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FUNDAMENTALS OF MANAGEMENT

UNIT-II: Functions of Management

By

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UNIT-II: Functions of Management

- Planning
- Organizing
- Staffing
- Directing
- Controlling

FUNCTIONS OF MANAGEMENT

- Management has been described as a social process involving responsibility for economical and effective planning & regulation of the operation of an enterprise in the fulfillment of given purposes.
- It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his/her level or status.
- Different experts have classified functions of management.
 - According to George & Jerry, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”.
 - According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”.
 - Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Coordination, R for reporting & B for Budgeting.
 - But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

- For theoretical purposes, it may be convenient to separate the function of management but **practically these functions are overlapping in nature i.e. they are highly inseparable.** Each function blends into the other & each affects the performance of others.



PLANNING

- It is the basic function of management. It deals with sketching out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals.
- According to KOONTZ, “Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”.
- A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of predetermined goals.
- Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

• Definitions of Planning

- According to Henry Fayol, “Planning is deciding the best alternative among others to perform different managerial operations in order to achieve the predetermined goals.”
- According to Urwick, “Planning is a mental predisposition to do things in orderly way, to think before acting and to act in the light of facts rather than guess.”
- Rudyard Kipling explained planning in following assertion:
 - I keep six honest serving men, They taught me all I Know Their names are what, where and when, And how, and why, and who.
 - So planning is concerned with deciding:
 - What to do?
 - How to do?
 - When to do?
 - Where to do?
 - Why is to be done?
 - Who will do it?

• **Features of Planning**

- 1. Planning is an Intellectual Process
- 2. Planning is Goal Oriented
- 3. Planning is a Primary Function
- 4. Planning is Pervasive
- 5. Planning is a Continuous Process
- 6. Planning is Forward Looking
- 7. Planning Involves Choice
- 8. Planning Minimizes Risk

• Importance of Planning

- 1. Planning Helps in Achieving the Business Objectives
- 2. Optimum Utilization of Resources
- 3. Planning Reduces Uncertainty and Change
- 4. Planning Helps in Decision-making
- 5. Planning Makes Employees Conscious of the Organisational Objectives
- 6. Help in Coordination
- 7. Facilitates Control
- 8. Economy

•Steps in Planning Process

- 1. Establishing verifiable goals
- 2. Establishing Planning Premises
- 3. Deciding the Planning Period
- 4. Finding an alternative course of action
- 5. Evaluating and selecting a course of action
- 6. Implementing the Plan
- 7. Measuring and Controlling the Programme

- **Types of Plans**

- 1. Standing Plans

- Objectives
 - Strategies
 - Policies
 - Procedures
 - Rules

- 2. Single-use Plans

- Programmes
 - Budgets

ORGANISING

- It is the process of bringing together physical, financial, and human resources and developing productive relationships amongst them for the achievement of organizational goals.
- According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”.
- To Organizing a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:
 - Identification of activities.
 - Classification of grouping of activities.
 - Assignment of duties.
 - Delegation of authority and creation of responsibility.
 - Coordinating authority and responsibility relationships.

- **Importance of Organising**

- 1. It facilitates efficient management
- 2. It facilitates coordination and
- 3. It facilitates growth and
- 4. It ensures optimum use of resources
- 5. It provides for optimum use of technological
- 6. It facilitates specialization

- Organising thus can be understood in two ways
 - 1. Organising as a process
 - 2. Organising as a structure
- **Organising as a process:** It refers to the way in which the work of a group is arranged and distributed among members to efficiently achieve the objectives. It creates a relationship of one job to another and lays down the scope of authority and responsibility. The duties are fixed in such a manner so that the work is performed with speed, accuracy and economy.
 - 1. Determination of objectives
 - 2. Identification and grouping of activities
 - 3. Assignment of duties
 - 4. Establishing relationship among individuals and group

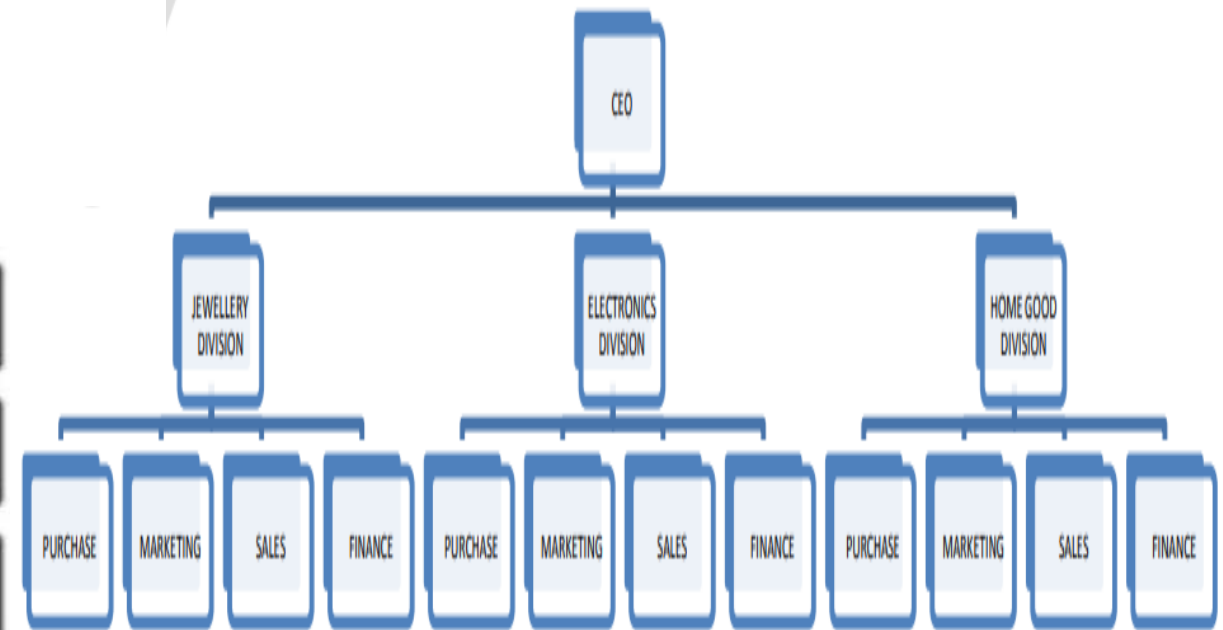
- **Organisation Structure:**

An Organisation Structure shows the authority responsibility relationship between the various positions in the organization by showing who reports whom, It lays down the pattern of communication and coordination in the enterprise. It facilitates growth of the enterprise by increasing capacity to handle diversified situations. Organisation structure is usually shown on an organisation chart. There are basically 2 types of organization structure.

1. **Functional structure**



2. **Divisional Structure**



STAFFING

- It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in recent years due to advancements in technology, increases in the size of businesses, the complexity of human behavior, etc. The main purpose of staffing is to put the right man on the right job i.e. square pegs in square holes and round pegs in round holes.
- According to Kootz & O'Donnell, “Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”.
- Staffing involves:
 - Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
 - Recruitment & selection.
 - Training & development.
 - Placement
 - Remuneration.
 - Performance appraisal.

- **Manpower Planning:** A rational method of assessing the requirements of human resources at different levels in the organization. It ends with proposals for recruitment, retention, or even dismissal where necessary.
- Manpower planning process:
 - Succession strategy
 - Staff development strategy
 - Recruitment strategy
 - Redundancy strategy



- **Recruitment & selection:**

- Sources of recruitment:

- Internet

- Advertisement through media

- Campus placements

- Stages of Selection:

- Initial screening/shortlisting

- Comprehensive application/biodata screening

- Aptitude or written test

- Group discussion

- Personal Interview

- Medical examination

- Employment Offer

- Induction or Orientation

- **Training & development:**

- Methods of Training

- **On-the-Job Methods**

- **Job instruction** training

- **Experimental** training

- **Demonstration**

- **Apprentice** training

- **Off-the-Job Methods**

- **Lectures, conferences & seminars**

- **Group discussion**

- **Role- playing**

- **Programmed instructions**

- **Simulation** exercises

DIRECTING

- Management is the art of getting things done through others. One of the main functions of a manager is to direct subordinates effectively. Directing is concerned with carrying out the desired plans. It initiates organized and planned action and ensures effective performance by subordinates towards the accomplishment of group activities.
- Direction is called management in action. In the words of Theo Haimann, “In order to make any managerial decision really meaningful, it is necessary to convert it into effective action, which the manager accomplishes by directing. Without this managerial function nothing or at best very little is likely to come about.
- Planning, organizing and staffing can be considered preparatory managerial functions the purpose of controlling is to find out whether or not the goals are being achieved. The connecting and actuating link between these functions is the managerial function of directing, which means the issuance of directives and the guidance and overseeing of subordinates.”
- Definitions:
 - “Directing concerns the total manner in which a manager influences the action of subordinates. It is the final action of manager in getting others to act after all preparations have been completed.”
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 - “Directing is the guidance, the inspiration, the leadership of those men and women that constitute the real core of the responsibilities of management.

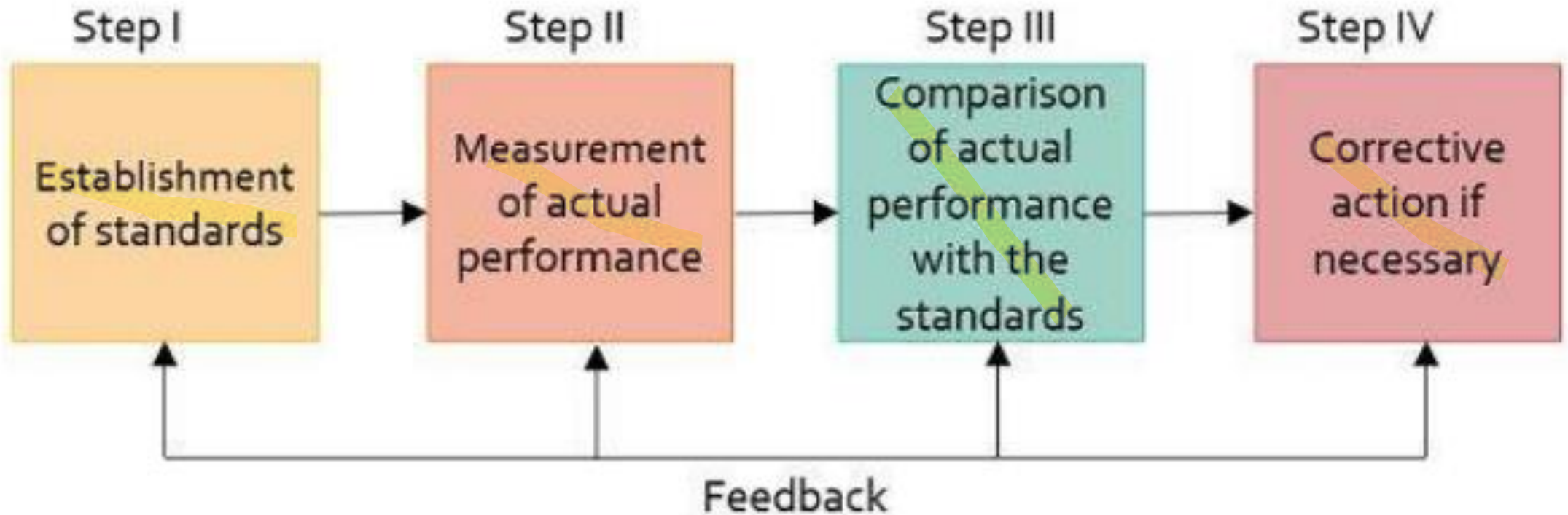
- Principles of Directing:
 - 1. Harmony of objectives
 - 2. Maximum individual contribution
 - 3. Unity of command.
 - 4. Appropriate techniques.
 - 5. Direct supervision.
 - 6. Managerial communication.
- Elements of Direction
 - 1. Issuing Orders and Instructions
 - 2. Leadership
 - 3. Communication
 - 4. Motivation
 - 5. Supervision
 - 6. Co-ordination.

CONTROLLING

- Definition: Control is a primary goal-oriented function of management in an organisation. It is a process of comparing the actual performance with the set standards of the company to ensure that activities are performed according to the plans and if not then taking corrective action.
- Features of Controlling
 - An effective control system has the following features:
 - It helps in achieving organizational goals.
 - Facilitates optimum utilization of resources.
 - It evaluates the accuracy of the standard.
 - It also sets discipline and order.
 - Motivates the employees and boosts employee morale.
 - Ensures future planning by revising standards.
 - Improves overall performance of an organization.
 - It also minimises errors

- Process of Controlling:

Control process involves the following steps as shown in the figure:



- **Types of control:**

- 1. **Feedback Control:** This process involves collecting information about a finished task, assessing that information and improvising the same type of tasks in the future.
- 2. **Concurrent control:** It is also called real-time control. It checks any problem and examines it to take action before any loss is incurred. Example: control chart.
- 3. **Predictive/ feedforward control:** This type of control helps to foresee problem ahead of occurrence. Therefore action can be taken before such a circumstance arises.

Review Questions:

1. Define management. Explain functional relationships among functions of management.
2. What is planning? Explain steps in the planning process.
3. Discuss the importance of organizing with suitable illustrations.
4. What do you mean by staffing? Explain phases involved in staffing.
5. Explain different methods of training.
6. Define directing. Explain principles of directing
7. Define controlling. Explain the process of controlling.

End of UNIT-II

Thank You