

MODULE- 1

MANAGEMENT

INTRODUCTION

- Management is a function of guidance and leadership control of efforts of a group or individuals in order to achieve goals/objectives of an organization.

MEANING

- Management is a critical element in the **economic growth** of a country. Management is the dynamic, life-giving element in every organization. The managing has become essential to ensure the coordination of individual efforts. The definitions of the management are:
 - Management is the **art of getting things done** through people.
 - Management is a process consisting of **planning, organizing, actuating and controlling, performed to determine and accomplish** the objectives by use of people and resources.

NATURE AND CHARACTERISTICS OF MANAGEMENT

- The production process involves land, labour, capital, organization and entrepreneurship.
- The production is the result of their combined efforts.
- The success of production depends on their effective combination and cooperation.
- The effective balance is a challenging task. Proper skills and knowledge is the management.
- The important characteristics of management are:
 - Stable
 - Applicable to all kinds of organizations
 - Transparent
 - Approaches to be clear and goal oriented
 - Simple and effective
 - It should be responsive to many external elements like economic, technological, social, political and ethical factors.
 - Well defined goals and effective means to accomplish the goals.
 - Good planning, organizing, staffing, directing and controlling functions.
 - Provide conducive atmosphere of work.

SCOPE OF MANAGEMENT

- The management is a must for every organization.
- Management plans the activities, coordinates and utilizes the available resources effectively and efficiently at minimum cost.
- The scope of management is not limited only to business organization but it is extended to Business establishments
- The scope can be extended to important areas of life such as:
 - Development management
 - Distribution management
 - Financial management
 - Marketing management
 - Personnel management
 - Production management
 - Office management
 - Transport management
 - Purchase management
 - Sales management
 - Supply chain management
 - Business management

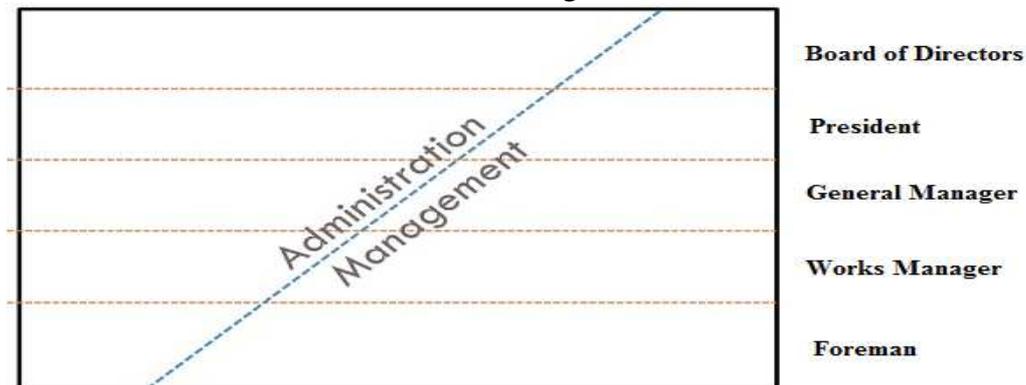
- Its scope starts from self management to home management and to the management of organizations.

MANAGEMENT AS A SCIENCE, ART OR PROFESSION

- The art is doing things in the light of the realities of a situation under “art” one normally learns the “how” of a phenomenon.
- It is the art of getting things done through others in dynamic and mostly non- repetitive situations.
- The science is an organization knowledge.
- The essential feature of any science is the application of scientific methods to the development of knowledge.
- So management is partly an art and partly a science. Management does not possess the characteristics of a profession.
- A profession is expected to have organized and systematic knowledge, formalized methods of acquiring training and experience.
- But nowadays, management has become a profession than art or science.

MANAGEMENT AND ADMINISTRATION

- People feel that administration involves “thinking”. It is a top level function that centers around the preparation of plans, rules, policies and objectives of an organization.
- Whereas management involves “doing” and is a lower level function, concerning with execution and direction of policies and operations.
- So administration is more important at lower levels. The time spent in administrative and managerial function at different levels is as in fig.



- Management is regarded as comprehensive generic function covering entire process of planning, organizing, directing and controlling.
- Administration is regarded as a branch of management that has two functions- planning and controlling.
- The function of management is divided into two categories the upper level management called as administrative management and lower level management termed as operative management.
- This can also be defined as managing of business enterprises is called management and managing non-business organizations is called administration.
- Administration determines the policies upon which the enterprise is to be conducted while the function of management is to carry out the policies that are laid down by the administrative group.
- Differences between administration and management

Characteristics	Administration	Management
Main Function	Planning ,Organising and staffing	Leading & Controlling
Status	Act as owner	Act as an agency
Skills	Good Administrative skills	More technical skills
Level in the organization	Top level	Middle/Lower level
Position	MD, Owner, CEO	Manager , Supervisor, foremen etc...
Objective	Makes the polices & objective to be achieved	Implements the plans and policies
Involvement	No direct involvement in production or service	Directly involves in the execution of plans and achieving objectives

ROLES OF MANAGER

- The three important roles played by a manager are
 - Interpersonal Roles
 - Informational Roles
 - Decisional Roles
- **Interpersonal Roles**
 - Figure head: The manager has to perform some duties that are casual and informal such as attending the functions, taking for lunch etc.
 - Leader: Manager must motivate and encourage his employees. He must try to reconcile their individual needs with the goals of the organization.
 - Liaison: Manager must cultivate contacts outside to collect information useful for his organization.
- **Informational Roles**
 - Monitor: The manager monitors his environment and collects information through his personal contacts.
 - Disseminator: The manager passes some of his information directly to his subordinates.
 - Spokesman: The manager communicates the information/goals of organization to his superiors. He also communicates the performance of company to shareholders and the rules and responsibility to his subordinates.
- **Decisional Roles**
 - Entrepreneur: For the improvement of the organization the manager continuously looks for new ideas, which may result in the development of new products or service or finding a change in work environment.
 - Disturbance Handler: manager works as a problem solver. He finds solutions of various un-anticipated problems both within and outside the organization.
 - Resource Allocator: The manager must divide work and delegate authority among his subordinates. He must decide who will get what.
 - Negotiator: The manager has to spend considerable time in negotiations. Must try to resolve any internal problems like trade agreements, strikes and solve the problems of employees.

LEVELS OF MANAGEMENT

- Almost all managers perform the same functions of management like planning, organizing, directing and controlling there are levels among them.
 - Top management
 - Middle management
 - First line or supervisory or Lower level management
- Top management consists of Chairman, Directors, Company Presidents, Vice- Presidents, CEO's. These are the people who make policies for the company, set goals and targets. They should possess conceptual and design skills.
- Middle management include finance manager, sales manager, marketing manager, personnel manager, department heads etc.
- Lower level managers are supervisors and foremen.
- Skills at different levels of management or managerial skills
 - Conceptual skills: The ability to view of organization and its future, think in abstract, analyze the forces working in a situation, creative and innovative ability and the ability to assess the environment and changes taking place.
 - Human relations skill: Ability to interact effectively with people at all levels. This skill develops the ability to recognize the feelings and sentiments, to judge the possible reactions, to examine his own concepts and values to develop more useful attitudes.
 - Technical skill: The person's knowledge and proficiency in any type of process or technique.

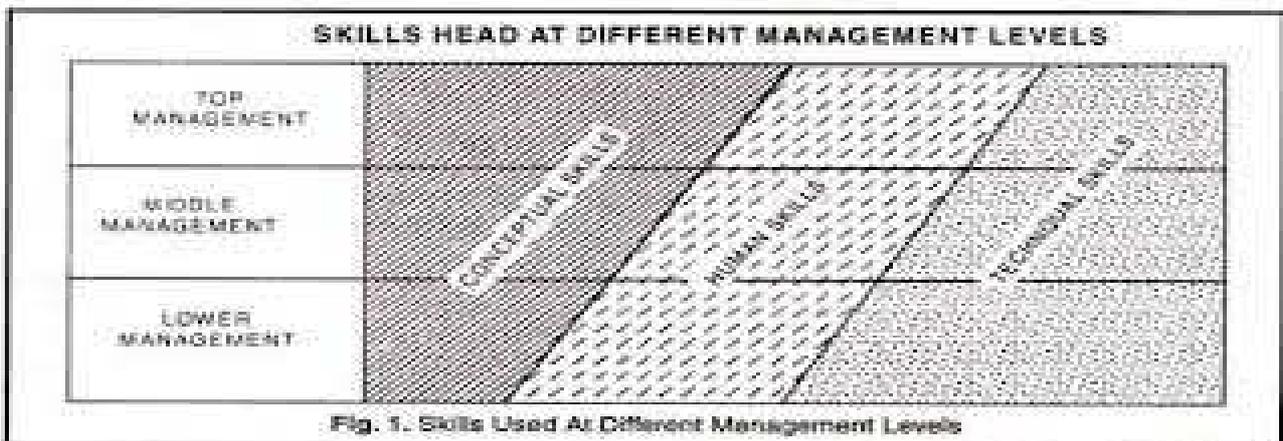


Fig. 1. Skills Used At Different Management Levels

FUNCTIONS OF MANAGEMENT OR PROCESS OF MANAGEMENT

- The five functions of management are:
 - Planning
 - Organizing
 - Staffing
 - Directing (leading)
 - Controlling
- **Planning:** Determines in advance what should be done. Planning is the function that is referred to as decision making. It involves mission and objectives and action to achieve them.
- This involves the following:
 - Setting short and long term goals for organization.
 - Selecting objectives, strategies and policies for accomplishing the planned goals.
 - Deciding in advance what to do, how to do, who has to do, when to do and where to do.
 - Planning bridges the gap from where we are now to where we want to be in future.
- **Organizing:** Organizing is a part of management that involves in establishing an intentional structure of roles for people to fill in an organization. To organize a business well, it is required

to provide all the useful things for its proper functioning. They are raw materials, tools, capital and personnel. This involves :

- Determination of activities required to achieve goals.
 - Grouping these activities into department.
 - Assigning groups of activities to manager.
 - Forming delegation of authority.
 - Making provisions for coordination of activities.
- **Staffing:** This makes the provision for man power to fill different positions. This is done by identifying work-force requirements, recruiting new staff, selecting, placing, promoting, appreciating, planning their career, training the staff to accomplish their tasks effectively and efficiently. This involves:
 - Finding the right person for right job.
 - Selecting the personnel.
 - Placement, training and developing new skills required for present and future jobs.
 - Creating new positions.
 - Apprising the staff and planning their growth and promotions etc.
 - **Directing:** Directing involves three sub functions namely communication, leadership and motivation.
 - Communication is the process of passing information and understanding from one person to another.
 - Leadership is the process by which a manager guides and influences the work of his subordinates.
 - Motivation means encouraging the minds of employees of an organization to perform their best.
 - **Controlling:** Controlling is measuring and correcting of activities of subordinates to make sure that the work is going on as per the plans. Controlling relates to the measurement of achievement. This involves:
 - Establishing standards of performance.
 - Measuring performance and comparing with established standards.
 - Taking necessary corrective action to meet the set standards.

Management Cycle



PLANNING

- **NATURE OF PLANNING**
- Planning is the most basic function of management. It is “deciding in advance” what to do, how to do, when to do and who has to do it etc.
- It is an intellectual process, which requires a manager to think before acting. It is nothing but thinking in advance. A manager should continuously watch the progress of the plans like a

navigator. Planning involves selection of objectives and goals and determines the ways and means of achieving them.

- Planning bridges the gap from where we are to where we want to be. Planning is vital at all levels of an organization.
- Planning involves four essential qualities:
 - It must contribute to accomplish purpose and objectives.
 - It must be considered as parent exercise in all processes.
 - It must spread through all management functions.
 - It must be efficient in such a manner so as to achieve the designed goals at the least cost.

IMPORTANCE OF PLANNING

- Planning is important because:
 - It overcomes uncertainty and change and minimizes risk.
 - It facilitates effective control.
 - It focuses attention and concentration only on the objectives of enterprise.
 - It makes economic operation and leads to success.
 - It forms the bridge between the present and the future.
- Uncertainty and minimize risk: Planning provides logical facts and procedure to managers for making decisions. This logical decision making based on plans to organization minimizes uncertainty and risk.
- Effective control: Planning sets goals, targets and means to accomplish these goals. These goals and plans become standards or bench marks against which performance can be measured. Thus good plans help effective control on the activity.
- Focuses attention and concentration on the objectives of the enterprise: Planning helps the managers to focus their attention on the goals and activates of organization. This makes entire organization to accomplish the goals.
- Economic operation and leads to success: Planning does not ensure success, but leads to success. If the work is planned in advance, there will be no confusion and things will happen as per plan and can even reduce uncoated expenditure.
- Bridge between the present and the future: There is a vast gap between what we are today and what we want to be in future. A proper and systematic plan forms the bridge between the present and future. Hence planning is important for the success of any organization.

PURPOSE OF PLANNING

- The purpose of planning are:
 - To select from many available alternatives so as to achieve the objectives of the enterprise, economically, effectively and efficiently.
 - To direct all other functions of management.
 - To set up the goals of an enterprise in perspective, within the environment.
 - To help planned goals of an enterprise to break-up into more easily hand able additive-segmented goals.
 - To form the basis for budget.
 - To forecast the future to avoid uncertainty and change.
 - To provide effective control.
 - To search for alternatives and adopt the best way of accomplishing the work.
 - To focus the vision on the objectives and goals.

TYPES OF PLANS

- Based on nature of planning, the planning is classified as strategic planning (Long range planning) and tactical planning (short range planning). The difference between them are:

Forms of Planning

Strategic Planning	Tactical Planning
It is long term.	It is short term.
Done at top management.	Done at lower levels of management.
It decides the major goals and policies of allocation of resources to achieve these goals.	It decides the detailed use of resources for achieving each goal.
It is generally based on long-term forecasts about technology, political environment etc. and is more uncertain.	It is generally based on the past performance of the organization and is less uncertain.
It is less detailed because it is not involved with the day-to-day operations of the organization.	It is more detailed because it is involved with the day-to-day operations of the organization.

- The hierarchy of organizational plans are:



- Objectives are the broad end of the organization which are achieved by means of strategies. Strategies has two major groups plans – single-use plans and standing plans. Single-use plans, are developed to achieve a specific end; when end is reached the plan is dissolved. The plans are programmes and budgets. Standing plans are designed for situations that recur often.
- Objectives**
 - Objectives are goals or aims which the management wishes the organization to achieve. These are end points towards which all business activities like organizing, staffing, directing and controlling are directed.
 - The objectives should have “vision” “purpose” and “mission”.

- The vision is the dream that an entrepreneur creates and the root for all objectives.
- The purpose of an organization is its primary role defined by the society.
- The mission is the unique aim that sets the organization apart from others.
- Objectives are the specific target to be reached by an organization.
- Characteristics of Objectives:
 - Objectives are multiple in number.
 - These are market standing, innovation, productivity, physical and financial resources, profitability, manager performance and development, worker performance and attitude and public responsibility.
 - Objectives are either tangible or intangible.
 - Objectives have a priority.
 - Objectives are generally arranged in a hierarchy.
 - Objectives sometimes clash with each other.
- Requirements of sound objectives:
 - Objective must be both clear and acceptable.
 - Objectives must support one another.
 - Objectives must be precise and measurable.
 - Objectives should always remain valid.
- Advantages of objectives:
 - Provide a basis for planning
 - They act as motivators
 - They eliminate haphazard action
 - They facilitate coordinated behavior.
 - Function as a basis for managerial control.
 - They facilitate better management.
 - They lessen misunderstanding and conflict.
 - They provide legitimacy to organization's activity.

Strategies

- Strategies is a plan which account the environmental opportunities and threats and the organizational strengths and weaknesses and provides an optimal match between the firm and the environment.
 - Environment Appraisal: An analysis of the relevant environment result in the identification of threats and opportunities. Some of the key factors are:
 - Political and legal factors
 - Economic factors
 - Competitive factors
 - Social and cultural factors
 - Corporate Appraisal: This involves an analysis of the company's strengths and weaknesses.

Standing Plans

- Policies: A policy is general guideline for decision-making. It sets up boundaries around decisions, including those that can be made and shutting out those that cannot.
- Policy is verbal, written or implied overall guide, setting up boundaries that supply the general limits and directions in which managerial action will take place.
- Policy deals with "how to do" the work.
- Advantages of polices
 - Policies ensure uniformity of action and makes action more predictable.
 - Policies speed up decisions at lower levels.

- Policies make it easier for the superior to delegate more and more authority to his subordinates.
- Policies give a practical shape to the objectives.
- Types of policies: They are classified on the basis of sources, functions or organizational level.
- Classification on the basis of sources:
 - On this basis, policies are divided into originated, appealed, implied and externally imposed policies.
- Classification on the basis of organizational level:
 - On the basis of business functions, policies may be classified into production, sales, finance, personnel policies etc.
- Classification on the basis of organizational level:
 - Policies range from major company policies through major departmental policies to minor or derivative policies applicable to the smallest segment of the organization.
- Guidelines for effective policy-making:
 - Policies should be in writing
 - Policies should reflect the objectives
 - Top managers and subordinates must participate in the formation of policies.
 - Policy must strike a reasonable balance between stability and flexibility.
 - Policies in the organization should not pull in different directions.
 - Policies should not be detrimental to the interest of society.
 - Policies must be comprehensive.
 - Policies should be periodically reviewed.
- Procedures: A procedure provides a detailed set of instructions for performing a sequence of actions involved in doing a certain piece of work.
- Procedures are to be followed every time when activity is performed.
- Difference between policy and procedure:

Policy	Procedure
General guidelines of the organization.	General guidelines at the action level.
Top level activity.	Departmental activity.
Policies fulfill the objectives of an organization	Procedures guide the way to implement the policies.
Policies are often made without any study or analysis.	Procedures are always made after through study and analysis of work.

- Methods:
 - A method is a prescribed way in which one step of a procedure is to be performed. Thus method is a part of procedure.
 - Method help in increasing the effectiveness and usefulness of the procedure.
 - A procedure has a number of steps, each step may have number of methods to do it.
- Rules:
 - Rules are detailed and recorded instructions that a specific action must or must not be performed in a given situation.
- Single-use plans
 - Programmes

- Budgets

STEPS IN PLANNING

- **Establishing goals/objectives**

- To determine the enterprise objectives and once the organizations objectives are determined, the section wise or department wise objectives are planned at the lower level.

- **Establishing planning premises**

- That is the conditions under which planning activities will be undertaken.

The planning premises can be classified as below:

- Internal and External premises.
- Tangible and Intangible premises.
- Controllable and non-controllable premises.

- **Deciding the planning period**

The factors which influence the choice of a period are:

- Lead time in development and commercialization of a new product.
- Time required for recovering capital investment or the pay back period.
- Length of commitment already made.

- **Identification of alternatives course of action**

- A particular objective can be achieved through various actions.

- **Evaluation and selection of course of action**

- **Developing derivative/supportive plans**

- **Measuring and controlling the process**

LIMITATIONS OF PLANNING

- Planning is time consuming Process. It involves significant amount of money energy and risk without any assurance of the fulfillment of organization's objectives.
- Planning sometimes restricts the organization to the most rational and risk free opportunities.
- Scope of planning is said to be limited in the case of organizations with rapidly changing situations.
- Establishment of advance plans tend to make administration inflexible.
- Difficulty of formulating accurate premises.
- Planning may sometimes face people's resistance to it.

DECISION-MAKING

Meaning

- A decision is choice between two or more alternatives.
- Decisions are made by the managers and actions are taken by others.
- Decision- making is commitment to something, a point of view, a principle or course of action.

It implies three things:

- When manager make decisions they are choosing-they are deciding what to do on certain basis.
- Managers have alternatives available when they are making a decision. It requires wisdom and experience to select best one.
- Managers have a purpose in mind when they make decision.

TYPES OF DECISIONS

- **Decisions are classified as:**

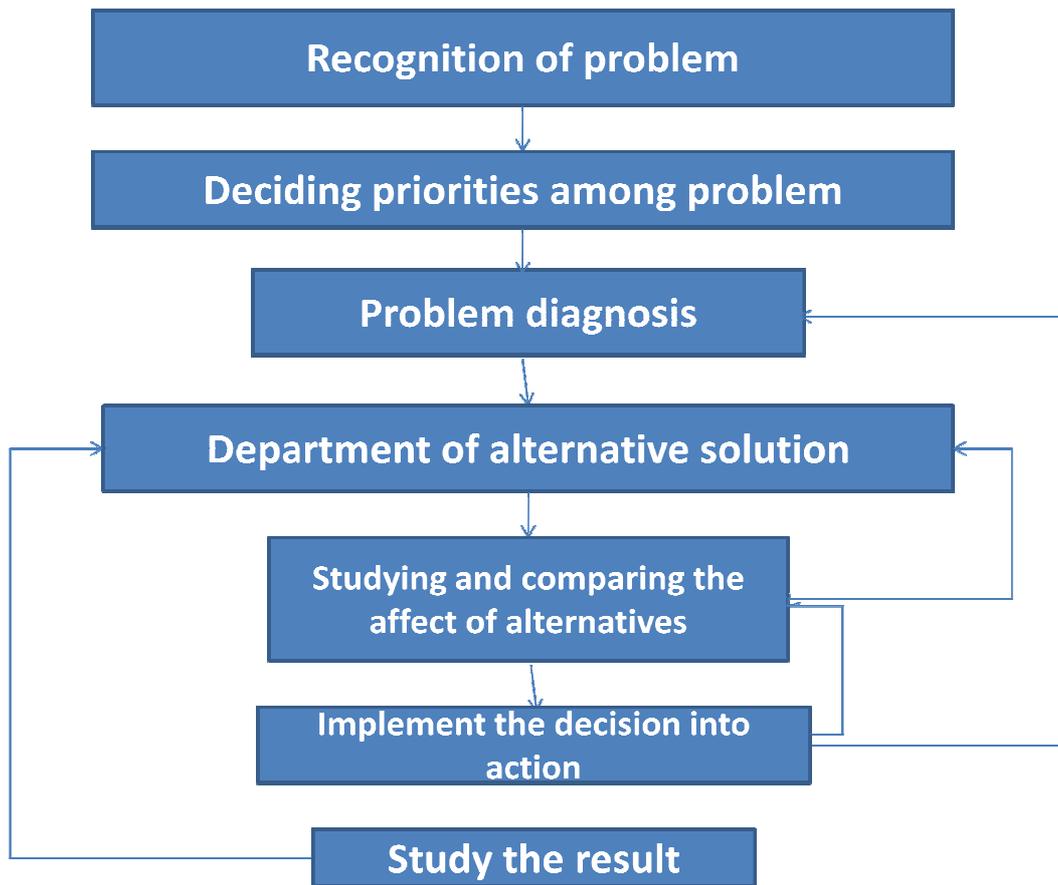
- **Programmed and non-programmed decisions:**

- Programmed or Pragmatic are those decisions taken within purview of the policies, rules or procedure. These are routine decisions or structured decisions.

- Non-programmed or non Pragmatic decisions are called as strategic decisions. These involve heavy expenditure and are generally taken by top management.
- **Individual and collective decisions**
 - Group decision-making has advantages like increased acceptance, better communication and better coordination.
- **Major and minor decisions**
 - Minor decision are related to day to day periodical occurrences.
 - Example: Purchase of stationary, granting leaves and permissions etc.
 - Major decisions generally done by top management.
 - Example purchase of new machinery, employing new technology, hiring new people etc.
- **Strategic and routine decisions**
 - Strategic decisions are generally done by top management.
 - Example price increase/ discount, Change in product range etc
 - Routine decisions are day to day decisions.
- **Simple and complex decisions**
- **Temporary (Ad-hoc) and permanent decisions.**
 - Some decisions are to be taken depending on situation till the solution is found.
 - Permanent decisions are taken on permanent basis.

Decision Making Process: Steps in Rational Decision Making

- The steps in decision making are:
 - Recognizing the problem.
 - Deciding priorities among the problems.
 - Diagnosing the problem.
 - Developing alternative solutions or courses of action.
 - Measuring and comparing the consequences of alternative solutions.
 - Converting the decision into effective action and follow up of action.



- Recognition of problem
 - A problem may exist either due to deviation from past experience, deviation from plan, when competitors outperform and when people bring problems to the manager.
- Deciding priorities among problem
 - The manager must identify the problems which he can solve, which he feels that his subordinates can solve and which are to be referred to higher officials.
- Problem diagnosis
 - Managers should follow system approach in diagnosing a problem. A thorough study need to done before arriving at solution.
- Development of alternative solutions
 - Every problem there will be some alternative solutions. Alternatives do exist. Manager has to find it out.
- Studying and comparing the affect of alternatives
 - The alternative solutions are measured and compared as well as quality and acceptability is analyzed.
- Implementation of the decision into action
 - This requires the communications of the decisions to the concerned employees in clear and simple terms.
- Study of results
 - The manager has to carry out the follow up action. If the result is not satisfactory, the manager has to take necessary corrective action or modify his decision. Some of the difficulties faced by manager are: Incomplete information, Non-conductive environment, Opposition by subordinates, improper communication, Wrong timing, Statutory regulations, Government policies, External influences and Lack of support.