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CONTENTS

UNDERSTANDING THE DYNAMICS OF INFLATION IN INDIA: POLICY CHALLENGES FOR PROGRESSIVE AND INCLUSIVE GROWTH

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ABSTRACT

The high rates of inflation have drawn the attention of economists, policy makers and common man alike. Although all economists recognize that, the higher the rate of inflation, the more serious the economic problem, but its real impact on the overall economy depends on the contextual factors. The challenge for a developing country like India is to exercise sufficient control over inflation for turning price stability into more employment, higher revenues for the government, higher incomes, lower poverty and better standards of living.

Keeping these priorities in mind, the paper discusses the desirable and undesirable effects of inflation and the policy response required for aligning economic and social goals, especially in the context of achieving the target of inclusive growth in a country like India with vast demographic and social diversity. It emphasizes on the need for a sound monetary policy that can better support inclusive growth. It suggests promotion of economic stability through social and economic inclusion so that large fluctuations in economic activity, high inflation, unsustainable debt levels and volatility in exchange rates and financial markets can be controlled. It is expected that both the government and the central bank coordinate in framing their policies in order to reduce the iniquitous effects of inflation.

Keywords: Inflation, Food Price Led Inflation, Fiscal and monetary policy, social inclusion, inclusive growth.

JEL Classification: E31

INTRODUCTION

Inflation can be defined as the continuous upswing in the overall price level in an economy, i.e. rise in prices of all the goods and services. The term shows many individual prices rising together in a basket of goods rather than just one or two prices, such as the price of fuel in an otherwise stable price environment. The impact of inflation on growth and productivity has been one of the main concerns researched in macroeconomics. The high rates of inflation have drawn the attention of economists, policy makers and common man alike. Most economists support a low and balanced rate of inflation as opposed to zero or negative inflation.

On the other hand, the term deflation refers to a general decline in the price level. During positive economic outlook when the economy is experiencing neither inflation nor deflation, the term price stability describes the economic pricing environment. Although all economists recognize that the higher the rate of inflation, the more serious the economic problem, but its real impact on the overall economy depends on the contextual factors and therefore it is difficult to define any threshold for inflation. The Table below describes the theoretical limits described by certain economists to explain the movement from deflation to inflation.

Inflation Thresholds

<0%	Deflation
0% - 2.5%	Price stability
2.5% - 5.0%	Moderate inflation
5% - 8%	Serious inflation
8% - 12 %	Self-compounding inflation
12% - 20%	Hyperinflation
20% +	Explosive inflation

Fig. 1- Categories of Inflation

However, Inflation is such a risky phenomenon that central banks around the globe see inflation combat as their primary job. Inflation can be initiated by two factors, cost- push inflation (supply shocks) and demand- pull inflation (Phillips curve inflation). The third type, referred to, as structural inflation, is built-in inflation, usually induced by changes in monetary policy.

Studies have shown that generally wages of general population and other forms of nominal income do not keep up with the inflation rate once inflation becomes excessive. This is the reason why inflation has been referred to as being an iniquitous tax. Inflation is considered one of the most unfair taxes in the economic world because it concisely defines the old Greek saying:

The rich would do what they can and the poor would suffer what they must.

Inflation hurts the poor more than the rich and should be a matter of social priority so that it does not create a gulf between the rich and the poor. The challenge for a developing country like India is to exercise sufficient control over inflation for turning price stability into more employment, higher revenues for the government, higher incomes, lower poverty and better standards of living. Inflation hurts the poor in a developing economy much more in comparison to a developed nation. There is unjustified transfer of income and wealth from the poor to the rich.

With most of India's vast population living close to or below the poverty line, inflation acts as a 'Poor Man's Tax'. Keeping these priorities in mind, the paper discusses the desirable and undesirable effects of inflation and the policy response required for aligning economic and social goals, especially in the context of achieving the target of inclusive growth in a country like India with vast demographic and social diversity.

Inflation In India

Before getting into the analysis of inflation, it is useful to bring down the basic facts regarding inflation in India. Like many other emerging market economies, India, too, has been struggling with inflation, which is higher than the accepted level of 4.5 per cent in terms of WPI. Inflation in India reached 33.3 per cent around September 1974.Between November 1973 and December 1974, inflation never dropped below 20 per cent and was above 30per cent for four consecutive months starting June 1974. Inflation also rose from 3.7per cent to 12.1per cent over 2001-2010.

In the last two years, India's inflation has dropped to more moderate levels, partially because of a more credible monetary policy. Consumer prices in India increased 4.2 per cent year-on-year in October of 2016, easing from an upwardly revised 4.39 per cent rise in September. Figures became more in line with market expectations as food inflation reduced for the third straight month to 3.32 per cent. Inflation Rate in India averaged 7.48 percent between 2012 and 2016, reaching an all-time high of 11.16 percent in November of 2013 and a record low of 3.69 percent in July of 2015. CPI inflation projection for FY2017 is 4.5 – 5.0 per cent.

Source: RBI

Fig. 2- Trends in Inflation in India

Inflation: A Growth Indicator

Inflation has always been viewed as a consequence of poor economic policies or planning. The primary reason that inflation carries such negative connotations is that it is a tax on wealth, and wealthy people usually are less affected by it. Although inflation is generally harmful to an economy, it is not true that inflation harms every player in the economy. In an underdeveloped economy, inflation moves hand in hand with economic development. However, there is great debate over the belief whether inflation promotes economic growth or not.

A group of economists supporting Keynes are of the opinion that inflation is a factor that contributes to economic growth. Keynesian theory states that inflation leads to redistribution of income and wealth. According to Keynes, if consumer prices are allowed to fall consistently because the country is becoming sufficiently productive, consumers learn to postpone their purchases to wait for a better deal. This reduces aggregate demand, leading to lower production, layoffs and slow rate of growth of economy.

Inflation theoretically helps increase production. More money increases consumer spending, which increases aggregate demand. More demand, in turn, generates more production to meet that demand. High growth, without an increase in inflation, is possible if the potential output of the economy is growing enough to keep pace with demand. Today, most economists agree that a growth rate of 2.5 – 3.5% is realistic without any negative effects.

Inflation also makes it easier on debtors, who repay their loans with money that is less valuable than the money they borrowed. This encourages borrowing and lending, which again increases spending at all levels. Thus, inflation can considerably reduce the real value of government debt, just as it does for private debt. Many economists also believe that there is an inverse relationship between inflation and unemployment. In certain respects a serious deflation, with deep price declines lasting for months or even years, can be more damaging to an economy than any of the worst inflations. Deflation is extremely damaging to the finance markets and financial institutions. Debtors are unable to pay their debts.

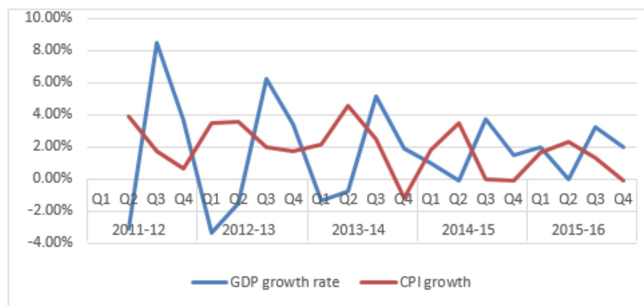
Inflation: An Economic Curse

Inflation on one hand destroys wealth and income, and on the other hand redistributes wealth and income unfairly. The graph below plots the quarter on quarter GDP growth rate and CPI growth rate. It can be observed that economic growth rate is inversely related to CPI growth rate.

Projections of economic growth of India

	2015-16 (% y-o-y)
International Monetary Fund	7.5
Organisation for Economic Co-operation and Development (OECD)*	7.7
Fitch Ratings	8
Asian Development Bank	7.8
Economic Survey	8.1-8.5

Note: *is for 2015 calendar year
Source: Respective agencies and finance ministry



Source: RBI, 2014

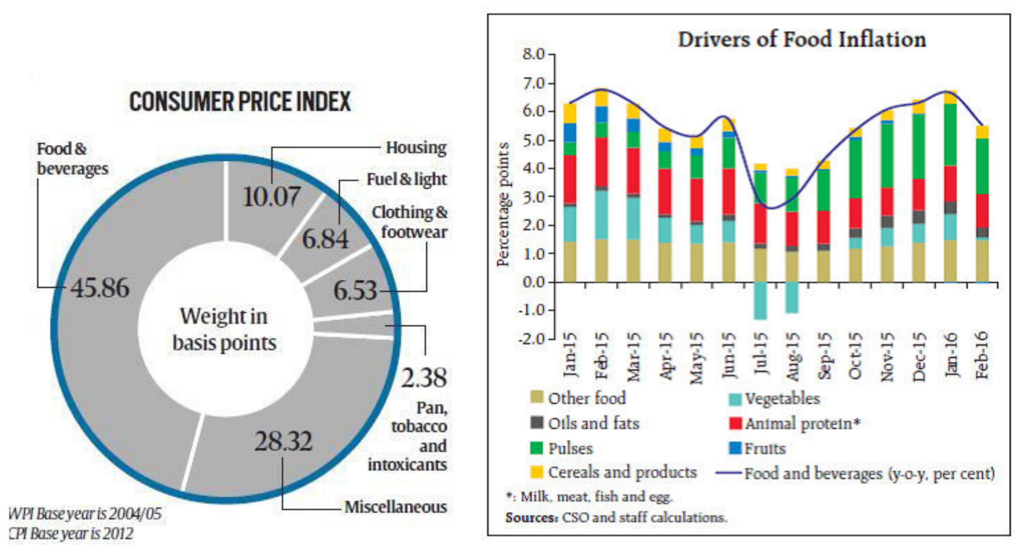
Fig.3: Relationship between GDP and CPI Growth Rate for India

Inflation could hamper economic growth mainly due to the following reasons:

- High inflation rates tend to be volatile and the associated real interest rates discourage domestic financial savings. Reduced saving adversely affects investment and capital formation. Production is also hindered
- Real tax collections do not keep up with inflation, because collections are based on nominal incomes of an earlier year (the Tanzi effect) and public utility prices are not raised in line with inflation. Thus the fiscal deficit is intensified by inflation.
- Inflation adds to inequalities of income and wealth. It is a generally agreed that inequalities reduce ultimate social welfare. Pushed by the rising cost of living, workers

resort to strikes which lead to loss in production. To gain profits, people resort to hoarding, black marketing, adulteration, manufacture of substandard commodities, speculation, etc. All this reduces the efficiency of the economy.

- High inflation is unstable. Inflation has a compounding effect. There is uncertainty about future rates of inflation, which reduces the net value of investment and discourages potential investors.
- Inflation leads to balance of payments problems. This is because when domestic prices rise faster than prices in foreign countries; exports tend to lag behind imports.
- Inflation is a hidden tax as it leads to fall in purchasing power of money. The taxpayers lose on account of reduced purchasing power of their money. Wage earners may gain or lose depending upon the speed with which their wages adjust to rising prices. Thus, inflation is a hidden tax by entrepreneurs on consumers and workers.
- In India, food prices are responsible for much of the inflation. About two-third of agriculture is dependent on rain, and suitable supply-chain is lacking. Hence supply side factors would continue to play a significant role in food prices. This causes social instability and lack of inclusive growth as the poor are impacted more by price increases of necessary commodities.



Source: RBI

Fig. 4: Food Price Led Inflation

Therefore, low level of inflation is advantageous for development, but once inflation goes below a certain level it hinders economic development. It is essential to perform inflation control to keep it at an acceptable level and promote optimum economic growth. Most economists support the view that a stable macroeconomic environment, characterized by a reasonably low rate of inflation, a small budget deficit and stabilized foreign exchange market, is conducive to inclusive economic growth. Macroeconomic policy affects the entire population, including poor people, making the economic decisions critical to their well-being. The Reserve Bank in India has responded well to the phases of high inflation through available policy instruments like Bank rate, SLR, CRR, Repo Rate and Reverse Repo Rate.

Price Stability: A Step Towards Progressive And Sustainable Growth

The goal of RBI's monetary policy is primarily price stability, while keeping in mind the objective of inclusive growth. Whilst formulating the monetary policy there should be a focus on price stability and inclusive growth. In a country like India where the central bank is independent of the government and the inflation rate is considerably low, a monetary policy targeted around keeping the inflation rate low and stable will accelerate output growth. The government needs to find the right balance between contractionary and expansionary policies to maximize the well-being of its people.

A sound monetary policy can better support inclusive growth. It can help to reduce inequalities in an economy by fair fiscal redistribution. Monetary policies should support employment growth, entrepreneurial, incentives, investment climate, high productivity and fair wage increase. Fiscal policies determine taxes and also affect the disposable income of the poor so as to determine inclusive growth. Different studies have pointed to different combination of policies to keep people away from macro-economic shocks, such as stable inflation rates, balance of payments, exchange rates and fiscal deficits. Inflation not followed by real income rise affects the poor bitterly. Inflation offsets the fruits availed from the inclusive growth. This is why the entire population must be included in the growth process so that the fruits of growth reach all the groups.

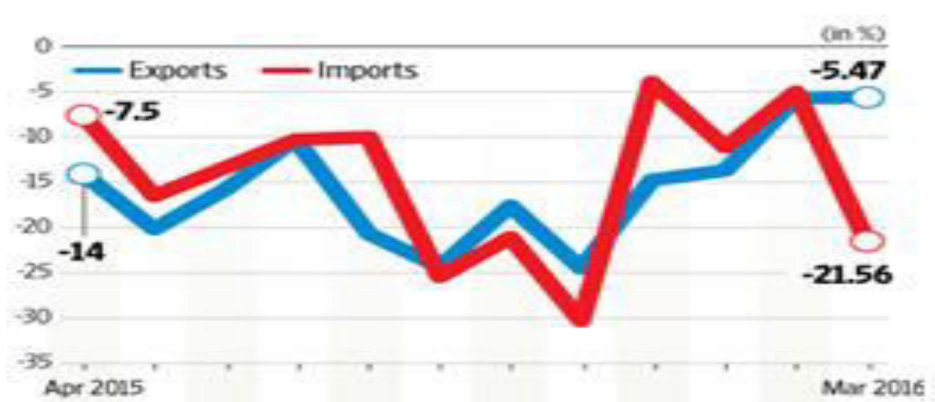
The food inflation, in particular, affects poor people more because of the fact that a high percentage of their hard earned money is spent on food. On an average, high and persistent inflation has been a key macroeconomic challenge facing India. Thus, there is a need to understand this issue and resort to appropriate policies to keep the food prices controlled in order to reduce poverty and hunger and promote sustainable development.

Across the world, both men and women must also assume more responsibility for their financial well-being. Most persons are unable to anticipate and predict the rate of inflation correctly and cannot adjust their financial behavior accordingly. Because of changes in the employment conditions, pension landscape and retirement benefits due to inflation, individuals must become efficient financial planners in order to make their future more secure.

All in all it can be said that inflation by itself can contextually seem to be iniquitous but the right fiscal and monetary policies of an economy can help to curb its unfair responses even though Inflation management is one of the hardest tasks an economic policymaker has to undertake.

A growing economy like India with wide economic and social disparities requires a bolder move on the following fronts for sustainable growth and reduction of inequities:

- **Reducing imbalances in the supply and demand of goods and services**- Supply and demand is affected by factors like weather, social and cultural events, purchasing power of people, consumer preferences, innovations, productivity etc. Imbalances in supply and demand, accompanied by an increase in money supply causes inflation. To promote economic growth, productivity should be improved to prevent potential inflationary pressure and scarcities which create black markets leading to lack of inclusive growth.
- **Lowering Fiscal deficit, lowering import rates and increasing export rates-**India's high dependency on the exports like oil and gas has given an advancing push to the inflation within the country. But in recent years the price drop has lowered the cost of living and increased real incomes for consumers in countries like India where the price declines have been passed on to users.



Source- Commerce Industry, 2016

Fig. 5- India Trade Deficit in 2015-16

- **Decreasing the crime rate in the country**- High crime rate puts burden on the government to spend much of its budget on controlling law and order within the country. Imbalanced and exclusive growth is also responsible for increased crime rate in an economy.
- **Enacting policies to reduce the money supply**-Money supply is the amount of money in circulation in the economy at any point of time. In India, the Reserve Bank of India follows M1, M2, M3 and M4 monetary aggregates. There is strong empirical evidence of a direct relation between money-supply growth and long-term price inflation. High circulation of cash also strengthens the hawala trade which is directly connected to black money and illegal trade in weapons. Reserve Bank of India controls monetary policy tools like repo, reverse repo, CRR, SLR to manage money supply in the economy. A proper control of bank credit and interest rates can promote inclusive growth.
- **Curb evasion of tax at large scale**- Tax evasion occurs when individuals deliberately fail to comply with their tax obligation. Evasion of tax by the elite class creates a lot of disturbance in the economy and hence leads to the inflation. Taxpayers account for just about one per cent of India's population, as per the data disclosed by the government for assessment year 2012-13.By moving toward introduction of a single goods and service tax (GST) regime across the nation, the broadening of the tax base on the sales of goods and services will take place, decreasing individual income tax evasion will still remain a challenge. Tax evasion leads to generation of black money and poor standards of living of the rural masses and the poor people as the government is not able to take up sufficient welfare activities to remove disparities between the rich and the poor. Inflation becomes worse through the deployment of cash earned in corrupt ways. A well organised and simplified taxation system can help to curb tax evasion.

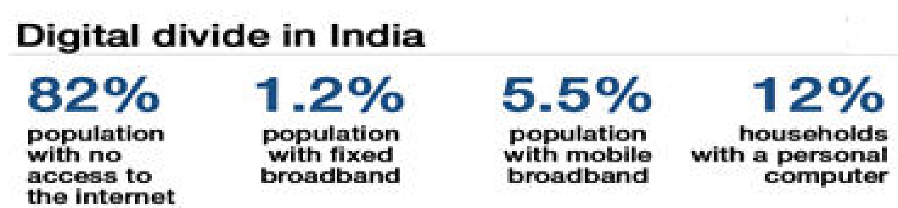
Estimated number of taxpayers (FY 2011-12)			
Slab	**Number (in lakhs)**	**Percentage of taxpayers**	**Percentage of Tax Collected**
0-5 lakh	288.44	89.0	10.1
5-10 lakh	17.88	5.5	14.8
10-20 lakh	13.7	4.3	12.1

>20 lakh	4.06	1.3	63.0
	324.16	100	100

Source: Report released by Ministry of Finance, April, 2012.

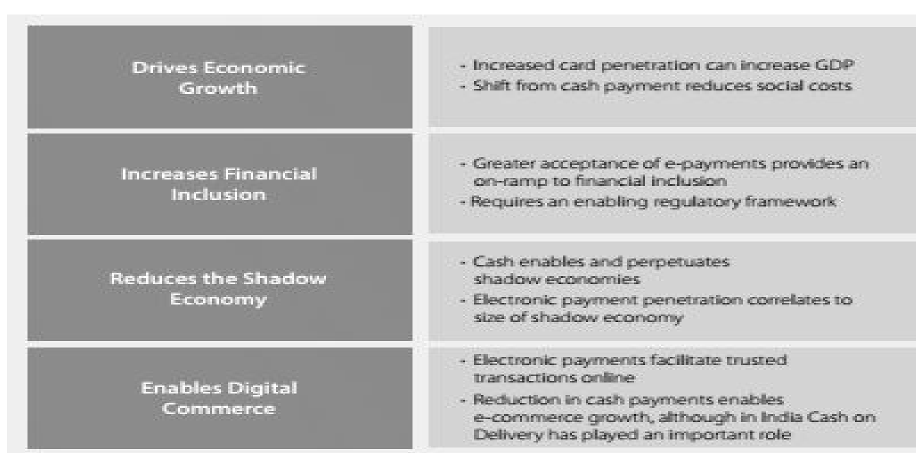
Table 1: Tax Payers in various categories in India

- **Controlling corruption through digitalization and promotion of cashless economy-** Corruption is definitely one of the ills that prevent inclusive growth by enabling the rich to get richer and making the poor even more poor. According to Transparency International's International Corruption Perceptions Index 2015, India is placed at 76th position out of 168 countries. Denmark is perceived as least corrupt. To stamp out corruption, the Indian government is promoting cashless economy and digitalization of economic transactions. However, digitalization remains a challenge due to digital divide in India. Despite improved excellence in the IT industry, India is not fully capitalizing on ICTs (information and communication technologies) for the benefits of its entire population.



Source: World Economic Forum

Fig. 6- Digitalization in India



Source: Moody's Analytics (2016)

Fig. 7- Benefits of Digitalization

- **Reducing the complexities of the central banks**- Central banks all over the world are perceived as multi-function entities performing a wide range of specialized activities such as conducting banking operations for national governments, supervising and regulating banking institutions, managing the payments and formulating monetary policy for the economy. The central banks use monetary policy to stabilize economic growth and inflation and therefore are moving towards more independence globally. Greater political control over monetary policy exercised by the legislature and government is associated with higher inflation.

  In recent times most countries are emphasizing on the independence or autonomy of central banks in regulation of monetary policies through legal amendments and other policy changes. In India, Reserve Bank of India was set up in 1935 and was nationalized in 1948. It has vigorously adapted to globalization and new economic realities through continuous evolution. RBI is the monetary authority and ensures harmony in macro policies in coordination with the government of India. For securing monetary stability in India, the RBI must be given enough freedom in the formulation and execution of monetary policy. Complexities in the overall management of the Bank's affairs and in financial matters can be reduced by harmonious relations between the government and the RBI and at the same time by not being subdued by the government in power.

Balancing Financial and Social Goals: The Path to Inclusive Growth

It is essential to translate economic growth into all round development of standard of living of its people in developing and developed countries alike. Economic stability not accompanied by social inclusion will create wider disparities in a society and result in imbalanced growth in the long run. It is essential that the benefit of growth reach all spheres of society. The growth becomes fragile and less sustainable as the benefits of growth are not redistributed among the entire population. The standard of living, gender parity, education level, employment rate and compensation levels are the prime indicators of development of an economy and wider disparities on these indicators will further result in iniquitous inflation.

Social Inclusion

Advanced economies are in the best position to balance financial and social goals to achieve inclusive growth given their strengths in asset building, entrepreneurship, education and skill building and financial inclusion. In lower middle income countries inequality of wealth and income is the most critical challenge towards inclusive growth. The social scenario in India is characterized by poverty, low educational enrollments, large informal economy, low labour productivity, poor healthcare services, regressive income tax and infrastructural disparities. This in itself is intertwined with the large fluctuations in economic activity, high inflation, unsustainable debt levels and volatility in exchange rates and financial markets. Hence macroeconomic stability is essential for sustained and inclusive development.

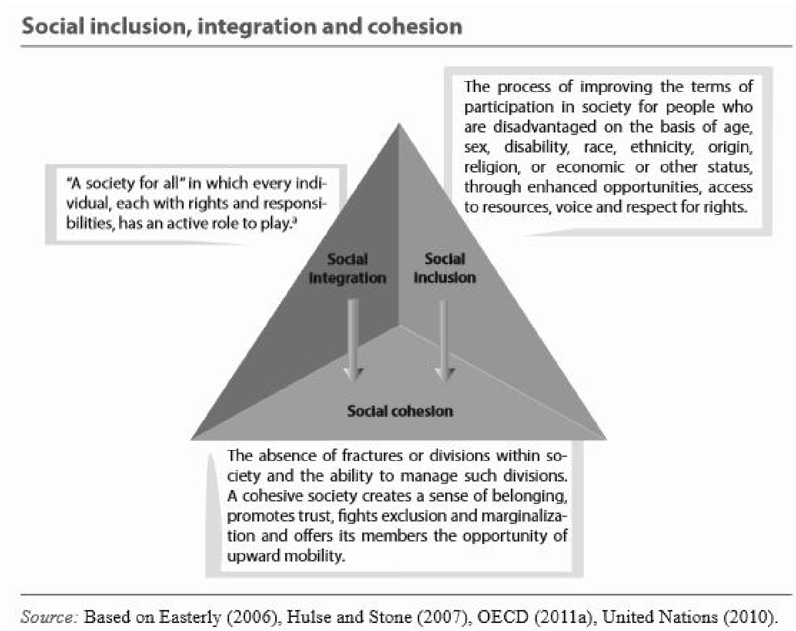
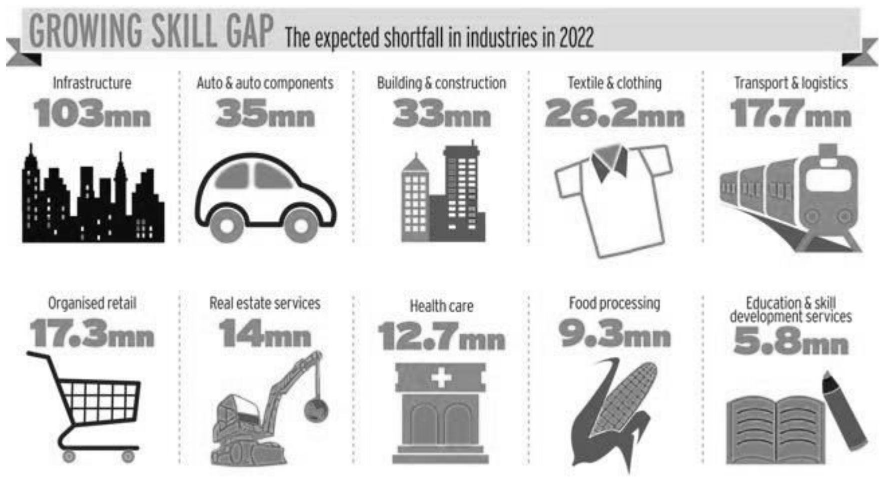


Fig. 8: Social Goals for Inclusive Growth

Productivity enhancement

Inclusive growth is the cornerstone of economic development in emerging economies in particular. This can be achieved by enhancing the quality of the human capital without any discrimination which primarily includes improvement in education and health. Employment and skill development programmes can increase human productivity which in turn will prevent inflationary pressure and result in redistribution of resources to create inclusive growth. Out of India's 1.2-billion population, 60% are of the working age. But of the 12 million job seekers every year, only 4% undergo vocational training. So there is lack of skilled workforce in industries. Besides, R&D in different sectors, like most developed countries, can help to increase productivity of economy.

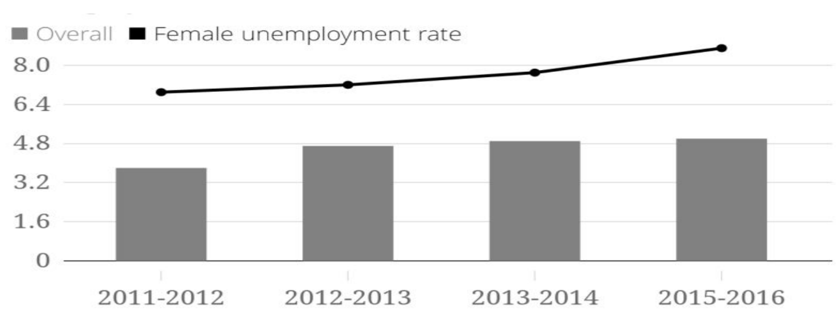


Source: NSDC, 2013; Business Today, March, 2013

Fig. 9: Projected Skill gap across industries in India

Employment Promotion

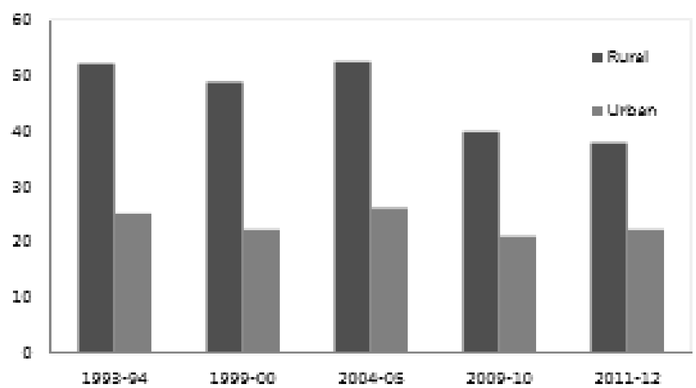
In India, the informal sector accounts for 90 percent of non-agricultural employment. The informal sector constitutes 75 percent of all Indian businesses, making this one of the largest informal economies in the world. Additional employment opportunities through promotion of agriculture, village and rural industries will help to sustain and redistribute growth as well as control inflation. Agriculture will fail to play this wealth-creating role without a favorable policy environment, adequate institutions, and sufficient, well-targeted public and private investment. Promotion of MSME's could enable creation of more jobs in the long term and capitalize on India's "demographic dividend."However, Labor productivity in the informal economy must be increased so that underemployment and poverty are gradually reduced.



Source: Ministry of Labour and Employment, India, 2016

Fig. 10- Unemployment Levels In India

Gender equality- Gender parity and improved financial literacy in women can generate inclusive, balanced and sustainable growth. It is being increasingly recognized in both economically rich and fiscally poor nations that financial literacy has a critical role in reducing poverty, increasing shared prosperity, and supporting inclusive and sustainable development. Gender disparities have implications for macroeconomic outcomes (Stotsky, Janet G., 2006). Recent research on gender differences has focused on the need to ensure that the benefits of economic growth are equitably shared among the population. Women's inferior status, especially in developing economies, has implications for education, wages, healthcare and employment opportunities. Women's employment needs to be taken seriously as a policy goal to foster inclusive growth.



Source: NSS Employment and Unemployment Surveys, 2014 and IMF staff calculations, 2015

Fig. 11- Female Labour Force Participation in India

Thus, in a growing economy fruits of economic growth must reach every member of the society and similarly every member must participate in the process of economic development. All inequalities that prevent social groups to contribute positively must be eliminated and economic stability should be attained through active participation of even the most vulnerable and disadvantaged groups. This will set the path for progressive and sustainable development in India.

CONCLUSION

As discussed in the paper, the monetary policy affects and is affected by various facets of the economy. If these issues, like the creation of more jobs, improvement in productivity, wage equality, balanced growth of formal and informal sector, deficit control and such others,are addressed, monetary policy will be better able to support sustainable economic growth. Therefore, especially in the context of India, it is expected that both the government and the central bank coordinate in framing their policies in order to reduce the iniquitous effects of inflation. Neither the fiscal policy should be the sole prerogative of the government, nor should the monetary policy be that of the central bank. The problem can be addressed perhaps by active and vigilant economic controls and active participation by the common man.

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COORDINATION AND SUPPLY CHAIN MANAGEMENT: A PERSPECTIVE

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ABSTRACT

The Supply Chain (SC) members are dependent on each other for resources and information, and this dependency has been increasing in recent times due to outsourcing, globalization and rapid innovations in information technologies. This increase in dependency brings some extent of risk and uncertainty too along with benefits. To meet these challenges, SC members must work in coordination. Therefore, to develop the better understanding of the coordination in supply chain a systematic literature review is presented to explain the term coordination, trace the connection of coordination with supply chain management and describe the importance of coordination in supply chain management.

Keywords: Supply Chain Management, Coordination, Supply Chain Coordination.

INTRODUCTION

Supply Chain Management (SCM) has been attracting the attention of researchers since the last fifteen years in view of its great potential to improve the performance of an organization in respect of efficiency, productivity, responsiveness and other relevant parameters. In today's competitive business environment, the performance of an organization is no longer viewed in isolation. The performance of an organization is considered and evaluated from the perspective of the whole supply chain right from the upstream suppliers to the downstream customers. Supply chain management is relatively a new addition in the terminology of integrated business management formally, although it has been an integral part of it since the industrial revolution. It refers to designing developing, producing, and operating an integrated system which tends to maximize value by making available the needed quantity of needed quality products as and when required to offer the best possible customer service at the least possible costs.

The discipline of supply chain has progressed from the logistical functions like warehousing and transportation to the concept of extended enterprise integrating all business partners.

The increasingly dynamic world is constantly evolving and impacting the way organizations do their businesses, as consequence supply chains have become global, complex and dynamic. The success of a business organization up to considerable extent is now dependent on developing innovative supply chain strategies which are helpful in managing in information, product, and fund flows while driving continuous improvement. SCM practice enables organizations to re-align their supply chains to the dynamic world paradigm by providing functioning solutions for company needs in supply & demand planning and forecasting, sourcing & procurement, supply chain execution and enterprise asset management.

A supply chain consists of disparate but inter-dependent members who are dependent on each other to manage various resources such as inventory, money and information. Supply chains are generally complex with number of activities usually spread over multiple functions or organizations. Supply chain members cannot compete as independent members. The product used by the ultimate customer passes through a number of entities contributed in the value addition of the product before its consumption. To improve the overall performance of supply chain, the members of supply chain may behave as a part of a unified system and coordinate with each other. Therefore the term “coordination” comes at focal point as it is visualized as managing the dependencies among activities.

REVIEW OF LITERATURE

Coordination:

We must have felt an intuitive sense about the word "coordination”. When we watch cricket match or foot ball match, when we attend a well-organized conference, when we watch the performance of dancing troop, or when we see the functioning of assembly line, we may notice the coordinated actions of group of people. The interesting thing is that good coordination is almost invisible, and we easily notice the coordination when it is lacking. When we are inquiring about the arrival timing of a train which has become late but in vain due to unavailability of updated information at enquiry counter, or when there is an announcement at railway station to change the plate form as train is not arriving at the scheduled plate form where we have been waiting for its arrival, or when the consignment by a courier company is not delivered on expected date, or when a batsman is run out due to not timely responding the call for run, or when a company is unsuccessful frequently to capitalize on innovative ideas developed by researchers, or when a product becomes obsolete and out of market because it has not timely adopted modifications as changing requirement of market we may become aware of the effects of poor coordination. In order to have insight of coordination, it will be helpful to get a more precise idea of what we mean by the term "coordination."

The term coordination is among the most "dazzling" ones of business economics (Horv´ath, 2001). Coordination has an established history in management research. Fayol's (1949), well-known definition of management also identifies coordination as one of its five key elements. In traditional management with an intra-organizational focus, coordination is often associated with organizing, planning and control and results in increased structure, hierarchization and organizational growth. First, we think about the meaning of coordination within organizational theory which is a classical field of economic research, where coordination is very important. There, the requirement for coordination is a result of the division of labor, which emanates single activities with interdependencies among them. In this way, coordination can be regarded as complementary to the division of labor. Dividing the task in single activities and re-adjustment of these single activities in order to reach ultimate goals is the essence of defining coordination is commonly accepted in the literature.

The most precise and commonly accepted definition of coordination seems to be "Coordination is the management of dependencies between activities" (Malone and Crowston, 1994). The purpose of coordination is to achieve goals collectively that individual actors cannot meet. An essential requirement for coordination is dependencies between activities. If there are no dependencies between activities, there will not be the requirement of coordination. These dependencies come from the lack of ability to control all the conditions necessary to achieve a desired outcome (Petersen, 1999). Activities may be organizations, processes, organizational units, or human beings that act in computational, human, biological, or other systems. Coordination may take place within operations, across functions (cross-functional coordination) or between organizations (inter-organizational coordination).

Coordination theory explores and utilizes ideas from computer science, operations research, organizational theory, operations management, and economics. Coordination research in these disciplines has dealt with sharing of resources, managing information flows, transaction costs, scheduling and queuing policies and techniques for making best possible resource-allocation decisions. For example researchers of organizational theory Thompson (1967) and Galbraith (1977) aim at the question of how to reach efficient and effective coordination among the activities in business processes and functions within companies. The following table shows some examples of the types of coordination that are matched with types of interdependence:

Author	Type of coordination	Context
Thompson, 1967 Galbraith, 1970	Coordination by Standardization	Establishing routines and rules for stable or frequently occurring situations, generalized interdependence. Requires least communication and low decision making effort.
Thompson, 1967 Galbraith, 1970	Coordination by Planning	Setting targets and schedules to govern the actions in interdependent units. Should be used in more dynamic situations than standardization with sequential interdependence. Requires intermediate effort.
Thompson, 1967	Mutual adjustment	Involves new information transmission during the process or action, reciprocal interdependence, demands more effort.
Van de Ven and Delbecq, 1976	Team arrangement	Needed when interdependence increases.
Singh (1992)	Individual coordination	The integration and harmonious adjustment of individual work efforts towards the accomplishment of a larger goal

Coordination in Supply Chain:

Since a supply chain consists of disparate but inter-dependent members who are dependent on each other to manage various resources such as inventory, money and information (Arshinder et al., 2009) and management of dependencies between activities is coordination (Malone and Crowston, 1994), therefore the term coordination has significant role in managing the supply chains. In the supply chain context, coordination can be viewed as an act of properly combining (relating, harmonizing, adjusting, aligning) a number of objects (actions, objectives, decisions, information, knowledge, funds) for the achievement of the chain goal (Simatupang et al., 2002). Organizations do not exist in isolation; they depend upon the capabilities and resources embedded in their suppliers, customers and collaborators (Håkansson and Snehota, 1995).

Arshinder *et* al. (2008), say "In managing a supply chain the dependencies of supply chain activities should be managed" which furthermore strengthens the thought that supply chain management is coordination of supply chain activities.

Most of the definitions of supply chain management given by various authors' highlight the term coordination since supply chain management is a process of planning, executing and controlling the interdependencies of activities carried out by different supply chain members or business units in order to create value for the end customer (Lambert *et al.*, 1998) and managing the interdependencies of activities is known as coordination (Malone and Crowston, 1994). In following table, some highlights of definitions given by various authors emphasizing the term coordination are presented:

Definitions of SCM emphasizing the term Coordination

Author	Definition: Supply Chain Management is…
Chandrashekar and Schary (1999)	"**coordination** of business activities across organizational boundaries."
Cooper et al. (1997)	supply chain management involves some levels of **coordination** of activities within and between organizations in the supply chain.

Langley and Holcomb (1992)	"**coordination** of all channel activities…"
Lummus and Vokurka (1999)	"**coordinates**… all these activities into a seamless process."
Mentzer et al. (2001)	"the systemic, strategic **coordination** of the traditional business functions… across businesses within the supply chain…"
Monczka et al. (1998)	"…to **coordinate** and manage the sourcing, flow, and control of materials…"
Stevens (1989)	"…to **coordinate** the requirements…"
Vakharia (2002)	"…simultaneous **coordination** of the supply chain is critical…"

Supply chains are generally complex with various activities usually spread over multiple functions or organizations and over long time horizons. Members of supply chain cannot compete as independent members. The product used by the end customer travels through a number of entities contributed in the value addition of the product before it is consumed. For improving the overall performance of supply chain, supply chain members may behave as a part of a unified system and coordinate with each other. Thus "coordination" comes into focus. The continuous evolving dynamic structure of the supply chain presents many interesting challenges for effective system coordination. Supply chain coordination relates to effective management of disparate but dependant members/processes. The need for coordination is evident in supply chains, since organizations forming a supply chain are dependent on the performance of other organizations.

Ballou et al. (2000) defined coordination as the ability of a logistics manager to integrate interrelated supply chain activities across different lines of organizational authority and responsibility. This definition tries to define the coordination as the efforts made by a supply chain member who is responsible for managing supply chain, for integrating the dependent activities across the supply chain.

Supply chain coordination occurs when the channel members act in unison for the betterment of the supply chain as a whole rather than exclusively for their own link. Coordination is perceived as a prerequisite to integrate operations of Supply Chain entities to achieve common goals (Arshinder et al., 2008).

Coordination as Supply Chain Performance Driver:

Supply chains are very complex systems with high extent of interactions and interdependences among the channel members. Decisions made by each member will affect other links and parties, and hence the overall performance of the supply chain. McLaren, Head & Yuan (2002) mentioned that coordination is a recent trend in supply chain management. Its competitive benefits include cost reductions, increasing return on assets and increasing reliability and responsiveness to market needs. Multiple benefits achieved from effective supply chain coordination. Some of these include: elimination of excess inventory, reduction of lead times, increased sales, improved customer service, efficient product developments efforts, low manufacturing costs, increased flexibility to cope with high demand uncertainty, increased customer retention, and revenue enhancements (Fisher et al., 1994, Lee et al., 1997, Horvath, 2001).Therefore, supply chain coordination becomes vitally important to determine the whole supply chain performance.

Lee (2000) suggests SC coordination as a vehicle to redesign decision rights, workflow, and resources between chain members to leverage better performance such as higher profit margins, improved customer service performance and faster response time. Arshinder et al. (2008), mentioned that the different coordination models result in reduction in ordering cost, holding cost, purchasing cost, and SC system wide costs and improvement in customer service level and product availability and product variety. According to Ballou et al. (2000), coordination is a central lever of SCM.

The following table provides the summarized view of some authors which shows that coordination acts as supply chain performance driver.

Benefits of Supply Chain Coordination

Author	Benefits of Coordination
Min (2001)	Supply chain coordination provides risk reduction, access to resources, and competitive advantage.
Porter (1985)	Coordinating with upstream and downstream supply chain members is not a zero sum game; it lowers costs for all participants.
Christiaanse and Kumar (2000)	Supply chain coordination dictates the cost improvement and value that can be gained.
Jorgensen and Zaccour (2003)	Uncoordinated decision-making creates inefficiency with the channel members' profits significantly lower for each channel member independently and collectively than what could be achieved with coordination.
Lee, Padmanabhan, and Whang (1997)	Coordination of pricing, transportation, inventory, and ownership decisions between upstream and downstream supply chain participants can provide inventory reductions of up to twenty-five percent.
Cachon (2004); Jeuland and Shugan (1983); and McDermott, Franzak, and Little (1993)	More inter-organizational coordination yields lower total costs and higher profits.
Lee (2000)	SC coordination is a vehicle to redesign decision rights, workflow, and resources between chain members to leverage better performance such as

	higher profit margins, improved customer service performance and faster response time.
Dyer and Singh (1998)	A firm needs to develop effective coordination within and beyond its boundaries in order to maximize the potential for converting competitive advantage into profitability
Simatupang et al., (2002)	Coordination among independent firms, such as raw-material suppliers, manufacturers, distributors, third-party logistics providers and retailers, is the key to attaining the flexibility necessary to enable them to progressively improve logistics processes in response to rapidly changing market conditions.

Another point of view which highlights the importance of coordination in getting good performance of supply chain is that if there is lack of coordination then what the losses will be suffered. Poor coordination in supply chains can lead to dysfunctional supply chain activities as to poor performances, such as low capacity utilization, excess inventory, high total cost, low customer satisfaction, irresponsive order fulfillment, and so on (Arshinder et al., 2008; Ballou et al., 2000; & Simatupang et al., 2002). It is difficult to find unique perspective on coordination, but the lack of coordination can be easily expressed through a variety of surrogate measures. The lack of coordination may result in poor performance of supply chain. Fisher et al. (1994), has mentioned a study of the US food industry, which estimated that poor coordination among SC partners was wasting $30 billion annually. The poor coordination leads to mismatch between supply and demand that results rise in the costs of stock out, markdown, expediting, transshipment, advertising and sale preparation, excess inventory (Horvath, 2001), obsolescence, and disposal (Fisher et al., 1994). The of lack of coordination leads to inaccurate forecasts, low capacity utilization, excessive inventory, inadequate customer service, inventory turns, inventory costs, time to market, order fulfillment response, quality, customer focus and customer satisfaction (Ramdas and Spekman, 2000).

Several literatures have affirmed that effective coordination results in desirable performance of supply chain whereas poor coordination leads to undesirable outcomes. Therefore it can be concluded from both points of views that coordination is a key driver for supply chain performance.

CONCLUSION

Supply chain system can be visualized as a coordinated design of an operational mechanism of procurement, production, and physical distribution functions ensuring higher productivity, profitability and better customer service. It also helps in monitoring the performance of total logistics system for continuous improvement. In the era of global competition the rapid innovations in the field of science and technology, there are several issues and challenges that are to be addressed by supply chain management. Reduction in lead times, minimization of uncertainty, improvement of flexibility, minimization of inventory, improvement in process quality etc. may be the issues are to be addressed by supply chain management.

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IMPLICATIONS OF GLOBALISATION ON WORLD SHIPPING

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ABSTRACT

Shipping is, undoubtedly, among the most globalized industries of the world. Ship owners have the full authority to choose where to register their vessels, as per their convenience of cost and the international and domestic regulations around them. This system of open registration is also known as flags of convenience (FOC). Globalization sometimes has led to a downward trend in regulatory standards but has also created many opportunities to raise these standards and it is very important to understand that it does not always signal a reduction of state control.

The focus of this study is to assess the impact of globalization on the economy of various nations worldwide with special reference to shipping sector. There have been effects of globalization not only on economy but also on the seafarers of various nations. The researcher has made an attempt to also justify the fact that shipping industry is a perfect example of globalized industry as it involves the maximum transactions across borders in terms of trade of goods, use of manpower onboard etc.

Various relationships of globalization with economy, seafarers, world trade etc have been clearly discussed in the paper with a conclusion that globalization has definitely caused spectacular growth not only of world trade but also of world economy in terms of GDP. The problems faced by seafarers due to globalization have also been looked after in the paper.

Keywords: shipping, globalization, seafarers, economy, GDP.

INTRODUCTION

Globalization is an active, dynamic and continuous process of deterritorialisation (Scholte, 2000) and economic liberalization (Khor, 2001) where national barriers have been either removed or greatly reduced (Stiglitz, 2002). According to Giddens (2002), this has happened as a result of advanced communication technologies and it has led to a situation where multinational companies operate businesses freely in different countries with minimized restrictions from national governments. The shipping industry undoubtedly, offers one of the best illustrations of the extent to which global capital effectively operates across international boundaries. It also offers a clear picture of free capital markets working in the fluidity of its international structure. Shipping industry is important because of its integral role in international trade and its value-added services to global production and supply chains. The industry not only provides greater access to international trade but also generates a lot of revenue for the government. It is also the principal facilitator of international production and supply chains industry.

REVIEW OF LITERATURE

In recent years, there has been growing literature in the area of globalisation and shipping (e.g. Goss and Marlow, 1993; Roe, 2002; Selkou and Roe, 2004; Sampson and Bloor, 2007) which has helped to highlight the extent to which shipping has globalised since the 1960s. Most importantly, this literature shows how globalisation has placed nations in an ambiguous position with regard to the regulation of capital thereby necessitating increased reliance on regional and international regulatory structures in an attempt to reassert regulatory control over shipping activities. In the introduction to his book, Nathan Lillie, remarks of the shipping industry: “The global maritime shipping business has often been portrayed as the archetype of unbridled free-market capitalism, burst free from the constraints of government and trade union regulation” (Lillie, 2006). In these lines, Lillie rightly demonstrates the nature of shipping markets and the type of relationship that exists between nations and shipping capital. Shipping is, undoubtedly one of the most globalised industries which aptly illustrate the impacts of globalisation on domestic industries. It is described as the exemplar of a globalised industry (Klikauer, 2003; Sampson, 2003; Alderton et al, 2004; Sampson and Bloor, 2007). Its international nature and structure has been analysed and discussed by many authors including Goss (1989), Alderton and Winchester (2002), Roe, (2002), Klikauer (2003), Alderton et al (2004), Selkou and Roe (2004), and Sampson and Bloor (2009) who all agree that the shipping industry is globalised in nature. Goss has described shipping as:

“An industry which, of necessity, operates internationally, selling its services in many countries and, correspondingly, buying such factors of production as insurance, fuel and the ships themselves on a world market (1989).” The researcher has read the latest publications of World Ocean Review to assess the growth of world trade due to globalisation.

OBJECTIVES OF RESEARCH

Before conducting an in-depth analysis of globalization, nations and the shipping industry, researcher will first examine the concept of globalization and analyze the major debates related to this highly contested concept. The questions which will be discussed further in this paper include:

1. What essentially is globalization?
2. What makes the shipping industry an exemplar of globalization amongst all the others?
3. How is the shipping industry related to global economic processes?
4. What are the implications of globalization on seafarers?
5. Has globalization caused growth in world trade over the past few years?

The primary objective of the researcher is to answer all the above questions and to establish the importance of globalization in context of shipping industry. The researcher also tries to discuss the merits and demerits of globalization with specific reference to shipping industry.

RESEARCH METHODOLOGY

The study is conceptual in nature and is purely based on secondary data. The data are collected from various journals, articles and books. Data are also extracted from various websites.

ANALYSIS AND INTERPRETATION

What is Globalisation?

Globalisation is certainly one of the most discussed topics in modern times (Scholte, 2000; Giddens, 2002; Stiglitz, 2002). It is a highly contentious subject and it has generated much debate, theories and definitions. As Scholte (2000) observes, it is a concept which applies and caters to a diverse variety of perspectives: cultural, political, social and economic. According to Wolf (2005), the term is 'unimaginably broad' while Hirst and Thompson (1999) describe it as the 'grand narrative of social sciences' which deals with 'often very different cultural, economic and social processes'. Even if looked at from a purely economic perspective, different people or schools define globalisation in different ways (Held and McGrew, 2002). There are variations in the views, opinions and theories on the nature and extent of these economic processes which are actually shaping the contemporary global economic world.

Globalization in Context of Shipping

Shipping industry follows an Open Register system whereby ship-owners can register their ships in any flag-state in the world depending upon their preference. This results in providing greater stability and balance to this industry. Shipping is considered an important industry by many countries and especially for countries with a long maritime history. It is of high social, historical and economic significance because of its role in enhancing the growth and prosperity of a large number of maritime organisations as a major employer. As far as the emerging New Maritime Nations (NMN) are concerned, the industry is important as it provides good opportunities which generate revenue through ship registration and administration and via employment. Features which give shipping industry its international shape and structure include:

- The mobility of its primary assets and labour force
- The international nature of its operations
- It is the main vehicle for international trade
- It has developed a specialised satellite management system which has greatly enhanced its globalised nature and economic activities worldwide.

According to Alderton and Winchester (2002), the revenue, that some of these small countries earn from ship registration makes a huge difference to their small economies. Therefore, New Maritime Nations (NMNs) have started giving tough competition to TMNs (Traditionally Maritime Nations) for the ship registration market. This competition is highly responsible for the restructuring of the global shipping 'landscape' and the decline of fleets and seafaring workforce in many strong maritime nations. Looking at globalisation from the perspective of shipping industry, it is particular and unique. There is a set of features, as discussed earlier which give globalisation in the context of shipping a unique 'flavour'. Some of the features include: the mobility of its capital assets and deregulated international business environment which has evolved because of the establishment and development of the Open Register system. Another important aspect of the globalisation of shipping is the emergence of a unique global labour market for seafarers (Winchester et al, 2006) as the shipping companies are now going all over the world in search of cheap and skilled labour (Klikauer, 2003). Historically, shipping has always been an international industry, often consisting of small companies which operate within a wide international area. The nationality link in shipping business has been systematically eliminated by the developments of the past five decades.

It has been observed that previously the three developments, in the 20th century, which took shipping industry to great heights of globalisation, within the short period between 1950s and 1990s include: the growth of Open Registers, growth of the Seafarers' Global Labour Market (Wu, 2004), and, the establishment of global satellite ship management companies (Klikauer, 2003). The establishment of Open Registers acted as an additional globalising element which meant that the process was more transparent, clearer and quicker than in other industries. Another crucial part of this process of globalisation in shipping has been the emergence of a distinct Seafarers Global Labour Market (Wu, 2003, 2004) due to the acquired ability of companies to develop, organise and move labour across national boundaries (Klikauer, 2003). International, third-party management companies, which have emerged in the mid-1990s, have helped the global activities of shipping companies to flourish even further. Because of these companies, which include commercial, technical and manning agencies (Spruyt, 1994; Klikauer, 2003), even the smallest shipping company is able to operate effectively in the global shipping market. An effective global management solution has been provided to ship owners with respect to labour supply, commercial and technical management, by introducing and refining the concept of offshore management according to which companies depend on offshore companies to staff and manage their processes. Many of these offshore management companies are located in low-cost countries, for example, Cyprus (Klikauer, 2003). By this development, shipping corporations have become even more detached from national governments than those in landbased industries, like manufacturing, whose management is still largely in-house. Shipping companies therefore enjoy a unique kind of freedom from national borders because of three prominent features mentioned above, which do not exist in many other industries (Klikauer, 2003; Sampson and Schroeder, 2006). This brief analysis of globalisation confirms that, in the context of shipping business, globalisation has been dynamic and continuous process of power negotiation between shipping corporate business and nations.

Shipping has always been international, unlike other industries. It has evolved and developed a set of complicated global relationships over the years which have made it one of the most globalised industries. Due to this complex character of shipping industry, it also becomes difficult for the governments of nations to effectively manage the Trans border trade activities of the companies. The fact that the nationality of ships and shipping companies is often, vague and fictitious, it becomes even more difficult for states to manage the activities in an organized manner (Alderton et al, 2004; DeSombre, 2006; Lillie, 2006). As observed by Kahveci and Nichols (2006), ship-owners can change the nationality and, effectively, the relevance of a regulatory regime by "engaging in fictitious capital export [and] altering the registration of their vessels."

Effect of Shipping Business on Global Economic Processes

Shipping is a global business whose performance directly or indirectly affects the global economy. Therefore, if the global economy does not perform well then the earnings of a company could be impacted negatively in long run. As stated in the 67th Annual Report (2015-2016) of The Great Eastern Shipping Company Limited, there are several short term factors which affect the shipping industry, namely, weather changes, political fallouts etc which lead to great amount of volatility in the freight market, which in turn impacts the earnings of a company. The report further says, as seen in the recent past, China has been the main driving factor of the shipping demand. The Chinese economy is currently experiencing downward shift in growth. If this downward shift were to continue, it could have a very negative impact on shipping. Companies need to institute internal financial control systems which are adequate for the nature of its business and the size of its operations.

Impact of Globalisation on Seafarers

There are certain adverse effects of an open international economy, which may be unforeseen and which national governments alone cannot mitigate. Specifically, there are mismatches between regulations enforced by the government and management practices within existing work environment. One such case is discussed by Coupor (2000), wherein there is loss of accountability towards multi-national crews which serve on open registry ships as they are recruited by offshore agencies.

Ships crews now belong to different nationalities and are culturally diverse. It is observed that maximum numbers of officers are from OECD countries and the ratings predominantly from Asia. The emerging problem is shortage of officers all over the world since TMCs (traditionally maritime countries) have not been recruiting and training sufficient number of officers for these posts over the past years. There exists low level of maintenance, low morale of officers and accidents on board due to tensions (Coupor, 2000). The process of globalisation has brought about major structural changes in shipping in the fields of finance and employment. It is seen that around 75% of merchant ships are owned in the Traditionally Maritime Nations. Majority of ordinary seafarers and, increasingly, officers belong to the third world and the former socialist states of Europe. Most vessels have crew belonging to different countries and the lack of accountability is the principal flaw in the new free world seafaring employment.

According to Gekara (2008), another way in which the globalisation of shipping negatively impacted the seafarers is the 'erosion' of local seafaring labour. The main reason for this "erosion" is that ship-owners from TMNs find it more convenient and profitable to employ foreign seafarers from low-cost developing countries at low wages as per Open Registers System. Therefore, decrease in fleets in TMC meant loss of employment for seafarers in these countries and reduced training opportunities for cadets. This loss of employment created a situation of both diminished quality standards of seafarers and loss in the number of seafarers.

Growth through Globalization

It has always been seen that oceans have been very important to people around the world as a means of transportation. Earlier, ships mostly carried people but now ships carry goods rather than people. As markets went on to become increasingly globalized, shipping volumes soared. If data is collected and analysed from the 1950s to the latest global economic crisis, then it is found that the growth rate of international trade was almost consistently twice that of economic activity. From the year 2000 to year 2008 world trade increased by an average 5.4 per cent each year as compared to the economic activity (as measured by the global Gross Domestic Product (GDP), increased by only 3 per cent per annum. It is found that world trade has more than trebled to 45 per cent of the global GDP since 1950s due to the tremendous rise of trade vis-à-vis economic growth.

CONCLUSIONS

Shipping is an apt industry to study in regard to globalisation, as Lillie (2006) has observed, it is "the archetype of unbridled free-market capitalism". Shipping companies have effectively broken through national economic barriers and attained high level of freedom in their transborder economic activities over the years. It is regarded as an important example also because, in no other industry is labour as internationally organised and managed as shipping, hence it is rightly said that the extent of globalisation in the shipping industry is unparalleled. A multi-national crew that has, for example, been abandoned may appeal to the judicial authority in the country of abandonment in order to secure their wages after the sale of the vessel. They may be told by a court that the responsibility lies with the courts of the flag states, or the country of the manning agency, or of the beneficial owner, or of the mortgagee of the vessel - or in their own countries. All these may deny responsibility. In fact most aspects of social justice and human rights can be removed from seafarers within this structure.

Thus, the researcher has attempted to answer all the questions raised in the paper and has tried to bring forward the strong symbiotic relationship between globalisation and shipping industry.

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ROLE OF MANAGERIAL SKILLS IN ORGANIZATIONS

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ABSTRACT

Managers are, continually, being challenged to think conceptually about their organizations to develop action plans and harness resources to achieve organizational goals. A manager with good conceptual skills can look at a problem, break it down into manageable pieces, consider a variety of possible solutions, all before putting it back together again in a more effective and efficient manner.

Managers need to have a specific set of skills in order to effectively perform their jobs. Managerial skills are what the manager uses to assist the organization in accomplishing its goals. Specifically, a manager will make use of his or her own abilities, knowledge base, experiences, and perspectives to increase the productivity of those with whom they manage.

Hence, this paper is an attempt to understand the toolbox for what a manager needs in order to perform their job effectively, typically, fall into one of three categories: technical skills, human skills, and conceptual skills.

Keywords: Managerial skills, Productivity, Organizational Goal, Technical Skills, Human Skills, Conceptual Skills.

INTRODUCTION

Technical Skills

Technical skills are those skills which are needed to accomplish a specific task. It is the 'how to' skill set that allows a manager to complete his or her job. These skills are the combination of formal education, training, and on-the-job experience. Most employees expect their managers to have a technical skill set above their own so that, when needed, an employee can come to their manager to find out how to do something specific to their individual job.

Human Skills

The next types of skills a manager must have are human skills i.e. interpersonal skills. These interpersonal skills are what a manager will use to work with his or her employees. Some people are born with good human skills; others need to work much harder at it. Human skills are critical for all managers because they work with people. Managers with good human skills understand their role inside the manager/employee relationship and how important things, like trust, cohesion, fairness, empathy, and good will, are to the overall success of the organization. Human skills help the manager to communicate, lead, and motivate an employee to work towards a higher level of productivity.

Conceptual Skills

Conceptual skills are the final type of skills a manager must possess inside their toolbox. The level of analytical ability to envision both the parts and its sum directly translates into a manager's conceptual skill set. Essentially, a manager's conceptual skills allow him or her to solve problems in a strategic and calculated fashion. Conceptual skills are becoming increasingly more important in today's chaotic business environment.

Specific Managerial Skills

In order to perform as a successful manager, he/she require possessing and exhibiting certain skills. In general it is said that an effective manger needs skills to plan, control, organize, lead, take decision, and monitor.

Planning Skills

As a part of management, manager attempts to define the future state of its organization. It is not predicting the future but uncovering the future that the organization would have. Planning skills include.

- Being able to think ahead.
- Ability to forecast future environmental trends affecting organizational vision and mission/goal.
- Ability to state organizational objectives.
- Ability to formulate strategies that will help in attaining these objectives with respect to future trends.
- Ability to arrive at performance standards or yard sticks for monitoring the implementation of these strategies.

For effective planning managers must possess the skill of assessing the management environment to set future objectives and map out activities necessary to achieve those objectives to support the firm's mission. Thus planning skill is delivering strategic value - planning function for the new era.

Organizing skills

Organizing is putting the plan in logical order or manner to ensure effective and efficient implementation. Organization skills requires expertise in manager to arranged firm's human, financial, physical, informational, and technical resources in coordinated way for performing tasks to achieve desired goals in time bound manner. As a good organizer manger should have skill to group related activities together and assigns employees to perform them.

Staffing skills:

While planning specifies what will be achieved when, staffing specifies who will be achieving what and how it will be achieved. Staffing skills involves identification of specific jobs, grouping of jobs of similar nature, number of jobs to be included in a specific group, and deciding how many people a manager can effectively oversee. An integrated network of people, their jobs and their working relationships ultimately constitutes the structure of the organization.

LEVELS OF MANAGEMENT

Many managers work in an organisation. However, these managers do not work at the same level. They work and operate at different positions. Hierarchy of these managerial positions is called Levels of Management.

Three Levels of Management

Generally, there are Three Levels of Management, viz.

- Administrative or Top Level of Management.
- Executive or Middle Level of Management.
- Supervisory or Lower Level of Management.

At each level, individual manager has to carry out different roles and functions.

Top Level of Management

The Top Level Management consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO). The Chief Executive Officer is also called General Manager (GM) or Managing Director (MD) or President. The Board of Directors are the representatives of the Shareholders, i.e. they are selected by the shareholders of the company. Similarly, the Chief Executive Officer is selected by the Board of Directors of an organisation.

The main role of the top level management is summarized as follows:-

- The top level management determines the objectives, policies and plans of the organisation.
- They mobilises (assemble and bring together) available resources.
- The top level management does mostly the work of thinking, planning and deciding. Therefore, they are also called as the Administrators and the Brain of the organisation.
- They spend more time in planning and organising.
- They prepare long-term plans of the organisation which are generally made for 5 to 20 years.
- The top level management has maximum authority and responsibility. They are the top or final authority in the organisation. They are directly responsible to the shareholders, government and the general public. The success or failure of the organisation largely depends on their efficiency and decision making.
- They require more conceptual skills and less technical Skills.

Middle Level of Management

The Middle Level Management consists of the Departmental Heads (HOD), Branch Managers, and the Junior Executives. The departmental heads are FINANCE MANAGERS, PURCHASE MANAGERS, etc. The Branch Managers are the head of a branch or local unit. The Junior Executives are Assistant Finance Managers, Assistant Purchase Managers, etc. The Middle level Management is selected by the Top Level Management.

The middle level management emphasize more on following tasks:-

- Middle level management gives recommendations (advice) to the top level management.
- It executes (implements) the policies and plans which are made by the top level management.
- It co-ordinates the activities of all the departments.
- They also have to communicate with the top level Management and the lower level management.
- They spend more time in co-ordinating and communicating.
- They prepare short-term plans of their departments which are generally made for 1 to 5 years.
- The middle Level Management has limited authority and responsibility. They are intermediary between top and lower management. They are directly responsible to the chief executive officer and board of directors.
- Require more managerial and technical skills and less conceptual skills.

Lower Level of Management

The lower level management consists of the foremen and the supervisors. They are selected by the middle level management. It is also called Operative / Supervisory level or First Line of Management.

The lower level management performs following activities:-

- Lower level management directs the workers / employees.
- They develop morale in the workers.
- It maintains a link between workers and the middle level management.
- The lower level management informs the workers about the decisions which are taken by the management. They also inform the management about the performance, difficulties, feelings, demands, etc., of the workers.
- They spend more time in directing and controlling.
- The lower level managers make daily, weekly and monthly plans.
- They have limited authority but important responsibility of getting the work done from the workers.
- They regularly report and are directly responsible to the middle level management.
- Along with the experience and basic management skills, they also require more technical and communication skills.

IDENTIFYING BARRIERS TO MANAGEMENT

Various barriers can inhibit successful planning. In order for plans to be effective and to yield the desired results, managers must identify any potential barriers and work to overcome them. The common barriers that inhibit successful planning are as follows:

Inability to plan or inadequate planning

Managers are not born with the ability to plan. Some managers are not successful planners because they lack the background, education, and/or ability. Others may have never been taught how to plan. When these two types of managers take the time to plan, they may not know how to conduct planning as a process.

Lack of commitment to the planning process

The development of of a plan is hard work; it is much easier for a manager to claim that he or she doesn't have the time to work through the required planning process than to actually devote the time to developing a plan. (The latter, of course, would save them more time in the long run). Another possible reason for lack of commitment can be fear of failure. As a result, managers may choose to do little or nothing to help in the planning process.

Inferior information

Facts that are out-of-date, of poor quality, or of insufficient quantity can be major barriers to planning. No matter how well managers plan, if they are basing their planning on inferior information, their plans will probably fail.

Focusing on the present at the expense of the future

Failure to consider the long-term effects of a plan because of emphasis on short-term problems may lead to trouble in preparing for the future. Managers should try to keep the big picture, their long-term goals, in mind when developing their plans.

Too much reliance on the organization's planning department. Many companies have a planning department or a planning and development team. These departments conduct studies, do research, build models, and project probable results, but they do not implement plans. Planning department results are aids in planning and should be used only as such. Formulating the plan is still the manager's responsibility.

Concentrating on controllable variables

Managers can find themselves concentrating on the things and events that they can control, such as new product development, but then fail to consider outside factors, such as a poor economy. One reason may be that managers demonstrate a decided preference for the known and an aversion to the unknown.

The good news about these barriers is that they can all be overcome. To plan successfully, managers need to use effective communication, acquire quality information, and solicit the involvement of others.

CONCLUSION

"Managing the thing" just does not happen but it requires understanding about organization, its goals and objectives, available resources and formulation of the strategies. For effective and efficient management; managers are the most crucial player at all levels of management. Understanding the roles and responsibilities by a manager and mastering the managerial skills are vital for success of any organization.

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