

DAYANANDA SAGAR COLLEGE OF ENGINEERING

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Shavige Malleshwara Hills, Kumaraswamy Layout, Bengaluru-560078

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MODULE 1

MANAGEMENT & PLANNING

COURSE CODE: 18HS5ICMEP

Faculty: Mr. CHETAN UMADI

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PLANNING: Nature, importance and purpose of planning process –Objectives – Types of plans (Meaning Only)

MODULE 1:

MANAGEMENT:

1.1 INTRODUCTION:

“Management is a function of guidance and leadership control of efforts of a group or individuals in order to achieve goals/objectives of an organisation”.

“Management is a critical element in the economic growth of a country”. By bringing together the four factors i.e. Men, Money, Material & Machine, Management enables a country to experience a significant level of economic development.

“Without management, a country’s resources of production remain resources and never become production” said by **Peter Drucker**.

Principle of management are now used not just for managing business organisation; they are also applied to various other types of organisations, such as educational, social, military and government. Management is thus the same process in all the forms of organisation, depends on the size of the organisation.

“Management is the dynamic, life-giving element in every organisation”. It coordinates current organisational activities, plans future ones and provides leadership. In a competitive environment and economy, the quality and performance of the management determine the success of an organisation.

“Management is the central core of our national as well as personal activities, and the way we manage ourselves and our institutions reflects with alarming clarity what we and our society will become” said by **Claude S. George**.

Any person who performs the function of management for the accomplishment of predetermined objectives or goals is called a “Manager”. Manager does not by carryout work but guides the others to carryout work.

1.2 MEANING:

Definitions suggested by some of the management experts are given below:

1. **Henri Fayol:** “Management is conduct of affairs of business, moving towards its objectives through a continuous process of improvement and optimisation of resources”.
2. **Koontz:** “Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims”.
3. **Mary Parker Follett:** “Management is art of getting things done through the people”.
4. **George R. Terry:** “Management is a process consisting of planning, organising, actuating and controlling, performed to determine and accomplish the objectives by use of people and resources”.
5. **ILO:** “Management is the complex of continuously coordinated activity by means of which any undertaking administration/public or private service conducts its business”.

1.3 NATURE & CHARACTERISTICS:

Consider an example; the production process involves land, labour, capital, organisation and entrepreneurship. So as long as these factors remain separated, there is no possibility for production. Production is the result of combined efforts and it depends on their effective combination and cooperation.

Following are some important characteristics of management:

1. It should be stable.
2. It should be applicable to all kinds of organisation.
3. It should be transparent.
4. Its approaches are to be clear and goal oriented.
5. It should be simple and effective.
6. It should be responsive to many external elements like economic, technological, social, political and ethical factors that affect the areas of operation.
7. It should have good planning, organising, staffing, directing and controlling functions.
8. It should provide favourable atmosphere of work.

1.4 SCOPE:

The management is a must for every organisation. The existence of management ensures proper functioning of an enterprise. Every business needs direction. This direction is given by the management. The scope of the management is not limited only to business organisation, but it is extended to hospitals, educational institutions, government offices, stores management etc.

Scope of management extended to the following areas:

1. Developing management.
2. Distribution management.
3. Financial management.
4. Marketing management.
5. Personal management.
6. Production management.
7. Office management.
8. Transport management.
9. Purchase management.
10. Sales management.
11. Hospital, Educational institute management. Etc.

1.5 FUNCTIONAL AREAS OF MANAGEMENT:

There is enough disagreement among management writers on the classification of managerial functions:

- **Newman & Summer:** Organising, Planning, Leading & Controlling.
- **Henri Fayol:** Planning, Organising, Commanding, Coordinating and Controlling.
- **Luther Gulick:** Planning, Organising, Staffing, Directing, Coordinating, Reporting and Budgeting.
- **Koontz and O'Donnell:** Planning, Organising, Staffing, Directing and Controlling.

Based on the various author classifications it's divided into 4 types. **Planning, Organising, Directing, Controlling.**



Fig 1: Process of Management.

1. PLANNING:

Planning is a function that determines in advance *what* should be done, which is looking ahead and preparing for the future. It is a process of determining the objectives and charting out the methods of attaining those objectives.

It is determination of what, where and how it is to be done and how the results are to be evaluated. It is done not only for the organization as a whole but every division, department or subunit of the organisation.

It is a function which is performed by the managers at all levels-top, middle and supervisory. Example: Top level management make plans that cover five to ten years. Middle level manager plans run for a shorter period. Supervisor plans will be of day to day or hourly basis.

Planning bridges the gap from where we are now to where we want to be in future.

2. ORGANISING:

To organise a business is to provide it with everything useful to its functioning: personnel, raw materials, tools, capital. It is divided into two main sections: The human organisation & The Material organisation.

Once the manager decides the objectives and goals of an organisation, next manager has to develop plans to achieve them and must design and develop a human organisation to carry out those plans successfully.

“Staffing” may also be considered an important function involved in building human organisation.

In staffing, manager attempts to find the right person for each job. Its manager’s responsibility to recruit and make sure that enough man power available to fill the various positions needed in the enterprise.

Staffing involves the selection and training of future managers. It cannot be done once and for all. Since people are continually leaving, getting fired, retiring and dying. These situations create new positions and must be filled.

3. DIRECTING:

After planning, organising and staffing, the next is to move towards its defined objectives. This function can be called by various names: *“Leading”*, *“Directing”*, *“Motivating”*, & *“Actuating”*.

Directing thus involves three sub sections: Communication, Leadership & Motivation.

- **Communication:** It is the process of passing the information and understanding from one person to another.
- **Leadership:** It is the process by which a manager guides and influences the work of his subordinates.
- **Motivation:** It is the arousing the desire in the minds of the workers to give their best to their enterprise. It is broadly divided into two types: 1. Financial Motivation 2. Non-Financial Motivation. Example for the financial motivation are salary, bonus, profit-sharing etc. For the second one are job security, promotion, opportunity etc.

4. CONTROLLING:

The manager must ensure that everything occurs in conformity with the plans adopted, the instructions issued and the principles established. This is the controlling function of management and involves these following elements:

- Establishing the standards of performance.
- Measuring current performance and comparing it against the establishing standards.
- Taking action to correct any performance that does not meet those standards.

In the absence of sound control, there is no guarantee that the objectives which have been set will be realised.

1.6 MANAGEMENT as a SCIENCE, ART or PROFESSION:

❖ MANAGEMENT as a SCIENCE:

What makes a discipline a science? Should the discipline involve the use of a laboratory and a lab coat in order to be called a science? Obviously not. We can call a discipline scientific if its:

1. Methods of inquiry are systematic and empirical;
2. Information can be ordered and analysed;
3. Results are cumulative and communicable.

Being “systematic” means being orderly and unbiased. The attempt to gain knowledge must be without taint of personal or other prejudgement. The inquiry must be “empirical”.

All scientific “information” collected first as raw data is finally ordered and analysed with the help of statistical tools. It thus becomes “communicable” and intelligible.

On the basis of above definition of science we may presume that “*management is also a science*”. The science is used to denote two types of systematic knowledge- Natural or Exact and Behavioural or Inexact. Exact science means study the effects of any phenomenon in laboratory, but the same thing is not possible in management where we have to study man and factors affecting him. Therefore we may place *management* in the category of a “*behavioural science*”.

❖ MANAGEMENT as an ART:

Art is concerned with the understanding of how a particular work can be accomplished. Management in this sense is more an art. It is art of getting things done through the others.

Manager has to constantly analyse the existing situation, determine the objectives, seek the alternatives, implement, coordinate, control and evaluate information and make decisions.

Theoretical lessons which manager has learnt in classroom will not secure for him the aimed results unless he has skill or art of applying knowledge to that problem. As the knowledge of management theory and principles is a valuable kit of the manager but it cannot replace his managerial skills and qualities which has to be applied and practiced which makes us to consider “*management as an art*”.

Like the art of a musician or the art of a painter who uses his own skill and does not copy the skills of others. We may thus conclude that management involves both elements-those of a science and an art.

❖ MANAGEMENT as a PROFESSION:

McFarland gives the following characteristics of a profession:

- 1) Existence of organized and systematic knowledge
- 2) Formalized methods of acquiring training and experience.
- 3) Existence of an association with the professionalization as a goal
- 4) Existence of an ethical code to regulate the behaviour of the members of the profession
- 5) Charging of fees based on service.

Management does not possess all the above characteristics of a profession. Unlike medicine or law, management doesn't have any fixed norms of managerial behaviour. There is no uniform code of conduct or licensing of manager. The entry to managerial jobs is not restricted to individuals with a special academic degree only. In the light of this analysis we can conclude that management cannot be a profession.

It is becoming increasingly essential now days to acquire some professional knowledge or training or degree. On this *Peter Drucker* says that “no greater damage could be done to our economy or to our society than to attempt to professionalise management by licensing managers, for instance, or by limiting access to management to people with special academic degree”.

1.7 MANAGEMENT & ADMINISTRATION:

There is a lack of concurrence among management writers over the meaning and use of the words management and administration.

One group of authors feels that administration is a top level function and it's all about “*thinking*”. This involves the preparation of policies, procedures of an organisation. Whereas management involves “*doing*” and is a lower level function, concerning with execution of operations.

Another group feels management as a comprehensive generic term that includes administration. Management covers all the process like planning, organising, directing, & controlling. Administration is regarded as a branch of management that comprises two of these functions like planning and controlling.

According to *Peter Drucker*, “managing of business enterprise is called management and managing non-business organisation is called administration”.

The differences between administration and management are listed below.

SL.NO	Characteristics	Administration	Management
1	Main Function	Planning, Organising, and Staffing.	Leading, Motivating and Controlling.
2	Status	Acts as owner	Acts as an agency
3	Skills	Requires good administrative skills.	Requires good technical skills.
4	Level in the organisation	Top Level	Lower Level
5	Position	Managing Director, CEO etc.	Managers, Supervisors etc.
6	Objectives	Makes the policies, goals to be achieved.	Implements the plans and policies.
7	Involvement	No direct involvement in production or services.	Directly involves in the execution of plans and achieving the goals.

1.8 ROLES OF MANAGEMENT / OF A MANAGER:

A manager who occupies different positions in different situations plays different roles because people in each situation have different expectations of him concerning his functions. According to **Mintzberg**, a manager should be regarded as playing the following ten different roles.

1) INTERPERSONAL ROLES:

(i) Figure head: performs duties of ceremonial nature such as greeting the touring dignitaries, attending the wedding of an employee etc.

(ii) Leader: every manager must motivate and encourage their employees, try to reconcile their individual needs with the goals of the organization.

(iii) Liaison: in this role, every manager must develop contacts outside the vertical chain of command to collect information useful for the organization.

2) INFORMATIONAL ROLES:

(i) Monitor: The manager has to perpetually scan his environment for information, interrogates his liaison contacts and subordinates, to get any solicited information useful for the organization.

(ii) Disseminator: The manager passes the privileged information directly to the subordinates who otherwise would not have access to it.

(iii) Spokesman: A manager is also required to spend a part of his time in representing his organisation before various outside groups, which have some stake in the organisation. Ex: Government officials, labour unions, suppliers, customers etc. The manager must win their support by effectively managing the social impact of his organisation. This is achieved by informing the stake holders about organisation's financial performance, satisfying government that it abiding by the law etc.

3) DECISIONAL ROLES:

(i) Entrepreneur: In this role the manager proactively looks out for innovation to improve the organization by means of means creating new ideas, development of new products or services or finding new uses for the old ones.

(ii) Disturbance handler: The manager has to act like a fire-fighter to seek solutions to various unanticipated problems. Ex: Strikes, Suppliers problem etc.

(iii) Resource allocator: The manager must divide work and delegate authority among his subordinates.

(iv) Negotiator: must spend considerable time in negotiations. Example: The foreman negotiating with the workers for the grievance problems.

1.9 LEVELS OF MANAGEMENT:



Figure 2: Skills at different Management levels

Although all managers perform almost the same functions of management, there are levels among them. These are top management, middle management and first line or supervisors. As shown in figure 2.

The ***top management*** consists of Chairman, Directors, Presidents, Vice Presidents, and CEO's. These are the people who make the policies for company, set goals and targets. They should possess conceptual and design skills.

The ***middle management*** is essential a vast and diverse group that include finance managers, sales managers, marketing managers, personnel manager, departmental heads etc. They should possess human skills.

The ***lower levels managers*** are the supervisors and foreman. They are basically one step above the workers. They should possess technical skills.

PLANNING:

1.10 NATURE:

Planning is the beginning of the process of management. A manager must plan before he can possibly organise, staff, direct or control. Planning sets all other management functions into action.

Planning is an **“intellectual process”** which requires a manager to think before acting. It is thinking in advance. By planning, manager decides what is to be done, when it is to be done, how it is to be done, and who is to do.

“Decision making” is an integral part of planning. It is defined as the process of choosing among alternatives.

Planning is a **“continuous process”**. Manager must constantly monitor the conditions, both within and outside the organisation to determine if changes are required in his plans.

A plan must be **“flexible”**. It meant that its ability to change direction to adapt to changing situations without undue cost.

Planning is an **“all-pervasive”** function. It is important to all managers regardless of their level in the organisation.

Any planning involves four essential qualities:

1. It must contribute to accomplish purpose and objectives.
2. It must be considered as parent exercise in all processes.
3. It must spread through all management functions.
4. It must be efficient in such a manner so as to achieve the designed goals at the least cost.

1.11 IMPORTANCE OF PLANNING PROCESS:

Without planning, business decisions would become random, ad hoc choices. Four reasons the paramount importance of the planning function are as follows.

1. Minimises Risk and Uncertainty:

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

Ex: If a manager does not make any provision for the replacement of plant and machinery, the problems he will have to face after ten years can well be imagined. The manager has a feeling of being in control if he has anticipated some of the possible consequences and has planned for them.

2. Leads to Success:

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

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

3. Focuses Attention on the Organisation's Goals:

Planning helps the manager to focus attention on the organizations goals and activities. This makes it easier to apply and coordinate the resources of the organization more economically.

The whole organization is forced to embrace identical goals and collaborate in achieving them. It enables the manager to chalk out in advance an orderly sequence of steps for the realization of organizations goals and to avoid needless overlapping of activities.

4. Facilitates Control:

In planning, the manager sets goals and develops plans and to accomplish these goals. These goals and plans then become standards against which performance can be measured.

The function of control is to ensure that activities conform to the plans. Thus control can be exercised only if there are plans.

5. Trains the Executives:

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

1.12 PURPOSE OF PLANNING:

Planning is the beginning of all other functions of the management. The purpose of the planning are listed below.

1. To select from many available alternatives so as to achieve the objectives of the enterprise, economically, effectively and efficiently.
2. To direct all other functions of management.
3. To set up the goals of an enterprise in perspective, within the environment.
4. To help planned goals of an enterprise to break-up into more easily handlable additive-segmented goals.
5. To form the basis for budget.

6. To forecast the future to avoid uncertainty and change.
7. To provide effective control.
8. To search for alternatives and adopt the best way of accomplishing the work.
9. To focus the vision on the objectives and goals.

1.13 OBJECTIVES:

Objectives are goals of the organization which the management wishes the organization to achieve. These are the end points or pole-star towards which all business activities like organizing, staffing, directing and controlling are directed.

Only after having defined these end points the can determine the kind of organization the kind of personnel and their qualifications, the kind of motivation, supervision and direction and the control techniques which he must employ to reach these points.

Objectives should be distinguished from three other words **“Vision”**, **“Purpose”**, **“Mission”**.

- The **“Vision”** is the dream that an entrepreneur creates in his waking hours of his preferred future.
- The **“Purpose”** of an organisation is its primary role defined by the society in which it operates.

Ex: The purpose of every university is to impart education.

- The **“Mission”** of an organisation is the unique aim that sets organisation apart from others of its type. Ex: A hospital may treat heart disorder only.

The objectives may be either tangible or intangible. They have a priority and are generally arranged in hierarchy. The following are some of the requirements of good objectives:

1. Objectives must be clear and must be acceptable.
2. The objectives must support one another.
3. The objectives must be precise.
4. The objectives must be measurable.
5. The objectives must be realistic and valid ones.

1.14 TYPES OF PLANS:

Although the basic process of planning is the same for every manager, planning can take many forms and styles in practice. Planning may begin at the top with the top executives deciding on targets and passing them down for implementation; or it may begin at the bottom with the lowest sections formulating their targets. One useful way of classifying planning is to distinguish between *strategic* and *tactical planning*.

The differences between strategic and tactical planning are given below.

Sl.NO	STRATEGIC PLANNING	TACTICLE PLANNING
1	It is long term.	It is short term.
2	Done at the top management.	Done at the lower levels of the management.
3	It consists of major goals and policies of an organisation and resources and facilities to accomplish the goals.	It consists of use of facilities and resources.
4	It is less detailed, focuses only on long term goals.	It is more detailed since it caters to day-to-day operations and activities of the organisation.
5	It is based on long term goals and is more uncertain.	It is based on performance and is less uncertain.

Based on their use, plans are classified as “*Single use plans*” and “*Standing plans*”.

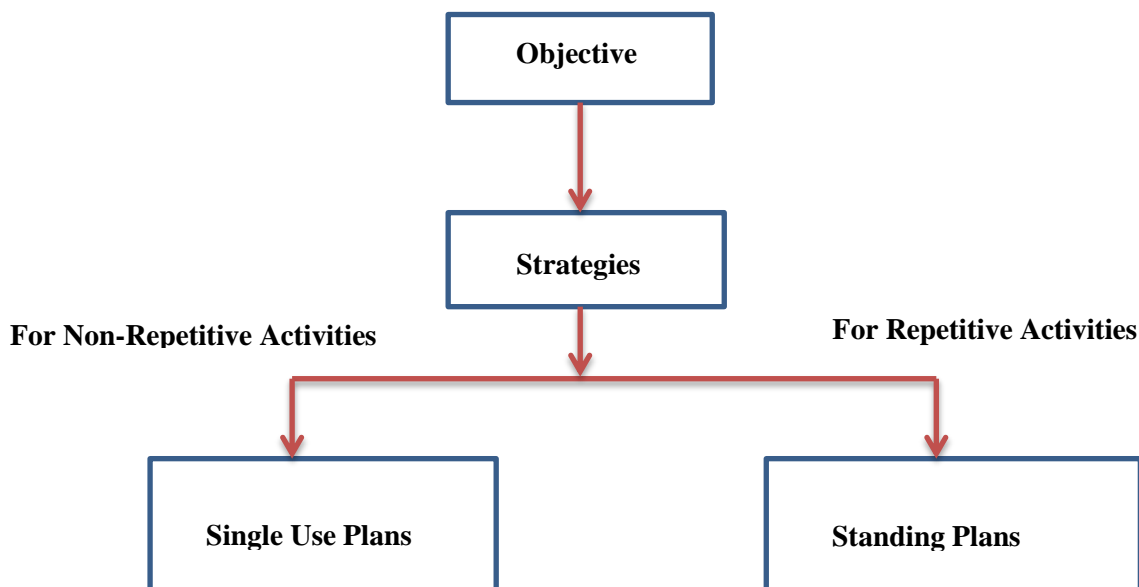


Figure 3: Hierarchy of Organisational Plans.

From figure 3, at the top of this hierarchy stand objectives. **Objectives** are the broad ends of the organisation which are achieved by means of strategies. **Strategies** in their turn are carried out by means of the two other major groups of plans--- **Single use plans** and **standing plans**.

Single use plans, as their name suggests, are developed to achieve a specific end; when that end is reached, the plan is dissolved. Ex: Programmes and Budgets.

Standing plans are designed for situations that recur often enough to justify a standardised approach. Ex: Policies, Procedures, Methods and Rules.

STANDING PLANS:

Standing plans are further divided into policies, procedures, rules and methods of organisation.

1. Policies:

A policy is general guideline for decision-making. It sets up boundaries around decisions, including those that cannot. According to **George R. Terry** “A policy a verbal, written or implied overall guide setting up boundaries that supply the general limits and the direction in which, managerial action takes place”.

Ex: The recruitment policy of a company is to recruit meritorious people through the employment exchange. The distribution policy of a fertiliser company is farmer-oriented.

Policies are classified on the basis of sources like original policies, appealed policies, implied policies, externally imposed policies. Policies are classified on the basis of functions like personal policy, promotion policy, pricing policy, distribution policy etc, Based on the level of organisation like: top level, departmental policy, shop level etc.

2. Procedure:

Policies are carried out by means of more detailed guidelines called “procedures”. Procedures provide a detailed set of instructions for performing a sequence of actions involved in doing a certain piece of work.

Ex: The procedure for recruitment of personnel may be: (i) Inviting applications through advertisement; (ii) Screening the applications; (iii) Conducting written test; (iv) Conducting interview for those who have passed the written test; (v) Medical examination of those who are selected for the posts.

The difference between policy and procedure are given below:

SL.NO	POLICY	PROCEDURE
1	General guidelines of the organisation.	General guidelines at the action level.
2	Top level activity.	Departmental activity.
3	Policies fulfil the objectives of an organisation.	Procedures guide the way to implement the policies.
4	These are made without any study or analysis.	These are made after through study and analysis of work.

3. Rules:

Rules are detailed and recorded instructions that a specific action must or must not be performed in a given situation. These are all covered by the rules of the enterprise. They make sure that a job is done in the same manner every time, bringing uniformity in efforts and results. A rule is different from a policy, procedure or methods.

Ex: Sanctioning overtime to workmen, regulating travel allowance etc.

4. Methods:

A method is a prescribed way in which one step of a procedure is to be performed. The method that is selected for discharging a particular step under the existing conditions may become out-dated in due course of time because of the discovery of better and more economical methods. Methods help in increasing the effectiveness and usefulness of the procedure.

1.15 HIERARCHY OF PLANS:



Figure 4: Hierarchy of plans.

The plans are generally arranged in a hierarchy within any organisation. It starts at the top with objectives and goals of an organisation. The second level is strategies. There are two types of strategies namely single use plans and standing plans. The third level is action plans. The hierarchy of plans is shown in figure 5.

The top management sets the goals and objectives. Strategies are carried out by means of two types of plans. Single use plans are developed to achieve a specific goal after reaching that goal, the plan is dissolved. Standing plans are developed for projects that happen again and again. Action plans are the plans executed by lower level organisation, like foreman and supervisor.

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