

# Management

## Definition, Nature, Importance And Functions of Management



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# Definition of Management

“ Management is the art of getting things done through and with the people in formally organized groups.”

— Koontz H.

Management is the process of Planning, Organizing, Staffing, Directing and Controlling to accomplish organizational objectives through the coordinated use of human and material resources.

# Resources {Assets}

7 categories of resources:

- People
- Money
- Time
- Work Procedures
- Energy
- Materials
- Equipment

# Goals

- Profit Levels or Maximum cost levels
- Maintenance or growth of financial strength
- Quality standards
- Guest employee & management concerns
- Professional obligations
- Societal concerns

# Definition.....

## **A set of activities**

planning and decision making, organizing, leading, and controlling

## **Directed at an organization's resources**

human, financial, physical, and information

**With the aim of achieving organizational goals in an efficient and effective manner.**

# Nature of Management

- Universality of Management
- Dynamic nature of Principles
- Social Process
- Multidisciplinary
- Management: Science as well as an Art

# Management is Goal-Oriented

- The success of any management activity is assessed by its achievement of the predetermined goals or objective. Management is a purposeful activity. It is a tool which helps use of human & physical resources to fulfill the pre-determined goals. For example, the goal of an enterprise is maximum consumer satisfaction by producing quality goods and at reasonable prices. This can be achieved by employing efficient persons and making better use of scarce resources.

# 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

- Management is an ongoing process. It involves continuous handling of problems and issues. It is concerned with identifying the problem and taking appropriate steps to solve it. For achieving this target various policies have to be framed but this is not the end. Marketing and Advertising is also to be done. For this policies have to be again framed. Hence this is an ongoing process.

# 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. Thus clubs, hospitals, political parties, colleges, hospitals, business firms all require management. When ever more than one person is engaged in working for a common goal, management is necessary. Whether it is a small business firm which may be engaged in trading or a large firm like Tata Iron & Steel, management is required everywhere irrespective of size or type of activity.

# Management is a Group Activity

- Management is very much less concerned with individual's efforts. It is more concerned with groups. 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

# Organized Activities

- Management is a process of organized activities. Groups of people cannot be involved in the performance of activities without organized activities. Management comes into existence where a group of people are involved in achieving a common objective. The organized activities may take a variety of forms ranging from a tightly structured organization to a loosely-knit organization.

# Existence of Objectives

- The existence of objectives is a basic criterion of every human organization. The organizational objectives are the desired state of affairs which an organization attempts to realize. This realization of objectives is sought through the coordinated efforts of the people constituting an organization.

# Decision-making

- Management process involves decision making at all levels. Decision-making describes the process by which a course of action is selected as the way to deal with a specific problem. If there is only one alternative, the question of decision making does not arise. The quality of alternatives which a manager selects determines the organization's performance, and the future of the organization.

# Relationship among resources

- The essence of management is integration of various organizational resources. Resources include money, machine, materials, and people. Management is concerned with the proper utilization of human resources which, in turn, utilize other resources.

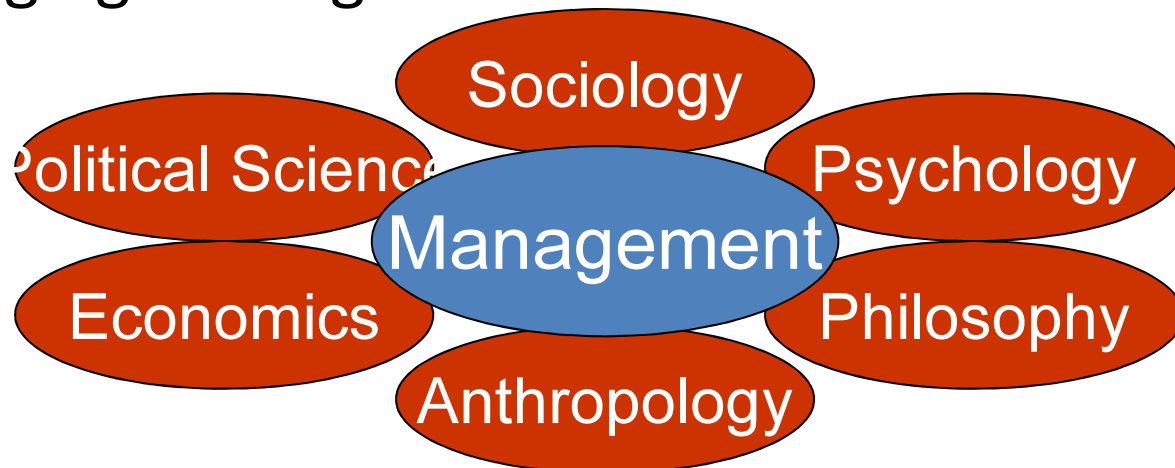
# Working with and through people

- Management involves working with people and getting organizational objectives achieved through them. Working through people is interpreted in terms of assigning activities to subordinates.



# Multidisciplinary

- Management is multidisciplinary because it includes knowledge/information from various disciplines- economics, statistics, maths, psychology, sociology, ecology, operations research, history, etc. Management integrates the ideas and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organizations.



# Dynamic Nature

Principles of management are not rigid or static. Rather they change with environment. These are diagnostic and flexible guidelines and are not absolute truth. Continuous research is modifying many golden principles by developing new principles. Nothing is permanent in management.

# Management: Science or Art

Management contains a systematic body of theoretical knowledge as well as the practical application of such knowledge.

- ART: Because it depends on the skills, aptitude & creativity of the manager
- SCIENCE: Because there is considerable knowledge in the field of management with basic principles for guidance of basic activities.

# What is Management?

Is Management a Science / Art



## Management as Science

- Empirically derived
- Critically tested
- General principles
- Cause & effect relationship
- Universal applicability

## Management as an Art

- Practical know how
- Technical skills
- Concrete results
- Creativity
- Personalized nature

Management as a science provides principles  
and as an art helps in tackling situations

# Concept of Management

- Management as a Discipline
- Management as a Group of People
- Management as a process

# Management as Discipline

- Discipline refers to a field of study having well-defined concepts and principles. When we refer to management as a discipline, we include in it the various relevant concepts and principles, the knowledge of which aids in managing

# Management as Group of people

- We refer to management as a group of people in which we include all those personnel who perform managerial functions in organizations.

# Management as Process

- Process can simply be defined as systematic method of handling activities. However, the management process can be treated as a complex one which can be referred to as an identifiable flow of information through interrelated stages of analysis directed towards the achievement of an objective or set of objective.
- Management as a process includes various activities and sub activities



# Importance of Management

- Achievement of Group Goals
- Optimum Utilization of Resources
- Reduces Cost
- Establishes Sound Organization
- Establishes Equilibrium

# Achievement of group Goals

- It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort.

# Optimum Utilization of Resources

- Management utilizes all the physical & human resources productively. This leads to efficacy in management.
- Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses.
- It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage.

# Reduces Costs

- It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

# Establishes Sound Organization

- No overlapping of efforts (smooth and coordinated functions).
- To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates.
- Management fills up various positions with right persons, having right skills, training and qualification.

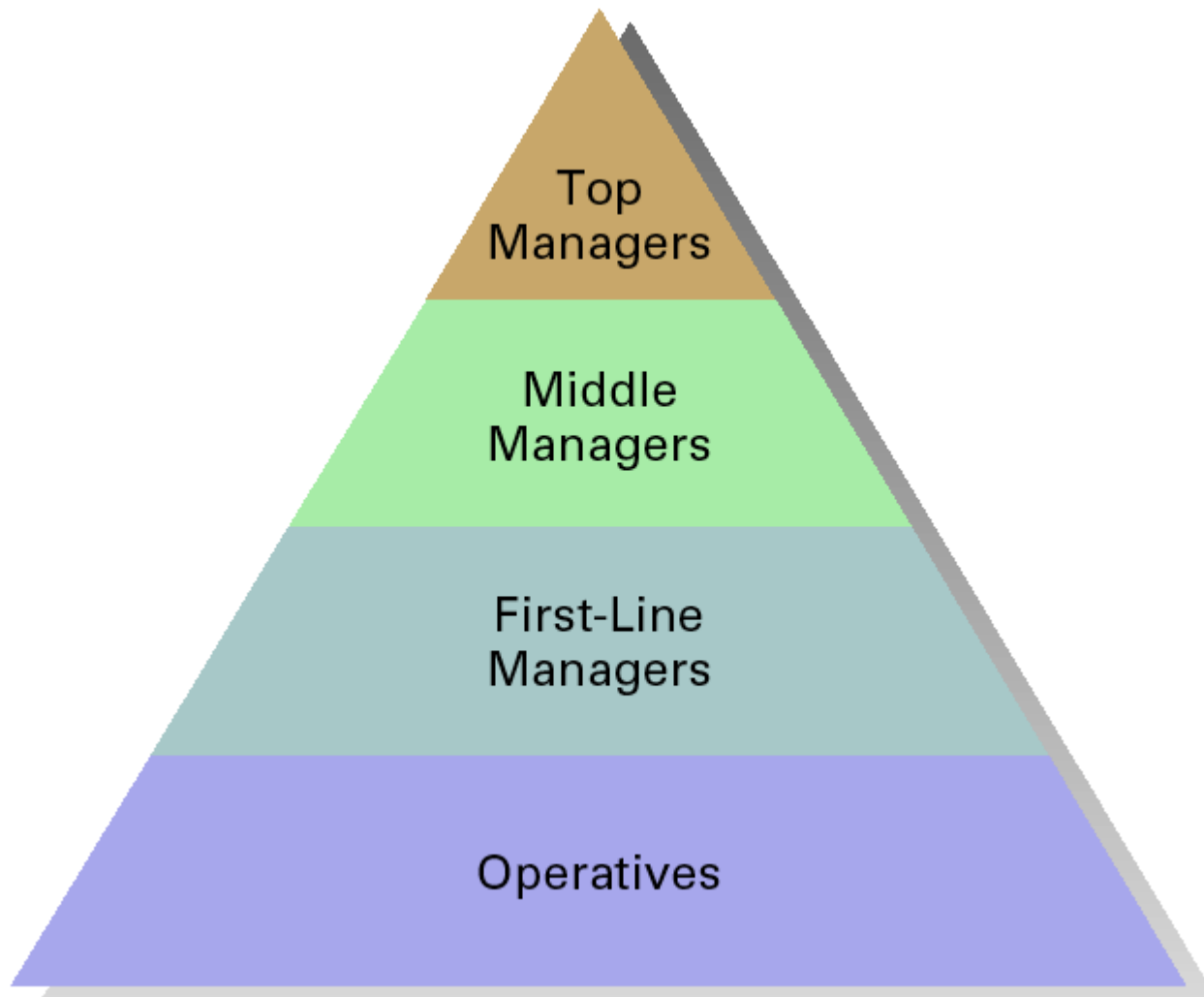
# Establishes Equilibrium

- It enables the organization to survive in changing environment.
- It keeps in touch with the changing environment. With the change in external environment, the initial co-ordination of organization must be changed.
- It adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

# Essentials for Prosperity of Society

- Efficient management leads to better economical production which helps in turn to increase the welfare of people.
- Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living.
- It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands.

# Organizational Levels





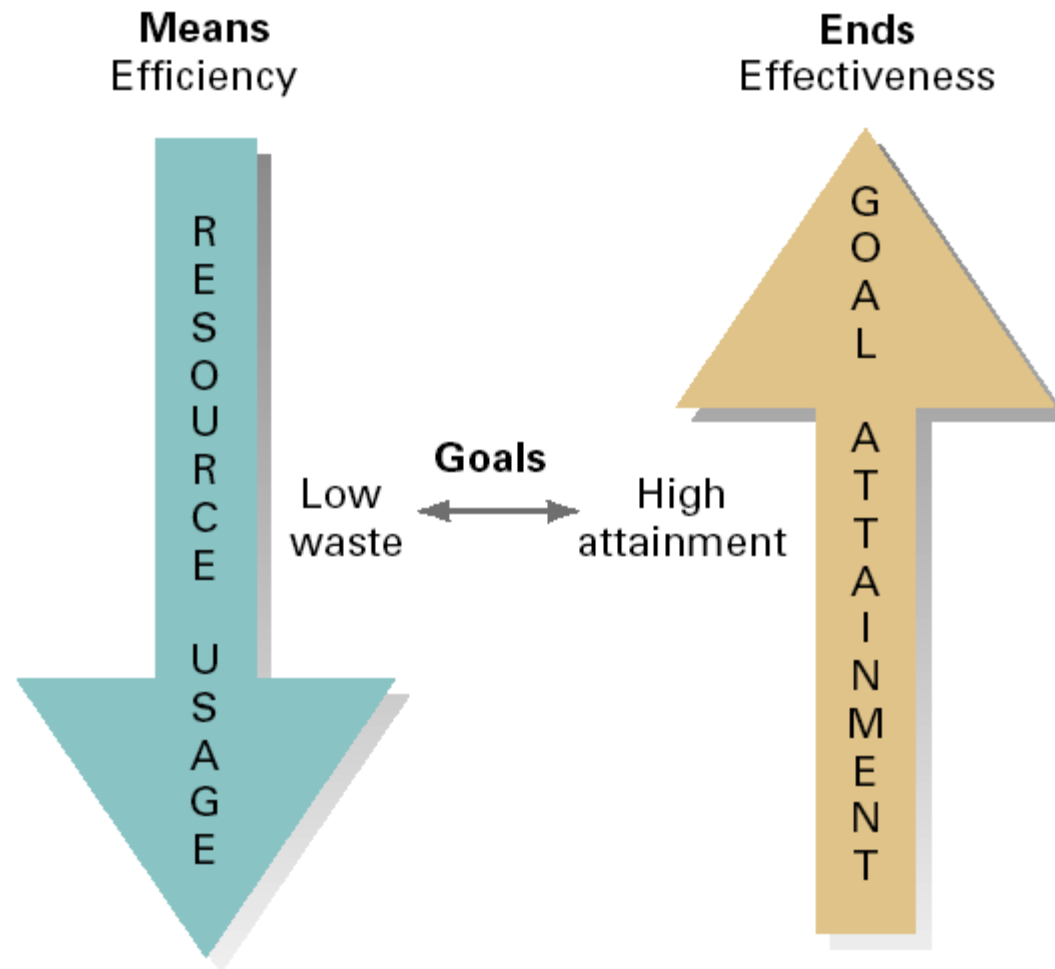
# Identifying Managers

- First-line managers
  - Supervisors responsible for directing the day-to-day activities of operative employees
- Middle managers
  - Individuals at levels of management between the first-line manager and top management
- Top managers
  - Individuals who are responsible for making decisions about the direction of the organization and establishing that affect all organizational member's policies

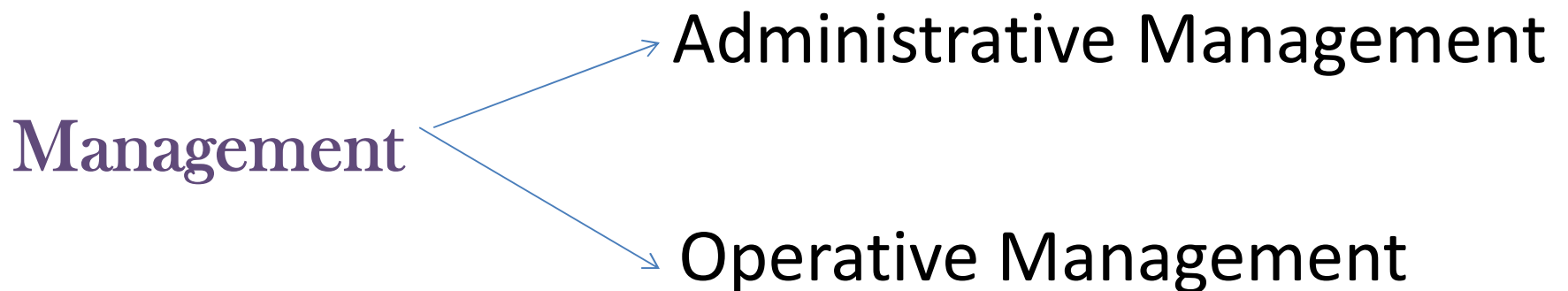
# Management Defined

- Management
  - The process of getting things done, ***effectively and efficiently***, through and with other people
  - **Efficiency**
    - Means doing the thing correctly; refers to the relationship between inputs and outputs; seeks to minimize resource costs
  - **Effectiveness**
    - Means doing the right things; goal attainment

# Efficiency and Effectiveness



- Organization determines network or structure establishes or relationships among individuals.
- Administration refers to management functions of **planning & control**



- **Administration:** Concerned with laying down of corporate policy, obtaining finance, production & distribution.
- **Management:** Concerned with actual execution of policies within limits set by administration.
- **Organization:** Combines the work in such a way with individuals/groups that duties formed provide best possible application of available effort

# Management & Administration :

- **Administration is above management**
- **Administration is part of management**
- **Management & administration are same**

## Administration is above management :

- **“Administration is that phase of business enterprise that concerns itself with the overall determination of institutional objectives & the policies necessary to be followed in achieving those objectives.”**
- **“Management on the other hand, is an executive function which is primarily concerned with carrying out broad policies laid down by the administration.”**

## Difference between administration & management :

	<b>Basis of difference</b>	<b>Administration</b>	<b>Management</b>
<b>1</b>	<b>Level in organization</b>	<b>Top level</b>	<b>Middle &amp; lower</b>
<b>2</b>	<b>Major focus</b>	<b>Policy formulation &amp; objective determination</b>	<b>Policy execution for objective achievement</b>
<b>3</b>	<b>Nature of functions</b>	<b>Determinative</b>	<b>Executive</b>
<b>4</b>	<b>Scope of functions</b>	<b>Broad &amp; conceptual</b>	<b>Narrow &amp; operational</b>
<b>5</b>	<b>Factors affecting decisions</b>	<b>Mostly external</b>	<b>Mostly internal</b>
<b>6</b>	<b>Employer-employee relation</b>	<b>Entrepreneurs &amp; owners</b>	<b>Employees</b>
<b>7</b>	<b>Qualities required</b>	<b>Administrative</b>	<b>Technical</b>



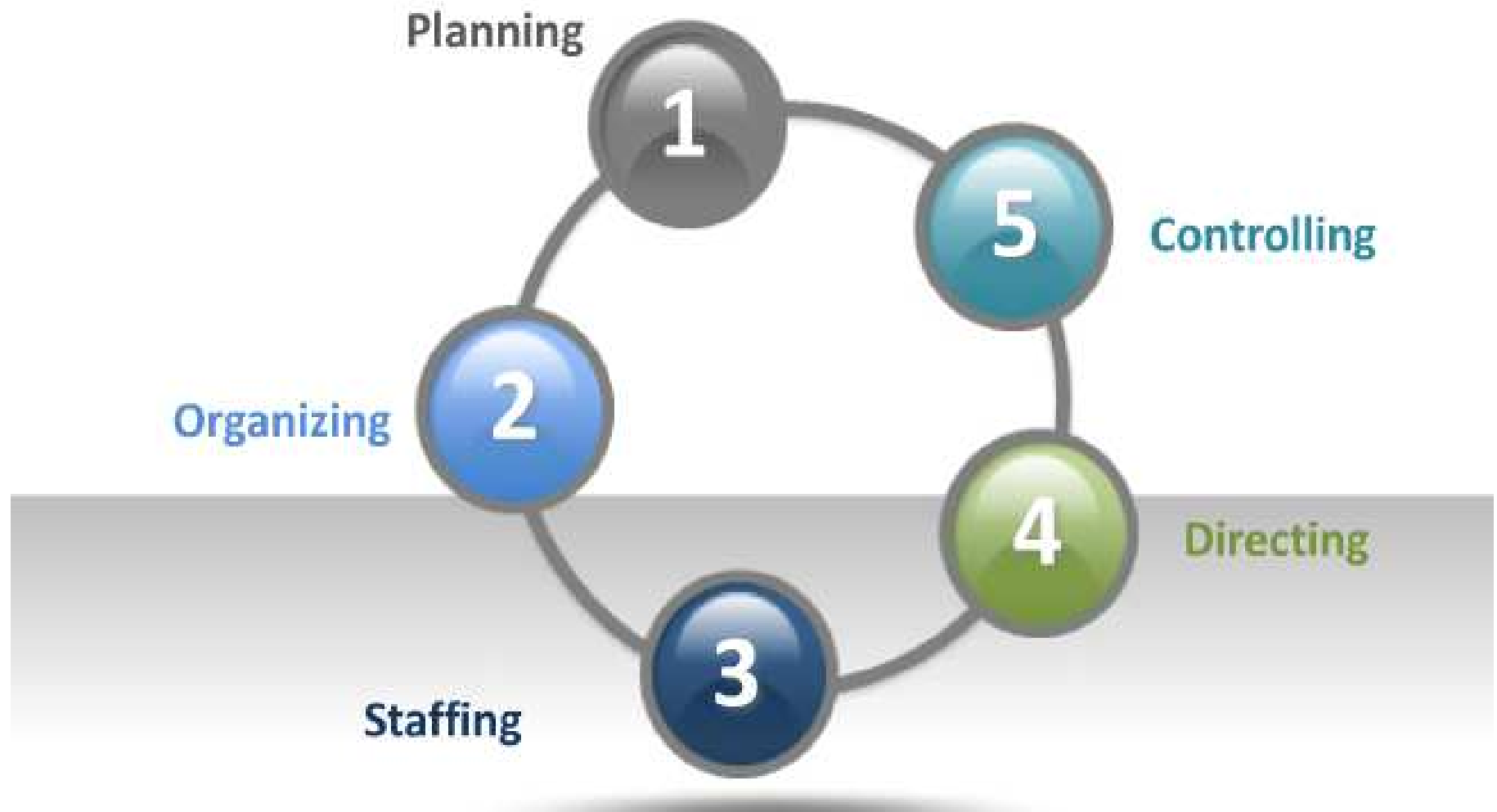
## Administration is a part of management :

- **Management is a generic name for the total process of executive control in industry or commerce.**
- **It is a social process entailing responsibility for the executive & economic planning & regulation of the operation of an enterprise, in the fulfillment of a given purpose or task.**
- **Administration is that part of management which is concerned with the installation & carrying out the procedures by which it is laid down & communicated, & the process of activities regulated & checked against plans.**

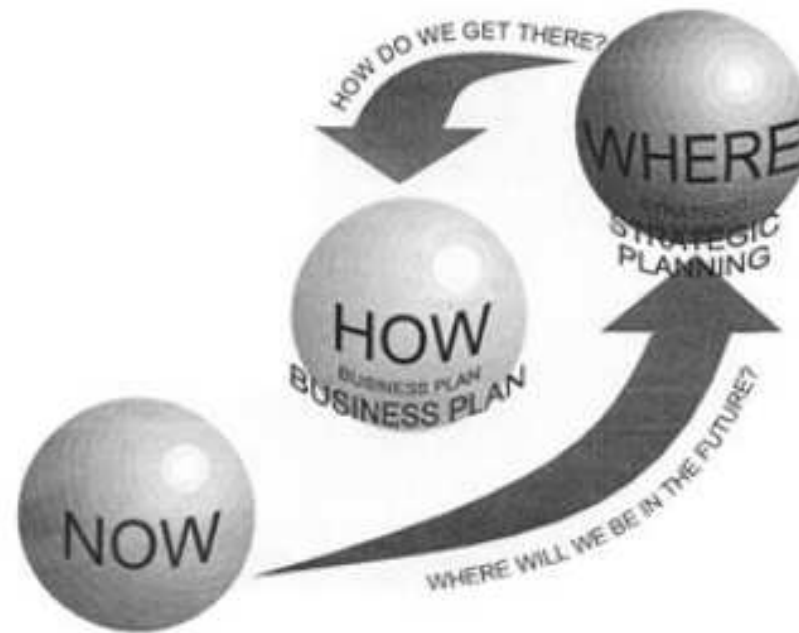
# Management & Administration are same

- **Management & administration are synonymous; the difference between the two terms lies mostly in their usage in different countries or different fields of human organizations.**
- **The distinction between the two terms may be drawn by analyzing the origin of the word “administration”.**
- **The government often uses the word administrator, instead of manager, to handle & manage its affairs**

# Functions of Management



# Planning as Function of Management



## What is a Plan?

- 1 A plan is a predetermined course of action which provides purpose and direction of an organization

## It Involves?

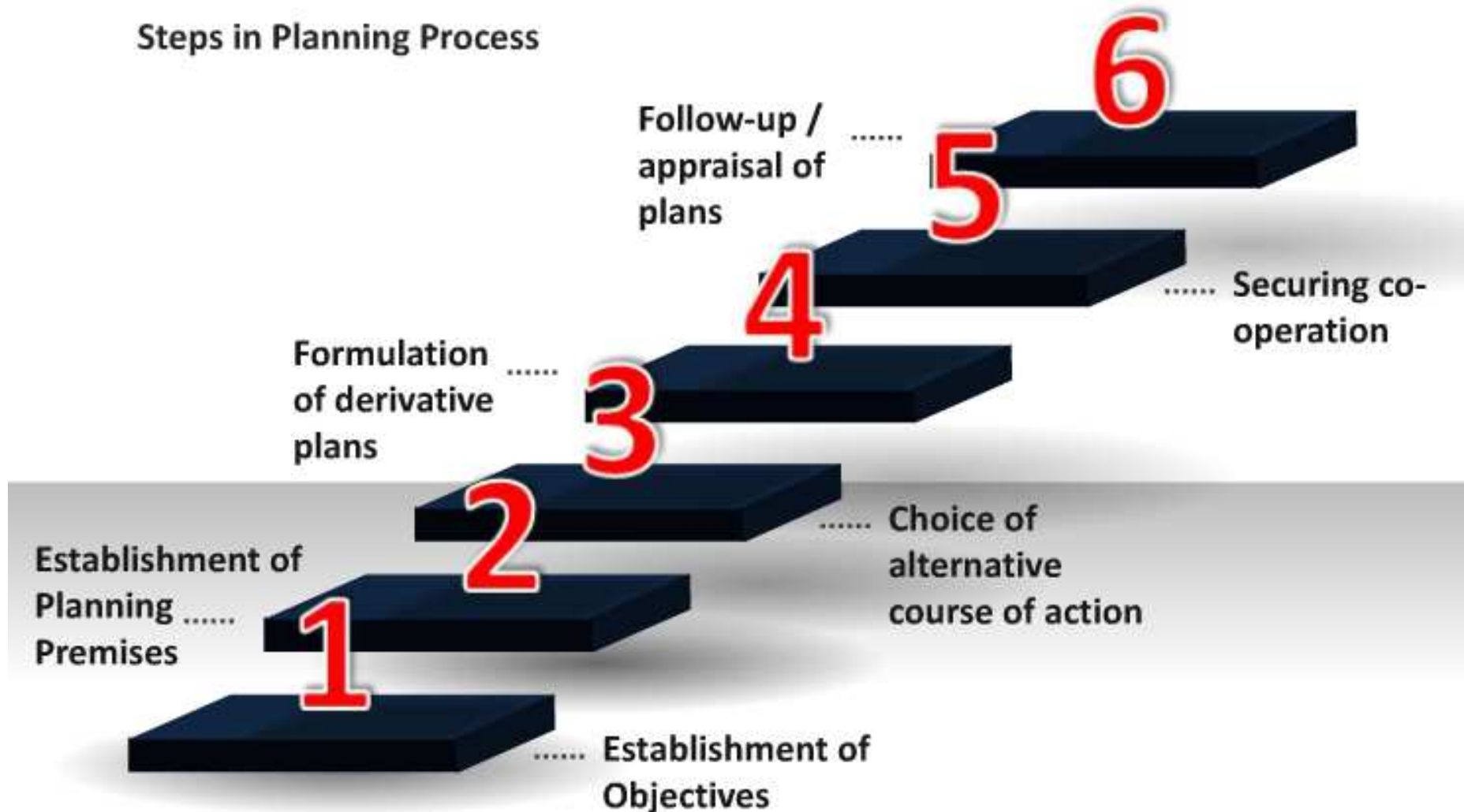
- 2 Making a systematic process for achieving the organization's goals

## It Answers

- 3 Questions like What, how, where, when, etc. and bridges the gap between where we are & where we want to be

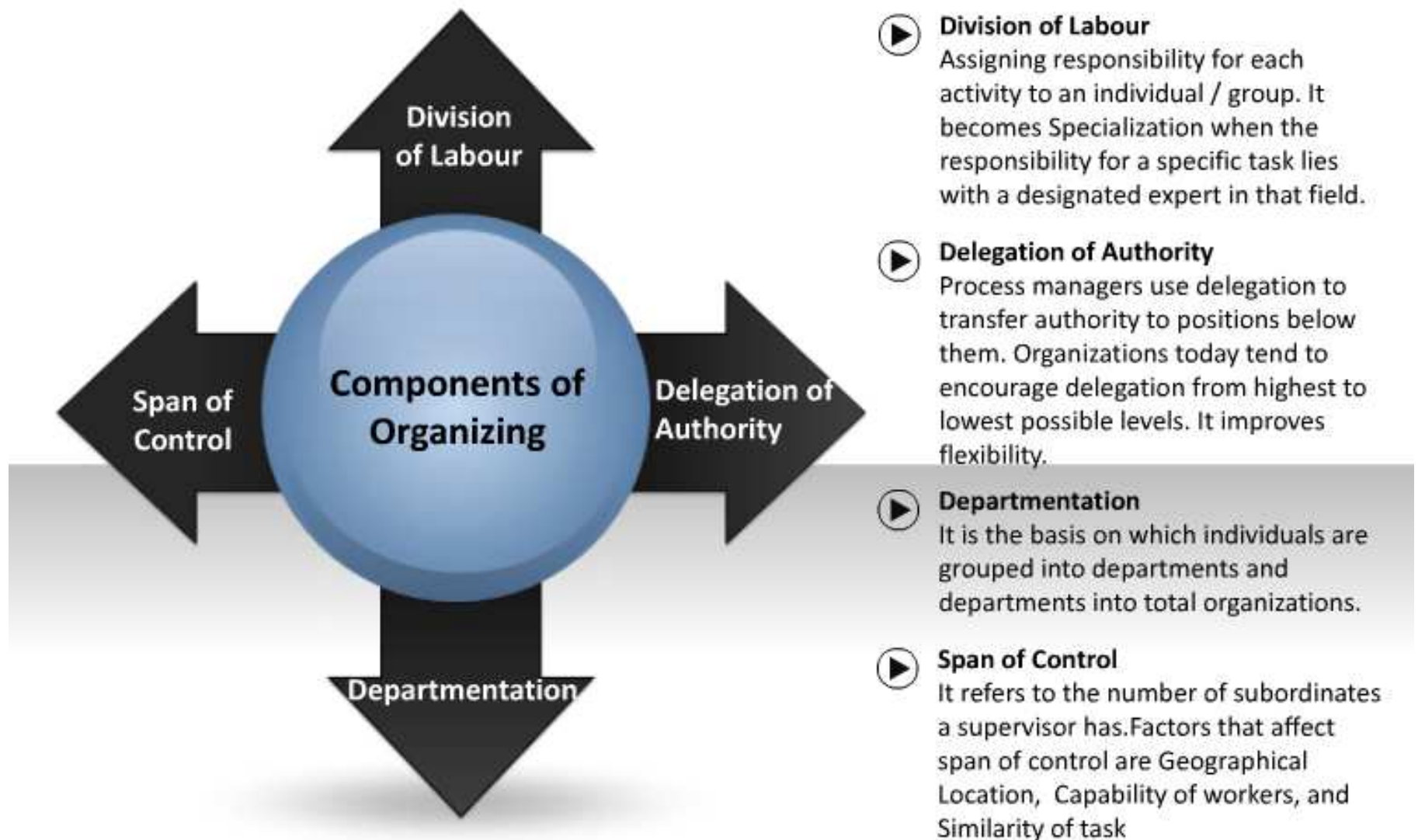
# Planning as Function of Management

## Steps in Planning Process



# Organizing as a Function of Management

## Components of Organizing



# Staffing as Function of Management

## Components of Staffing



1. Strategic HR Planning

Strategic HR planning is a process that identifies current and future HR needs for an organization to achieve its goals. It should serve as a link between HR management and the overall strategic plan of an organization



2. Recruitment

Recruitment refers to the process of attracting, screening, and selecting qualified people for a job. Companies recruit through employment agencies, recruitment websites, job search engines, "headhunters" for executive & professional recruitment, and niche agencies which specialize in a particular area of staffing



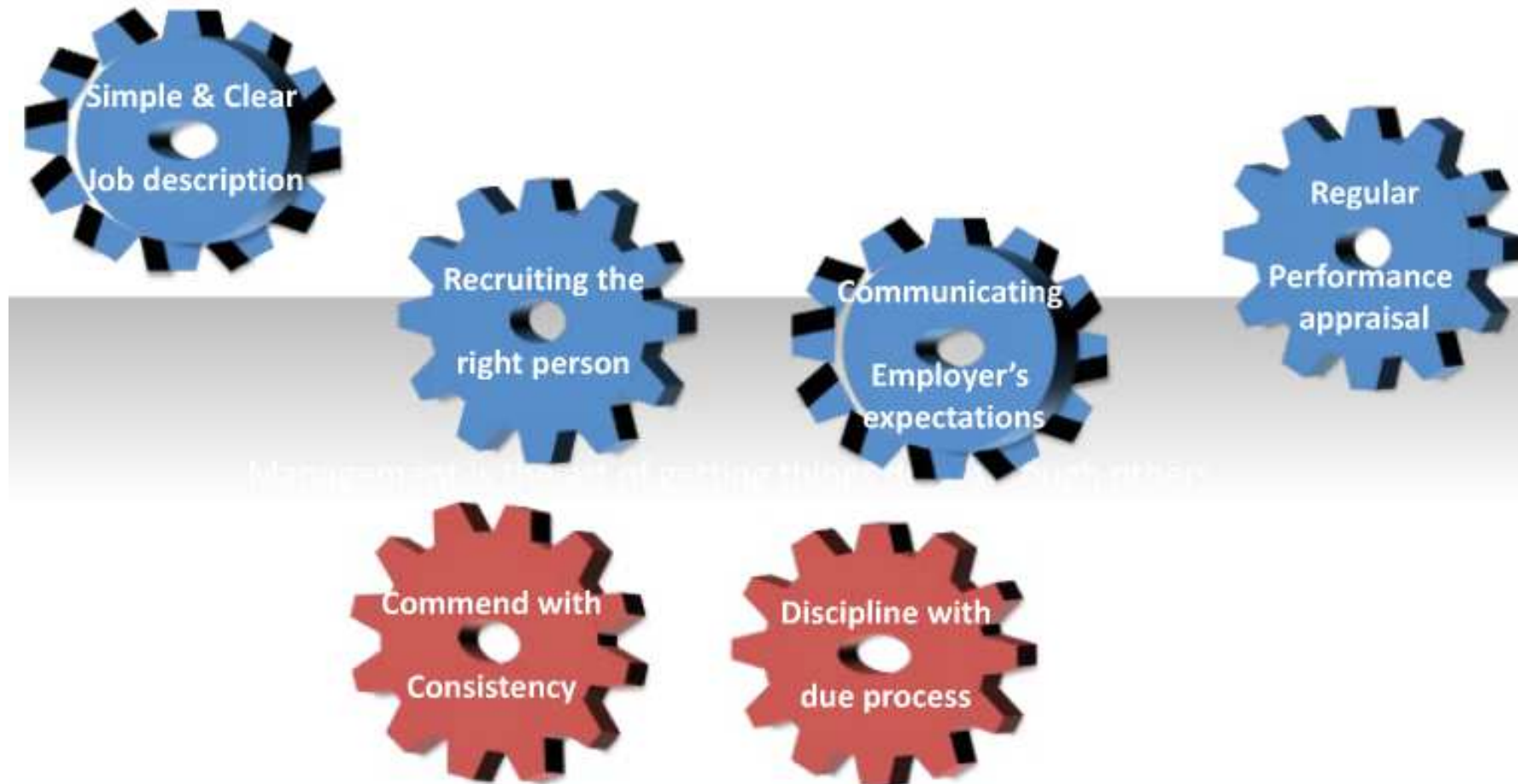
3. Selection

Employee Selection is the process of putting right men on right job. It is a procedure of matching organizational requirements with the skills and qualifications of people



# Staffing as Function of Management

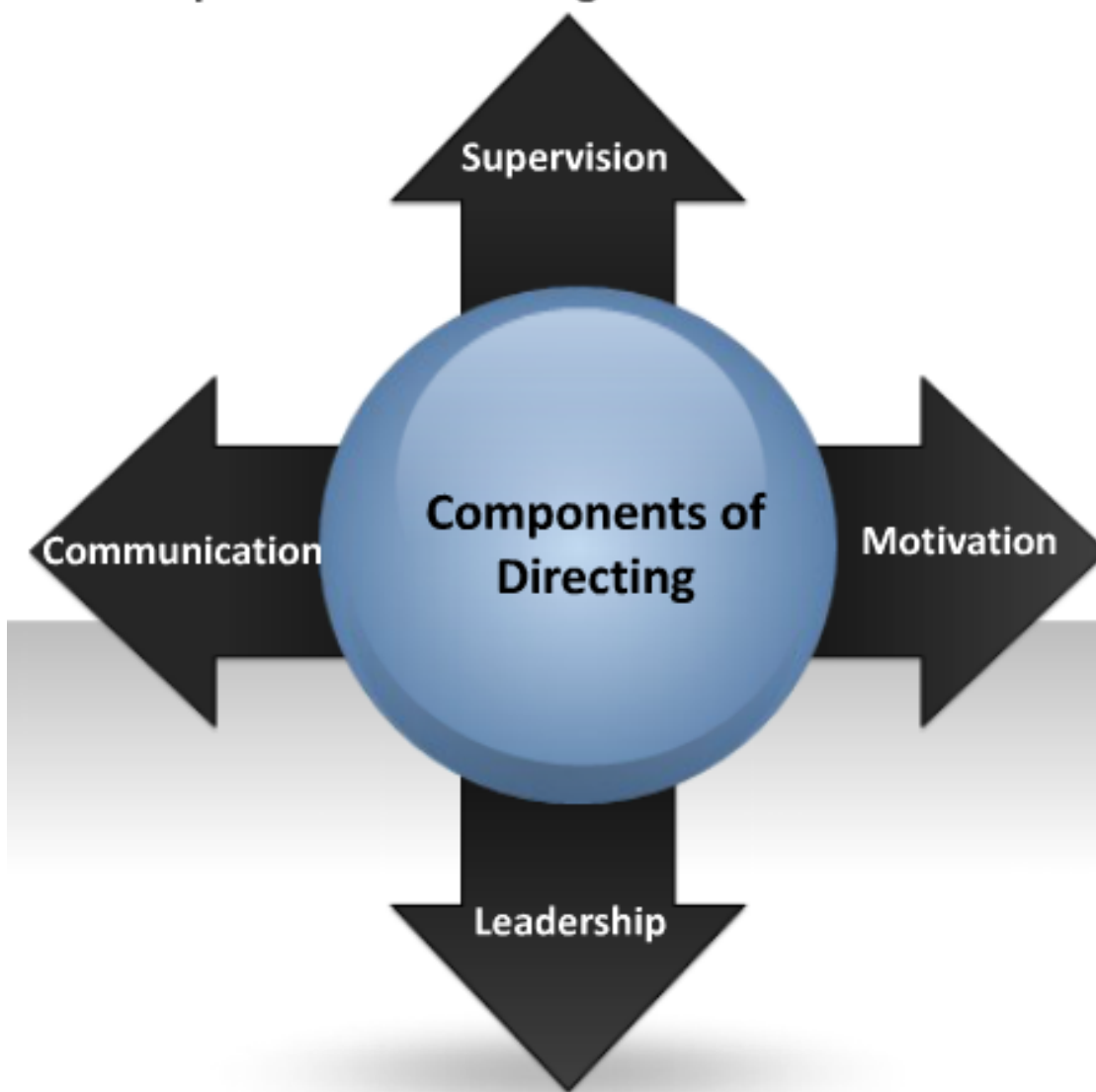
How to ensure successful Staffing?





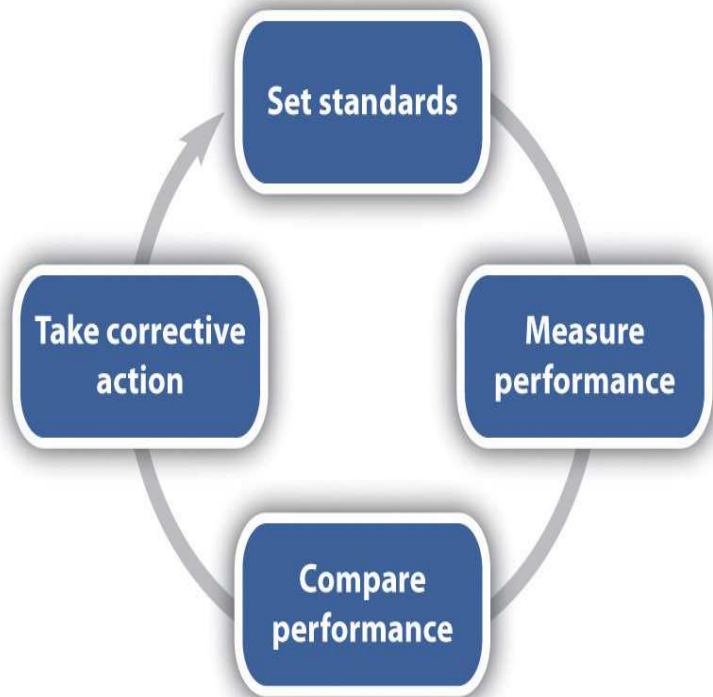
# Directing as a Function of Management

## Components of Directing



- ▶ **Supervision**  
Supervision is directing efforts of employees and other resources to accomplish stated work outputs.
- ▶ **Motivation**  
Motivation is something that moves the person to action, and continues him in the course of action already initiated / about to be initiated.
- ▶ **Leadership**  
Leadership is essentially a continuous process of influencing behaviour. A leader breathes life into the group and motivates it towards goals. The lukewarm desires for achievement are transformed into burning passion for accomplishment
- ▶ **Communication**  
Communication is the transfer of information from one person to another by transmitting ideas, facts, thoughts, feelings & values. In its absence, organisation would cease to exist.

# Controlling as a function of management



## Establishment of core standards-

Standards are set for control purposes- qualitative/quantitative

## Measurement of Performance –

Measurement must be clear, simple and rational, relevant, reliable

Quantitative – Tools, Qualitative – opinion surveys, psychological tests

## Comparing Actual and Standard Performance –

Finding out the extent and cause of deviations – Gantt Charts, PERT

## Correction of Deviations-

Review of plans and goals, change in assignment of tasks, change in existing techniques of direction, change in organization structure etc.

# Principles of Management

# 1. Division Of Work

- Henry Fayol has stressed on the specialization of jobs.
- He recommended that work of all kinds must be divided & subdivided and allotted to various persons according to their expertise in a particular area.
- Subdivision of work makes it simpler and results in efficiency.
- It also helps the individual in acquiring speed, accuracy in his performance.
- Specialization leads to efficiency & economy in spheres of business.

## 2. Authority

Authority as the right to give orders and the power to exact obedience.

Responsibility involves being accountable, and is therefore naturally associated with authority.

Whoever assumes authority also assumes responsibility

Authority without responsibility leads to irresponsible behavior whereas responsibility without authority makes the person ineffective

# 3. Discipline

Discipline means sincerity, obedience, respect of authority & observance of rules and regulations of the enterprise

# 4. Unity Of Command

Each worker should have only one boss with no other conflicting lines of command.

## Otherwise

- It undermines authority
- Weakens discipline
- Divides loyalty
- Creates confusion
- Delays and chaos
- Escaping responsibilities
- Duplication of work
- Overlapping of efforts

## 5. Unity of Direction

- The entire organization should be moving towards a common objective in a common direction
- People engaged in the same kind of activities must have the same objectives in a single plan. This is essential to ensure unity and coordination in the enterprise.



## 6. Subordination of individual interest to the general interest

- Management must see that the goals of the firms are always paramount.
- The interests of one person should not take priority over the interests of the organization as a whole.

# 7. Remuneration

- Payment is an important motivator
- Should be fair and reasonable
- Fayol also recommended provision of other benefits such as free education, medical & residential facilities to workers

## 8. Centralization (Or Decentralization)

- According to Fayol, “Degree of centralization or decentralization depends on no. of factors like size of business, experience of superiors, dependability & ability of subordinates etc.
- Anything which increases the role of subordinate is decentralization & anything which decreases it is centralization.
- Fayol suggested that absolute centralization or decentralization is not feasible. An organization should strike to achieve a lot between the two.

## 9. Scalar chain (Line of Authority)

- A hierarchy is necessary for unity of direction
- Scalar chain refers to the number of levels in the hierarchy from the ultimate authority to the lowest level in the organization.
- It should not be over-stretched and consist of too-many levels
- Every orders, instructions, messages, requests, explanation etc. has to pass through Scalar chain

# 10. Order

- This principle is concerned with proper & systematic arrangement of things and people.
- Arrangement of things is called material order and placement of people is called social order.
- Material order- There should be safe, appropriate and specific place for every article and every place to be effectively used for specific activity and commodity.
- Social order- Selection and appointment of most suitable person on the suitable job. There should be a specific place for every one and everyone should have a specific place so that they can easily be contacted whenever need arises.

# 11. Equity

- Equity means combination of fairness, kindness & justice. In running a business a 'combination of kindliness and justice' is needed.
- Treating employees well is important to achieve equity.
- Managers must be friendly and fair with their employees

# 12. Stability of Tenure of Personnel

- Employees work better if job security and career progress are assured to them.
- An insecure tenure and a high rate of employee turnover will affect the organization adversely.
- Stability of job creates team spirit and a sense of belongingness among workers which ultimately increase the quality as well as quantity of work.

# 13. Initiative

- Allowing all personnel to show their initiative in some way is a source of strength for the organization.
- Employees should be given freedom to function in the organization with creativity and innovation



# 14. Esprit de Corps

- It refers to team spirit i.e. harmony in the work groups and mutual understanding among the members.
- Spirit De' Corps inspires workers to work harder.
- Fayol cautioned the managers against dividing the employees into competing groups because it might damage the moral of the workers and interest of the undertaking in the long run.