What is Management?

- 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”.
- According to F.W. Taylor, “Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way”.
- Hick defines management as “the process of getting things done by the people and through the people”.
- Koontz and O’Donnell state that management means, “Getting things done through and with people”.
- According to Henry Fayol, “To Manage is to forecast, and to plan, to organize, to command and to coordinate.”
- Haimann observes, “Management is the function of getting things done through people and directing the efforts of individuals towards a common objective”.

Management can be defined in detail in following categories :

- Management as a Process
- Management as an Activity
- Management as a Discipline
- Management as a Group
- Management as a Science
- Management as an Art
- Management as a Profession

Features of Management

- Management is Goal-Oriented: It is a tool which helps use of human & physical resources to fulfill the pre-determined goals
- Management integrates Human, Physical and Financial Resources: In an organization, human beings work with non-human resources like machines. Materials, financial assets, buildings etc. Management integrates human efforts to those resources. It brings harmony among the human, physical and financial resources.

- Management is Continuous: It involves continuous handling of problems and issues. It is concerned with identifying the problem and taking appropriate steps to solve it.
- Management is all Pervasive: Management is required in all types of organizations whether it is political, social, cultural or business because it helps and directs various efforts towards a definite purpose.
- Management is a Group Activity: It involves the use of group effort to achieve predetermined goal of management of ABC & Co. is good refers to a group of persons managing the enterprise.

Levels of Management

- Top level / Administrative level
- Middle level / Executory
- Low level / Supervisory / Operative / First-line managers

LEVELS OF MANAGEMENT

Top Level of 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 -

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

Middle Level of 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 -

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

Lower Level of 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 -

- Assigning of jobs and tasks to various workers.
- They guide and instruct workers for day to day activities.
- They are responsible for the quality as well as quantity of production.
- They are also entrusted with the responsibility of maintaining good relation in the organization.
- They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- They help to solve the grievances of the workers.
- They supervise & guide the sub-ordinates.

- They are responsible for providing training to the workers.
- They arrange necessary materials, machines, tools etc for getting the things done.
- They prepare periodical reports about the performance of the workers.
- They ensure discipline in the enterprise.
- They motivate workers.
- They are the image builders of the enterprise because they are in direct contact with the workers.

Five Functions of Management (Fayol) or Process of Management


Planning
Organizing
Staffing
Directing/
Leading
Controlling
Management
Functions

MANAGEMENT FUNCTIONS

Henry Fayol, the French industrialist and popularly known as the 'founder of modern management theory', divided all activities of industrial undertakings into six groups:

- – Technical
- – Commercial
- – Financial
- – Security
- – Accounting
- – Managerial

Fayol distinguished between the principles and the elements of management.

He said that the principles of management are used for formulating rules and guidelines, whereas the elements help in deciding its functions.

He grouped these elements into five managerial functions such as:

– Planning

– Organising

– Commanding

– Coordinating

– Controlling

- Fayol’s classification of managerial functions is widely acknowledged and acclaimed, though other classifications also exist.
- For example, Luther Gulick coined the word POSDCORB using the initial letters of management functions: planning (P), organising (O), staffing (S), directing (D), coordinating (CO), reporting (R), and budgeting (B). Reporting is a part of control function, while budgeting represents both planning and controlling.
- Similarly, Newmann and Summer classified managing process as the functions of (i) organizing, (ii) planning, (iii) leading, and (iv) controlling.

What are Management Theories?

1. Scientific Management Theory

- American mechanical engineer Frederick Taylor (father of scientific management), who was one of the earliest management theorists, pioneered the scientific management theory. He and his associates were among the first individuals to study work performance scientifically. Taylor's philosophy emphasized the fact that forcing people to work hard wasn't the best way to optimize results. Instead, Taylor recommended simplifying tasks so as to increase productivity.
- The strategy was a bit different from how businesses were conducted beforehand. Initially, a factory executive enjoyed minimal, if any, contact with his employees. There was absolutely no way of standardizing workplace rules and the only motivation of the employees was job security.
- According to Taylor, money was the key incentive to working, which is why he developed the "fair day's wages for a fair day's work" concept. Since then, the scientific management has been practiced worldwide. The resulting collaboration between employees and employers evolved into the teamwork that people now enjoy.

2. Systems Management Theory

- Systems management offers an alternative approach to the planning and management of organizations. The systems management theory proposes that businesses, like the human body, consists of multiple components that work harmoniously so that the larger system can function optimally. According to the theory, the success of an organization depends on several key elements: synergy, interdependence, and interrelations between various subsystems.
- Employees are one of the most important components of a company. Other elements crucial to the success of a business are departments, workgroups, and business units. In practice, managers are required to evaluate patterns and events in their companies so as to determine the best management approach. This way, they are able to collaborate on different programs so that they can work as a collective whole rather than as isolated units.

3. Contingency Management Theory

- The main concept behind the contingency management theory is that no one management approach suits every organization. There are several external and internal factors that will ultimately affect the chosen management approach. The contingency theory identifies three variables that are likely to influence an organization's structure: the size of an organization, technology being employed, and style of leadership.
- Fred Fiedler is the theorist behind the contingency management theory. Fiedler proposed that the traits of a leader were directly related to how effectively he led. According to Fiedler's theory, there's a set of leadership traits handy for every kind of situation. It means that a leader must be flexible enough to adapt to the changing environment. The contingency management theory can be summed up as follows:

There is no one specific technique of managing an organization.

A leader should be quick to identify the particular management style suitable for a particular situation.

The primary component of Fiedler's contingency theory is LPC – the least preferred co-worker scale. LPC is used to assess how well oriented a manager is.

4. Theory X and Theory Y

- Do you believe that every individual gets maximum satisfaction from the work they do? Or are you of the opinion that some view work as a burden and only do it for the money? Such assumptions influence how an organization is run. The assumptions also form the basis of Theory X and Theory Y.
- Douglas McGregor is the theorist credited with developing these two contrasting concepts. More specifically, these theories refer to two management styles: the authoritarian (theory X) and participative (theory Y).
- In an organization where team members show little passion for their work, leaders are likely to employ the authoritarian style of management. But if employees demonstrate a willingness to learn and are enthusiastic about what they do, their leader is likely to use participative management. The management style that a manager adopts will influence just how well he can keep his team members motivated.
- Theory X holds a pessimistic view of employees in the sense that they cannot work in the absence of incentives. Theory Y, on the other hand, holds an optimistic opinion of employees. The latter theory proposes that employees and managers can achieve a collaborative and trust-based relationship.
- Still, there are a couple of instances where Theory X can be applied. For instance, large corporations that hire thousands of employees for routine work may find adopting this form of management ideal.

5. Henry Fayol

- Henry Fayol is popularly known as the father of modern management theory, since he laid down the theory of general management applicable equally to all kinds of administration and to all fields whether social, political or economic.

Fayol divided all activities of industrial enterprises into the following six groups:

- 1. **Technical** activities concerning production;
- 2. **Commercial** activities of buying and selling;
- 3. **Financial** activities intended to seek optimum use of capital;
- 4. **Accounting** activities pertaining to final accounts, costs and statistics;
- 5. **Security** activities relating to protection of property; and
- 6. **Managerial** activities.

Fayol suggested the following fourteen principles of management:

1. Division of Work: So as to produce more and secure better performance with the same effort.

2. Authority and Responsibility: Whenever authority is used responsibility arises, and the two are co-extensive.

3. Discipline: To ensure obedience and respect for superiors.

4. Unity of Command: An employee shall receive orders from one senior only.

5. Unity of Direction: A group of activities with common objectives shall have one head and one plan.

- 6. Subordination: Subordination of individual interest to general interest.
- 7. Remuneration: It should be fair and afford maximum satisfaction to the firm and employees as well.
- 8. Centralization: Top management should decide the extent to which authority is to be dispersed in the organization or retained at higher levels. Centralisation or decentralisation should be viewed as a question of proportion.
- 9. Scalar Chain: It refers to superior-subordinate relations throughout the organization. It should be shortcircuited and not be carried to the extent that it proves detrimental to the business.
- 10. Order: There must be a place for everything, and each thing must be in its appointed place. Similarly, there must be appointed place for each employee and every employee must be in his appointed place.

- 11. Equity: Management must have the desire for equity and equality of treatment while dealing with people. Equity is the combination of kindliness and justice in a manager.
- 12. Stability of Tenure of Personnel: Management should strive to minimise employee turnover.
- 13. Initiative: It refers to thinking out and executing a plan.
- 14. Espirit de Corps: This principle emphasises the need for teamwork and the importance of effective communication in obtaining it.

Contributions of the Behaviouralists, Sociologists and Psychologists

- The contribution of behavioral scientists to management principles and practices has been recognised all over the world after the Hawthorne experiments (1928-32) were conducted by Elton Mayo and his associates.
- **According to the behaviouralists, the study of management should be concerned with human behaviour in organizations and related matters; organizational effectiveness depends on the quality of relationship among people working in it good management rests on the ability of managers to develop interpersonal competence among members and to support collaborative efforts at all levels of the organization.**
- With its major emphasis on human relations, informal group communication, employee motivation and leadership styles, the behavioural approach to management has drawn attention to a wide range of socio-psychological phenomena, like the dynamics of organizational behaviour, group dynamics, organizational conflict, change and techniques of organizational development.

- Psychologists and sociologists have made significant contributions to the behavioural school of thought. Psychologists like A.H. Maslow, McGregor, Leavitt, Chris Argyris, Herzberg and McClelland, and Sociologists like Bakke, Dubin, Katz, Gouldner and Etzioni, through their research findings, have laid the foundations of interdisciplinary approaches to the study of organization and management.

The 4 Approaches to Management

The main four approaches are:

- Classical Approach
- Quantitative Approach
- Behavioral Approach
- Contemporary Approaches:
- A) Systems Approach
- B) Contingency Approach

The Classical Approach

- This approach is all about managing in classical methods. It is about applying the original studies and researches done on management when it first became an official field of study during times of war, developed in order to improve productivity, efficiency, and output.
- The approach includes several theories, among which are the bureaucratic, administrative, and scientific theories of management .
- Moreover, the goal of Classical Management is cutting costs and achieving results in more efficient ways. As effective theoretically as it may be, and although it has worked in the past, the reason different approaches were created is because people changed. The classical approach does not concern employee satisfaction or anything from the perspective of employees. It is too mechanistic. Employees look for more in a job now. They expect to enjoy their job and to have a reason to do what they do. The classical approach, though is the base of all management, it does not address those needs and is all about achieving the organization's goals.

The Quantitative Approach

- This approach is about using math and statistics and other quantitative methods to make better managerial decisions. In other words management can be dealt with in a quantitative manner to get more quality results; using numbers and statistics.

The Behavioral Approach

- The behavioral approach is about being concerned with the individual in an organization. This was developed when managers began to face issues in dealing with varying circumstances as they could not understand employee behavior.
- Classical theory "ignored employee motivation and behavior". The behavioral approach viewed employees as humans with human needs and lead to better treatment and increased motivation. Various contributions were made to this approach over time, expanding the study to a field in itself. In fact, employee behavior in management became so important today that it is taught as an official Bachelor specialization in certain universities around the world, known as Organizational Behavior (OB).

Contemporary Approaches

- **Systems Approach:**

- When using the systems approach, you are looking at the organization as a whole system. You count your employees, clients, customers, partners, managers, and every stakeholder as a part of this system, and without any one part, the system would fail. If you fail to take care of one part, the system would collapse. So using this approach, you take actions and make decisions while taking the whole company and any possible effects that would happen to it into consideration.

- **Contingency Approach:**

- This approach is based on the concept that there is ‘no one best way’ in management. For every situation there is a set of circumstances, which determine how a situation is to be dealt with. This approach is sometimes also called the ‘Situational Approach’. As given by the name, it is all about dealing with a situation by focus on it alone and not comparing with any other. It states that every situation is unique and not one situation is the same as another; and each situation should be dealt with differently

SCHOOLS OF MANAGEMENT

- **Empirical Approach** Scholars belonging to this school believe that clear understanding of the management theories can only be developed by the study and analysis of cases and comparative approach. They have a strong conviction that it is through the study of successes and failures of managers in individual instances and their endeavour to solve specific problems that it is possible to apply effective techniques in comparable situations. In their approach they intend to make some generalizations from case studies with a view to establish theories as useful guides for future course of action.

- **Interpersonal Behaviour Approach** Since managing involves getting things done with and through people, scholars belonging to this school feel that study of management should be based on interpersonal relations. This approach is termed as ‘behavioural science’, ‘leadership’ or ‘human relations’ approach by different group of scholars. In the presentation and study of the theories, this school attaches significance to interpersonal relations, personality dynamics, relations of the cultures of individuals and groups. In other words, this approach leans too heavily on the human aspect of management. Their attention is primarily on the individual and his or her motivations as a socio-psychological being.

- Group Behaviour Approach In fact, this approach is closely related to interpersonal behaviour approach. But this school of thought is basically centered on studying the behavioural pattern of members and groups in an organization. The ultimate objective is to indicate the ways of achieving relatively effective organizational behaviour. Belief and thinking of the scholars with this approach move around the behavioural dynamics of small and large groups in any organization.

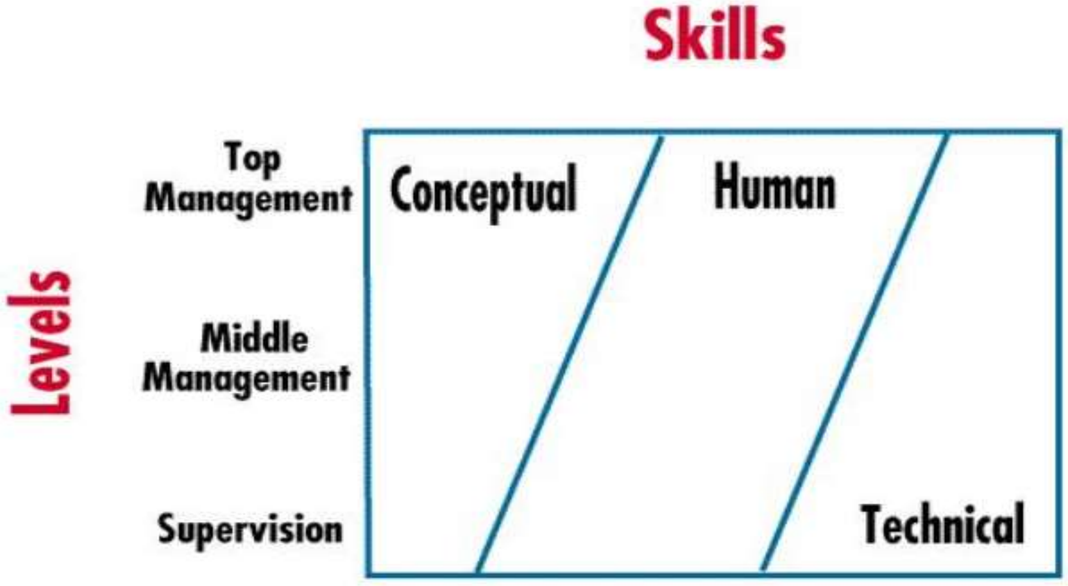
- Decision Theory Approach The exponents of the decision theory emphasise that decision-making is the core of management. They concentrate on rational decision-making, selection from among possible alternatives of a course of action or policy. The approach of this school of opinion is concerned with the persons, or organizational groups making decisions, or with the analysis of the decision-making process.

- Mathematical Approach Operation researchers and analysts primarily belong to this group. They are of the opinion that if planning, decision-making, organizing, etc. conform to logical processes, then the same can easily and suitably be presented in mathematical symbols. The leaning of this school is heavily on expressing and interpreting the basic relationship of the problems in terms of determined goals. In a way, it is thus closely related to decision theory approach. But if differs from it in the sense that it emphasizes extensive use of mathematics in management.

- Operational Approach The operational approach fundamentally recognises that “there is a central core of knowledge about managing which exists only in managements”. Its applicability can be brought to bear at all levels of management irrespective of the nature and size of the organization. But at the same time this approach does recognize that the problems faced by the executives and managers in their real life normally vary with the nature, size and level of enterprise. Further, operationalists have drawn and developed their concepts from all possible disciplines which have direct or indirect effect on human behaviour and organizational functioning.

Managerial Skills and Roles

- Managerial skills are classified as technical, human and conceptual by Katz.
- Managers at every level in the management hierarchy must exercise three basic types of skills: technical, human, and conceptual. All managers must acquire these skills in varying proportions, although the impo
managem



Skill Distribution at Various Management Levels

- Technical skills:
- Technical skills refer to the ability and knowledge in using the equipment, techniques and procedure involved in performing specific tasks.
- These skills require specialized knowledge and proficiency in the mechanics of a particular.
- Technical skills lose relative importance at higher levels of the management hierarchy, but most top executives started out as technical experts.

- Human skills:
- Human skills refer to the ability of a manager to work effectively with other people both as individual and as members of a group.
- Human skills are concerned with understanding of people.
- These are required to win cooperation of others and to build effective work teams.

- Conceptual skills:

- Conceptual skills involve the ability to see the whole organization and the interrelationships between its parts.
- These skills refer to the ability to visualize the entire picture or to consider a situation in its totality.
- These skills help the managers to analyze the environment and to identify the opportunities.
- Conceptual skills are especially important for top-level managers, who must develop long-range plans for the future direction of their organization.

Besides three managerial skills eloborated by Prof. Kartz, a manager also needs the following additional managerial skills.

- (iv) Communication Skills: Communication skills are required equally at all three levels of management. A manager must be able to communicate the plans and policies to the workers. Similarly, he must listen and solve the problems of the workers and also encourage a free-flow of communication in the organization.

- (v)Administrative Skills: Administrative skills are required at the top-level management. The top-level managers should know how to make plans and policies and how to get the work done. They should be able to co-ordinate different activities of the organization and to control the full organization.

- (vi)Leadership Skills: Leadership skills is the ability to influence human behaviour. A manager requires leadership skills to motivate the workers. These skills help the Manager to get the work done through the workers.

- (vii) Problem – Solving Skills: Problem solving skills are also called as design skills. A manager should know how to identify a problem and possess the ability to find a best solution for solving any specific problem. This requires intelligence, experience and up-to-date knowledge of the latest developments.

- (viii)Decision – Making Skills: Decision-making skills are required at all levels of management. However, it is required more at the top-level of management. A manager must be able to take quick and correct decisions and also be able to implement his decisions wisely. The success or failure of a manager depends upon the correctness of his decisions

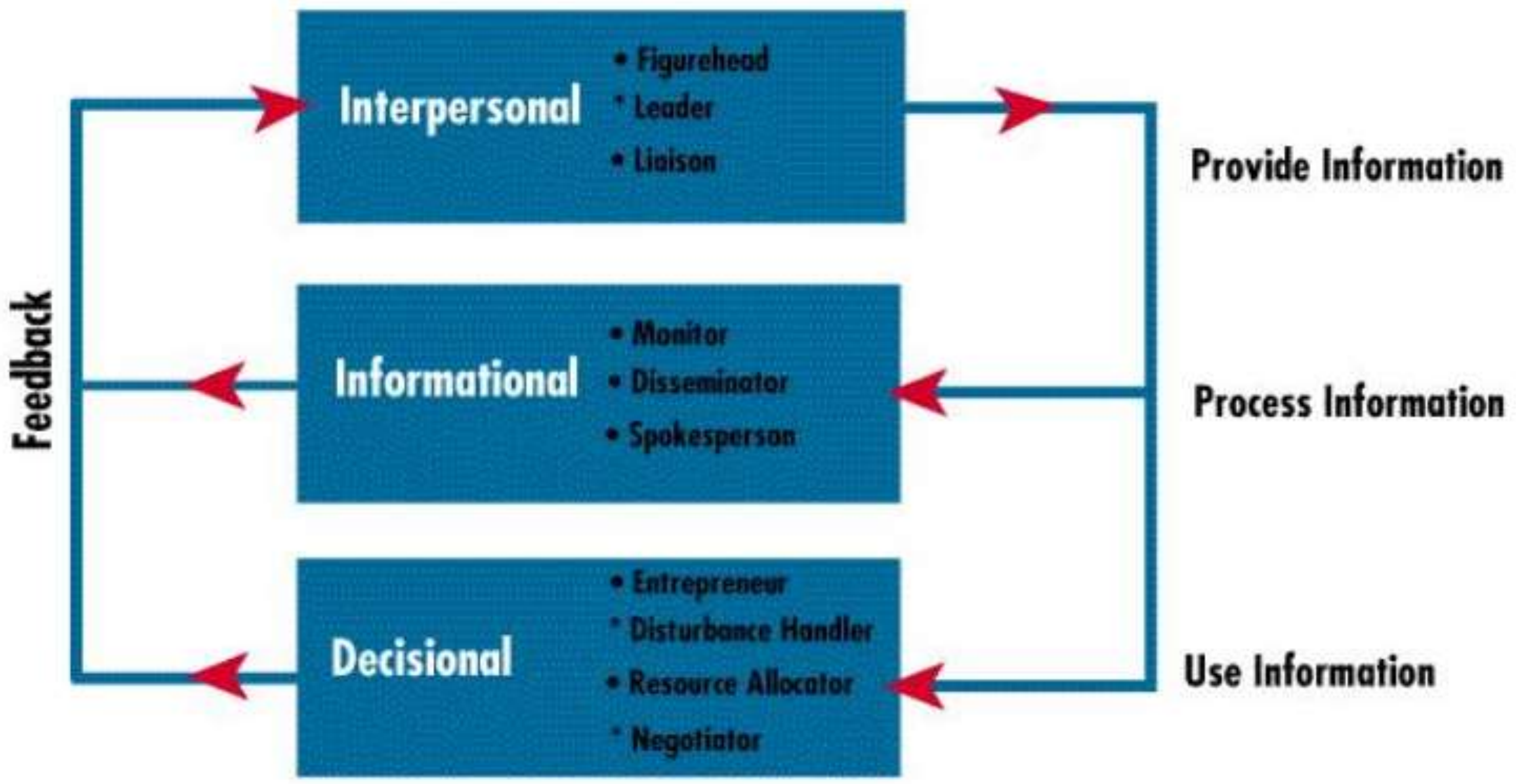
Managerial Roles

- To meet the many demands of performing their functions, managers assume multiple roles. A role is an organized set of behaviors. **Henry Mintzberg has identified ten roles common to the work of all managers.**

The ten roles are divided into three groups:

- Interpersonal
- Informational
- Decisional

The Managerial Roles



- 1. Interpersonal Roles

The interpersonal roles link all managerial work together. The three interpersonal roles are primarily concerned with interpersonal relationships.

- Figurehead Role: The manager represents the organization in all matters of formality. The top level manager represents the company legally and socially to those outside of the organization. The supervisor represents the work group to higher management and higher management to the work group.
- Liaison Role: The manger interacts with peers and people outside the organization. The top level manager uses the liaison role to gain favors and information, while the supervisor uses it to maintain the routine flow of work.
- The leader Role: It defines the relationships between the manger and employees.

- 2. Informational Roles

The informational roles ensure that information is provided. The three informational roles are primarily concerned with the information aspects of managerial work.

- Monitor Role: The manager receives and collects information about the operation of an enterprise.
- Disseminator Role: The manager transmits special information into the organization. The top level manager receives and transmits more information from people outside the organization than the supervisor.
- Spokesperson Role: The manager disseminates the organization’s information into its environment. Thus, the top level manager is seen as an industry expert, while the supervisor is seen as a unit or departmental expert.

- 3. Decisional Roles

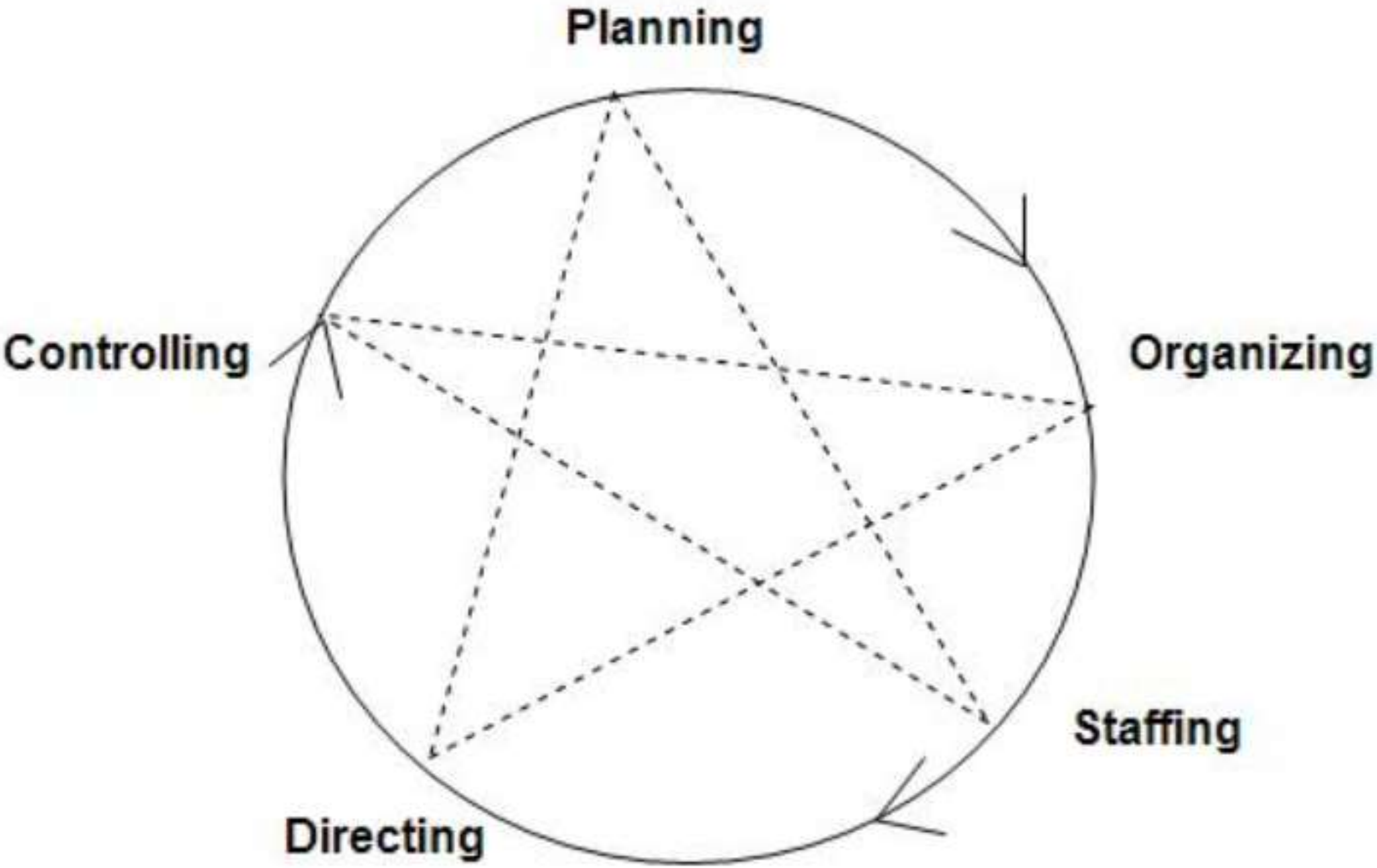
The decisional roles make significant use of the information and there are four decisional roles.

- Entrepreneur Role: The manager initiates change, new projects; identify new ideas, delegate idea responsibility to others.
- Disturbance Handler Role: The manager deals with threats to the organization. The manager takes corrective action during disputes or crises; resolve conflicts among subordinates; adapt to environmental crisis.
- Resource Allocator Role: The manager decides who gets resources; schedule, budget set priorities and chooses where the organization will apply its efforts.
- Negotiator Role: The manager negotiates on behalf of the organization. The top level manager makes the decisions about the organization as a whole, while the supervisor makes decisions about his or her particular work unit.

ADMINISTRATION AND MANAGEMENT

- 1. Administration is concerned with policy making, whereas management with policy implementation.
- 2. Functions of administration are legislative and largely determinative, while that of the management are executive and governing.
- 3. Broadly speaking, administration is concerned with planning and organizing, but motivating and controlling functions are involved in management.
- 4. Board of directors of any company is normally concerned with administration, whereas personnel below that level are in charge of management.

Functions of Management


Planning
Organizing
Staffing
Directing
Controlling

Planning Function of Management

- Planning means looking ahead and chalking out future courses of action to be followed. It is a preparatory step. It is a systematic activity which determines when, how and who is going to perform a specific job. Planning is a detailed programme regarding future courses of action.
- According to George R. Terry – Planning is the selecting and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results.

TYPES OF PLANS

Some of the types of plans are:

- (i) Business Plans: It is a formal statement of the following:
- – Largely enforced business goals
- – The reasons why they are believed attainable
- – The plan for reaching those goals It may also contain background information about the organization or the team attempting to reach those goals.
- (ii) Marketing Plans: These are those business plans that keep changes in perception and branding as their primary goals.
- (iii) Operational Plans: These describe the goals of an internal organization, a working group or a department.
- (iv)Project Plans: These describe the goals of a particular project. They may also provide for the projects place within the organization’s larger strategic goals.
- (v) Strategic Plans: These are business plans that identify and target internal goals, but provide only general guidance on how those plans can be attained.

PLANNING COMPONENTS

- Purposes or Mission The mission of a business is the fundamental, unique purpose that sets it apart from other enterprises of its type and identifies the scope of its operations in terms of product and market. The mission is a general enduring statement of the intent of business. It reflects the belief and philosophy of the management.
- Objectives The first important task of planning is to lay down objectives or goals. Objectives represent the end towards which not only planning but all other activities of management are directed. Thus, goals are set for the organisation to accomplish.

- Policies: Policies are guide to thinking in decision-making. Policy lays down the course of action selected to guide and determine present and future decisions. Policy as a general statement of understanding lays down the limits within which decisions are to be made and, thereby, assures consistent and unified performance.
- Procedures suggest the exact manner in which a particular activity is to be done. It specifies the chronological sequence for handling future activities. An enterprise, for example, may have promotion policy based on seniority.
- Method, on the other hand, involves a single operation or one particular step and specifies how this step is to be followed. For example, while calculating seniority a company may lay down various methods of calculating the 'number of completed years of service'.
- Rules signify some kind of regulation, positive or negative and permit no discretion in its application. Thus, when we talk of leave rules, the idea is that leave can be granted and availed only subject to the regulations contained therein.

- Budgets Budget is single-use plan containing expected results in numerical terms. Budgets may be expressed in time, money, materials or other suitable units capable of numerical expression. Income and expense budget, for example, projects the expected revenues and expenses for a given period.
- Programme Programme refers to the outline of plans of work to be carried out in proper sequence for the purpose of achieving specific objectives. Thus, a company might embark upon an expansion programme by say, sixty per cent. And to implement this programme, management must lay down certain policies, procedures, methods, rules and other assignments properly related to and coordinated for its successful implementation.
- Strategy Anthony defines strategies as resulting from "the process of deciding on objectives of the organization, on changes in these objectives, on the resources used to attain these objectives, and on the policies that are to govern the acquisition, use and disposition of these resources".

Steps in Planning Function

CONCEPT OFDECISION-MAKING

- Decision-making signifies actual selection of a course of action from among a number of alternatives.
- It is so important to the job of managing that management is sometimes described as consisting essentially of the decision-making process.
- Decision-making permeates planning, organising, controlling and all other functions of management.
- Because of limitations in time, money, etc., management is forced to discover a number of alternatives and choose the one that is expected to contribute more with less costs and other unsought consequences to the accomplishment of some goal.

Decision-Making Conditions

- (i) Certainty: This condition is present if the decision maker knows exactly what will happen. Thus, he will be able to predict the outcome precisely. For instance, if we put Rs. 1,000 in a fixed deposit for a year at 6 per cent rate of interest we will know how much interest (Rs. 60) our money will earn.
- (ii) Risk: The future conditions are not always known in advance. In real life, most managerial decisions are made under risk conditions, that is, some information is available but it is insufficient to answer all questions about the outcome. So a decision maker has to make probability estimates of these outcomes.
- (iii) Uncertainty: Sometimes there are uncertain conditions when the decision maker feels that he cannot estimate probabilities for various alternatives or outcomes because he has no way of measuring the likelihood of those alternatives.

Principles of Decision-Making

- (i) Principle of Definition: A logical decision can be made only if the real problem is defined with minute attention. Too often, time and effort are wasted due to the manager's inability to pin-point what the problem or the objective is. Indeed, it would be no exaggeration to suggest that a problem well defined is half solved.
- (ii) Principle of Evidence: Decisions should not be taken hastily. They must be based on evidence meaning that adequate facts must be present to back the judgement. When the facts underlying a problem are discovered and care is taken to analyse the situation, the basic work in decision-making is done.
- (iii) Principle of Identity: People have different perspectives. As a result same fact appears to be different to different people. Not only that, the relative importance of the same fact differs from year to year.

Steps in Decision-Making

- (i) Identifying and Diagnosing the Real Problem
- (ii) Discovery of Alternatives
- (iii) Analysis and Evaluation of Available Alternatives
- (iv) Selection of Alternatives to be Followed
- (v)Communication of Decision and its Acceptance by the Organisation

Organizing Function of Management

- Organizing is the function of management which follows planning. It is a function in which the synchronization and combination of human, physical and financial resources takes place. All the three resources are important to get results. Therefore, organizational function helps in achievement of results which in fact is important for the functioning of a concern.
- According to Chester Barnard, “Organizing is a function by which the concern is able to define the role positions, the jobs related and the co-ordination between authority and responsibility. Hence, a manager always has to organize in order to get results.

A manager performs organizing function with the help of following steps:-

- Identification of activities
- Departmentally organizing the activities
- Classifying the authority
- Co-ordination between authority and responsibility

TYPES OF ORGANISATION STRUCTURE

- Formal Organisation Structure
- Informal Organisation Structure

Formal Organisation Structure

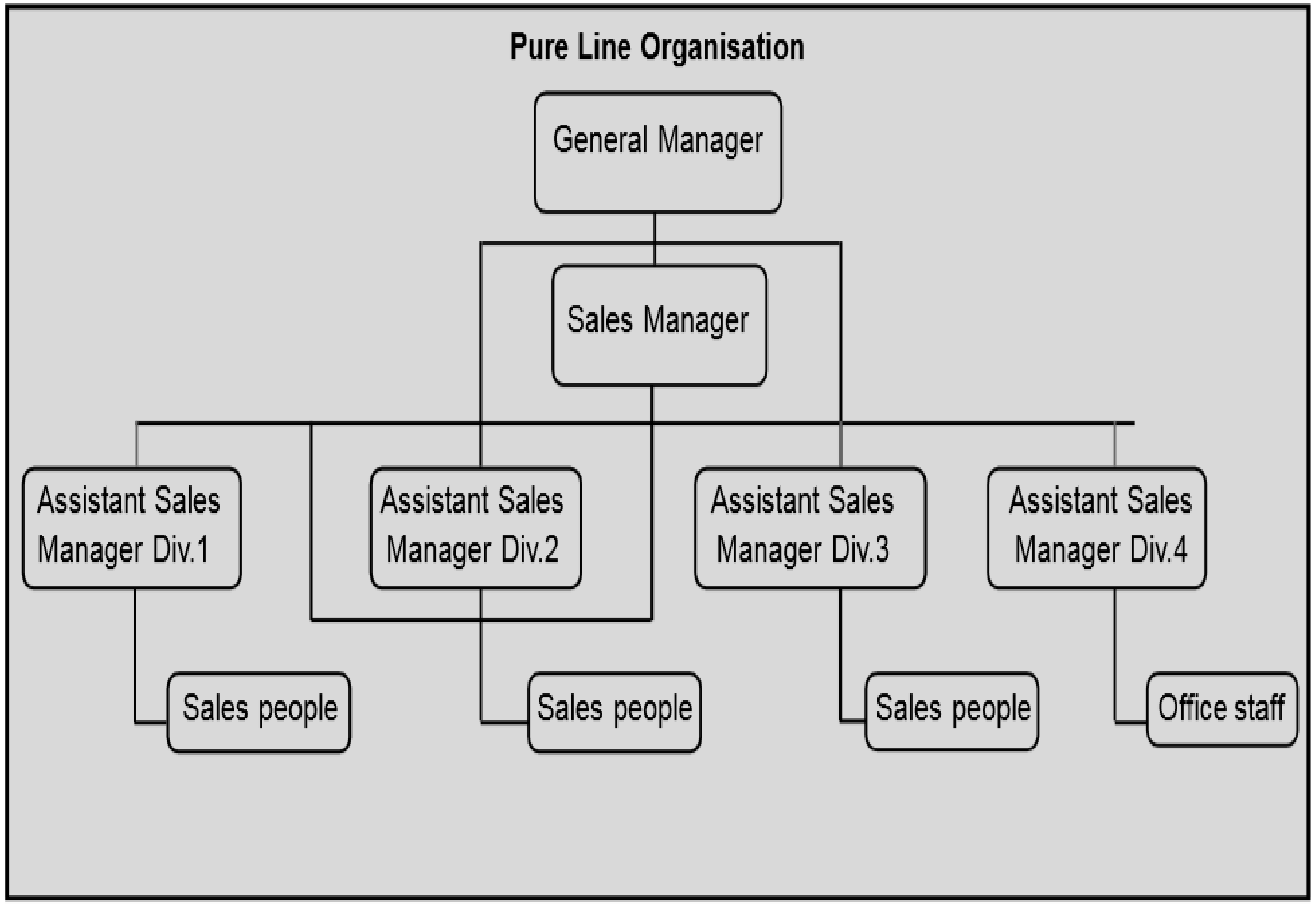
The formal organisation refers to the structure of jobs and positions with defined functions and relationships. This type of organisation is built by the management to realize the objectives of an enterprise.

The types of organisation employed by companies vary considerably. However, on the basis of the nature of authority and its flow, the fundamental organisation structures may be classified as follows:

- (1) Line Organisation
- (2) Functional Organisation
- (3) Line and Staff Organisation
- (4) Project Management Organisation
- (5) Matrix Organisation.

1. Line Organisation

- Historically, line type of structure is the oldest pattern of organisation. The oldest and simplest form of organisation is line origination.
- Line functions refer to those employees who have direct responsibility for accomplishing the objective of the enterprise.
- In this form of organisation, a supervisor exercises direct supervision over a subordinate, under the organisation, authority flows from the person at the top to the person at the lowest ring of the organisation.
- Here the chief executive leads the organisation. This form of organisation is otherwise called military organisation or scalar type of organisation.

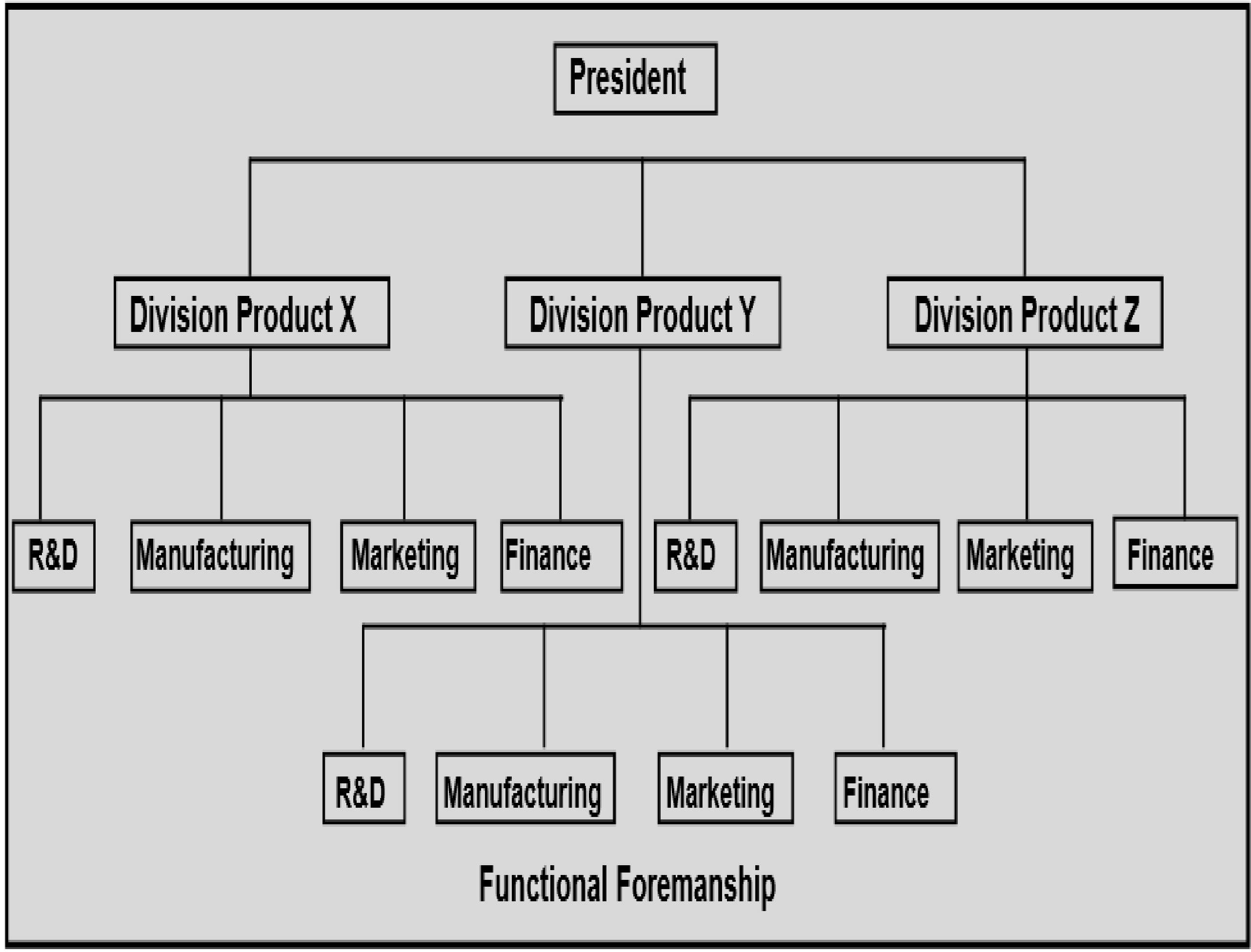


The Line Organisation system can be successfully utilised:

- (i) Where the scale of business is small, and the number of subordinates and operative employees are not many;
- (ii) In continuous process industries;
- (iii) Where the work is largely of routine nature;
- (iv) Where the machinery is nearly automatic and does not call for the intelligence of the foreman;
- (v) Where labour-management problems are not difficult to solve.

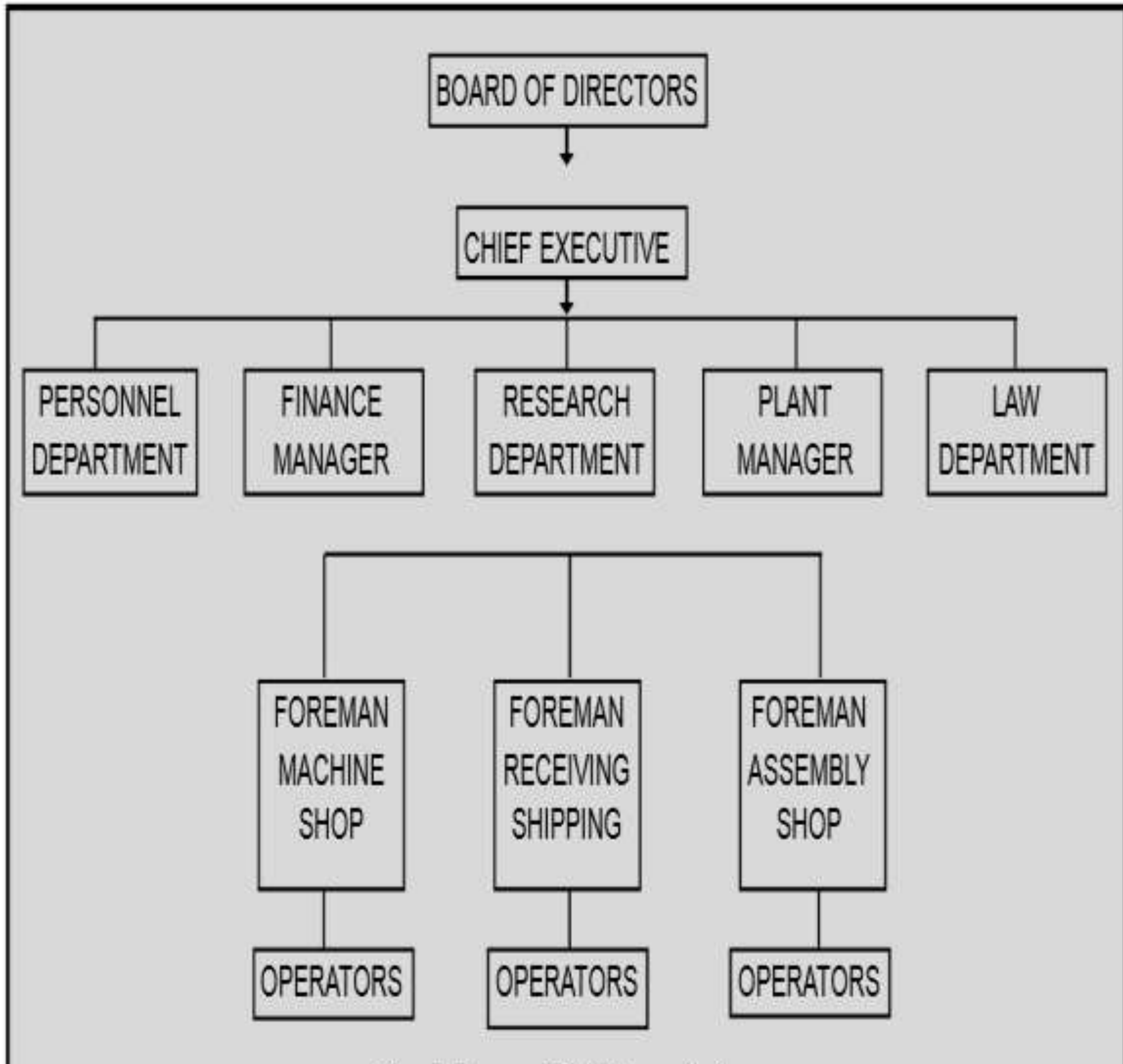
2. Functional Organisation

- Under this system, the whole task of management and direction of subordinates is divided according to the type of work involved. At the higher levels, the functional organisation refers to the structure that is formed by grouping all the work into major functional departments. Related and similar work is done in one department under one executive.
- The chief advantage of functional system is that it ensures division of labour and specialisation based on individual proficiency and specialised knowledge. This makes for better utilisation of employees and development of their skills. The disadvantage of one-man control under line organisation is largely alleviated here.



3. Line and Staff Organisation

- Both the line and functional plans prove inadequate in operation. The line system concentrates on authority too much. But purely functional plan also divides it too much. The line and staff system strikes a happy balance between the two.
- Under this organisation "line" is supplemented by "staff". The staff refers to officers who are not line managers but are more or less permanently detailed to special services or to the study of some phases of operations. Staff personnel thus act as an advisory group adjacent to the line.

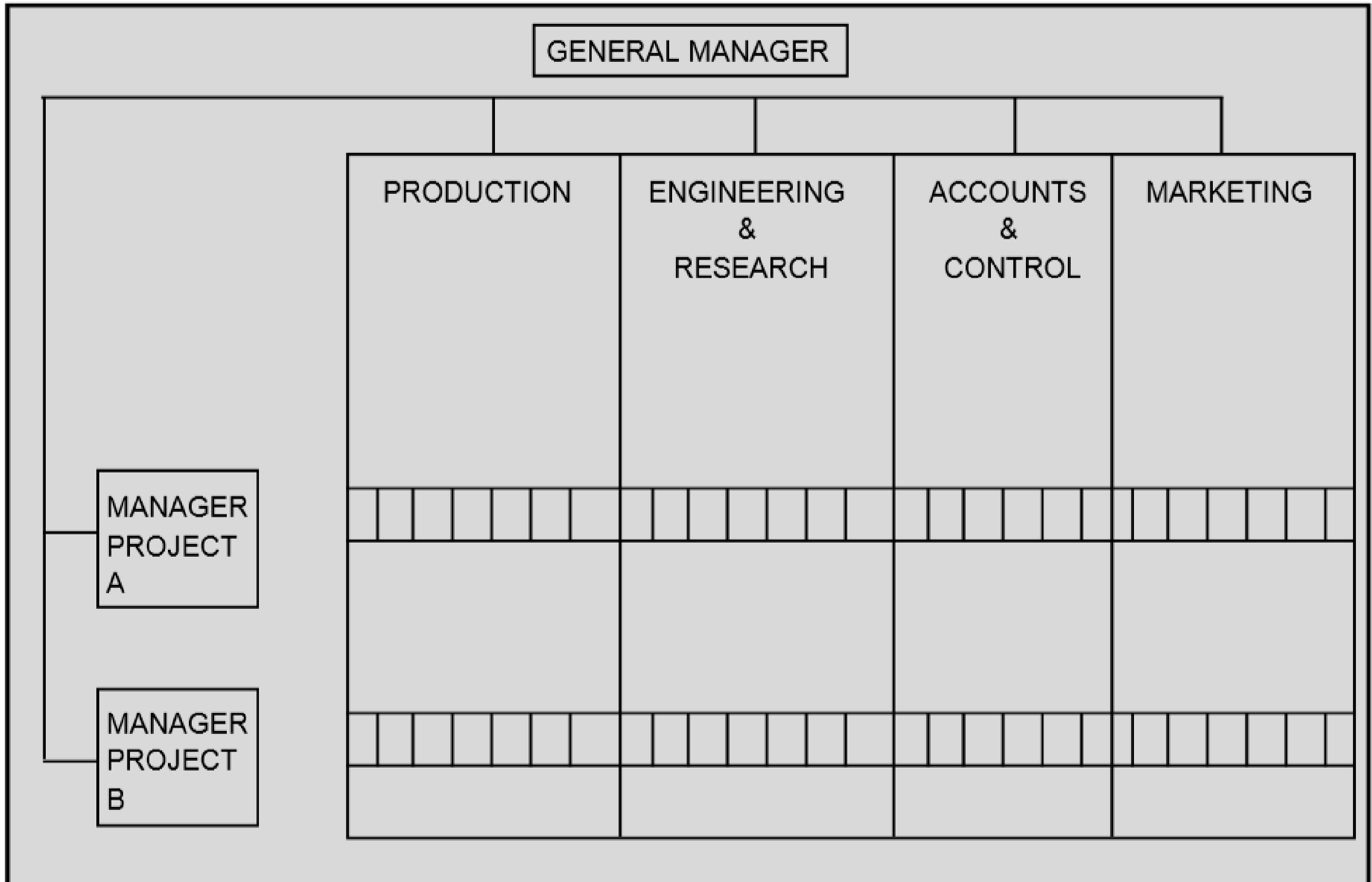


Simple Line and Staff Organisation

- This pattern of organisation came into being as a result of the departmental managers having to investigate, think and plan and, at the same time, perform the ordinary tasks of production and selling. Consequently, the work of investigation, research, recording, standardisation and advising, i.e., the work of experts, was wholly distinguished and separated from the routine process of manufacturing and selling. Thus, there arose a clear demarcation between ‘thinking’ and ‘doing’; the staff being the ‘thinkers’ and the line being the ‘doers’.

4. Project Management

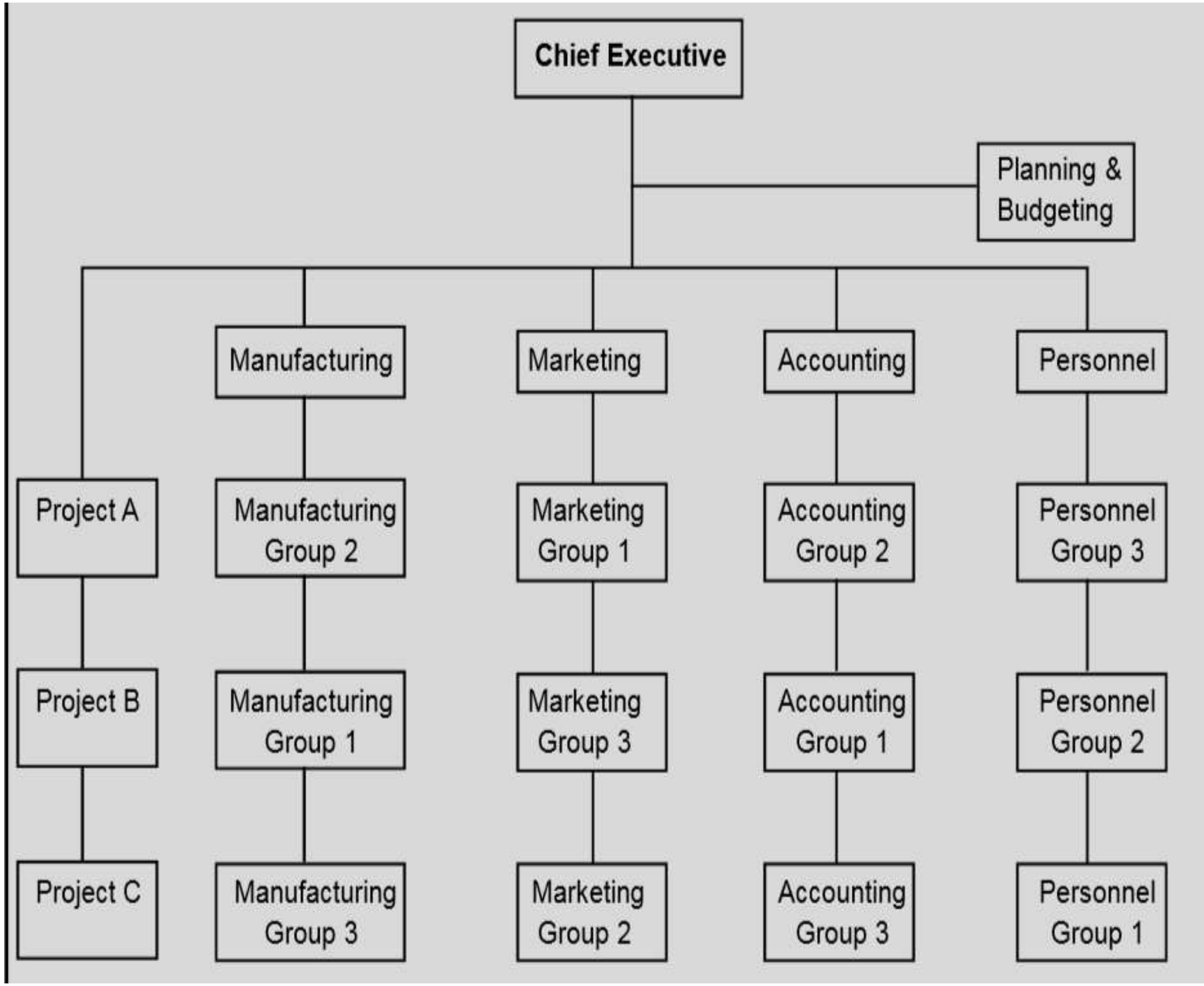
- It is set up within an existing organisation for the purpose of completing a project or accomplishing assigned objectives in time, and within cost and profit goals as laid down by the management in this connection. Project organisation is directed by the project manager responsible for project goals. Project management organisation may involve development and introduction of a new product, complete redesigning of an existing product line, installing a new plant, and the like. For example, 'software development' for a client.



Project Organisation

5. Matrix Organisation

- A newly evolving organisation structure which has received considerable attention in the West is the Matrix Organisation. It combines functional departmentation with product or project organisation. In a matrix organisation, the functional departments, like manufacturing, marketing, accounting and personnel constitute the vertical chains of command, while the project organisation or product divisions form the horizontal chains of command. The vertical lines of authority are cut horizontally across by project or product line divisions.



Informal Organisation

- Informal organisation refers to the relationship between people that is not based on procedures but on personal attitudes, prejudices, likes and dislikes. There always exists an informal organisation in a formal organisation and every management has to recognise this fact.
- Barnard viewed informal organisation as joint personal activity without being conscious of the joint purpose, even though possibly contributing to joint results.
- Keith Davis regards informal organisation as the network of personal and social relationships which is not established or required by formal organisation. Thus informal organisation comprises of the whole set of customs, social norms and ideas by which people are influenced.