

1.1 MANAGEMENT

Management is the process of planning, organizing, leading and controlling the resources of an organization in the efficient and effective pursuit (pursuit means search) of specified organizational goal

1.1.2 DEFINITION

According to Harold Koontz, “Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals”.

1.1.3 Scope of Management

Management is needed in all types of organized activities. Moreover, management principles are applicable to all types of organizations, including profit-seeking organizations (industrial firms, banks, insurance companies, small business, etc.) and not-for-profit organizations (governmental organizations, health care organizations, educational organizations, churches, etc.). Any group of two or more people working to achieve a goal and having resources at its disposal is engaged in management. Obviously, a manager's job is somewhat different in different types of organizations, exists in unique environments, and uses different technology. However, all organizations need the common basic activities: planning, organizing, leading, and controlling.

Management is also universal in that it uses a systematic body of knowledge including economics, sociology, and laws. This knowledge can be applied to all organizations, whether business, or government, or religious, and it is applicable at all levels of management in same organizations.

Features of Management

- Organized activities
- Existence of objectives
- Relationship among resources
- Working with & Through people

- Decision- Making

Importance of Management

- Effective Utilization of Resources
- Development of Resources
- To Incorporate Innovations
- Integrating Various Interest Groups

Stability in the Society

SKILLS of Management

- Technical skills
- Human skills
- Conceptual skills

1.1.4 LEVELS OF MANAGEMENT

The Fig 1 shows The three levels of management. The levels of manages is given bellow.

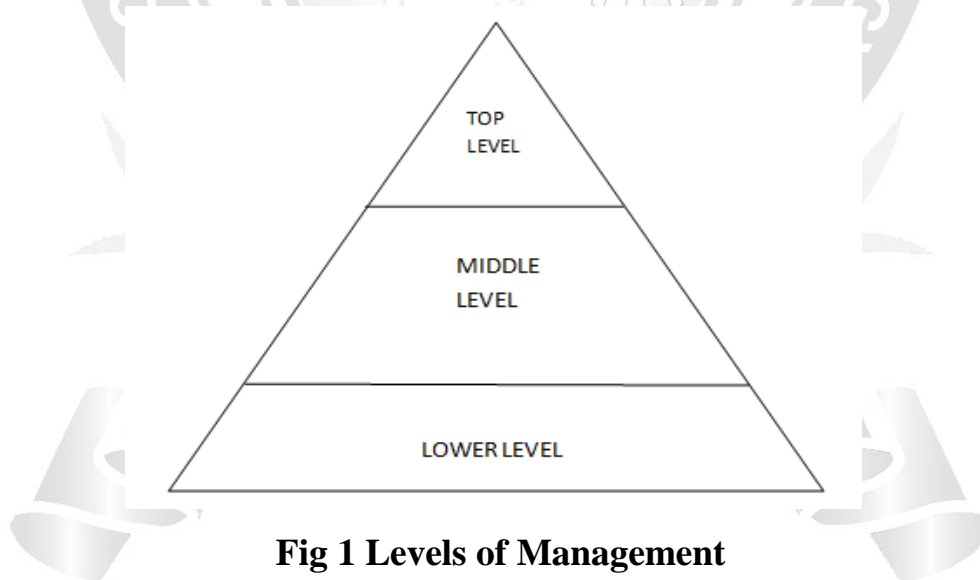


Fig 1 Levels of Management

1. The Top Management

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows –

- a. Top management lays down the objectives and broad policies of the enterprise.
- b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- c. It prepares strategic plans & policies for the enterprise.
- d. It appoints the executive for middle level i.e. departmental managers.
- e. It controls & coordinates the activities of all the departments.
- f. It is also responsible for maintaining a contact with the outside world.
- g. It provides guidance and direction.
- h. The top management is also responsible towards the shareholders for the performance of the enterprise.

2. Middle Level Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as –

- a. They execute the plans of the organization in accordance with the policies and directives of the top management.
- b. They make plans for the sub-units of the organization.
- c. They participate in employment & training of lower level management.
- d. They interpret and explain policies from top level management to lower level.
- e. They are responsible for coordinating the activities within the division or department.
- f. It also sends important reports and other important data to top level management.
- g. They evaluate performance of junior managers.

- h. They are also responsible for inspiring lower level managers towards better performance.

3. Lower Level Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

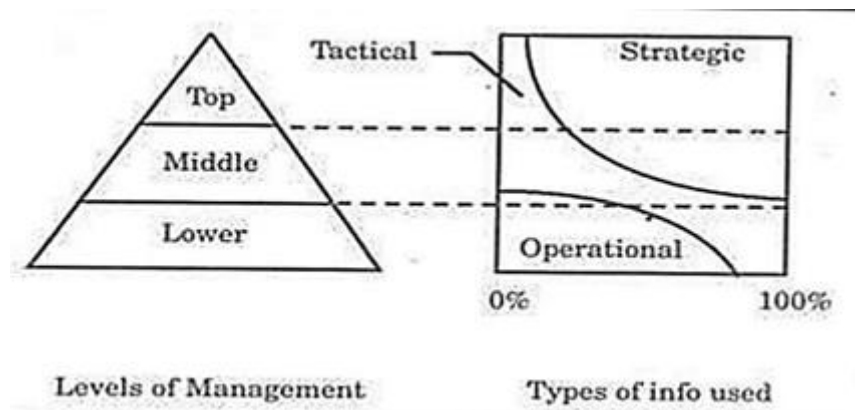


Fig 2 Types of information and Levels of Management

Source: Harold Koontz & Heinz Weihrich —Essentials of management| Tata McGraw Hill,1998

Operational information:

Operational information relates to the day-to-day operations of the organization and thus, is useful in exercising control over the operations that are repetitive in nature. Since such activities are controlled at lower levels of management, operational information is needed by the lower management. Fig 2 shows the types of information and levels of management.

For example, the information regarding the cash position on day-to-day basis is monitored and controlled at the lower levels of management. Similarly, in marketing function, daily and weekly sales information is used by lower level manager to monitor the performance of the sales force.

Tactical information:

Tactical information helps middle level managers allocating resources and establishing controls to implement the top level plans of the organization. For example, information regarding the alternative sources of funds and their uses in the short run, opportunities for deployment of surplus funds in short-term securities, etc. may be required at the middle levels of management.

The tactical information is generally predictive, focusing on short-term trends. It may be partly current and partly historical, and may come from internal as well as external sources.

Strategic Information

The strategic information helps in identifying and evaluating these options so that a manager makes informed choices which are different from the competitors and the limitations of what the rivals are doing or planning to do. Such choices are made by leaders only.

Strategic information is used by managers to define goals and priorities, initiate new programmes and develop policies for acquisition and use of corporate resources. For example, information regarding the long-term needs of funds for on-going and future projects of the company may be used by top level managers in taking decision regarding going public or approaching financial institutions for term loan.

Management & Administration

Administration

“Administration is that phase of business enterprise that concerns itself with the overall determination of institutional objectives & the policies necessary to be followed in achieving those objectives.”

Management

“Management on the other hand, is an executive function which is primarily concerned with carrying out broad policies laid down by the administration”. Fig 3 shows Hierarchical Structure of Management Functions.

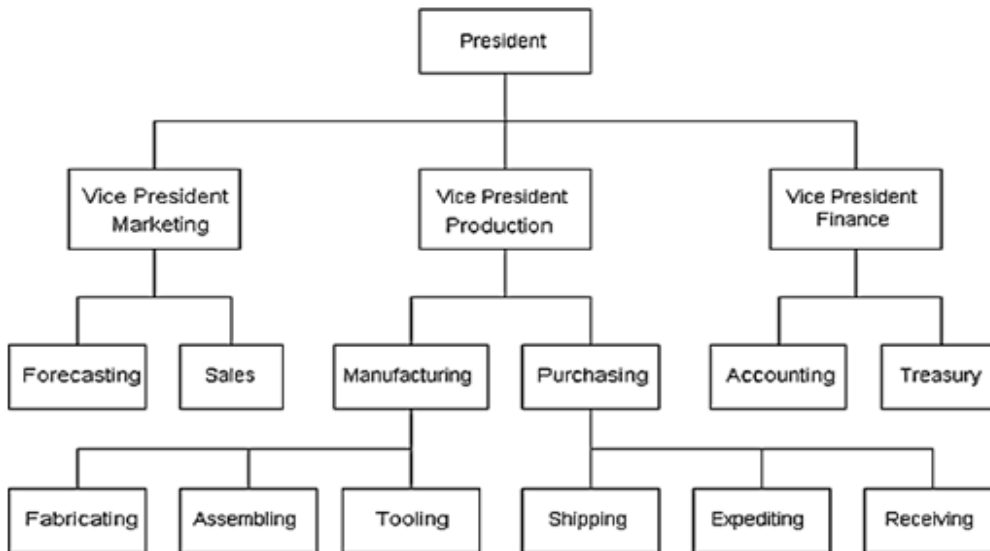


Fig 3 Hierarchical Structure of Management Functions

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Comparison of Management & Administration

Sl.No	Basis of difference	Administration	Management
1	Level in organization	Top level	Middle & lower
2	Major focus	Policy formulation & objective determination	Policy execution for objective achievement
3	Nature of functions	Determinative	Executive
4	Scope of functions	Broad & conceptual	Narrow & operational
5	Factors affecting decisions	Mostly external	Mostly internal
6	Employer-employee relation	Entrepreneurs & owners	Employees

7	Qualities required	Administrative	Technical
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1.2 Managing: Science or Art?

The best response to the question of whether management is an art or a science is that it is both. Managing, like all other practices (e.g., music composition, medicine, or even tennis) is an art. To manage effectively, people must have not only the necessary abilities to lead but also a set of critical skills acquired through time, experience, and practice. If we define *art* as a personal aptitude or skill, then management has certain artistic components.

On the other hand, the organized knowledge underlying the practice may be referred to as a science. To perform at high levels in a variety of situations, managers must be able to draw on the sciences - particularly economics, sociology, mathematics, political science, psychology, and political science - for assistance and guidance.

The tasks of modern managers require the use of techniques, practices, and skills. In this context science and art are not mutually exclusive but complementary.

1.2.1 Management as an Art

Art involves the systematic application of theoretical knowledge and personal skills to achieve desired results. The function of art is to effect change and to bring about desired results through deliberate efforts. Art represents 'how' of human behavior because it is the know-how to accomplish concrete practical results.

Art is a personalized process as every artist has his own style. Art is essentially creative and the success of an artist is measured by the results he achieves. A carpenter making furniture out of wood and a goldsmith shaping gold into ornaments are examples of art.

Art prescribes how to do things and it can be improved through continuous practice. Art is result-oriented involving practical way of doing specific things.

It consists of bringing about desired results through the use of skills. Art involves practical application of theoretical knowledge.

Management is essentially an art because of the following reasons:

The process of management involves the use of knowledge and skills. Every manager has to apply certain knowhow and skills while dealing with people.

Management seeks to achieve concrete practical results, e.g., profits, service, etc. According to Prof. John F. Mee, "management is the art of securing maximum results with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public best possible service."

Like any other art, management is creative. It brings out new situations and makes resources productive. In fact, management is one of the most creative arts because it requires molding and welding the attitudes and behavior of people at work for the accomplishment of specific goals in a changing environment.

It is the art of securing desired response from people. Management makes things happen.

Like any other art, management is a personalized process. Every manager has his own approach and technique depending upon his perception and the environmental conditions.

As an art, management requires judgment and skills. The art of management can be refined with continuous practice of management theories and principles.

The art of management is as old as human civilization. The importance of management art has increased with rapid growth in the number size and complexity of organizations.

1.2.2 Management as a Science:

Science is an organized or systematized body of knowledge pertaining to

a particular field of enquiry. Science is systematized in the sense that it establishes cause and effect relationship between different variables.

Such systematized body of knowledge contains concepts, principles and theories which help to explain past events and to predict the outcome of specific actions. These principles are capable of universal application, i.e., they can be applied under different situations. They represent fundamental truths derived through empirical results. These principles or basic truths are developed through scientific methods of continuous observation, experiment and testing.

When generalizations or hypotheses are empirically verified for accuracy through continuous observation and experimentation they become principles. Science explains 'why' of human behavior.

Management is a science because it contains all the characteristics of science. Firstly, there is a systematized body of knowledge in management. Principles are now available in every function of management and these principles help to improve managerial effectiveness. For instance, there are a number of principles which serve as guidelines for delegating authority and thereby designing an effective organization structure. Similarly, there are several techniques (ways of doing things) in the field of management.

Budgeting, cost accounting, ratio analysis, rate of return on investment, critical path method (CPM), programed evaluation and review technique (PERT) are some of these techniques which facilitate better management. Secondly, principles of management have been developed through continuous observations and empirical verification. Thirdly, management principles are capable of universal application.

FUNCTIONS OF MANAGEMENT

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing,

finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”. According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas Luther Gullick has given a keyword ‘POSDCORB’ where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O’DONNELL i.e. Planning, Organizing, Staffing, Directing and Controlling.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational

goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O’Donell, “Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”. Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, selection & placement.
- Training & development.
- Remuneration.
- Performance appraisal
- Promotions & transfer.

4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning,

organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

Supervision

Motivation

Leadership

Communication

- **Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.
- **Motivation-** means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.
- **Leadership-** may be defined as a process by which manager guides and influences the work of subordinates in desired direction.
- **Communications-** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5. Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”. According to Koontz & O’Donell “Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”. Therefore controlling has following steps:

- (i) Establishment of standard performance.

- (ii) Measurement of actual performance.
- (iii) Comparison of actual performance with the standards and finding out deviation if any.
- (iv) Corrective action.

