

# MODULE 1

## MANAGEMENT

### OBJECTIVES

- Describes the basic concepts and principles of Management.
- To understand history of Management.
- To know the roles of Manager.
- To know levels of Management.
- Analyze the nature and importance of planning
- Discuss various types of planning and understand types of plans
- Discuss steps in decision making

### INTRODUCTION

In today's tough and uncertain economy, a company needs strong managers to lead its staff toward accomplishing business goals. But managers are more than just leaders — they're problem solvers, cheerleaders, and planners as well. And managers don't come in one-size-fits-all shapes or forms. Managers fulfill many roles and have many different responsibilities at each level of management within an organization. In this chapter, you not only discover those roles and functions, but you also find out the truth about several common misconceptions about management.

### MEANING OF MANAGEMENT

Management is distinct process consisting of planning, organizing, actuating & controlling performance to determine & accomplish the objectives by the use of people & resources.

### NATURE AND CHARACTERISTICS OF MANAGEMENT

- Involves decision-making: Management in the decision making process & the decisions are involved in all the functions of management.

- It Co-ordinates all activities & resource: It is concerned with the Co-ordination of all activities & resources it's various functions to attain the stated objectives.
- It is a universal activity: It manages irrespective of the enterprise in which they are working & their place in the organizations makes use of the management principles.
- It is an integrating process: It integrates men, machines & materials for carrying out the operations of the enterprise & for achieving the stated objectives.
- It is concerned with direction & control: It in concerned with the direction & control of various activating the enterprise to attain the business objectives.
- It is in tangible: It is abstract & cannot be seen with the eyes. It is evidenced by the quality of organization & results such as increased productivity.
- It is a profession: Because there are established principles of management which are being applied in practice.

## SCOPE OF MANAGEMENT

- Developing Management
- Distribution Management
- Financial Management
- Marketing Management
- Production Management
- Office Management
- Transport Management

## FUNCTIONAL AREAS OF MANAGEMENT

The functions of management are planning, organizing, staffing, leading, and controlling.

- I. **Planning:** This step involves mapping out exactly how to achieve a particular goal. Say, for example, that the organization's goal is to improve company sales. The manager first needs to decide which steps are necessary to accomplish that goal. These steps may include increasing advertising, inventory, and sales staff. These necessary steps are developed into a

- plan. When the plan is in place, the manager can follow it to accomplish the goal of improving company sales.
- II. **Organizing:** After a plan is in place, a manager needs to organize her team and materials according to her plan. Assigning work and granting authority are two important elements of organizing.
  - III. **Staffing:** After a manager discerns his area's needs, he may decide to beef up his staffing by recruiting, selecting, training, and developing employees. A manager in a large organization often works with the company's human resources department to accomplish this goal.
  - IV. **Leading:** A manager needs to do more than just plan, organize, and staff her team to achieve a goal. She must also lead. Leading involves motivating, communicating, guiding, and encouraging. It requires the manager to coach, assist, and problem solve with employees.
  - V. **Controlling:** After the other elements are in place, a manager's job is not finished. He needs to continuously check results against goals and take any corrective actions necessary to make sure that his area's plans remain on track. All managers at all levels of every organization perform these functions, but the amount of time a manager spends on each one depends on both the level of management and the specific organization.

## MANAGEMENT AS A SCIENCE, ART OR PROFESSION

- **Management as a science:** Management is not like the exact or natural science such as physics, chemistry etc which are called exact sciences which makes it possible to study any one of many of the factors affecting a phenomenon individually by making the other factors inoperative for that moment of time by examining the effects of heat on the density of air by holding other factors constant in the laboratory for example but where as in management it is not possible to study in management as it involves the study and multiplicity of factors affecting him in which involves the study of monetary incentives on workers' productivity which means that findings are not accurate and dependable as those of physical sciences and therefore, a management can be put in the category of a behavioral science. Management

are not culture bound because even though the different cultures may give rise to different management practices, techniques or theory concepts and principles remain the same which lead to the conclusion that management did not differ from country to country which is true even in the field of natural sciences.

- **Management as a art:** As the science considers the why phenomena management as an art is concerned with the understanding how a particular task can be accomplished which involves art of getting things done through others in a dynamic and non repetitive fashion and has to constantly analyze the existing situation, determine the objectives, seek the alternatives, implement, coordinate, control and evaluate information and make decisions. As the knowledge of management theory and principles is a valuable kit of the manager but it cannot replace his managerial skills and qualities which has to be applied and practiced which makes us to consider manager as an art. Like the art of a musician or the art of a painter who uses his own skill and does not copy the skills of others.
- **Management is a profession:** Does not have fixed norms of managerial behavior. No uniform of code of conduct or licensing of managers. Entry of managerial jobs are not restricted to individuals with a special academic degree only and hence management cannot be called a profession.

## MANAGEMENT & ADMINISTRATION

Basic difference	Administration	Management
Nature of work	It is primary concerned with determination of objectives & polices. It is thinking function	It is dues the implementation plans & policies, doing function.
Scope	It takes major decision	It takes the decision within frame work of administration.
Level of authority	It is a top level function	Lower level function

Status	It consist of owners of an enterprise	It consists of managerial personal with specialize knowledge who may be employees.
Nature of organization	It is used in relation to good military, educational &fuliginous organization.	It is making in business forms.
Influence	Its decisions are influenced by External factors such as social, political labor	The influence by internal factors such as values, beliefs, opinions.

## ROLES OF MANAGEMENT

A manager wears many hats. Not only is a manager a team leader, but he or she is also a planner, organizer, cheerleader, coach, problem solver, and decision maker — all rolled into one. And these are just a few of a manager's roles. In addition, managers' schedules are usually jam-packed. Whether they're busy with employee meetings, unexpected problems, or strategy sessions, managers often find little spare time on their calendars. These roles fall into three categories:

- I. **Interpersonal:** This role involves human interaction.
  - a) Monitor: Seek and receive information; scan periodicals and reports; maintain personal contact with stakeholders.
  - b) Disseminator: Forward information to organization members via memos, reports, and phone calls.
  - c) Spokes person: Transmit information to outsiders via reports, memos, and speeches.
- II. **Informational:** This role involves the sharing and analyzing of information.
  - a) Figurehead: Perform ceremonial and symbolic duties, such as greeting visitors and signing legal documents.
  - b) Leader: Direct and motivate subordinates; counsel and communicate with subordinates.
  - c) Liaison: Maintain information links both inside and outside organization via mail, phone calls, and meetings.

- III. **Decisional:** This role involves decision making. Decisional Entrepreneur Initiate improvement projects; identify new ideas and delegate idea responsibility to others.
- a) Disturbance: Take corrective action during disputes or handler crises; resolve conflicts among subordinates; adapt to environments.
  - b) Resource: Decide who gets resources; prepare allocator budgets; set schedules and determine priorities.
  - c) Negotiator: Represent department during negotiations of union contracts, sales, purchases, and budgets.

## LEVELS OF MANAGEMENT

- Two leaders may serve as managers within the same company but have very different titles and purposes.
  - Large organizations, in particular, may break down management into different levels because so many more people need to be managed.
  - Typical management levels fall into the following categories:
- I. **Top level:** Managers at this level ensure that major performance objectives are established and accomplished. Common job titles for top managers include chief executive officer (CEO), chief operating officer(COO), president, and vice president. These senior managers are considered executives, responsible for the performance of an organization as a whole or for one of its significant parts. When you think of a top- level manager, think of someone like Dave Thomas of thefast-food franchise Wendy’s. Although John T. Schuessler was elected CEO in 2000, Dave Thomas is the founder and still the chairman of the board. He is the well-known spokesperson for the chain.
- II. **Middle level:** Middle managers report to top managers and are in charge of relatively large departments or divisions consisting of several smaller units. Examples of middle managers include clinic directors in hospitals; deans in universities; and division managers, plant managers,and branch sales managers in businesses. Middle managers develop and implement action plans consistent with company objectives, such as increasing market presence.

- III. **Low level:** The initial management job that most people attain is typically a first-line management position, such as a team leader or supervisor — a person in charge of smaller work units composed of Hands on workers. Job titles for these first-line managers vary greatly, but include such designations as department head, group leader, and unit leader. First-line managers ensure that their work teams or units meet performance objectives, such as producing a set number of items at a given quality, that are consistent with the plans of middle and top management.

## DEVELOPMENT OF MANAGEMENT THOUGHTS

Evolution of the management can be studies as

### I. Early classical approaches

- a) **Scientific management:** Fredric Winslow(1856-1915) is considered as the father of Scientific management Exerted a great influence on the development of the management through his experiment and writings. Conducted as a series of experiments in three companies Midvale steel, Simonds Rolling machine and Bethlehem Steel while serving as a chief engineer of Midvale steel company for a period of 26 years.
- b) **Administrative management:** Henry Fayol is considered as the father of administrative management(1841-1925) Where the focus is on development of broad administrative principles. Was a French mining engineer turned a leading industrialist and a successful manager. Provided a broad analytical framework of the process of administration.

### II. Modern approaches

- a) **Quantitative approach:** Gained momentum during the second world war when UK and USA were desperately trying to seek the solutions to a number of few, complex problems in warfare. Interdisciplinary group of scientists were engaged for this purpose were known as operations research(OR) teams because their work consisted of analyzing operations and carrying out applied scientific research which were the same which were used for solving problems in the industry. solving problems in the industry using OR techniques.

- A mixed team of specialists from relevant disciplines is called to analyze the problem and to propose a course of action to the management.
  - The team constructs the a mathematical model to simulate the problem which in symbolic terms all relevant factors that bear the problem, and the interrelationship amongst them.
  - By the changing the values of the variables in the model generally with a computer and they team can determine the effect of each change.
  - Thus we can conclude that the focus is on quantitative approach is based on decision making with quantitative tools and techniques for making objectively rational decisions.
  - Approach facilitates disciplined thinking, precision and perfection by expressing relationships in quantitative terms which has been widely used in planning and control activities where problems can be precisely identified and defined in quantitative terms.
- b) **Systems approach:** Provides integrated approach to management problems and the key concepts of systems approach are
- System is a set of independent parts: Which together works as a single unit and performs some function. Similarly an organization can also be considered to be composed of four independent parts namely task, structure, people and technology.
  - Structure subsystem: refers to the formal division of authority and responsibility, communication channels and workflow.
  - People subsystem: refers to the employees with their motives, attitudes and values and the informal organization.
  - Technology subsystem: refers to the tools and equipment as well as techniques which are used by the organization to perform the task.
  - Concept of considering the system as a whole: Means that no part of the system can be analyzed and understood apart from the whole system and conversely, the whole system cannot be accurately perceived without understanding all its parts. Each part bears a relation of interdependence to every other part which rather than dealing separately with the various parts of the organization as a whole. The above concept facilitates more effective diagnosis of complex situations and increases the likelihood of appropriate managerial functions.

- System can be either open or closed: Open system is one which interacts with its environment and closed system is one which is independent of the environment. All living systems are actually dependent on the external environment for information, material and energy. They enter the system from the environment as inputs and leave the system as outputs and therefore they are rightly conceived as open systems. Inputs of a business organization: raw materials, power, finance, equipment, human effort, technology, information about market, new products, government policies and the changes these inputs into output of goods, services and satisfaction and the transformation process is known as throughput.
- c) **Contingency approach:** Is the second approach which tries to integrate the various schools of management thought. There is no best way of doing things under all conditions. Methods and techniques are highly effective in one situation may not work in other situations and results differ because the situations differ. The task of a manager is to try to identify which technique will in a particular best contribute to the attainment of the management goals and managers have therefore to select the situational sensitivity and practical selectivity. Contingency views are applicable in designing organizational structure, in deciding the degree of decentralization, in planning information decision systems, in motivational and leadership approaches in establishing communication and control systems, in solving conflicts and managing change, in establishing and control systems and in several areas of organization and management.

## PLANNING

Planning is an intellectual process which requires manager to think before acting. It is thinking in advance. It is planning that managers of organization decide what is to be done, when it is to be done, how it is to be done, and how has to do it.

## NATURE OF PLANNING

A plan must be flexible. By flexibility of a plan is mean its ability to change direction to adapt to changing situations without undue cost. It needs to possess a built in flexibility in at least major

areas technology, market, finance, personal and organization. Flexibility in technology means the mechanical ability of a company to change and vary its product-mix according to changing needs of its customers

Planning is all pervasive function. In other words, planning is important to all managers regardless of their level in the organization. There are however some differences in involvement by managers at different levels. One major difference concerns the time period covered. Top level managers are generally months to five years later, or even after that. Lower level managers are more concerned with planning activities for the day, week or month .first line supervisors, for example plan the work activities for their people for the day.

They are not responsible for predicting sales levels and ordering materials to produce Products six months in the future. A second major difference concerns the time spent on planning. Top managers generally spend more time on planning. They are concerned with establishing objectives And developing plans to meet those o bjectives. Lower level managers are more involved in executing these plans.

## **IMPORTANCE OF PLANNING**

The importance of planning are as follows

- **Minimizes risk and uncertainty**

By providing a more rational, fact-based procedure for making decisions, planning allows managers and organizations to minimize risk and uncertainty. Planning does not deal with future decisions, but in futurity of present decisions.

If a manager does not make any provision for the replacement of plant and machinery, the problems he will have to face after ten years can well be imagined. The manager has a feeling of being in control if he has anticipated some of the possible consequences and has planned for them. It is like going out with an umbrella in cloudy weather. It is through planning that the manger relates the uncertainties and possibilities of tomorrow to the facts of today and yesterday.

- **Leads to success**

Planning does not guarantee success but studies have shown that, often things being equal, companies which plan not only outperform the non-planners but also their past results. This may be

because when a businessman's actions are not random arising as mere reaction to the market place Planning leads to success by doing beyond mere adaption to market fluctuations. With the help of a sound plan, management can act proactively and not simply react. It involves to attempt to shape the environment on the belief that business is not just the creation of environment but its creator as well.

- **Focus attention on the organizations goals**

Planning helps the manger to focus attention on the organizations goals and activities. This makes it easier to apply and coordinate the resources of the organization more economically. The whole organization is forced to embrace identical goals and collaborate in achieving them. It enables the manager to chalk out in advance an orderly sequence of steps for the realization of organizations goals and to avoid needless overlapping of activities.

- **Facilitates control**

In planning, the manager sets goals and develops plans and to accomplish these goals. These goals and plans then become standards against which performance can be measured. The function of control is to ensure that activities conform to the plans. Thus control can be exercised only if there are plans.

- **Trains executives**

Planning is also an excellent means for training executives. They become involved in the activities of the organization and the plans arouse their interest in the multifarious aspects of planning.

## TYPES OF PLANNING

<b>Strategic planning</b>	<b>Tactical planning</b>
1)decides the major goals and policies of allocation of resources to achieve these goals	1)decides the detail use of resources for achieving these goals
2) Done at higher levels of management. Middle managers sometimes not even aware that strategic planning being considered.	2)is done at lower levels of management
3)it is long term	3)it is short term
4) Is generally based on long term forecasts	4)is generally based on the past performance

about technology and is more uncertain. 5)is less detailed because it is not involved with the day to day operations of the organization	of the organization and is less uncertainly 5)is more detailed because it is involved with the day-to-day operations of the organization
---	---

## TYPES OF PLANS

Plans are arranged in a hierarchy within the organization as shown in the figure below. At the top of this hierarchy stand objectives. Objectives are the broad ends of the organization which are achieved by means of strategies. Strategies in their turn are carried out by means of the two major groups of plans. Single use plans and standing plans.

### I. Single use plans

These are developed to achieve a specific end and when the end is reached the plan is dissolved. The two major types of plans are single use plans are programmes and budgets.

- **Programmes**

Programmes are precise plans or definite steps in proper sequence which need to be taken to discharge a given task. Programmes are drawn in conformity with the objectives and are made up of policies, procedures, budgets etc. The essential ingredients of every programme are time phasing and budgeting. This means that the specific dates should be laid down for the completion of the each successive stage of a programme. A provision should also be made in the budget for financing the programme. Often a single step in a programme is set up as a project.

- **Budgets**

A budget is a financial and/or quantitative statement prepared prior to a definite period of time, of the policy perceived during that period, for the purpose of obtaining a given objective. Budgets are plans for a future period of time containing the statements of the expected results in numerical terms that is rupees, man hours Product units and so forth. The important budgets are sales budget, revenue budgets, cash budget and expense budget.

### II. Standing plan

On the other hand are designed for situations that recur often to justify the standardized approach. For example, it would be inefficient for a bank to develop a single use plan for processing a loan

application for each new client. instead it uses one standing plan that anticipates in advance whether to approve or turn down the request based on the information furnished, credit rating, etc. the major types of plans are policies, procedures methods and rules.

- **Policies**

A policy is a general guideline for decision making which sets up boundaries around decisions including those that cannot be made and shutting out those that cannot. A policy can be considered as a verbal, written or implied overall guide setting up boundaries that supply the general limits and the direction in which ,managerial action takes place Policies suggest how to do the work. They do not dictate terms to subordinates and provide only a framework within which the decisions must be made by the management in different spheres.

- **Procedures**

Policies are carried out by means of more detailed guidelines called procedures. A procedure provides a detailed set of instructions for performing a sequence of actions involved in doing a certain piece of work. The same steps are followed each time that activity is performed.

**For example:** the procedure for purchasing raw material may be

- the requisition from the storekeeper to the purchasing department.
- Calling tenders for purchase of materials.
- placing orders with the suppliers who are selected
- inspecting the materials purchased by the inspecting department
- Making payment to the supplier of materials by the accounts department.

Similarly, the procedure for the recruitment of personnel may be

- inviting applications through advertisement
- screening the applications
- conducting written test
- conducting interview for those who have passed the written test and
- Medical examination of those who are selected for the posts.

**a) Methods**

A method is a prescribed way of in which one step of a procedure is performed. For example the specified technique to be used in screening the applications or conducting a written test is a method where as the sequence of steps involved in the recruitment of personnel consists of a procedure. Methods help in increasing the effectiveness and usefulness of the procedure. By improving the methods reduced fatigue better productivity and lower costs can be achieved. Methods can be improved in a number of ways. Manual methods of performing a task can be replaced by the mechanical means, or the existing mechanized process may be improved and unproductive methods improved by conducting motion study.

**b) Rules**

Are detailed and recorded instructions that a specific action must or must not be performed a given situation. In sanctioning overtime to workmen, in regulating travelling allowances, in sanctioning entertainment bills and in other similar matters a uniform way of handling them or dealing with case has to be followed which are all covered by the rules of the enterprise. They make sure that the job is done in the same manner every time bringing uniformity in efforts and results.

**STEPS IN PLANNING**

The various steps involved in planning are as follows:

- **Establishing verifiable goals or set of goals to be achieved**

The first step in planning is to determine the enterprise objectives which are often set up by the upper level or top managers, usually after number of possible objectives have been carefully considered. There are many types of objectives managers may select: desired sales volume or growth rate, the development of a new product or service or even a more abstract goal such as becoming more active in the community. The type of goal selected will depend on a number of factors: the basic mission of the organization, the value its managers hold and the actual and the potential abilities of the organization.

- **Establishing planning premises**

It of planning as they is the second step in planning to establish planning premises which is vital to the success supply pertinent government facts and information relating to the future such as

population trends, general economic conditions, production costs and prices, probable competitive behavior, capital and material availability and control and so on. Planning can be variously classified as under

- internal and external premises
- tangible and intangible premises
- controllable and non controllable premises

### **I. Internal and external premises:**

Premises may exist within and outside company. Internal premises include sales forecasts, policies and programmes of the organization, capital investment in plant and equipment, competence of management, skill of labour, etc. External premises can be classified into three different groups Business environment, factors which influence the demand for the product, and the factors which affect the resources available to the enterprise.

### **II. Tangible and non-tangible premises:**

Tangible premises: those which can be quantitatively measured while Intangible premises are those which being qualitative in character and cannot be measured. Tangible examples: population growth, industry demand, capital and resources invested in the organization are all tangible. Intangible: political stability, sociological factors, business and economic environment are all tangible.

### **III. Controllable and non controllable premises:**

Some of the planning premises are controllable and some are non-controllable and because of the non-controllable factors there is need for the organization to revise the plans periodically in accordance with the current development. Examples of uncontrollable factors: strikes, wars, natural calamities, emergency, legislation etc. Examples of controllable factors: company's advertising agency, competence of management member's skill of the labour force, availability of resources in terms of capital and labour, attitude and behavior of the owner's of the organization.

- **Deciding the planning period**

It is the next task once the upper level managers have selected the basic long term goals and the planning premises. Business plans are made in some instances once for a year and plans are made for decades based on some logic and future thinking.

- **Finding alternate courses of action**

The fourth step of planning is to find the alternate courses of action. Example: securing the technical knowhow by engaging a foreign technician or by training staff abroad.

- **Evaluating and selecting the alternate courses of action**

After selecting the alternate courses selection the best course or course of action with the help of quantitative techniques and operations research.

- **Developing the derivative plans**

Once plan formulated, its broad goals must be translated on day to day operations of organization Middle level managers must draw up the appropriate plans, programmes and budgets for their sub-units which are described as derivative plans.

- **Measuring and controlling the process**

Plan cannot be run without monitoring its progress. The managers must check the progress of their plans.

## **DECISION MAKING**

Decision-making is necessary in a business concern because there are many alternative courses of action to most business situations. For instance, for establishing a business, the entrepreneur may salute one of the forms of organization. All management functions such as planning, organization direction & control are settled by managers with the tool of decision-making. Decision– making can be defined as the selection based on some criteria of over behaviors choosing alternative from two or more possible alternatives. To decide means to cut off or in practical content to come to a conclusion.