

# **Management & Entrepreneurship Development**

## **Module 01** **Management**

# What is Management?

- According to Mary Parker Follett: **“the art of getting things done through people”**.
- According to George R Terry **“a process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources”**.
- Ross Moore states **“Management means decision-making”**.

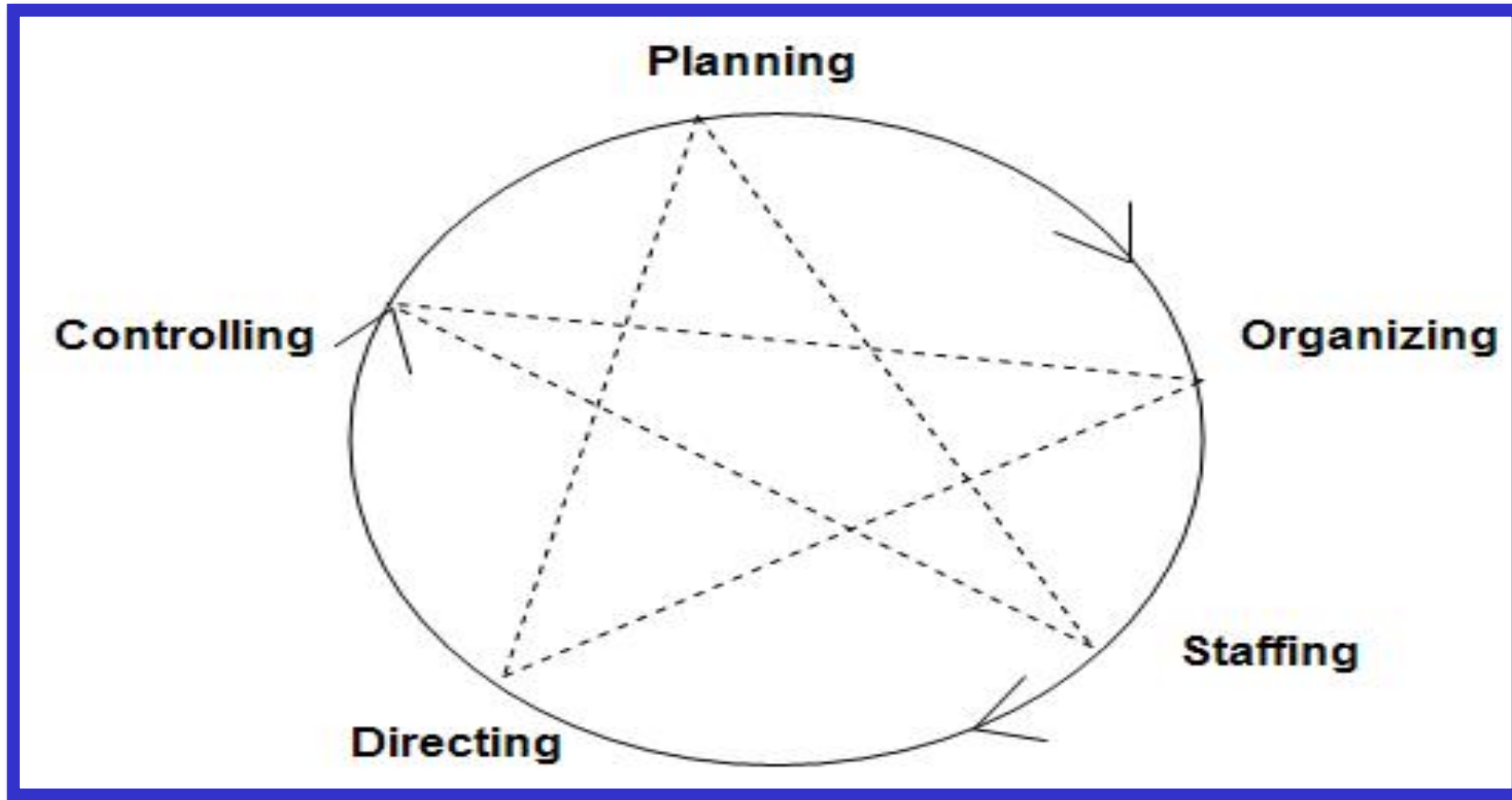
# Characteristics of Management

- Management is a continuous process
- Management is an art as well as science
- Management aims at achieving predetermined objectives
- Management is a factor of production
- Management is decision-making
- Management is needed at all levels
- Management aims at maximum profit
- Management is a dynamic function
- Management is a profession
- Management as a career

# Importance of Management

- Management is a critical element in country's growth
- Management enables a country's economic development by bringing the 4 factors of production (men, materials, money and machines) together.
- Without management, the country's resources will remain resources and never become production
- Not only in business, it is applied in education, social, military and Govt.
- It follows the same pattern irrespective of the size of the organization.
- Management is dynamic and life giving element in every organisation.
- It co-ordinates current activities, plans future ones, arbitrates disputes and provides leadership.
- Adapts to environment, determine success, also the very survival.

# MANAGEMENT FUNCTIONS OR THE PROCESS OF MANAGEMENT



# Planning

- Planning is the primary function of management.
- It is looking ahead and **preparing for the future**.
- It determines in advance **What, How, When** should be done.
- It involves determination of specific **objectives, programs, setting policies, strategies, rules and procedures and preparing budgets**.
- Planning is a function which is performed by managers at all levels – **top, middle and supervisory**.
- Plans made by top management for the organization may cover periods as long as **five to ten years**, whereas plans made by low level managers cover much shorter periods.

# Organizing

- It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals.
- Organizing involves dividing work into:
  - Identification of activities.
  - Classification of grouping of activities.
  - Assignment of duties.
  - Delegation of authority and creation of responsibility.
  - Coordinating authority and responsibility relationships
- According to Koonz O'Donnel, “**Organization consists of conscious coordination of people towards a desired goal**”. E.g. an organization for scientific research will have to be very different from one manufacturing automobiles.

# Staffing

- Staffing involves managing various positions of the organizational structure.
- It involves selecting and placing the right person at the right position
- Staffing involves:
  - Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
  - Recruitment, selection & placement.
  - Training & development.
  - Remuneration.
  - Performance appraisal.
  - Promotions & transfer



# Directing

- The actual performance of the task starts with the function of direction.
- It is also called by various names namely “leading”, “motivating”, “activating”.
- Directing involves these sub functions:
  - (a) **Communicating**: It is the process of passing information from one person to another.
  - (b) **Leading**: It is a process by which a manager guides and influences the work of his subordinates.
  - (c) **Motivating**: It is arousing desire in the minds of workers to give their best to the enterprise.

# Controlling

- Control is the process of checking to determine whether or not proper progress is being made towards the objectives and goals and acting if necessary to correct any deviations.
- Control involves three elements:
  - (a) Establishing standards of performance.
  - (b) Measuring current performance and comparing it against the established standards.
  - (c) Taking action to correct any performance that does not meet those standards.

# FUNCTIONAL AREAS OF MANAGEMENT

## ***Production:***

- 1. Purchasing:*** It involves procuring right quantity of materials at the right quality, at the right time and at the right price from the right supplier
- 2. Materials management:*** This involves storing of materials, issue of materials to various departments.
- 3. Research and Development:*** It deals with improving the existing products and process and developing new products and process.

## Contd....

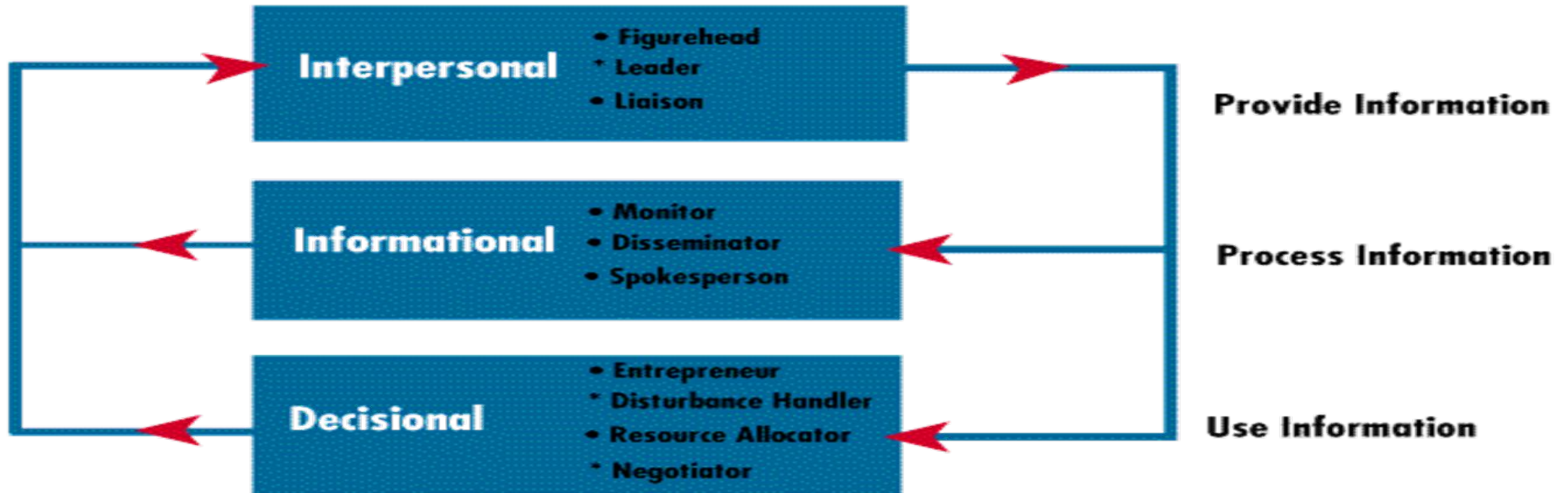
- **Marketing:** This area involves the distribution of organizations' products to the buyers. The sub-activities are:
  - (1) **Advertising:** Involves giving information about products to buyers.
  - (2) **Marketing research:** It is related with the systematic collection, analysis of data relating to the marketing of goods and services.
  - (3) **Sales management:** It involves management efforts directed towards movement of products and services from producers to consumers.

# Contd....

- **Personnel:** It deals with the management of human resources with the following sub-activities:
  - (1) **Recruitment and Selection:** It deals with recruitment and selection of employees.
  - (2) **Training and Development:** It deals with training of employees and making them more efficient.
  - (3) **Wage and Salary Administration:** Deals with fixing of salaries, job evaluation, promotion, incentives etc.
  - (4) **Industrial Relations:** Deals with maintenance of good employee relations.

# Roles of Management - According to Henry Mintz Berg.

## The Managerial Roles



\* Indicates significant role for the supervisor

# Management Roles

## Interpersonal roles

How a manager interacts with other people

- Figurehead
- Leader
- Liaison

## Informational roles

How a manager exchanges and processes information

- Monitor
- Disseminator
- Spokesperson

## Decisional roles

How a manager uses information in decision making

- Entrepreneur
- Disturbance handler
- Resource allocator
- Negotiator

# *Interpersonal Role*

There are three types of interpersonal roles:

- (1) ***Figure head role***: In this role, manager has to perform duties of traditional nature such as attending social functions of employees, taking an important customer to lunch and so on.
- (2) ***Leader role***: Manager's leader role involves leading the subordinates motivating and encouraging them.
- (3) ***Liaison***: In liaison role, manager serves as a connecting link between his organization and outsiders. Managers must cultivate contacts outside his vertical chain to collect information useful for his organization.



# *Information Role*

There are three types of informational roles:

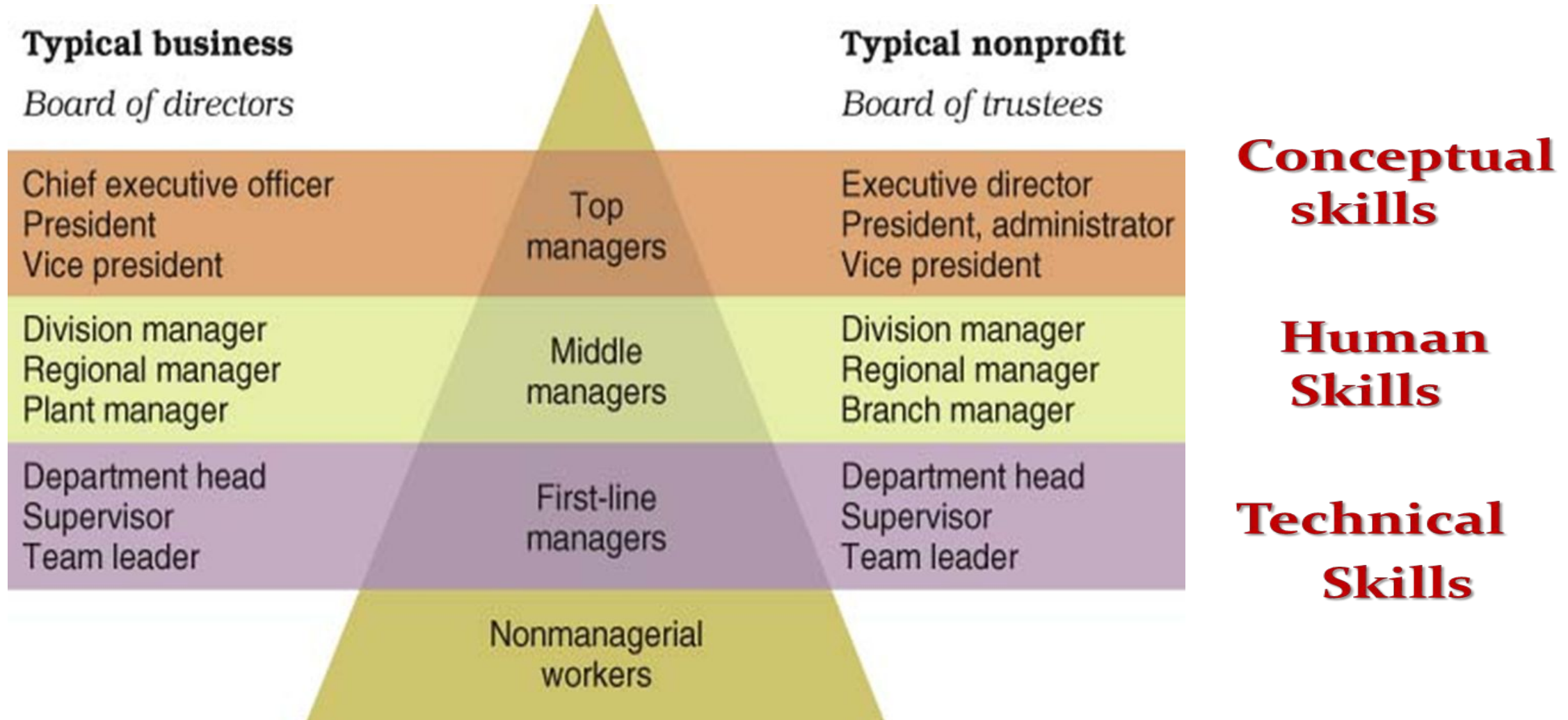
- (1) ***Monitor***: In his monitoring role, manager continuously collects information about all the factors which affects his activities. Such factors may be within or outside organization.
- (2) ***Disseminator***: In the disseminator role, manager possesses some of his privileged information to his subordinates who otherwise not be in a position to collect it.
- (3) ***Spokesperson***: As a spokesperson, manager represents his organization while interacting with outsiders like customers, suppliers, financiers, government and other agencies of the society.

# *Decisional roles*

Manager performs three roles

1. ***Entrepreneur***: As an entrepreneur, a manager assumes certain risks in terms of outcome of an action. A manager constantly looks out for new ideas and seeks to improve his unit by adopting it to dynamic environment.
2. ***Disturbance handler***: In this role, manager works like a fire-fighter manager contains forces and events which disturb normal functioning of his organization. The forces and events may be employee complaints and grievances, strikes, shortage of raw materials etc.
3. ***Resource Allocator***: In this role, the manager divides work and delegates authority to sub-ordinates
4. ***Negotiator***: In his role of negotiator, manager negotiates with various groups in the organization. Such groups are employees, shareholders and other outside agencies

# LEVELS OF MANAGEMENT



**Top Level**

**President**

**Middle Level**

**Vice President  
Marketing**

**Vice President  
Finance**

**Vice President  
Production**

**First Level**

**Supervisor  
A**

**Production Supervisor  
B**

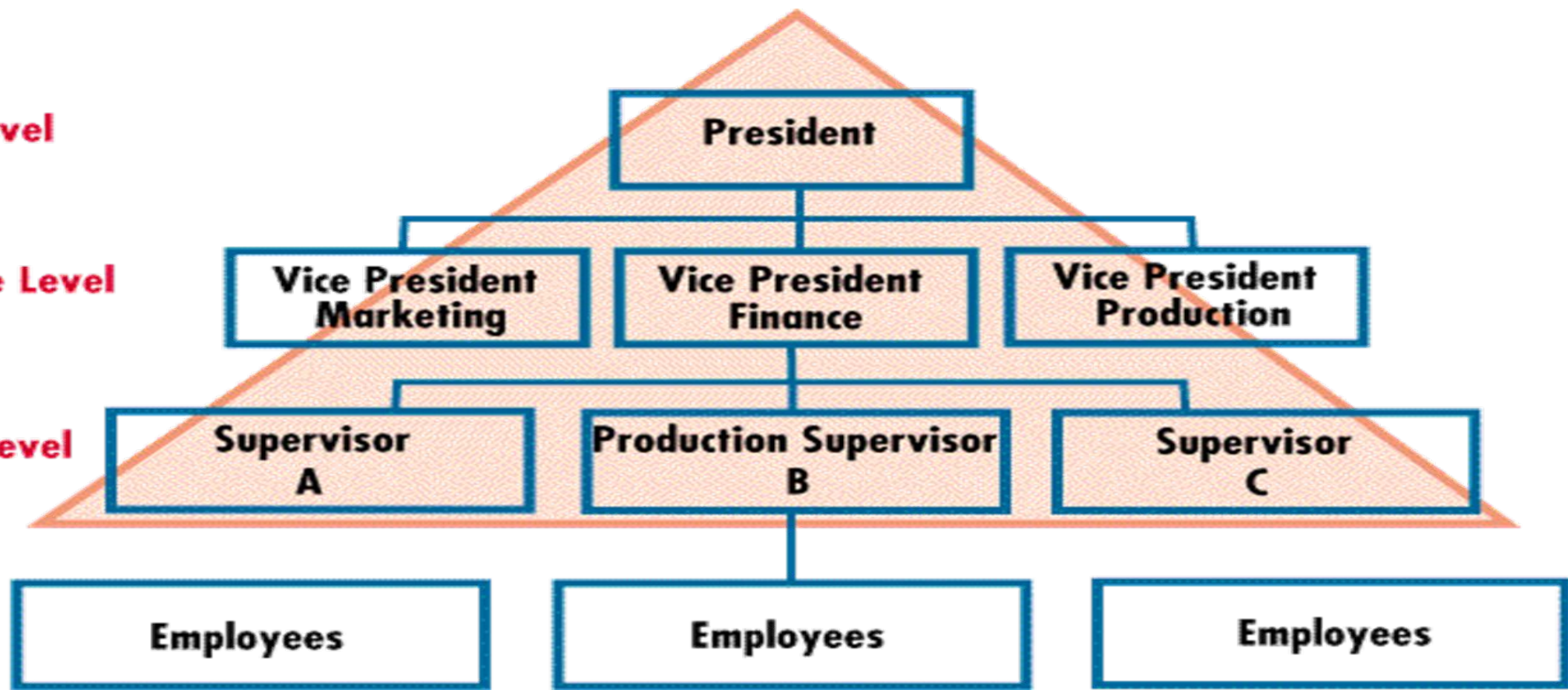
**Supervisor  
C**

**Employees**

**Employees**

**Employees**

## **Levels of Management**



# Levels of Management

**Top management** : *which consists of owners, BOD, managing Directors, Chief Executive and General Managers,*

*The main functions of it are:*

- 1) Determining the objectives or goals of the enterprise*
- 2) Framing policies and making plans to achieve the objectives laid*
- 3) Setting up an organizational framework*
- 4) Assembling the resources of money, men , materials, machines and methods*
- 5) Exercising effective control*
- 6) Providing overall leadership*

# Levels of Management

**Middle management:** *It acts as a necessary link between the top and the lower level management or operating level.*

*It is concerned with the task of implementing the policies and plans laid down by the top management.*

*It can be further classified as Senior middle management, Functional Heads*

*The important functions of it are:*

- a) Interpreting the policies framed by top management.*
- b) Preparing the organizational set up in their respective departments.*
- c) Selecting suitable operative and supervisory personnel.*
- d) Assigning duties and responsibilities for timely execution of the plans.*



# Levels of Management

**Lower or operating management:** *It is the lowest level in the hierarchy of management and actual operations are the responsibility of this level of management.*

*It consist of supervisors, and foremen who are in direct touch with the workers.*

*The function are:*

- a) To plan day to day working within the goal prescribed by the higher management*
- b) To issue orders and instructions for executing the work*
- c) To arrange material and equipment for the work force.*
- d) Providing on the job training to workers.*
- e) To supervise and control the work of workers and maintain personal contact with them.*

# Management Skills

Lower level  
managers

Middle level  
managers

Top level  
managers

**Conceptual skills**—The ability to think analytically and achieve integrative problem solving

**Human skills**—The ability to work well in cooperation with other persons;  
emotional intelligence

**Technical skills**—The ability to apply expertise and perform a special task with proficiency



# MANAGEMENT: A SCIENCE OR ART?

## Management as a science

- Science is a systematized body of knowledge.

- It comprises of:

  - (1) Methods of inquiry are systematic and empirical.**

    - ✓ 'Systematic' means, being orderly and unbiased.

    - ✓ Enquiry must be empirical (experimental) and not merely an armchair speculation.

  - (2) Information can be ordered and analyzed**

    - ✓ Scientific information collected in the raw form is finally ordered and analyzed with statistical tools.

### **(3) Results are cumulative and communicable.**

- ✓ Science is also cumulative in that what is discovered is added to that which has been found before.
- ✓ It is communicable which permits repetition of study. When study is replicated then the second try produces the results similar to the original.
- ✓ Science denotes two types of systematic knowledge; natural or exact and behavioral or inexact.

- ❖ Systematic knowledge means studying of any one of the parameters like velocity, humidity , pressure etc., (physics and chemistry).
- ❖ In behavioral or in exact science means study of person and number of factors affecting him.
- ❖ E.g. We cannot study the effect of monetary incentives on workers productivity.

# ***Management is an art***

- Art implies application of knowledge & skill to trying about desired results. An art may be defined as personalized application of general theoretical principles for achieving best possible results.
- A manager has to coordinate various resources against several constraints to achieve predetermined objectives in the most efficient manner.
- Art has the following characters –

**1. Practical Knowledge.**

**2. Personal Skill- personalized nature.**

**3. Creativity- requires innovation & Creativity.**

**4. Perfection through practice.**

**5. Goal-Oriented.**

# Comparison between science and Art

Science

Art

**Advances by knowledge**

**Advances by policies**

**Process**

**Feels**

**Predicts**

**Guesses**

**Defines**

**Describes**

**Measures**

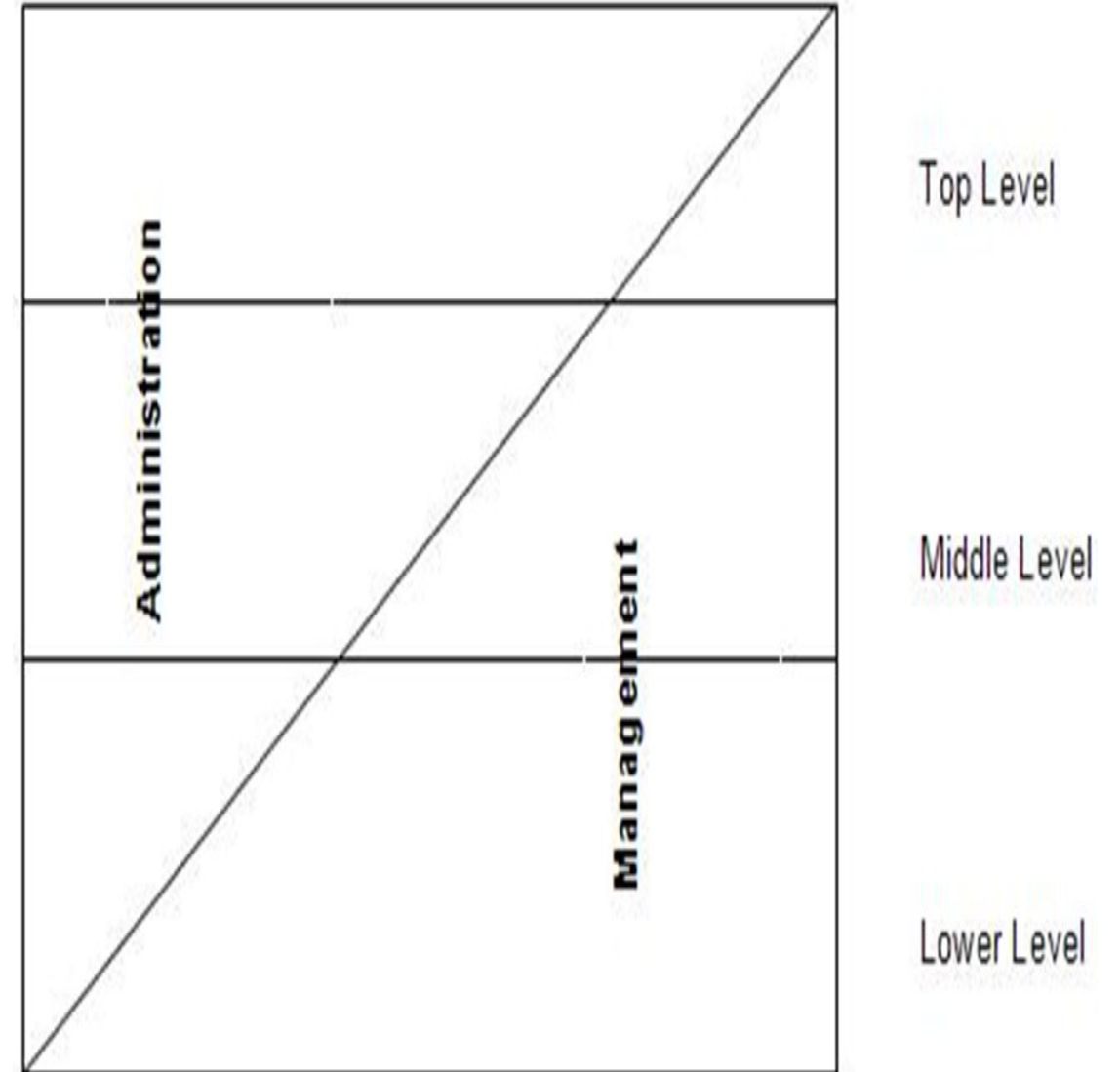
**Lectures**

# MANAGEMENT: A PROFESSION

- It has become a profession & organizations are developing professional managers who can contribute to their growth.
- The success of a manager is depending upon his professionalism.
- Main Features of a profession are as follows:
  1. Existence of organized & systematic body of knowledge.
  2. Formalized method of acquiring knowledge & skill.
  3. Existence of an association with professionalism at its goal
  4. Existence of ethical code of conduct to regulate the behavior of members of profession.
  5. Charging of fees based on service, but with a due regard for the priority of service over the desire of the monetary reward.

# MANAGEMENT AND ADMINISTRATION

- **Administration** means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programs and projects”.
- It refers to the activities of higher level. It lays down basic principles of the enterprise. According to Newman, “Administration means guidance, leadership & control of the efforts of the groups towards some common goals”.



## Difference between Management & Administration

Characteristic s	Management	Administration
Main Functions	Leading, Motivating & Controlling.	P,O,S
Status	Acts as an Agency	Acts as a owner.
Skills	Requires More Technical Skills.	Requires More admin Skills.
Levels in Organization.	Lower Level	Top level
Position	Managers, Supervisors, Foremen, etc....	MD, Owner, CEO, Etc..
Objectives	Implementation of plans & policies.	Make the policies, objectives & goals to be achieved.
Involvement	Directly involved in execution of plans & achieve goals.	No direct involvement in production or servicing.