

Functions of Management

- 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'DONNEL** 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.

Planning

- 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.
- It is a preparatory step and is a detailed programme regarding future courses of action.
- It is rightly said “Well plan is half done”.

Steps in Planning

1. Establishment of objectives:

- Planning starts with the setting of goals and objectives to be achieved.
- Objectives provide a rationale for undertaking various activities as well as indicate direction of efforts.
- As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language. Otherwise the activities undertaken are bound to be ineffective.
- Hence objectives should be practical, acceptable, workable and achievable.

2. Establishment of Planning Premises:

- Planning premises are the assumptions about the lively shape of events in future. It is to find out what obstacles are there in the way of business during the course of operations.
- Establishment of planning premises is concerned to take such steps that avoids these obstacles to a great extent.
- Planning premises may be internal or external. Internal includes capital investment policy, management labour relations, philosophy of management, etc. Whereas external includes socio- economic, political and economical changes.
- Internal premises are controllable whereas external are non-controllable.

3. Choice of alternative course of action:

- When forecast are available and premises are established, a number of alternative course of actions have to be considered.
- For this purpose, each and every alternative will be evaluated by weighing its pros and cons in the light of resources available and requirements of the organization.
- The merits, demerits as well as the consequences of each alternative must be examined before the choice is being made.
- After objective and scientific evaluation, the best alternative is chosen.

4. Formulation of derivative plans:

- Derivative plans are the sub plans or secondary plans which help in the achievement of main plan.
- These detail plans include policies, procedures, rules, programmes, budgets, schedules, etc. For example, if profit maximization is the main aim of the enterprise, derivative plans will include sales maximization, production maximization, and cost minimization.

5. Securing Co-operation:

- After the plans have been determined, it is advisable to involve subordinates or those who have to implement these plans so that they may feel motivated since they are involved in decision making process.
- The organization may be able to get valuable suggestions and improvement in formulation as well as implementation of plans.
- Also the employees will be more interested in the execution of these plans.

6. Follow up/Appraisal of plans:

- After the selected plan is implemented, it is important to appraise its effectiveness.
- This is done on the basis of feedback or information received from departments or persons concerned.
- This enables the management to correct deviations or modify the plan.
- This step establishes a link between planning and controlling function.
- The follow up must go side by side the implementation of plans so that in the light of observations made, future plans can be made more realistic.

The significance and advantages of planning are:

- ❖ it offsets uncertainty and change;
- ❖ provides a framework for execution and direction;
- ❖ focuses attention on objectives;
- ❖ improves services and facilitates control;
- ❖ ensures rational and effective development;
- ❖ permits the anticipation and future resources needs; and
- ❖ brings the skills and experience of staff members to the planning process.

Organizing

- It is the process of bringing physical, financial and human resources together and developing productive relationship among them for achievement of organizational goals.
- According to Henry Fayol, “To organize a business is to provide it with everything useful for 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 is a process that involves:
 - ✓ Identification of activities.
 - ✓ Classification or grouping of activities.
 - ✓ Delegation of authority and creation of responsibility.
 - ✓ Coordinating authority and responsibility relationships.

Identification of activities:

All the activities which have to be performed in a concern have to be identified first. For example, preparation of accounts, making sales, record keeping, quality control, inventory control, etc.

Grouping the activities:

Once the activities are identified, the manager tries to combine and group similar and related activities into units and is called departmentation.

Delegating the authority:

- This activity of giving a rank in order to the managerial positions is called hierarchy. The top management is into formulation of policies, the middle level management into departmental supervision and lower level management into supervision of foremen.
- The clarification of authority help to improve efficiency. This leads to reduction in wastage of time, money, effort, and overlapping of efforts.

Co-ordination between authority and responsibility:

Relationships are established among various groups to enable smooth interaction toward the achievement of the organizational goal. Each individual is made aware of his authority and he/she knows whom they have to take orders from and to whom they are accountable and to whom they have to report.

Staffing

- The main purpose of staffing is to put right man/woman on right job i.e. square pegs in square holes and round pegs in round holes.
- According to Koontz & 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

Directing

- 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 inter-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:
 - a) Supervision
 - b) Motivation
 - c) Leadership
 - d) 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 subordinates 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.

Communication- is the process of passing information, experience, opinion etc. from one person to another. It is a bridge of understanding.

Controlling

- 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”.
- Controlling has following steps:
 - ✓ Establishment of standard performance.
 - ✓ Measurement of actual performance.
 - ✓ Comparison of actual performance with the standards and finding out deviation if any.
 - ✓ Corrective action.

- Some of the common traditional control measures are budgets, statistical data, special reports, breakeven point analysis, internal audit and personal observation.
- Other control measures include time-event network analysis like milestone budgeting, program evaluation and review techniques (PERT/CPM), programme budgeting, profit and loss control, return on investment (ROI) and general key result areas like profitability, market position, productivity, public responsibility, etc.