Principles of Management
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Module - 12
Lecture - 59
Reporting- concepts, types, importance and advantages

Welcome to the session on the Principles of Management. Today, we are going to discuss one of the very important aspect of the principles of management which is Reporting. So, we have gone through all the principles of management, but how we have done things and how the report, how to report it back about our performance, how to report about the deviations are very important aspects and principles of management also.

So, we in today's discussion, we are going to focus on the concepts, types, importance and advantages of reporting and reporting is also like who reports to whom is who like gives the feedback to whom these are also important issues in the principles of management, we will be going to discuss about all these things in this lecture today.

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So, when you talk of reporting in management, it is that part of management control system which provides adequate business information to the various levels of management in the form of reports and statements at regular intervals. It is a formal system designed to ensure timely supply of pertinent information to management.

According to Kohler, management reporting refers to a body of information organized for presentation or transmission to others. It often includes interpretation, recommendation and findings with supporting evidence in the form of other reports.
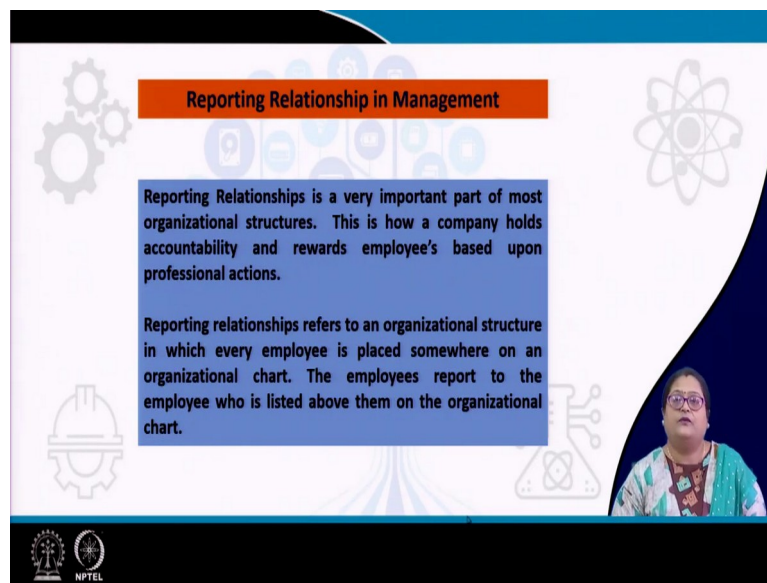
So, reporting is a relationship also like when somebody has to report about the functions at one level to the other people who are in control and the if the format in which it is done with the evidences the well suggested interpretations these are called the reports.

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First, we will be discussing about the reporting relationships in management. Reporting relationship is a very important part of most of the organizational structures. This is how a company holds accountability and rewards employees based upon professional actions. So, in reporting relationships, we are mainly discussing of like who reports to whom about a work done or the targets achieved and it also talks about your accountability for the work that you have done.

So, reporting relationship in an refers to an organizational structure, it is a part of the structure in which every employee is placed somewhere on the organizational chart. The employees report to the employee who is listed above him on the organizational chart.

There is a clear relationship between the span of control that we have discussed earlier and the reporting relationship. Span of control as related to reporting relationship is a broad category to define. It includes like the span the management covers like the could be narrow and wide span of control, tall and short span of control.

A narrow span is where a manager has very few subordinates who answers to him. In comparison a wide span is the opposite and can cover a large group of workers in varying departments. In tall versus flat span of control, we have already noticed like are very complementary and similar to the wide and narrow formats.

A tall organization is usually the result of the narrow span and the and it results in many layers in the management. A flat organization usually has a very wide scope as managers can cover and are responsible for like many subordinates who report to them from various departments also.

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So, there is also a link between the establishing the task and the reporting relationship. So, the task and the reporting relationship includes like how each of the activities are linked to each other in an organization, how the basic units of an organizations are formed and how the like establishment of the job description and the job specification.

Because, we understand there are role responsibilities and everybody has to like talk about the targets achieved to the either to the next higher up or so that based on those feedback that is received, we can collate it, converge it and maybe see how it is mapped towards the organizational goal. So, that is the link with the job description and the specification also with the reporting relationship.

So, in job specification, the prerequisites of the job are defined the various skills and experiences needed to perform a certain job are defined in it and in job description, the activities that have to be carried out at certain position in a job it describes the job.

So, whenever we are talking of the reporting relationship with the job description and specification so, it obviously, is connected because what is the kind of the job that you are will be doing, what are the nature of the qualities, competencies require in your like team members or subordinates to whom you will be delegating your responsibilities are also to be defined in the job specification part.

Because when you choose someone to report to you means you also delegate some of your responsibilities towards that person and it is very important that a right person needs to be chosen to whom you can delegate those responsibilities which we have discussed again at length like whenever we are discussing on leadership in the past few lectures.

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So, whenever we are talking of like establishing the reporting relationship, it is very important to find out about the chain of command and the span of control or the span of management. So, when we understand the chain of command, we have to understand like who reports to whom is varied as per the nature of the task.

So, it is very important to understand the task per se, the job description per se, we have to understand what are the roles who are connected with the specific role that we are discussing on we need inputs from each other roles and the output has to be given to whom. If we are not able to find that thing first, then it is very difficult to understand the reporting relationship.

So, who reports to whom is dependent on the types of task. Also, how many subordinates will a supervisor have will be depending upon the which structure of the organization he is the accomplishing the task. So, whatever we see is very task specific; first you have to understand the task at hand and then we have to understand how many people does the task require, what should be the relationship amongst these people which will help for the task to perform.

One basic idea over here is that the reporting relationship should be as such that it should facilitate the task at hand, the reporting relationship should not be such like it is going to act as barrier or hindrances to in the performance of the task at hand. So, that is one of the basic ideas that we need to remember when we are trying to design an organization and the reporting relationships in it.

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So, the when you talk of the reporting relationship so, n number of times we are talking of the organizational structure per se, but we have to understand the proper understanding of the task, helping the facilitating the tasks to get performed, what will be the interrelationships among the us other roles to perform the task in a better way should be the main focus and the reporting relationship should be a facilitator in that process.

So, in that way, then that will determine what will be the nature of the organization, structure, design which is going to overall help in this process of getting the work done. So, whenever we are talking of horizontal reporting relationship in flat organizations, it establishes peer relationships with multiple employees holding decision making powers.

And hierarchical or vertical structures reporting directly to a manager whenever we are talking of dotted line, it means reporting to more than one person and whenever we are talking of advisory and functional authority, it is reporting directly to the CEO. And in virtual and network structures, top-down chain and command style of reporting within the

organizational structure is generally you know followed where everywhere there is a network of relationships and reporting structures.

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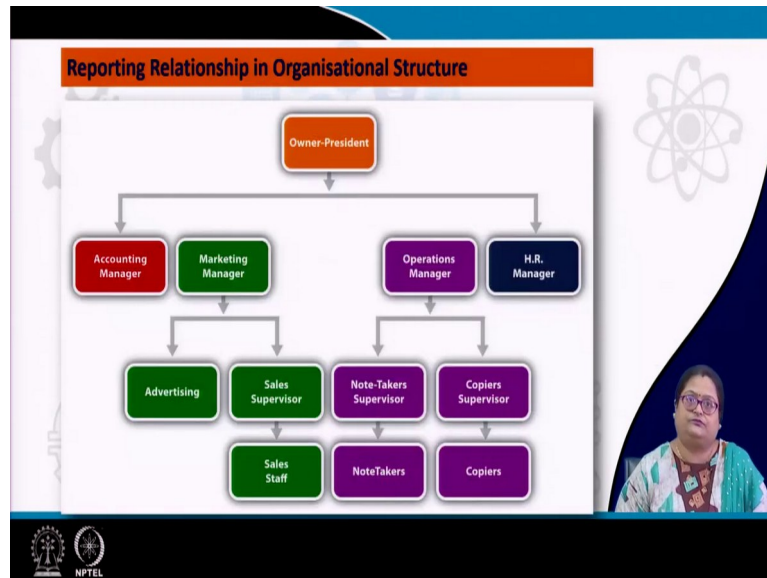
So, if we see the it is one of the formats of reporting relationships where we see the owner and president, then we find accounting manager, marketing manager, here we can see operations manager and HR manager and under each hierarchy, then you find there are sub layers who are like the thin layer is reporting to this layer and this layer is reporting to this and ultimately, they are reporting over here.

So, this is one of the ways of showing the reporting relationships, there are other ways also this is just one of the examples of a hierarchical system of reporting relationships in the organization.
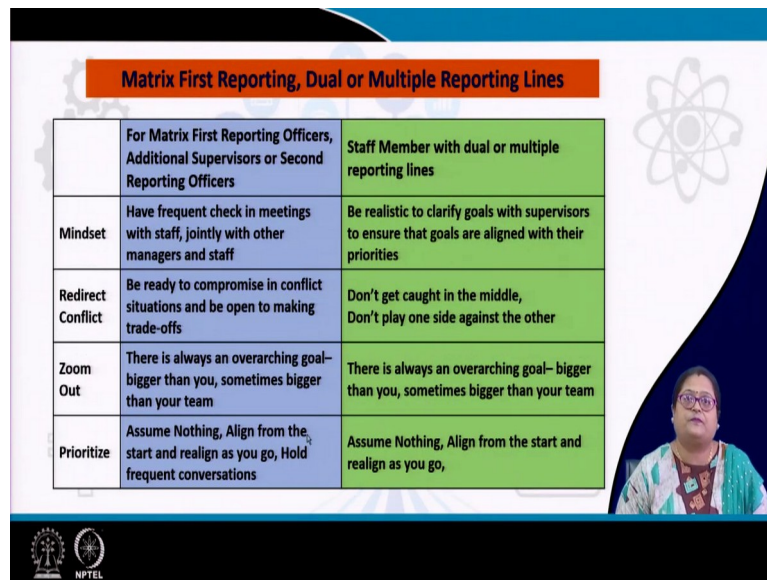
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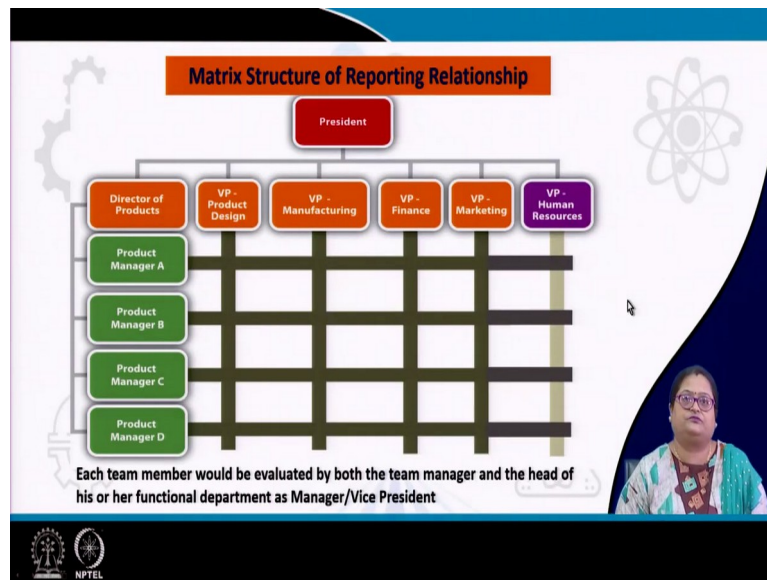
So, this is another reporting structure in the relationships in the organization where you find president is there, then you find like director of products is there under which there are people who are belonging to different product managers of A, B, C, D but there is also you find like they are reporting equally to the VP of the product design, manufacturing, finance, marketing and human resources.

So, here we find each of the team member will be evaluated by both the team manager and the head of the his or her functional department as manager or the vice president. So, this is a dual reporting structure. So, we have to see like whether it like facilitates the process of the organization and ultimately leads to achieve its goal.

In the matrix, we find the first reporting and the dual reporting and the multiple reporting lines. So, in the matrix, we find there are like in here we are representing about that discussing about two side by side.

So, for matrix, there is a first reporting officers, additional supervisors or second reporting officers and there are staff members with dual or multiple reporting lines and what we will be discussing over here is the what are the expectations from the reporting officers and also from the staff members who are reporting to this reporting officers.

As per mindset, we find like for the reporting officers, they should have frequent checks in meetings with staff jointly with other managers and staff. The staff members should be realistic to clarify goals with supervisors to ensure that the goals are aligned with their priorities.

Redirect the conflict because there is a dual reporting relationship, there could be conflict also. So, redirecting the conflict for the supervisors be ready to compromise in conflict situations and be open to making trade-offs. For the reporter's, do not get caught in the middle, do not play one side against the other.

Zoom out; there is always an overarching goal bigger than yours, sometimes bigger than your team also. So, everybody has to see that super ordinate goal. So, for the staff members also you have to see the super ordinate goals, you have to come out of your particular restrictions

of your department and then see like how you can get well with the expectations of the other cell like additional supervisors or second reporting officers in order to reach the overarching goal.

Prioritize it is like assume nothing, align from the start and realign as you go, hold frequent conversations with the second like reporting officer. So, the two reporting officers should be like communicating very frequently with each other to exchange about the ideas as a team to reach the superordinate goal and for the staff members also like assume nothing, align from the start and realign as you go ahead.

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So, it is very important that there is a good communication between the reporting officers amongst themselves and also the with the of the staff member with the reporting officers. So, here we will be discussing about the ground rules for the communication.

The mindset over here which is for the reporting officers learn to share, build the partnership: get roles clear, go slow to go fast. For the staff members, anticipate conflicts, watch your bias and go slow to go fast.

For the reporting officers, for the redirection of the conflict is do not put the employee in the middle, be tentative, assume best intent and be ready for the trade-offs. So, and for the staff officers like definitely it is not to play one side against the other and do not get to like you should not be caught in the middle.

Zoom out is get out of your silo and up on the balcony similarly is for the staffs that we have already discussed, we have to see the bigger picture. And in prioritization, whenever we are talking for the supervisors, it is using your elevator card wisely so, pick up, pick your battles and for the staff, it is like do not try to do it all. So, what you want to like do first, do second you need to prioritize in order that you can answer to all the like expectations in a proper way, you cannot do all at a time rather you need to prioritize about it.

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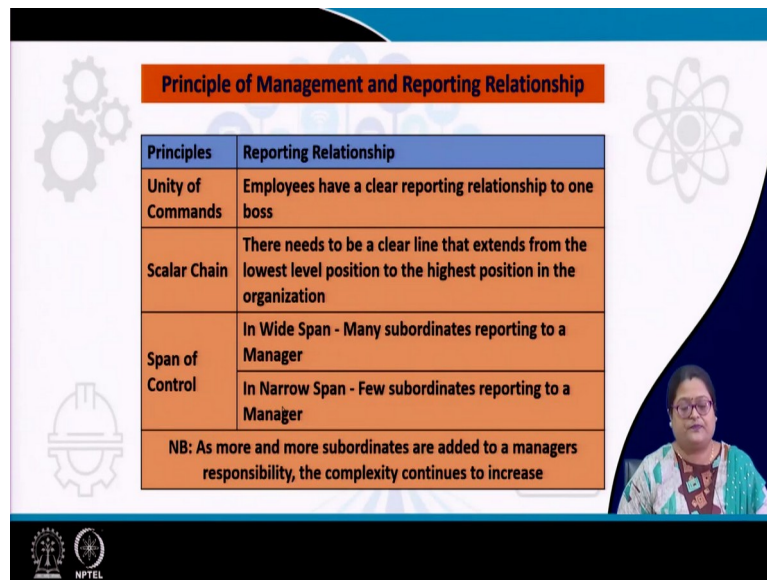
So, what we understand like it is very important to first think about the task, the requirements of the task to see what type of structure will fit the task properly, facilitate the task properly and then move ahead with it. So, the structure which shows the reporting relationships and the work breakdown, structure the organizational breakdown structure, product breakdown structure and responsibility assignment structure.

So, some of the reporting relationships along with the principles of management we will be discussing now like for the unity of commands. So, in that the reporting relationship is employees have a clear reporting relationship to one boss.

In a scalar chain, there needs to be a clear line that extends from the lowest level position to the highest-level position in the organization. And in span of control, we are discussing in wide span many subordinates reporting to a manager and in narrow span, few subordinates reporting to a manager. So, as more and more subordinates are added to a manager responsibility managers responsibility, the complexity of the continues to increase.
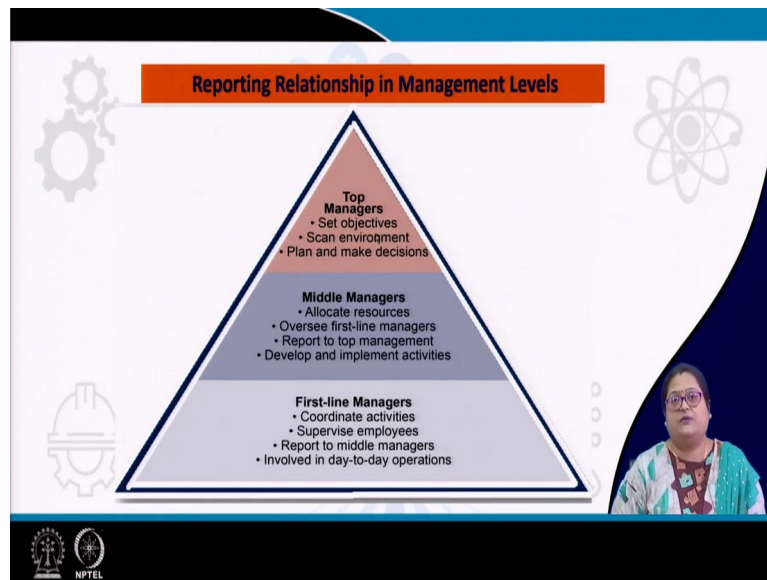
So, here you find the reporting relationships in management levels. For the first level managers, it is for the coordinate activities, there is supervised employees, report to middle managers and involved in day-to-day operations. For the middle managers, you find the responsibilities or allocate resources, oversee first line managers, report to top management, development and implement the activities and in top managers, set objectives, scan the environment, plan and make decisions.

So, what you find over here as we move up the hierarchy, there is a reporting relationship which moves up like the lower level first line reports to the middle line, middle line reports to the top line. But what you see the top management can set objective, scan environment and plan and make decisions only when like they delegate some of the responsibilities to the middle level managers in terms of develop and implement the activities, allocate the resources.

And, only when those are done by the middle level managers in a proper way, the first line managers can get involved in the day-to-day operations and they coordinate various activities and the supervise the employees. And how they have done it? If they report to the middle level manager, then they can report it back to the first level manager or the top managers who can again set an objective and as such again the chain moves down.

So, it is in like however, good you report about your work done and the objectives reached will help the top managers to find out how well you have aligned with the expectations and

how the organization is progressing, what is the gap which is there how the gap could be controlled the reduced so, we are discussing so, it also helps in the process of controlling.

We are discussing this whole reporting relationships under the process of controlling, we have to understand like for the top manager, it does not always be possible to go to the lowest level of employees and find out exactly what they are doing for that they have to delegate these responsibilities and there needs to be a reporting relationship.

And, also side by side the management information system also needs to be very strong in the case like the lowest level employees also try to communicate about some of his ideas or some of his like how he is feeling in the organization, maybe some of his grievances also. So, all these channels of communication really help the work flow to be maintained in a proper way.

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So, the reporting relationship, we can understand like which is that the managers capacity is like how many if we are discussing over here like how many people can you really like to be able to supervise and how many peoples report you are able to deal with properly. So, to help you in understanding that Graicunas developed a mathematical formula to explain the complexity of the span of control if more subordinates are added to a particular executive.

He noted that a manager must deal with three kinds of interactions with and among the subordinates: direct single relationship where the managers are one to one relationship with

each subordinate, direct group relationships which is between groups of subordinates and cross relationships which is among the subordinates themselves.

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According to Graicunas, a top-level manager can effectively manage only 222 relationships. Therefore, a top-level manager should not have more than 6 subordinates. Similarly, a lower-level manager should not have more than 20 subordinates.

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The factors affecting the span of control and reporting relationships are definitely the competence of the supervisor and the subordinates, the greater the competence, the wider the potential span.

Physical dispersion of subordinates, the greater the dispersion, the narrower is the potential span. Extent of non-supervisory work in the manager's job, the more non-supervisory work, the narrower the potential span. Degree of required interaction, the less required interaction, the wider the potential span.

So, what we find over here, what will be the span of control and what will be the reporting relationship depends on many factors of course, the competency of the people, then the how you are geographically placed and what is the nature of your work and whether it requires direct interaction or not all this will determine whether you will have a narrow span of control or whether you will have a wide span of control.

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So, till here, we have understood about the reporting relationships in the organization where we talk of who reports to whom and based on again the nature of the work, the competencies of the supervisors and like whether it is the frequency of a new problem is more or not, what are the preferences of the supervisors and many things the nature of the task mainly which determines the who reports to whom and what is the span of control.

Another important, very important part of reporting is how you report in the forms of like the information that you share, how well documented it is, how in depth it is, how reliable it is, whether it has been well measured about the task that you are reporting about, whether it has kept into considerations, the deviations between the expected work and the actual performances and whether you have reported properly about it, whether the report that you have prepared is reliable and valid.

Means what you submit to a report the depth and the quality, the nature of the information that you submit or place to the person that whom you are reporting to is very important because based on that reporting that you submit or that information that you share, the person whom you are reporting to is going to take a lot of managerial decisions about it and again give you the share with you the next ways of reaching the particular objectives.

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So, in the next section of this discussion, we are going to discuss in details about the reporting's in management where we are talking of it is that part of management control which provides adequate business information. So, let us see how it is done and what are the detailing's of it so that after learning about this, we can understand how to prepare a report in a much better way.

The objective of reporting is it is a means of communication. A report is used as a means of upward communication. It is prepared and submitted to the someone who needs that information for carrying out the functions of management.

Satisfy interested parties, the interested parties of managements are life of for management report are of course, the top management, executives, government agencies, shareholders, creditors, customers and general public. Different types of management reports are prepared to satisfy the above mentioned interested parties. It serves also as a record. Reports provide valuable and important records for reference in the future. As the facts and investigations are recorded with utmost care, they become a rich source of information for future.

So, whenever something is documented properly, reported properly through any mechanisms done in the organization, any processes followed in the organization, it becomes a like well documented reference point for future like if next some people want to improve on that action, they can or they want to get an overall idea of how things happen in the past, so that they can build up on it reports really serves as an important source of record and reference point for it.

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So, the requisites of a good reporting system are like it is good form and content so, like it helps of course, in promotion, comparability, there should be consistency the reporting system, its simplicity, it should be appropriate like you are exactly reporting about the facts queries that are there.

Accuracy, effective communication is there, coordination amongst the various like stakeholders and the different types of like people involved in it, the stakeholders involved in it, controllability like it helps the reporting should be such like it helps in controllability of the information shared and exchange of information and the cost consideration.

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The principles of reporting are it looks for completeness. The measures in the aggregate should cover all aspects of the mission of the reporting organization. Legitimacy, report should be appropriate for the intended users and consistent in form and content with the accepted standards. User friendliness, report should be understandable and reasonably informed and interested users and should permit information to be captured quickly and communicated easily.
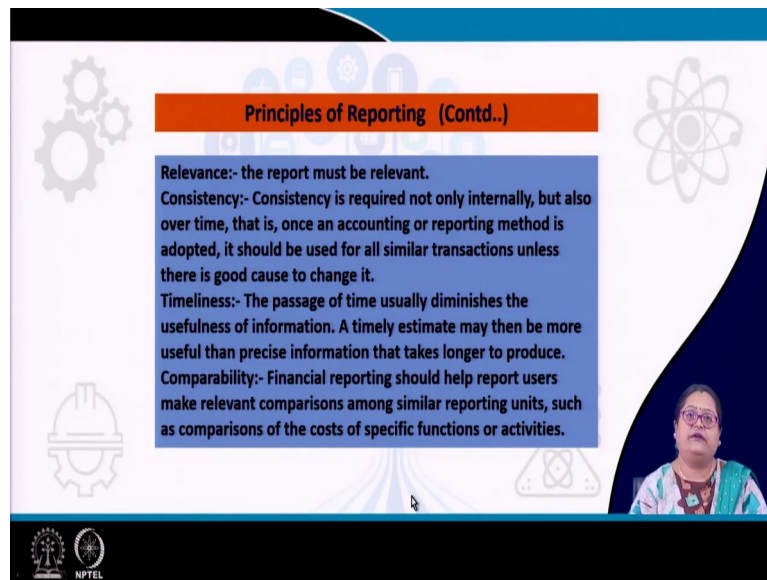
So, understandability of the reports is very important, well presented information with interpretation so, which can be understood quickly is very important one of the qualities of a good report. The information presented in the report should be verifiable and should be free of bias and it should be faithful.

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Relevance, the report must be relevant. Consistency is required not only internally, but also over time that is once an accounting or reporting method is adopted it should be used for all similar transactions unless there is a good cause to change it. Timeliness, the passage of time usually diminishes the usefulness of information.

A timely estimate may then be more useful than precise information that takes longer to produce. Comparability, financial reporting should help report users make relevant comparisons among similar reporting units such as comparisons of the cost of specific functions or activities.

Also, it provides information to the management; it helps in selecting the best profitable alternative for future and helps in controlling the performance. It helps in profitable operations, helps in achievable achieving the overall objectives so, we can see the importance of reporting are many.

Now, what are the essentials of good reporting? The report must have a suitable title, the report should be simple and easily understandable, a report should be prepared on time, a report must be comparable that is comparing actual performance with the standard
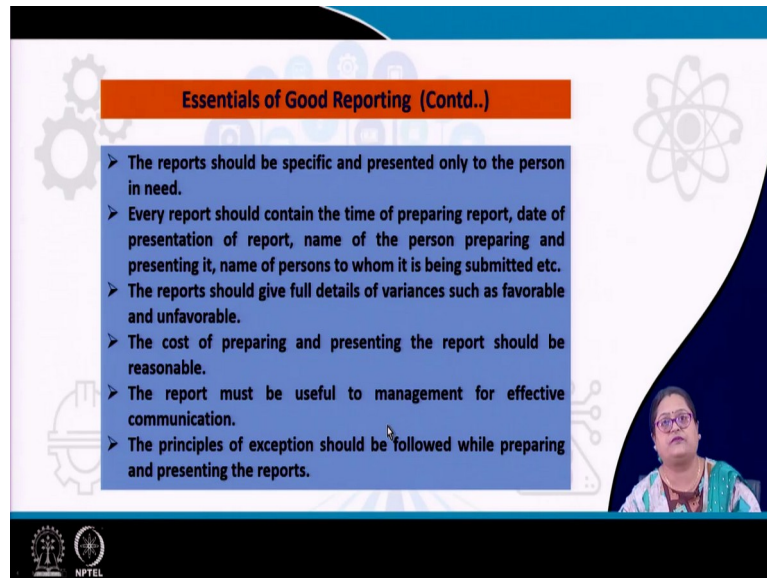
performance; it must be consistent, should be precise, accurate and specific and must contain relevant information.

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Also, the report should be specific and presented only to the person in need. Every report should contain the time of preparing a report, date and presentation of report, name of the person preparing and presenting it, name of the person to who is to whom it is being submitted.

So, it should give full details of the variances such as the favorable and unfavorable things happening. The cost of preparing and presenting the report should be reasonable. The report must be useful to management for effective communication. The principles of exception should be followed while preparing and presenting the reports.
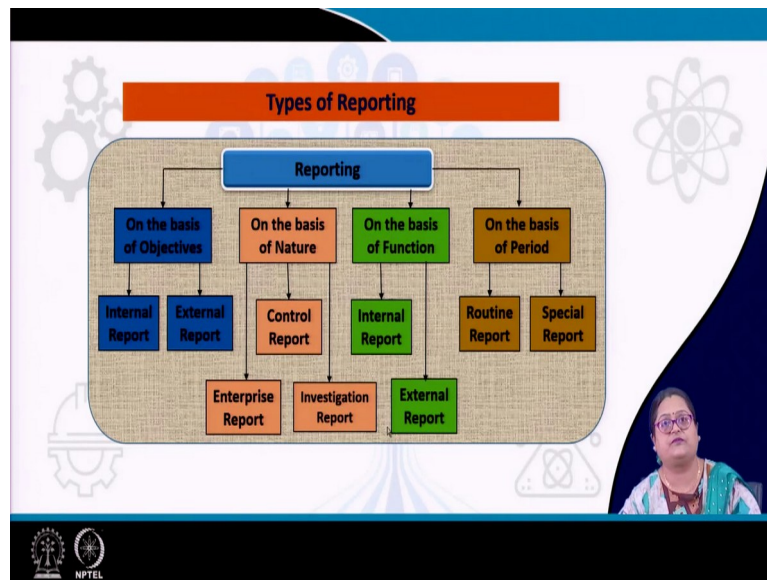
There are different types of reporting. According to on the basis of objectives are internal reports and external reports. On the basis of nature, it could be control report, enterprise report and investigation report. On the basis of function, it could be again internal report and external report and on the basis of period, it could be routine report and special report.

So, the basis of objectives or purposes like internal reports is meant for different levels of management. This can be classified into three types: reports meant for top level management, reports meant for middle level management and report meant for lower-level management.
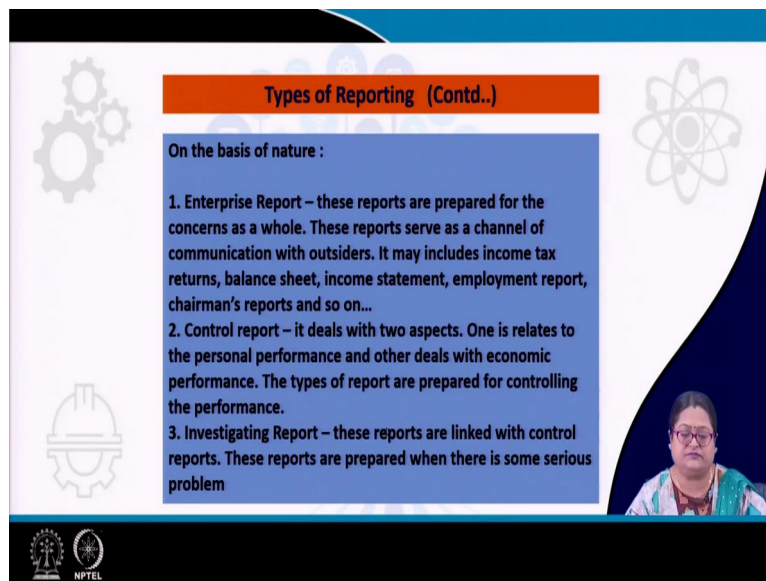
The external report is prepared for the meeting the requirements of persons outside the business, such as the shareholders, creditors, bankers, government, stock exchanges and so on.

External report is brief in size as compared to internal report and they are prepared as per the statutory requirements. So, like the profit and loss account, balance sheet etcetera.

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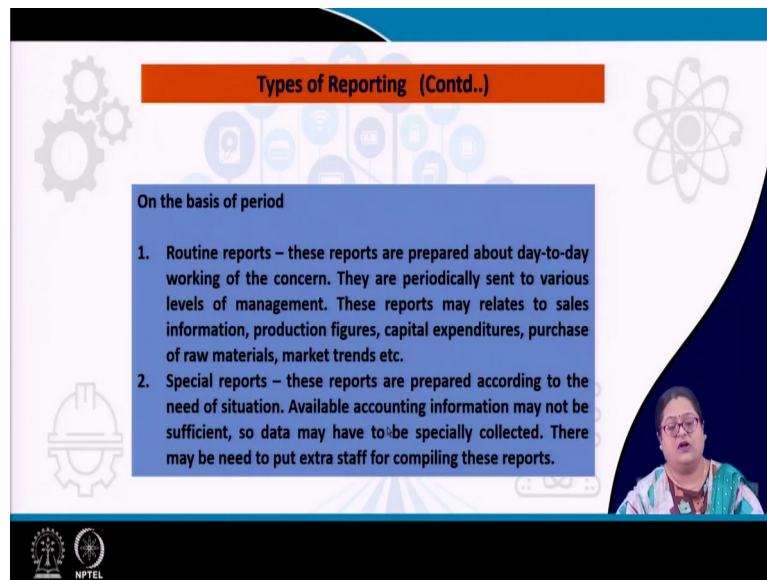
On the basis of nature, it could be enterprise report like these reports are prepared for the concerns as a whole. These reports serve as a channel of communication with outsiders. It may include income tax returns, balance sheet, income statement, employment report, chairman's report and so on. Control report it deals with two aspects. One it relates to the persons performance and other it deals with the economic performance.

The types of reports are prepared for controlling the performance. Investigating report, these reports are linked with control reports. These reports are prepared when there are some serious problems in the organization.

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On the basis of periods, it could be routine reports or special reports. These reports are prepared about the routine reports; these are reports that are prepared about day-to-day working of the concern. They are periodically sent to various levels of management. These reports may relate to the sales information, production figures, capital expenditure, purchase of raw materials, market trends etcetera.

Special reports, these reports are prepared according to the need of the situation. Available accounting information may not be sufficient so, data may have to be specially collected. These may need to put extra staff for; there may be a need to put an extra staff for compiling these reports.

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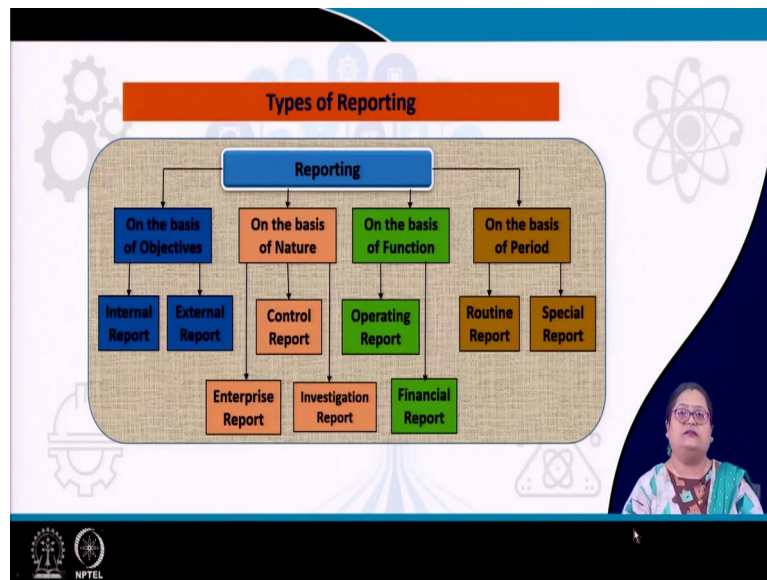
The types of reporting are on the basis of objectives, it is internal report and external report. On the basis of nature, it could be enterprise report, control report and investigation report. On the basis of function, it is operating report and financial report and on the basis of period, it could be routine report or special report.

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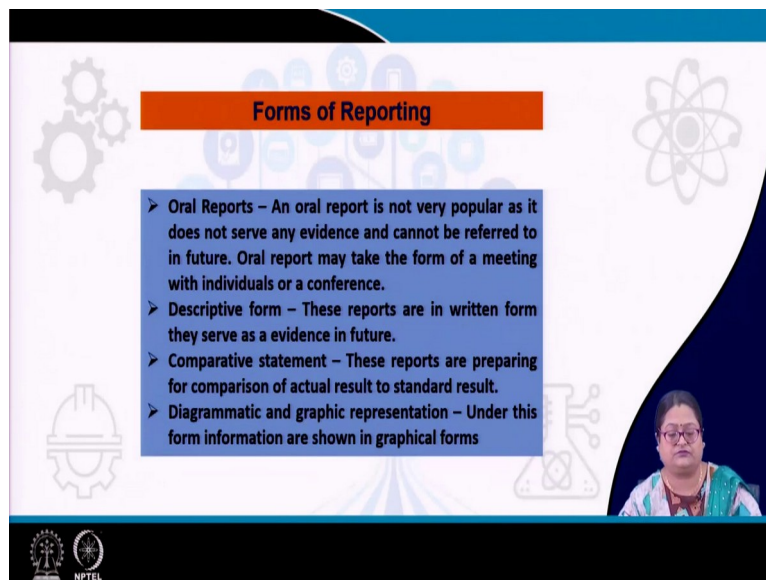
On the basis of functions: operating reports. These reports provide information about the operations of the concern. These reports can be classified into three types: control reports, which are prepared to exercise control over various operation of the business, information

report which are prepared for facilitating planning and policy formulation in a business and venture measurement report which is prepared to show the result of specific ventures undertaken.

The financial reports are reports which provide information about financial position of the undertaking. These reports may be prepared annually to show the financial position for the year as in the case of balance sheet or periodically to show the cash position for a given time period.

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There are various forms of reporting like oral report, it is not very popular as it does not serve any evidence and cannot be referred to in future. Oral report may take the form of a meeting with individuals in a conference or a conference.
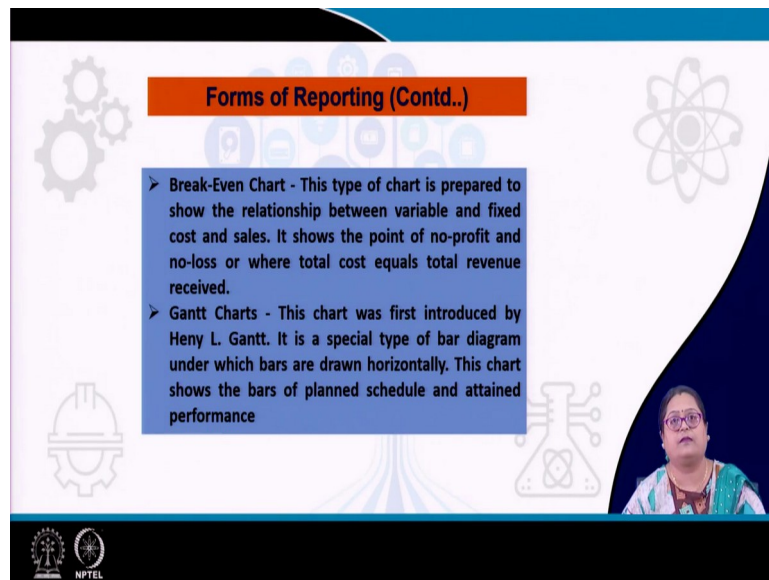
Descriptive form, these reports are in written form as they serve as evidence in future. Comparative statement, these reports are preparing for comparison of actual result to standard result. Diagrammatic and graphic representations under this form information are shown in graphical forms.

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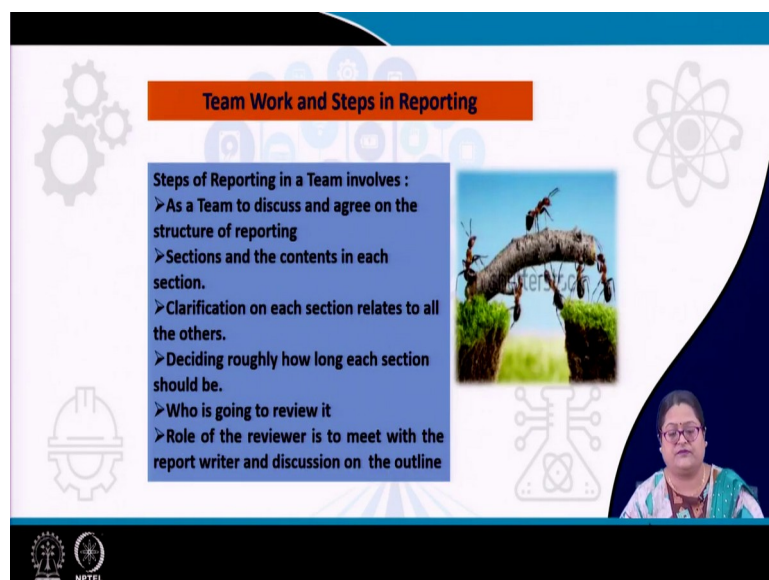
Break-even chart, this type of chart is prepared to show the relationship between variable and fixed cost and sales. It shows the point of no profit and no loss where the total cost equals to the total revenue received. Gantt chart, this chart was first introduced by Henry L. Gantt. It is a special type of bar diagram under which bars are drawn horizontally. This chart shows the bars of planned schedule and attained performance.

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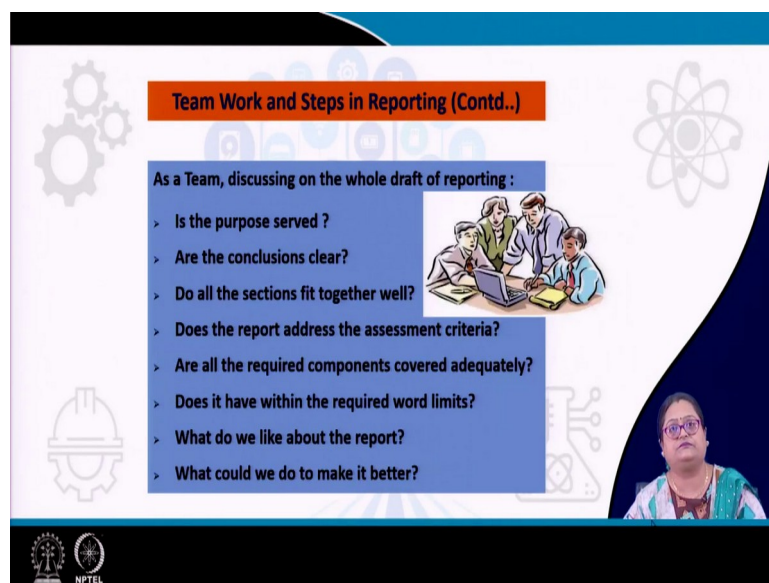
Like whenever we are talking of teamwork as we have discussed earlier that what would be the reporting structure in a team. The steps of reporting in a team involves the let the team has to discuss and agree on the structure of reporting.

Sections and contents in each section. Classification in each section relates to all others or the it should be sorry. Clarification on each section relates to all others. Deciding roughly how long each section should be. Who is going to review it? Role of the reviewer is to meet with the report writer and discussion on the outline.

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As a team are discussing on the whole draft of reporting is like is the purpose served? Are the conclusions clear? Do all the sections fit together well? Does the report address the assessment criteria? Are all the required components covered adequately? Does it have within the required word limits? What do we like to like about the report? What we do to make it much better? So, these discussions should be there.
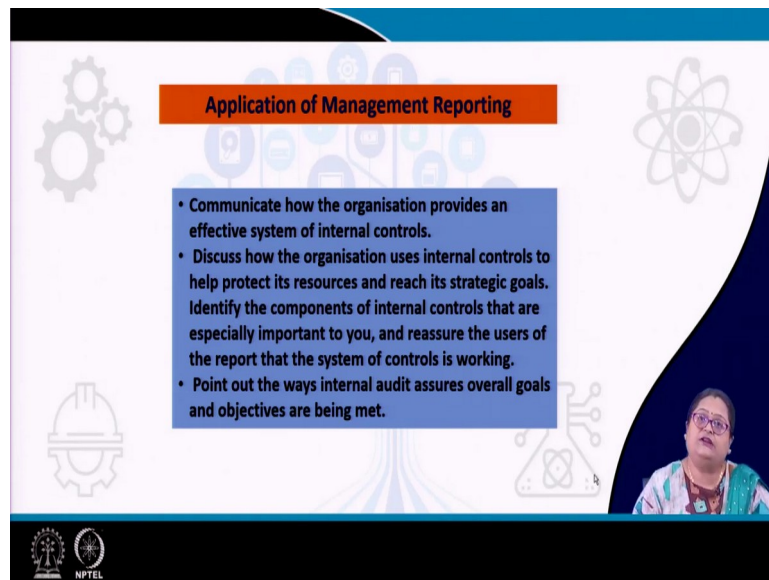
There are two kinds of reporting like the financial reporting and management reporting. Financial reporting is compliance oriented and encompasses the standard weekly, monthly and quarterly reports that companies receive each month which include like profit and loss statement, the balance sheet, accounts payable, accounts receivable, statement of cash flows.

In management reporting, the managers may be able to dive deeper into the financial standards of the company through management reports which consists of profit and loss by department, the team and job, realization rate and utilization rate. Unlike financial reports, management accounting is not mandatory and is for internal use only.

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The applications of management reporting. Communicate how the organization provides an effective system of internal controls. Discuss how the organization uses internal controls to help protect its resources and reach its strategic plans.

Identify the components of internal control that especially important to you and reassure the users of the report that the system controlling is working. Print out the ways the internal audit assures overall goals and objectives are being met.

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The in-management reporting, the audit committee's role should be clarified. So, the report is used to enhance the functions of the organization. So, how it should be explained like how the company uses independent auditors to help managers to assess their control system. So, take advantage of the location of the management report in the annual report to explain how your company's practice compare with the other leading companies in the industry.

Highlight what is unique about your company. For example, if you have adopted a code of ethical conduct for your employees like advertise that here so, it is very important like in management reporting, the steps taken for effective and functioning of the organization needs to be highlighted over there.

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The report submission to various levels of management is like we have told it is could be at the top-level, middle level and the lower-level management.
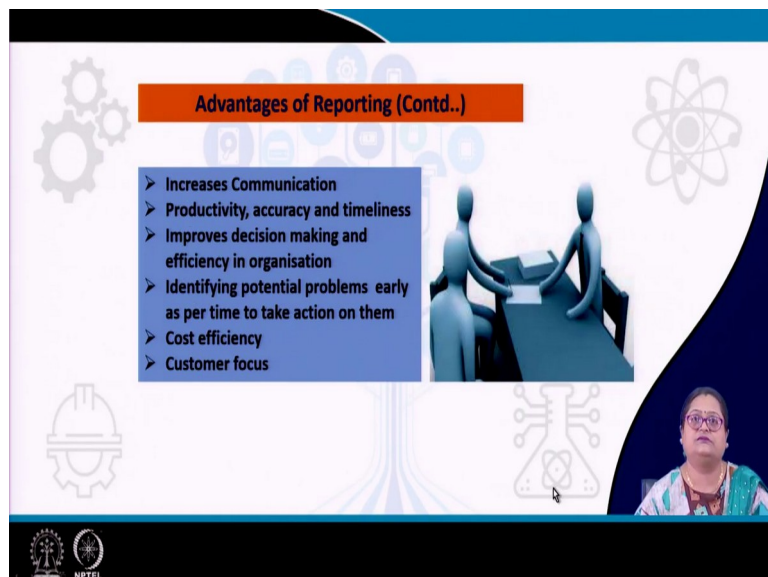
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The advantages of reporting are it helps in understanding functional areas, it is a tool to identify the areas of weakness, performance and employee is regulated and controlled. Policy formulation and future development, future course of action is taken with great care, it helps in developing public relations, it is the basis to measure the performance and it is the basis of control process also.
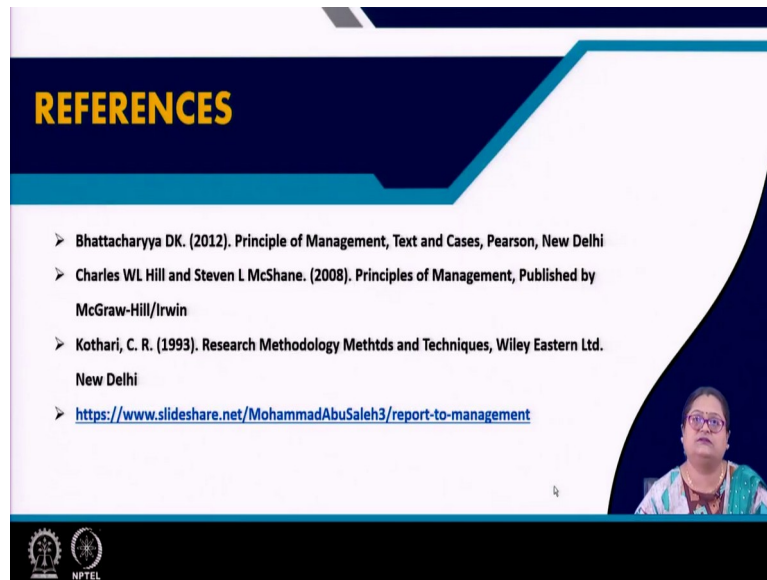
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The other advantages are it increases communication, productivity accuracy and timeliness, it improves decision making and efficiency in organization, identify potential problems early as

per time to take actions on them, it is cost efficiency and it has a customer focus because you prepare a report so, that to whom you submit they can understand it and make use of it for their decision making. So, it has a customer focus.
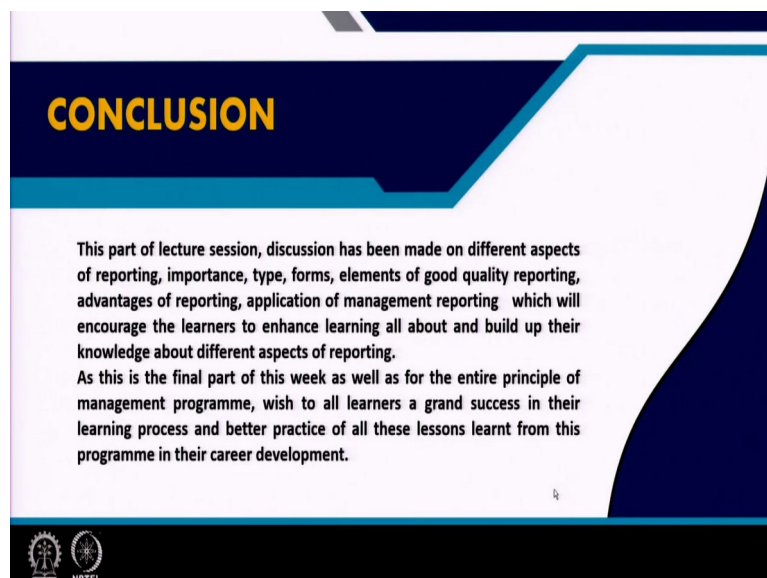
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So, these are some of the references that we have used here.

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So, we hope like that this part of the lecture session so, on reporting it will help you to understand the good qualities of reporting. So, as this is the final part of the lecture of this week as well as for the entire principle of the management program so, we wish like all the

learners had a great learning along with us, we expect you to like maybe revise it and go through our slides again and like try to practice it in your day-to day-life, so that you can understand the implications of this and see how it is working in your real-life situations.

Thank you.