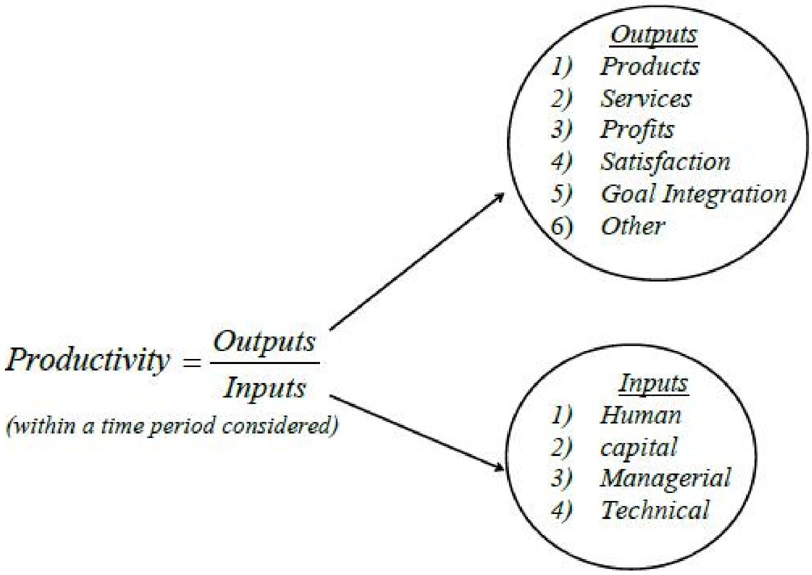
MODULE 1

Management

Management is the process of creating an atmosphere, wherein individuals working together in groups, accomplish a given objective with the highest degree of productivity.

Management is the process through which people are mobilized to achieve designated goals.

Productivity is the measure of how well the resources are brought together in an organization and utilized for accomplishing a given set of objectives. It can be defined as the output – input ratio within a time period with due consideration for quality. It can be expressed as follows:



The formula indicates that productivity can be improved by:

1) increasing the outputs with the same inputs
2) decreasing the inputs by maintaining the same outputs or
3) increasing the outputs and decreasing the inputs to change the ratio favourably.

Productivity implies effectiveness and efficiency in individual and organizational performance. Effectiveness is the achievement of objectives whereas efficiency is the achievement of ends with the least amount of resources. Managers cannot know whether they are productive unless they first know their objectives and goals and those of the organization.

Production and productivity are different terms and implies different meaning. It should be noted that higher production need not necessarily lead to higher productivity and vice versa.

Production is a process (or system) of converting input into some useful, value added output. Production is a measure of output produced. The emphasis is not on how well the input-resources are utilized. Productivity, on the other hand, puts emphasis on the ratio of output produced to the input used. That is, here the focus is on how well the input resource is used for conversion into output.

Science or Art Perspectives of Management

Management is Science because of several reasons like - it has universally accepted principles, it has cause and effect relationship etc, and at the same time it is art because it requires perfection through practice, practical knowledge, creativity, personal skills etc.

Management is both an art and a science. Management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. It is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other.

Importance of Management

1) Management helps in increasing the effectiveness and efficiency and thereby productivity of the enterprise as well as the individual worker.
2) Management helps in development of full human potential.
3) Management helps in raising the worker morale.
4) Management helps in building mutual trust.
5) Management helps developing teamwork.
6) Management helps in providing a stable livelihood for all employees.
7) Management helps in constantly and forever improving the system of production and service.

Characteristics of Management

1) Management applies to any kind of organization.
2) Management applies to managers at all organizational levels.
3) The aim of all managers is the same: to be productive.
4) Managing as a practice is an art in which practitioners apply the underlying theory and science in light of situations.
5) Management attempts to create a desirable future, keeping the past and present in mind.
6) There are various approaches to management.

Managerial Roles

The ten Managerial roles identified by Mintzberg are as follows:

Interpersonal roles

1) The figurehead role (performing ceremonial and social duties as the organizations's representative)

2) The leader role - providing leadership for the team, department or perhaps for the organization

3) The liaison role - communicating and creating network particularly with outsiders

Informational roles

4) The recipient role - receiving information about the operation of enterprise

5) The disseminator role - passing information to subordinates

6) The spokesperson role - transmitting information to those outside the organization

Decision roles

7) The entrepreneurial role - a manager create and control change within the organization and involves generating new ideas and implementing them.

8) The disturbance handler role - when an organization or team hits an unexpected roadblock, it's the manager who must take charge. It becomes necessary to mediate disputes within the organization.

9) The resource allocator role – determine where organizational resources are best applied. This involves allocating funds as well as assigning staff and other organizational resources.

10) The negotiator role - dealing with various persons and groups of persons.

Functions of Management

The managerial functions provide a useful framework for organizing management knowledge. Managerial functions can be basically grouped under planning, organizing, motivating, controlling, coordinating, decision-making and directing.

Planning

Plans give the organization its objectives and set up the best procedures for reaching them. Plans made by top-level management may cover periods as long as five or ten years. On the other hand, the middle and lower level managers focus on short-range and day-to-day plans. The elements included in the planning function are:

1) The policies that will help to achieve objectives.
2) The programmes that a manager will carry out
3) The time schedules that a manager will have to meet
4) The budgetary considerations that will be involved

All the above elements are equally important and interact with all other elements

Organizing

Organizing is the process of arranging and allocating work, authority, and resources among an organization's members so that they can achieve organization's goals.The elements included in organizing function are:

1) Grouping of activities necessary to accomplish organization's goals in the light of the human and material resources available and the best way, under the circumstances, of using them.
2) Delegating to the head of each group the authority necessary to perform the activities.
3) Establishing relationships that will provide each with the necessary information.
4) Scrutinizing the relationships between various units and the effect of operation of these units on each other.

Organizing is a never-ending process. All types of organizations are in a continual state of being reorganized. When goals and programmes are redirected, activities also change.

Sometimes staffing function is considered as a part of organizing function. Staffing is the function of manning the organization structure and keeping it manned. The main purpose of staffing is to put right man on right job. Staffing involves:

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

Motivating

Motivation is a human psychological characteristic. It pertains to various drives, desires, needs, wishes and other forces.

Motivation is not easy to achieve and what a manager can try to do is to create a working climate in which all members may contribute to the limits of their ability. The key elements in such a work situation and its effect on the employee are known to be:

1) The degree to which the employee feels his goals and those of the organization are similar.
2) The employee's relationships with his coworkers and especially with his supervisor.
3) The way in which his job helps him meet his needs for present income and future security and does so in a manner that seems fair.
4) The extend to which it enables him to feel adequate to his tasks and to gain a sense of accomplishment for jobs well done.

Motivational function provides a great deal of challenge to a manager. He must have the ability to identify the needs of his subordinates and the methods and techniques to satisfy those needs. Motivation is a continuous process as new needs and expectations emerge.

Controlling

Controlling is the process of ensuring that actual activities conform to plan activities. Through the controlling function, the manager can keep the organization on the right track before it deviates too far from its goals. The controlling function involves:

1) Establishing standards of performance.
2) Measuring actual performance.
3) Comparing actual performance to the established standards.
4) Taking corrective action if deviations are detected.

For the control to be effective, a system of communications or reports is required to inform the manager of the facts on which to base measurements, comparisons and corrective action. A great deal of the manager's time is involved in controlling.

Coordinating

Coordination is the process of integration of the activities of separate departments of an organization to accomplish organizational goals. Coordination is needed both up and down the organization structure and laterally as well. It can also occur among people working at different organizations. The extent of coordination depends on the nature of activities performed and the type of organization structure.

Some authors consider coordinating as a part of organizing function as organizing involves a great deal of coordinating effort.

Decision-making

Decision-making is the process of identifying and selecting a course of action from among alternatives. Decision-making is an important part of every manager's job and it requires all the skill and judgment a manager accumulates over the years.

The manager constantly seeks to make correct decisions involving the use of the various types of resources at his disposal to attain the various objectives. A manger decides on the utilization of men, materials and machines to achieve such goals as quality, low cost, quick delivery, safety and so on.

Directing

Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing has got no importance if direction does not take place.

Directing initiates action and it is from here actual work starts. Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned. Therefore, Directing is, therefore, guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.

Directing concerns the total manner in which a manager influences actions of subordinates. It includes the following elements:

1) Issuing orders that are clear, complete and within the capabilities of subordinates to accomplish.
2) Suggesting an incessant training activity in which subordinates are given instructions to enable them to carry out the particular assignment in the existing situation.
3) Motivating the workers to meet the expectations of the manager
4) Maintaining discipline and rewarding those who perform well

Environmental Perspective

Environment is a force or a factor within or outside an organization that influences its performance either positively or negatively. The organization is surrounded by two main environments – internal and external. The internal environment consists of the firm itself, the owners or shareholders, the employees, internal technology, internal suppliers and internal financiers. The internal environment is largely controllable and the organization can manipulate it to its advantage. On the other hand, the external environment mainly consists of the forces beyond the control of an organization such as the PESTEL factors. PESTEL is an acronym for political, economic, social-cultural, technological, ecological/environmental and legal environments.

a) Political factors

Political factors include government policies, political ideologies, political affiliations and provision of public goods in the economy. Examples may include the tax policy, the labour law, environmental law, trade restrictions, tariffs and political stability. Political factors also include areas like goods and services bought or banned by the government. The government is a major buyer of goods and services in the economy to support sectors like health, education, agriculture and infrastructure among others. Political factors can either be a threat or an opportunity to an organization.

b) Economic factors

These factors include areas like economic growth, interest rates, exchange rates, inflation rate, employment levels and so on. They significantly affect how organizations operate either positively or negatively. For example, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy while inflation affects the cost of the factors of production.

c) Social- cultural factors

These include the cultural aspects of the population for example, health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety, religion, connotations, tastes and preferences. Changes in social factors affect the demand for a company's products and how it operates. For example, changes in tastes and preferences of people may lead to a loss of a big chunk of the market.

d) Technological factors

The factors above include changes in processes and configurations due to innovation, automation, new inventions, research and development activities among others. Technological changes can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation.

e) Environmental factors

These include weather as well as climate and climate change, which mostly affect industries such as tourism, agriculture and insurance. This also covers issues like pollution and waste management. Growing awareness to climate change and environmental issues is affecting how companies operate and the products they offer.

f) Legal Fctors

Legal factors include issues like consumer law, labour laws, copyrights, health and safety laws. These factors can affect how a company operates, its costs and the demand for its products. The bottom-line is that the company needs to operate within the laws.

Managing for Competitive Advantage

A competitive environment is the dynamic external system in which a business competes and functions. The more sellers of a similar product or service, the more competitive the environment in which you compete. To survive and win in a competitive environment, organizations have to gain competitive advantage over their competitors and earn a profit. Organizations gain a competitive advantage by continuously improving how they conduct business in order to thrive and be better than their competitors. To succeed in the environment, the managers must deliver the following fundamental success drivers: quality, cost effectiveness, speed, innovation, technology and globalization.

1. Quality

Quality is the fitness for use and for a company to survive in a competitive environment, it has to produce and supply products of high quality. Service quality is vital as well. Managers should ensure their customers are given high quality goods and services to satisfy them and exceed their expectations. Companies can achieve customer satisfaction by listening to the customers' description of the quality of goods and services they would like to receive from them. Providing world class quality requires a thorough understanding of what quality really is through your customers' expectations. Quality can be measured in terms of product performance, customer service, reliability, conforming to standards, durability and aesthetics.

2. **Cost effectiveness**
Cost effectiveness means that a company's products and services costs are kept low enough so that you can realize profits, while pricing your products (goods or services) at levels that are attractive to consumers.

3. **Speed**
Speed is the fast and timely execution of response, and delivery of results. How quickly can an organization respond to customer requests? An organization is far better off if it is faster than the competitior and if it can respond quickly to your competitors' actions.

4. **Innovation**
Innovation is the introduction of new goods and services. A firm must adapt to changes in consumer demands and to competitors. Companies cannot survive in today's business environment without continuously being innovative. Innovation adds to a company's competitive advantage, so it should be a strategic goal and must be managed properly.

5. **Knowledge management**
Today's manager must create a work environment that attracts good people, makes them want to stay and inspires creative ideas from everyone. The goal is to turn the brain power of their employees into profitable products. These are practices aimed at discovering and harnessing the organization's intellectual resources. Intellectual capital is the collective brainpower or shared knowledge of a workforce that can be used to create value in the organization. Due to competition, organizations need to combine the employees' talents to achieve unique and significant results. A knowledgeable worker is very valuable to organizations today. This is someone whose knowledge is a critical asset to the organization.

Knowledge management is about finding, unlocking, sharing, and altogether capitalising on the most precious resources of an organization which are people's expertise, skills, wisdom and relationships. Knowledgeable managers find human assets, help people collaborate and learn, help people generate new ideas, and harness those ideas into successful innovations. Due to the importance of knowledge management, a new career has been developed and companies are searching for knowledge managers.

6. **Technology**
Organizations cannot survive in today's business environment without the support of appropriate technology. For the purpose of speed, achieving quality standards and getting to be competitive in the market, technology should be embraced by all businesses. Managers therefore should be informed on the technological innovations so that they can adapt the new technology where necessary. Technology can be defined as the methods, processes, systems, and skills used to transform resources into products.

7. **Globalization**
It is the worldwide interdependence of resource flows, product market and business competition. In a globalized world, countries and people are increasingly interconnected through the news, in travel and lifestyles, in labour markets and employment patterns, and in business dealings. Managers need to be enlightened to global realities. This is because globalization affects all types of business. Companies are in great pressure to improve their products and services so as to face the intense competition from foreign companies.

Management Challenges

1) Building a Management Team

One of the toughest challenges for a manager is to find the right people for the management team. It is important to identify the combination of skills and experience that will give the company the best chance for success, and the ideal combination is subtly different for every business.

2) Supervising and Motivating Employees

Managing a business requires being a teacher and a listener. Employees need direction and to understand what is expected of them. They also need to be able to voice their opinions and concerns. Motivating employees to put forth greater effort is easier if they believe that the company appreciates their contributions to its success.

3) Allocating Resources

Every decision a manager makes involves recognizing that the company's financial and human resources are limited. Success depends on making good choices about how to allocate these resources. Every dollar spent and every hour of management time must contribute to the company's growth and profitability. Small companies in particular can't afford to waste resources. The business planning process is critical to achieving efficient resource allocation as it allows managers to better prioritize expenditures.

4) Continual Improvement

Companies must strive to continually improve all areas of their operations. Being satisfied with current performance can mean falling behind competitors that are more aggressively improving their products, customer service levels and profit margins. Managers have to instill this philosophy of constant improvement in all employees, some of whom may be fearful of, and resistant to, change.

5) Adjusting to Changing Conditions

A company is greatly affected by the environment around it, including both the local and national economy, and the actions of competitors. Conditions can change rapidly, requiring quick reactions and adjustments in strategies. If a manager sees new competitive threats emerging, he must be able to devise strategies to quickly counter these threats. This important management function is called developing "what if" scenarios or contingency planning.

6) Anticipating Trends

A creative aspect of management is being able to spot emerging opportunities before the company's competitors are able to. These include potential customer groups, new channels of distribution that could boost sales and new technologies that could make the company more efficient. Even with pressing day-to-day responsibilities, a business owner has to be forward-looking and dedicated to formulating a long-range vision for the business.