medieval times. In the pre-modern times, it was conceived within the structure of legislative control over executive. Socio-economic forces unleashed by industrial revolution have given a new meaning and a dynamic content to financial administration. In the changed context, it is expected to meet dynamic needs of planned development and social change.

Financial Administration/Management: Administrative officials must manage resources in an efficient, cost-effective manner.

Principles

- Annual budgets delineate the resources necessary to achieve goals, measure financial performance, and provide a realistic view of the projected cost of operations.
- Units operate within budget and eliminate projected deficits.
- Significant budget variances are accounted for, evaluated, and addressed.
- Expenditures comply with relevant policies, rules, and regulations.

- Financial consequences are evaluated before existing activities are changed or eliminated and new activities begin.
- Significant transaction errors and changes in business conditions are properly addressed.
- Anticipated benefits are greater than or equal to costs.

Responsibilities

Planning and budgeting activities: The budget process begins with a mission statement that identifies, implements, and evaluates activities required to achieve university goals and objectives. Gathering and analysing data should be performed in a consistent manner, with sufficient detail and descriptive narrative to clearly portray how operations are financed and how risks are managed.

Creating, monitoring, and evaluating financial data: Care should be taken that the classification of costs entered into the financial systems results in a fair representation in the financial statements. Monthly financial reports should accurately represent budget to actual fiscal activity, identify funding sources, and categorize expenditure data to help identify future trends and highlight problem areas. Sampling of financial transactions ensures that expenditures are appropriate and that the cause for any significant variation is understood.

Safeguarding university assets: Assets must be protected from loss or unauthorised use. Annual equipment inventory reviews documenting adjustments to asset records are conducted. Review of delinquent account balances and collection/ write-off efforts occur on a periodic basis. Cash or cash equivalent collections must be accounted for, secured properly, and deposited in a timely manner. The job of managing **financial** tasks for a company or organisation, for example, controlling the budget, writing **financial** reports, and providing money for projects:

Financial administration staff are responsible for the overall **fiscal** management, accounting and **financial** reporting for the department. Financial administration is a vital part of business because it is concerned with an organisation's resources. A financial administrator is responsible for managing the accounts receivables and payables of the organisation. He also develops the organisation's budget, prepares financial reports and is involved in directing its investment activities. The administrator is also responsible for planning the organisation's long-term financial goals and protecting assets.

Principles of Financial Administration: Companies require material or financial human resources, whether small, medium or large. Finance consists of three interrelated areas: The role of finance will be oriented to financial resources, because money is a resource to acquire assets, cancel immediate and long – term obligations, Inventories, assets fixed payment obligations, dividends, etc.

Financial Markets: A large number of finance specialists choose to work in financial institutions, such as banks, finance companies, insurance companies, mutual funds and brokerage houses.

Investments: Other specialists choose to work in consultancies, in which they are dedicated to advising the individual investors on the best way to invest their funds.

Management Financial: The widest of the three areas and offers the largest number of employment opportunities. The administration financial is very important in any kind of company or business and it includes industrial, commercial and service companies, both private sector and the state. To achieve an efficient administration, it is necessary to have clear understanding of what the goals and policies of a company, which usually are determined by shareholders in coordination with the group are administrative confer duties and responsibilities, delegation of authority sufficient oriented. Maximizing the interests of the owners by maximizing available resources and invested capital.

The administrators financial seeing that their companies are successful, they must ensure employees, suppliers, creditors and especially by customers, who are the very significantly influence the value of the company.

Relationship with the Economy: Economic principles, although generalizations are somehow imprecise quantitatively, since they come from the observation of social behaviour, however, the theoretical knowledge of economic science is fundamental to the work of the financial analyst. Knowledge of the country's economic situation and trends in the global economy will help the financial manager to make decisions. The activities of companies are influenced by the economic environment, not only in the country where they are located, but also the international context.

Relationship with Accounting: The study of finance is closely linked with accounting, because it is associated with budgets, plans, preparation and interpretation of financial statements. However, there are basic differences between accounting and finance, the first refers to the treatment given to funds, while the latter reorients decision-making.

Financial Accounting: Financial accounting has primary interest in the historical aspects of external information that is, providing financial information to external personnel to the company, such as investors, creditors and government. To protect these personnel, financial accounting is governed by so-called generally accepted accounting principles (GAAP) and specifically in our country by Ecuadorian Accounting Standards (NEC).

Administrative Accounting: Accounting management is providing information to managers internally responsible for the planning and control of operations of the company that make different decisions, administrative. Without these meaning away so absolute or total accounting regulations to generate cash flows needed revenue for cash sales and portfolio recovery, contributions from shareholders or owners, contracting loans, sale of assets unproductive, among other items.

Financial Statements: It is the responsibility of an administrator to prepare the organisation's monthly financial reports. The administrator usually maintains spread sheets of all the financial activities of the organisation and compiles them into the report at the end of the month. The report details the inflows and outflows of cash in the organisation, which helps in establishing accountability in the business. The financial administrator also keeps all the documentation that supports the figures contained in the report, such as invoices and receipts, for auditing purposes.

Accounts Management: The financial administrator manages the cash controls in the organisation ensuring that money is properly applied to the business goals. The administrator is in charge of collecting money relating to the accounts receivables of the organisation, such as debtors' payments and rental income. He also pays the organisation's liabilities such as insurance premiums, social security payments and other accounts payables. The financial administrator approves procurement requests and cash disbursements and reflects all the company transactions in a cash flow statement that he regularly reconciles to keep track of the money.

Budgeting: One of the main responsibilities of a financial administrator is to draw up the organisation's monthly budget based on the requirements of the business. Since the administrator manages the company's cash and is privy to its usage, he is best placed to prepare the monthly budget. In performing this duty, the administrator liaises with the heads of other departments to find out if they have any supplementary needs so that he can make realistic cash flow projections. After preparing the budget, the administrator allocates to each department the cash it requires.

Investment Support: A financial administrator also offers investment support either by providing relevant information on the company's finances or by developing and maintaining an investment portfolio. The administrator handles the financial resources of the organisation, so he can offer valuable contributions on the liquidity, debts and financial projections of the company, which assist in making investment decisions. Alternatively, the financial administrator could be empowered to invest excess cash, but he must adhere to company rules and policies. Furthermore, he must make full disclosure of the ways in which he has applied the money.

Financial Management: Meaning, Objectives and Functions

Meaning of Financial Management: Financial Management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise.

Scope/Elements: Investment decisions include fixed assets or what is called as capital budgeting. Investment in current assets is also a part of investment decisions called as working capital decisions.

Financial decisions: They relate to the raising of finance from various resources which will depend upon decision on type of source, period of financing, cost of financing and the returns thereby.

Dividend decisions: The finance manager has to take decision with regards to the net profit distribution. Net profits are generally divided into two:

Retained profits: Amount of retained profits has to be finalized which will depend upon expansion and diversification plans of the enterprise.

Objectives of Financial Management: The financial management is generally concerned with procurement, allocation and control of financial resources of a concern.

The objectives are

- **To ensure regular and adequate supply of funds:** to the concern.
- **To ensure adequate returns to the shareholders:** that will depend upon the earning capacity, market price of the share and the expectations of the shareholders.
- **To ensure optimum funds utilisation:** Once the funds are procured, they should be utilised in maximum possible way at least cost.
- **To ensure safety on investment:** i.e., funds should be invested in safe ventures so that adequate rate of return can be achieved.
- **To plan a sound capital structure:** There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.

Functions of Financial Management: Estimation of capital requirements: A finance manager has to make estimation with regards to capital requirements of the company. This will depend upon expected costs and profits and future programmes and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.

Determination of capital composition: Once the estimation have been made, the capital structure have to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.

Choice of sources of funds: For additional funds to be procured, a company has many choices:

- Issue of shares and debentures

- Loans to be taken from banks and financial institutions
- Public deposits to be drawn like in form of bonds.
- Choice of factor will depend on relative merits and demerits of each source and period of financing.

Investment of funds: The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.

Disposal of surplus: The net profits decision have to be made by the finance manager.

This can be done in two ways:

Dividend declaration: It includes identifying the rate of dividends and other benefits like bonus.

Retained profits: The volume has to be decided which will depend upon expansion, innovation, and diversification plans of the company.

Management of cash: Finance manager has to make decisions with regards to cash management. Cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintenance of enough stock, purchase of raw materials, etc.

Financial controls: The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, cost and profit control, etc.

Budget is a way of thinking ahead financially. Accounting looks backward, at what income you have received and the amount you have actually spent. Budgeting looks forward. It predicts the expenses you expect to incur and the income you hope to bringin. It is intended to minimise the risk of being faced with nasty surprises and to provide afloor for your programme planning.

Accounting and **Auditing: Accounting** is a daily process, whereas an **audit** is usually conducted annually or quarterly. Another **difference** is that the **accounting** is compiled by the employees of the company, while an **audit** is done by an independent body with no financial ties to the company.

Comparison Chart

Basis for Comparison	Accounting	Auditing
Meaning	This means to systematically keep records of the accounts of an organisation and prepare financial statements at the end of the financial year.	This means inspection of the books of account and financial statements of an organisation.
Governed by	Accounting Standards	Standards on Auditing
Work performed by	Accountant	Auditor
Purpose	To show the performance, profitability and financial position of an organisation.	To reveal the fact, that to which extent financial statement of an organisation gives true and fair view.
Start	It starts where bookkeeping ends.	It starts when the accounting ends.
Period	It is a continuous process, i.e. day to day recording of transactions are done.	It is a periodic process.

Definition of Accounting: Accounting is a specialised language of business, which helps to understand the economic activities of the entity. It is an act of orderly capturing the day to day monetary transactions of the business and classifying them into various groups along with that, the transactions are summarized in a way that they can be easily referred at the time of urgency, thereafter analyzing and understanding the results of the financial statement and finally communicating the results to the interested parties.

The main function of accounting is to provide material information, especially of a financial nature for decision making. Cost Accounting, Management Accounting, Tax Accounting, Financial Accounting, Human Resource Accounting, Social Responsibility Accounting are the fields of Accounting. The primary objectives of Accounting are as under:

- Proper record keeping through Journal, Subsidiary Books, Ledger and Trial Balance
- Determination of the results (profitability position) from the records maintained through Trading, Profit and Loss Account
- Showing the financial position of the entity through Balance Sheet
- Providing necessary information about solvency and liquidity position to the interested parties.

Definition of Auditing: The audit is a methodical procedure of independently examining the financial information of an entity with the aim of giving an opinion on true and fair view. Here organisation refers to all the entities, regardless of their size, structure, nature and form.Auditing is a critical, unbiased investigation of each and every aspect of the transaction, i.e. vouchers, receipts, account books and related documents are verified, in order to spot the validity and reliability of the financial statement. Moreover, errors and frauds or deliberate manipulation in accounts or misappropriation etc. can also be detected through detailed scrutiny.

The auditor will inspect the accuracy and transparency of the financial information, compliance with the accounting standards and taxes are properly paid or not. After the complete inspection of accounting books and financial records, he will give an opinion in the form of a report. The reporting on the true and fair view shall be made to the person who appoints the auditor. There are two types of Audit Report, they are:

1. Unmodified
2. Modified
    - Qualified
    - Adverse
    - Disclaimer

The audit can be conducted internally and externally. The task of internal audit is conducted by an internal auditor who is appointed by the management of the organisation for improving its internal control systems and accounting system. An External Auditor is appointed by the shareholders of the company.

Key Differences between Accounting and Auditing

The points given below explain the difference between accounting and auditing, in detail:

1. Accounting is an art of orderly, keeping the records of the monetary transactions and preparation of the financial statements of the company. Auditing is an analytical task which involves the independent evaluation of the financial information to express an opinion on true and fair view.
2. Accounting is governed by Accounting Standards, whereas Standards on Auditing governs Auditing.
3. Accounting is a simplified task performed by Accountants, but Auditing is a complex task, so Auditors are required for performing it.
4. The main purpose of accounting is to reveal the profitability position, financial position and performance of the

organisation. Conversely, auditing is to check the correctness of the financial statement.

5. Accounting is a continuous activity. Unlike Auditing which is a periodic activity.
6. End of Accounting is the start of Auditing.

Accounting and Auditing are two specialised fields, but the scope of auditing is wider than accounting as it needs a thorough understanding of various acts, tax rules, knowledge of accounting standards and standards on auditing as well as communication skills are also required. Apart from that, confidentiality, integrity, honesty and independence are the basic requirements that are to be maintained while performing the audit procedure. The reports submitted by the auditor are helpful for the users of the financial statement like creditors, shareholders, investors, suppliers, debtors, customers, government, etc. for rational decision making.

Although Accounting is not less, it also requires complete knowledge of the accounting standards, principles, conventions and assumptions as well as Companies Act rules and tax laws. The procedure of auditing is conducted only when the accounting is done properly so; it cannot be neglected. An audit is a formal check of financial accounts of an individual, business or organisation. An internal audit is conducted by members of the same organisation or business, and an external audit may be conducted by a regulatory agency or governmental agency. There are six specific steps in the audit process that should be followed to ensure a successful audit.

Six-step Audit process:

Request the relevant documents: After notifying the organisation of the upcoming audit, the auditor typically requests documents listed on an audit preliminary checklist. These documents may include a copy of the previous audit report, original bank statements, receipts and ledgers. In addition, the auditor may request organisational charts, along with copies of board and committee minutes and copies of bylaws and standing rules.

Prepare an Audit Plan: The auditor looks through the information contained in the documents and plans on how the audit will be conducted. A risk workshop may be conducted to identify possible problems. An audit plan is then drafted.

Schedule an Open Meeting: Senior management and key administrative staff are invited to an open meeting during which the scope of the audit is presented by the auditor. A time frame for the audit is determined, and any timing issues such as scheduled vacations are discussed and handled. Department heads may be asked to inform staff of possible interviews with the auditor.

Conduct Fieldwork: The auditor takes information that is gathered from the open meeting and uses it to finalise the audit plan. Fieldwork is then conducted by speaking to staff members and reviewing procedures and processes. The auditor tests for compliance with policies and procedures. Internal controls are evaluated to make sure they're adequate. The auditor may discuss problems as they arise to give the organisation an opportunity to respond.

Draft a Report: The auditor prepares a report detailing the findings of the audit. Included in the report are mathematical errors, posting problems, payments authorized but not paid and other discrepancies; other audit concerns are also listed. The auditor then writes up a commentary describing the findings of the audit and recommended solutions to any problems.

Set up a Closing Meeting: The auditor solicits a response from management that indicates whether it agrees or disagrees with problems in the report, a description of management's action plan to address the problem and a projected completion date. At the closing meeting, all parties involved discuss the report and management responses. If there are any remaining issues, they're resolved at this point.

Public Financial Administration

Definitions: Public Financial Administration deals with the principles and practices concerning the efficient and prudent management of the funds/finances of the government.It may also be defined as the machinery and method by which funds for the implementation of public programmes and services are raised, spent and accounted for.

Importance of Public Financial Administration:

(i) Finance is the life-blood of every agency: Personnel and materials which are needed forthe effective functioning of any agency can be obtained only if money is provided. In otherwords, it makes funds available for the activities and programmes of the government andensures the lawful and efficient use of these funds.

(ii) The efficiency of operating systems and maintenance systems: This depends on the effectiveness of the financial system as every activity may have financial implications.

(iii) It helps in improving the socio-economic life of the people: It transforms financial resourcesinto public purposes and thus improves the welfare and well-being of the ordinary people.

(iv) It helps in achieving the national objectives of the government.

(v) It ensures that public funds are managed well so that wastage and abuses are avoided.

(vi) It helps in raising revenuefrom domestic as well as foreign sources to implement the government's various development projects and provide public services.

(vi) Fiscal policy, an element of financial management, is used in reducing inequalities of incomeand equitable distribution of wealth among different sections of the society, maintain pricestability, control inflation, generate employment, attract foreign direct investment, bring about balanced regional development and reduce the deficit in balance of payments.

The Components of Public Financial Administration are:

- Budgeting
- Purchaseand Supply
- Treasury Management
- Tax Administration
- Accounting
- Auditing

Budgeting: It refers to the preparation of a budget. A budget is an annual statement of revenue (income) and expenditure of the government. It is considered the master financial plan of the government.

Two types of budget are prepared in the public sector: They are

- Operating budget
- Development budget

The operating budget is for the annual recurring expenditures such as payment of salaries, purchase of materials and equipment and administrative expenses. Development budget concerns cost of acquisition of land, construction, infrastructure and equipment for new or on-going five-year development projects.

Purchase and Supply: It involves the procurement storage, monitoring and distribution of goods and supplies for carrying out the various activities of the government agencies. The primary objective of the purchase and supply function is to buy goods and services of the right quality, in the right quantity, at the right price, from the right source who is the supplier and at the right time.

Treasury Management: It covers the following activities : cash management that is to control spending by making payments for contractors and suppliers according to bills/invoices and contract terms; managing government bank accounts; pubic debt management and administration of technical assistance grants and foreign aid; and implementing the budget in a timely manner.

Tax Administration: Government spending is paid paid for through taxation. Tax administration includes assessment, timely collection, enforcement and management of the various taxes under the internal revenue laws or related statutes of the country.

Accounting: It forms the basis of financial administration. It is the systematic recording, summarising, reporting and analysis of of all financial transactions (receipt of income and expenditure) of a public agency in a particular year. A close relationship between budget and accounts is necessary for making comparison between goals or targets and actual achievements. In the public sector, the Accounting departments in the various ministries and the Accountant-General are responsible for the preparation of agency and national accounts.

Auditing: It is the objective examination or scrutiny of the financial accounts and statements of an agency by an independent and competent person. the purpose of an audit is to verify the legality, accuracy, fairness and truthfulness of the financial accounts and statements produced by a public agency. The Auditor-General is responsible for carrying out audit activities in a professional and independent manner and produce Annual Audit Reports and presents it to the government when it is in session.

Agencies and Machinery of Financial Administration: Financial administration involves a continuous chain of operations/activities:

- Preparation of the budget (i.e. the estimates of the revenue and expenditure for a specific year) Enactment of the budget (securing legislative approval for the estimates)
- Execution of the budget (regulation of the expenditure and raising of revenue)

- Treasury management (safe custody of the revenue raised and due arrangements for the necessary payments to meet the liabilities of various agencies from the allocation approved by the Legislature)
- Maintenance of proper accounts and the audit of these accounts
- Legislative control of the financial transactions of all public agencies

The following agencies play an important role in the various operations of financial administration as stated above.

The Executive: The Executiveis responsible for the formulation of the financial policy of the government and the preparation of the budgetfor the ensuing year. It is assisted in this task by the Central Agencies such as the Ministry of Finance and the Economic Planning Unit (EPU). The budget estimates originate from the operating agencies as they alone know their sources of revenue and fund requirements. The Executive approves and presents the budget proposals to the Legislature for approval in the form of a Supply Bill.

The Legislature: According to the Constitution, only Parliament can authorize the imposition and collection of taxes and the annual expenditure of the government agencies. The enactment of the budget goes through a few stages in the Legislature before it is approved in the form of a Supply Act. Public agencies cannot exceed the allocation approved for them by the Legislature.

The Ministry of Finance: It is responsible for scrutinizing the budget estimates submitted by the various public agencies and giving the final shape and consolidating the estimates and including them in the national budget for tabling in Parliament. It is also responsible for monitoring the execution of the budget allocations approved by the legislature and controlling the expenditure of government agencies. Public agencies are required to follow the financial regulations formulated by the Finance Ministry. Once the Legislature has approved the budget, the Minister of Finance issues the General

Warrant to all government agencies allowing them to disburse the allocations for the purposes for which they were approved.

Controlling Officers: As soon as the Legislature enacts the budget and the General Warrant is issued, the Chief Executives of the public agencies known as the "Controlling Officers" allocate funds to the various programmes and activities of the agencies and control the expenditure. It is the duty of the Controlling Officers to ensure that the funds approved by the legislature are not exceeded and proper accounts are kept on all the financial transactions of the government agencies.

Audit: A very important agency of public financial administration is the Audit Department. The Audit Department is headed by the Auditor-General. He is appointed by the government and his/her function is to examine the accounts of all public authorities in the country and the appropriation of the funds approved by Parliament to meet public expenditure. He is also required to submit an Annual Report on his audit findings to Parliament. An independent audit protects the State against misappropriation and wastage of public funds and checks and exposes fraud, unauthorised and excess expenditure and negligence in collecting revenue due to the government.

The Public Accounts Committee (PAC): It is a select committee of Parliament responsible for the examination of

(a) The accounts of the Federation and public authorities and the appropriation of the sums granted by Parliament to meet public expenditure

(b) The examination of the Auditor-General's Annual Reports the weaknesses in public financial administration) submitted to Parliament. The Committee has the power to send for persons, papers and official records, and to report from time to time.

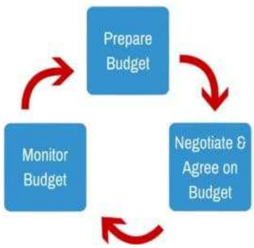
The basic steps to follow when preparing a budget:

1. Update budget assumptions
2. Review bottlenecks
3. Available funding
4. Step costing points
5. Create budget package
6. Issue budget package
7. Obtain revenue forecast
8. Obtain department budgets

Plus, maintaining a budget for your business on a regular basis can help you track expenses, analyze your income, and anticipate future financial needs.

- Step 1: Identify Your Goals
- Step 2: Review What You Have
- Step 3: Define the Costs
- Step 4: Create the Budget

The **budget process** is the way an organisation goes about building its **budget**. A good **budgeting process** engages those who are responsible for adhering to the **budget** and implementing the organisation's objectives in creating the **budget**. **Budgetting** decisions are driven both by mission priorities and fiscal accountability.



Budget Preparation: A full understanding of the **budget** planning and **preparation** system is essential, not just to derive expenditure projections but to be able to advise policymakers on the feasibility and desirability of specific **budget** proposals, from a macroeconomic or microeconomic perspective.

Steps in preparing a Budget: Many organisations prepare budgets that they use as a method of comparison when evaluating their actual results over the next year. The process of preparing a budget should be highly regimented and follow a set schedule, so that the completed budget is ready for use by the beginning of the next fiscal year. Here are the basic steps to follow when preparing a budget:

1. **Update budget assumptions.** Review the assumptions about the company's business environment that were used as the basis for the last budget, and update as necessary.

2. **Review bottlenecks.** Determine the capacity level of the primary bottleneck that is constraining the company from generating further sales, and define how this will impact any additional company revenue growth.

3. **Available funding.** Determine the most likely amount of funding that will be available during the budget period, which may limit growth plans.

4. **Step costing points.** Determine whether any step costs will be incurred during the likely range of business activity in the upcoming budget period, and define the amount of these costs and at what activity levels they will be incurred.

5. **Create budget package.** Copy forward the basic budgeting instructions from the instruction packet used in the preceding year. Update it by including the year-to-date actual expenses incurred in the current year, and also annualize this information for the full current year. Add a commentary to the packet, stating step costing information, bottlenecks, and expected funding limitations for the upcoming budget year.

6. **Issue budget package**. Issue the budget package personally, where possible, and answer any questions from recipients. Also state the due date for the first draft of the budget package.

7. **Obtain revenue forecast.** Obtain the revenue forecast from the sales manager, validate it with the CEO, and then distribute it to the other department managers. They use the revenue information as the basis for developing their own budgets.

8. **Obtain department budgets.** Obtain the budgets from all departments, check for errors, and compare to the bottleneck, funding, and step costing constraints. Adjust the budgets as necessary.

9. **Obtain capital budget requests.** Validate all capital budget requests and forward them to the senior management team with comments and recommendations.

10. **Update the budget model.** Input all budget information into the master budget model.

11. **Review the budget.** Meet with the senior management team to review the budget. Highlight possible constraint issues, and any limitations caused by funding problems. Note all comments made by the management team, and forward this information back to the budget originators, with requests to modify their budgets.

12. **Process budget iterations.** Track outstanding budget change requests, and update the budget model with new iterations as they arrive.

13. **Issue the budget.** Create a bound version of the budget and distribute it to all authorized recipients.

14. **Load the budget.** Load the budget information into the financial software, so that you can generate budget versus actual reports.

The number of steps noted here may be excessive for a small business, where perhaps just one person is involved in the process. If so, the number of steps can be greatly compressed, to the point where a preliminary budget can possibly be prepared in a day or two.

These common steps can be listed as follows:

1. **Obtaining Estimates:** Obtaining estimates of sales, production levels, expected costs, and availability of resources from each sub-unit/division/department: The departmental heads or managers are required to provide estimates of future conditions and activities that will have an impact on the company. The discussion and participation may be in the form of informal discussions and/or detailed written reports of plans which will be submitted to the budget committee for approval.

2. **Coordinating estimates:** In many organisations, the budget committee evaluates the different plans submitted by various organisational units to determine the potentiality of plans in the overall interest of the company and to estimate what resources are available and can be fairly allocated among the various units of the organisation.

3. **Communicating Budget:** Communicating the budget to responsible managers and the concerned departments: After individual budget plans have been approved in the light of organisational goals and availability of resources, the budgets should be communicated to departments and responsible managers. Changes and modifications incorporated in the final budget should be made known to managers to obtain their cooperation and support for the budgets. Budgeting requires effective communication to convince the departmental manager about changes in the budget.

4. **Implementing the Budget Plan:** The final budget is presented to the managers concerned and adopted as the plan of operation for the coming budget period. The various service units in a business enterprise are required to provide the necessary materials, labour, facilities and other resources to carry out the budget.

5. **Reporting Interim Progress towards Budgeted Objectives:** As a feedback in the budgeting process, performance reports are prepared to inform departmental managers and top management about the performances achieved in terms of budgeted figures. Such an investigation may call for a need to revise the budget during the year. For example, it is advisable to reduce production when sales are low than to continue with high production levels. This feedback of information can also be used as a basis for preparing the next year's budget.

A budget is an important tool to help you understand the financial position of your business and to document your financial projections for the future. A budget can help a business meet its financial goals. It will make sure you're not spending too much money and show you if there's extra money coming into the business that could be used for business growth activities.

To create a budget: There are a number of things you will need to know to put a budget in place:

- **Time Frame:** Choose a time frame for your budget. Whether you choose monthly, quarterly or yearly budgeting will depend on the needs of your business.

- **Fixed costs:** Enter all your fixed expenses like your salary, rent, insurance, and any other known costs.When starting out and deciding on your salary, find a balance. Do not be greedy but pay yourself what you are worth. A good tip is to consider what you would pay someone else to manage your business and pay yourself that amount.

- **Variable costs:** Enter all your variable expenses like utilities, costs of material, staff wages and tax. If in doubt, estimate the maximum amount you expect to spend on these expenses over the budget period.If you can, turn your variable costs into fixed costs, it may end up saving you money and will become an expense that you know to expect. For example, paying a bookkeeper hourly may be more expensive than buying a pre-paid monthly service.

- **Income:** Enter your expected business income over the budget period. Once your business has been up and running for a while you'll be able to review past periods to give you a good idea of what income to expect.Be conservative when predicting your income — give yourself some wriggle room in case things change.

- **Actuals:** Record the actual income and expenses over the budget period and calculate the difference between your budgeted amount and actual income and expenses.

- **Analysis:** Throughout the budget period make sure you keep an eye on how you're tracking against your budget. If you are spending more than you have budgeted for, look for ways to cut costs and avoid spending money on anything that is not essential to the day-to-day running of the business. If you are making more money than you expected, look at ways to use the extra funds to reduce debt, create a financial safety net or grow your business.Analysing your budget will help you to recognise seasonal patterns and determine whether decisions like changing prices or adding a new product or service, was the right one.

A budget is an estimate of income and expenses within a given amount of time. It contains economic goals, boundaries, and limits on expenditures of the organisation. By creating a budget, you'll be able to hold the company accountable for its expenditures, reduce costs, and prepare for a worst case scenario. It serves as a measurement tool that can visually illustrate if you have enough cash to operate or to grow. Steps in the budgeting process are:

- Prepare the budget
- Negotiate and agree on the budget
- Monitor the budget

Prepare the Budget: First, you as the financial leader must choose what type of budgeting method you want to use. There are two main types of budgets: zero-based budgets and traditional budgets. While zero-based budgeting allows you to re-examine all of your costs, traditional budgeting is more user-friendly.

Typically, prepare the annual budgets before the fiscal year begins. This window of preparation helps facilitate execution. Early decision-making will provide boundaries within which the company must abide. Oftentimes, if you do not prepare budget ahead of time and create it on the spot, then arguments and internal issues begin to arise. You can avoid disputes when executing a budget by preparing early. During preparation, it is important to focus on fiscal targets.

Fiscal targets are goals for specific financial categories. These could include profit, debt payback schedule, operating expenses, projected borrowing requirements, etc. By laying out these goals, you'll be better equipped to prepare a budget that will allow negotiating and finalizing of the budget to go smoothly.

Optimistic Budgets: As a reminder, an overoptimistic budget can result in late payments and disorderliness in regards to keeping in compliance with the bank. There are several ways you could be overoptimistic in your budget, the major one being you are not projecting your sales correctly. A budget should be seen as a "set of guidelines, not rules, based on the best forecasts at the time but always open to amendment as circumstances warrant"

To reduce the chances of creating an overoptimistic budget, it's important to go back to the basics. By focusing on the economics of your business, you will not only create a realistic budget, but you will be better able to project future growth.

Negotiate and Agree on the Budget: As with most things in business, negotiation comes into play. The purpose of negotiation is to allocate resources according to your targets and policies with everyone's best interest in mind. However, fiscal policies should provide the framework for budget formulation. Make sure that you consider your company's economics when structuring the budget.During this negotiation process, it is vital for you as the financial leader to maintain the meeting as a negotiation rather than let the meeting turn into a bargaining session.

Bargaining results in a win-lose situation where the goal is to get as many of your points on paper over another person or department. It may drive the process, but it is not effective. Often, the outcome of bargaining is inefficient resource allocation.By comparison, negotiation is all about a group of people working towards one goal. Part of this goal should be to comply with fiscal policies and targets.

Monitor the Budget: So much time and hard work goes into creating a budget, yet so many companies fail to utilize the budget. The purpose of a budget is to measure operational efficiency and performance issues.

The efforts of budgeting should be focused on improving revenue forecasting or projecting. A budget is useless unless utilized in a dynamic manner. While budgeting provides the short-term execution plan, forecasting allows you to take historical data to measure the reality of success in executing your budget.

You will be better able to allocate resources to the right departments.When you link the budget and the forecast, you will be more equipped to monitor the budget. Contrast this with a static budget that is often useless after the first month. It all starts by knowing your unit economics and then assessing your economics to judge whether they are working for your company.

The civil servants play vital role in the modern social welfare states. The public servant today is not a mere docile executor of the public policy but is very largely its initiator and formulator. In fact, he/she is the main-spring of administration. He/she supplies the expert knowledge to the administration and being an expert he/she controls the administration. He/she enjoys wide discretionary powers and exercises great influence in the body politic. It is but necessary that means be devised to secure effective control over public servant lest he may become irresponsible and despot.

Administration is a means of public welfare. The people have a live interest in seeing that public administration is both responsible and efficient. The public officials should be made responsible to appropriate authorities. They must be liable to give a satisfactory account of the exercise of their powers. There are certain controls through which administrative responsibility is enforced.

Administration is a means of public welfare. Therefore there must be **accountability and control of money and direction of those who govern**. Administrative responsibility can be defined as the liability of the officials to give a satisfactory account of the exercise of the powers or discretion vested in them to someone to whom it is due. Failing to provide the same leads to some kind of punishment.

The people have a live interest in seeing that public administration is both responsible and efficient. The public officials should be made responsible to appropriate authorities. They must be liable to give a satisfactory account of the exercise of their powers. There are certain controls through which administrative responsibility is enforced.

Broadly speaking, there are two main types of controls, namely:

(i) External or political controls

(ii) Internal or administrative controls

The **external controls** operate upon the administration from the outside. They work within the general constitutional structure and may differ from country to country.

The internal controls are those which operate within the administration itself. These are fitted into the administrative machinery and work automatically as the machinery moves. Both the types of controls are supplementary and complementary. The administrative machine of the present times is very vast and complicated. In a simpler society the political administrator can be held responsible for everything that goes on inside his department since he is able to know all that is happening within his sphere of responsibility.

But today, the situation is very different. It has become difficult for the political administrator to maintain close link with the administration. It has, therefore, become necessary that external controls must be supplemented and completed by administrative controls acting within. Thus internal controls and external controls are supplementary. It is only if both the controls work satisfactorily that the administrative machine will work efficiently.

External Controls over Public Administration: The external control over public administration may be considered from four main standpoints, namely – of the executive, of the legislature, of the judiciary and of the community, respectively.

Executive Control over Administration: Every official is responsible to and under the control of his administrative superiors in a Government. The minister is responsible for all what goes within his department. The doctrine of ministerial responsibility is a cardinal principle of Parliamentary system. If a mistake is made by a civil servant in the respective department, The Minister in charge of the Department is held responsible for the actions of the concerned department.

The executive exercises control over administration through the following methods:

1. **Political Direction:** The government official has the power of direction, control and supervision. He/she has full authority to manage and direct his Department. His/her writ runs throughout the sections and branches of the Department. He/she lays down the policy and looks to its implementation. He/she issues directives to the departmental, officials. No important decision can be taken without bringing the matter to his/her notice.

   He/she may concentrate the entire authority in his/her hands and reduce the Secretary to a cipher. He/she may call for any and every file and issue the direction that no action on particular kind of matters will be taken except by him/her. He/she may go round the Department in order to supervise how it works and its efficiency. He/she may issue orders to eradicate red-tape and increase efficiency.

   He/she may transfer the officials from one branch to another and make changes in the allocation of work. In short, the officials work under his/her general direction, control and supervision. In other words, the departmental officials are directly and wholly responsible to him.

   However, it may be noted that in actual practice civil servants are not always dictated to by the ministers, but they also lead and dictate. Being experts the civil servants exercise substantial influence on the Ministers in the policy-formulation and its implementation.

   Secondly, it may also be noted that the extent of control of a minister over his department rests on his/her political position. If the minister enjoys the full confidence of the Prime Minister and has a strong base in the party, he/she can deal effectively with bureaucracy. But if he/she is politically non-assertive his/her control over administration may be weak.A strong-willed Head of Government may reduce a Secretary/Minister to mere a non-entity. Thus, a minister's control over administration depends not only on the legal or constitutional system of the country, but also upon his political strength.

2. **Budgetary System:** The budgetary system which determines the total financial and personnel resources which no department may exceed gives the executive an effective means of control over administration. The civil servant has to work within the budgetary allocation. He/she cannot spend a single penny without the proper sanction from the higher authorities. The money is to be spent according to the financial rules. Proper accounts are to be maintained which are subject to audit. Under an effective budgetary system, the administration is under the constant control of the executive.

3. **Recruitment System:** Another important means of executive control over administration is recruitment system. Generally, recruitment to civil service is placed in the hands of Public Service Commission which is an independent body. The general rules of recruitment are laid down by the Government. The qualifications, experience, age, etc., required for different posts are determined by the executive.

   It has also the power to exclude certain posts from the purview of the Public Service Commission. To the higher posts of the civil service, the executive has a free hand. The ministers select their own secretaries and heads of departments. Thus through their appointees, they exercise full control over the administration of the department.

4. **Executive Legislation:** The executive exercises power of legislation which is termed 'Delegated Legislation'. The Legislature passes an Act in a skeleton form and empowers the executive to fill in the details. The rules framed by the executive have the force of law. The scope of administrative law making is very wide in the modern social welfare states. These

administrative rules determine the authority of the different officials in the department. The executive control on administration is constant and continuous.

According to Prof Nigro, "Executive controls are most important for their positive development and enforcement of standards and safeguards in the actual operation of substantive departments". They give a positive and continuous guidance to the administration. They keep the administration always alert. Executive controls are not negative or coercive but positive and corrective, Prof Nigro says, "The closest most influential form of control is in my judgment that of executive agencies of the auxiliary type".

5.Audit and Report: The activities of government are now-a-days so widespread that the legislature does not have the time for detailed investigation of the financial transactions of administration. This is done by the Auditor and Comptroller-General who in India is a creation of the Constitution. He functions independent of the executive control and is to all intents an officer of the legislature.

He audits all expenditure from the revenues of the Union or States, incurred in and outside India and ascertains whether moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or the purpose to which they have been applied or charged and whether the expenditure conforms to the authority who governs it.

Audit brings to notice of the Parliament procedural and technical irregularities and lapses on the part of administration. The officials are held to account for such irregularities and lapses on their part. The Public Accounts Committee of the Legislature thereafter scrutinizes the Report and reviews the financial dealings of the different departments of the Government. It reports back to the Parliament and the latter discusses Auditor General's Report according to the findings of the committee.

6. **Debates and Discussions:** Debates and discussions are a very important occasion for the Parliament to examine and scrutinize the activities and efficiency of various governmental agencies. In the course of discussion the members of Parliament criticize the administration for its lapses and failures. Budget debates, it may be said, are very important from the viewpoint of parliamentary control over administration.

   These debates are known as the great annual national **"inquisitions".** At the time of considering demands for grants of the various departments, the Parliament examines and scrutinizes the working of the whole department. Whenever a bill is introduced for enactment of a new law or amendment of an old Act, the Parliament again gets an opportunity to review the functioning of administration.

   There are several other devices of drawing the attention of the Government to a problem pertaining to administration. Among such devices we may include different motions such as No-confidence Motion, Adjournment Motion, Censure Motion and Call-Attention Motion. The meaning of No-confidence Motion is simple. It is a motion expressing lack of confidence in the Ministry on account of some of its serious lapses, failures and inefficiency. If passed, it will lead to resignation of the Government.

Parliamentary Control over Public Administration: In all systems, parliamentary or presidential, control of the administration by the legislature is important. In a parliamentary system, such as in India or Great Britain, it is of primary importance because all state activities emanate from the legislature. The cardinal principle of parliamentary system is the responsibility of the executive to the legislature. The executive therefore cannot afford to be irresponsible. It has to be responsible for each and every act of its civil servants.

The responsibility of administration is thus indirect because it is enforced through the executive. The official cannot be called to the floor of the House to explain his act. It is the Minister who shoulders the responsibility for the administrative acts of his department. If he is unable to satisfy Parliament, he has to quit office. Sometimes, the entire ministry may have to quit the office because ministerial responsibility in a parliamentary system is collective. Thus we find that the legislature's control on administration is indirect, i.e., through the executive.

The various means through which the legislature in a parliamentary form of government enforces responsibility are the following:

Law-Making Process: The legislature makes the law which determines the organisation, functions and procedures of public administration. A new department may be created to give effect to a particular law enacted by the Parliament. However, the legislature's control through the law-making process is very general. It is difficult, if not impossible, for the legislature to attempt to lay down in details the administrative procedures to be followed.

Generally, the task of laying down the detailed rules is left to the executive which is known as 'Delegated Legislation'. But the executive makes the rules within the ambit of its authority delegated by the legislature. It cannot transgress the limits of its authority. Sometimes, the legislature may require these rules to be placed before it for approval.

Appointment of Committees: The appointment by the legislature of committees from its own membership is another method of exercising control over administration. It is the duty of the parliament to see that the assurances given to the parliament are implemented by the Government. Before the setting up of Committee on Assurances it was left to the individual members to keep a watch whether promises were being implemented. But since the creation of this Committee, it is the function of the Committee to see that promises made to the House are fulfilled.

The Committee scrutinises assurances, promises and undertakings given and reports on:

(a) The extent to which such assurances, promises, undertakings have been implemented, and

(b) Where implemented whether such implementation has taken place within the minimum time necessary for the purpose.

The establishment of the Committee on Assurances has greatly strengthened the machinery of Parliamentary control over the administration. The other committees which help the Parliament to keep close watch over administration are the Estimates Committee, the Public Accounts Committee, the Committee on Public Undertakings and the Committee on Subordinate Legislation.

The Public Accounts Committee, Estimates Committee and the Committee on Public Undertakings are mainly concerned with financial administration. The role of these Committees in maintaining parliamentary control over public finances and appropriations has been described elsewhere. The Committee on Subordinate Legislation scrutinises and examines the administrative legislation, i.e., rules, orders and regulations, made by the executive in pursuance of the power delegated to it by the Parliament.

This Committee has performed very useful functions and keeps subordinate legislation under control. In addition to the above committees, the Parliament also appoints special committees from time to time to make enquiry into any particular matter. These Committees interview officials and public men, gather evidence, collect material and report back to the House.

Their report is discussed in the House which again throws the administration open to criticism. The Committees are thus a highly effective means of exercising control over administration. We have described above the methods of legislative control over administration in a parliamentary system.

According to certain critics, the role of legislature in this regard is quite limited on account of following reasons:

- **First,** the size of the legislature is large one. On account of its large size it cannot exercise effective control.
- **Second,** the members of the legislature are laymen whereas the members of administration are very technical and specialized.
- **Third,** its decisions are general and it is greatly dependent upon the executive for the content of legislation.
- **Fourth,** the majority of the members belong to the ruling party and there are few chances of no-confidence motion or censure motion being passed against the government.
- **Fifth,** the financial committees do postmortem work. They check the expenditure after it has been incurred.
- **Sixth,** in parliamentary system the legislature is a tool in the hands of the cabinet.
- **Last,** most of its criticism is political, the chief end being to dislodge the government.

Whatever the limitations, the legislator enjoys a privileged position vis-a-vis administration. By free and unfettered discussions on the floor of the House he can exercise healthy influence upon the administration. But continuous and constant pin-pricking makes the minister and bureaucrats in his department timid and reluctant to shoulder responsibility. Such a practice eventually proves harmful to proper functioning of Parliamentary democracy which is based on harmonious combination of the amateur politician and expert administrator.

Legislative Control over Administration: Whatever has been said above of legislative control over administration holds true of parliamentary system. Under the Presidential system of government of U.S.A. most of the means of legislative control described above are not available.

Thus the legislature in a Presidential system can neither put questions to the Ministers nor can it pass a No-confidence or Censure

Motion against the government. The executive does not sit in the Congress. It does not necessarily have the majority support in the Houses of Congress.

Under a Presidential system the Congress can exercise control over administration through the following methods:

(i) It defines the organisation, powers and duties of the administrative authorities.
(ii) It appoints legislative committees for investigation of administration;
(iii) It makes laws laying down policies, methods and procedures;
(iv) It controls the national purse, sanctions expenditure through appropriation acts, fixes the purpose and amounts of expenditure, passes tax legislation and examines the accounts and audit;
(v) It has the power of impeachment of the President. The House of Representatives frames the charges and the Senate sits as a Court of trial. Two-third in both the Houses is essential to remove the President from the office.

Judicial Control over Administration: Judicial control over administration means the powers of the courts to examine the legality of the officials' acts and thereby to safeguard the rights of the citizens. It also implies the right of an aggrieved citizen to bring a civil or criminal suit in a court of law against a public servant for wrong done in the course of discharge of public duty. L.D. White explaining the importance of judicial control writes:

The system of formal external control over officials and their acts falls primarily into two main divisions – that exercised by the legislative bodies and that imposed by the courts. The purpose of legislative supervision is principally to control the policy and the expenditure of the executive branch, the end sought by judicial control of administrative acts is to ensure their legality and thus protect citizens against unlawful trespass on their constitutional or other rights".

Cases of Judicial Intervention: Judicial intervention is restrictive in nature and sometimes limited in its scope. Firstly, the courts cannot interfere in the administrative activities of their own accord. They can intervene only when they are invited to do so by any person, who feels that his rights have been infringed or are likely to be infringed as a result of some action of the public officials.

Secondly, the courts cannot interfere in each and every administrative act, as too much of judicial action may make the officers too much conscious and very little of it may make them negligent of the rights of citizens. In the words of L.D. White : "At one extreme, the vigour of judicial control may paralyse effective administration, at the other the result may be an offensive bureaucratic tyranny, exactly where the balance may be best struck is a major problem of judicial administration relationship."

Judicial control of administration: Public administration exercises a large volume of power to meet the needs of citizens in modern democratic welfare state. Today administration is not concerned or limited to mere administrative functions but also involved with a large number of quasi-legislative and quasi-judicial functions. In this respect there are numerous chances to become arbitrary or master of the citizens. Therefore, it is very necessary to control them through the installation of courts as specialised institutions to resolve administrative disputes (conflicts) strengthen legitimacy, efficiency and accountability of the administrative bodies and thus contribute to strengthening the protection of human rights against administrative bodies.

By judicial control is meant the power ofthe courts to examine the Legality of the officials act and thereby to safeguard the fundamental and other essential rights of the citizens.The underlying object of judicial review is to ensure that the authority does not abuse its power and the individual receives just and fair treatment and not to ensure that the authority reaches a conclusion, which is correct in the eye of law. It comprises the power of a court to hold unconstitutional and unenforceable any law or order based upon such law or any other action by a public authority which is inconsistent or in conflict with the basic law of theland.

The role of judiciary in protecting the citizens against the excesses of officials has become all the more important with the increase in the powers and discretion of the public officials in the modern welfare states. However,unless it is brought to the courts through a proper directive or order, the court or any judicial organ cannot interfere in the administrative activities of their own accord.