

1. What is management ?

From the view point of economics, sociology, psychology, statistics and anthropology management has different meanings. There are four views of management:

- (1) Management is a process.
- (2) Management is a discipline.
- (3) Management is a human activity.
- (4) Management is a career.

Management is a process : A process is defined as systematic method of handling activities. Often we hear the statements “that company is well managed” or “the company is miss-managed”. These statements imply that management is some type of work or set of activities, these activities sometimes performed quite well and some times not so well. These statements imply that management is a process involving certain functions and activities that managers perform.

Management is a discipline: Discipline refers to the field of study having well defined concepts and principles. Classifying management as discipline implies that it is an accumulated body of knowledge that can be learnt. Thus, management is a subject with principles and concepts. The purpose of studying management is to learn how to apply these principles and concepts at right circumstances at the right time to produce desired result.

Management is a human activity: If you say that “the restaurant has an entirely new management” or “He is the best manager I have worked for”, you are referring to the people who guide, direct and thus manage organizations. The word ‘management’ used here refers to the people who engage in the process of management. Managers are responsible for seeing that work gets done in organization.

Management is a career: Today management is developed as a career focused on specialization. Marketing management, finance management, personal management, Industrial management, production management, quality management are some of the specializations in management. Specialists are appointed at various positions of the organizational hierarchy. Hence, management is career

2. Explain Nature and its characteristics

Management by George R Terry : Management is a process consisting of planning, organizing, directing, and controlling, performed to determine and accomplish the objectives by use of people and resources.

Nature

- (1) Multidisciplinary: Management is multidisciplinary. It draws freely ideas and concepts from the disciplines like economics, sociology, psychology, statistics, operations research etc. Management integrates the ideas taken from various disciplines and presents newer concepts which can be put into practice. The integration of these ideas is the major contribution of management.
- (2) Dynamic nature of principles: A principle is truth which establishes cause and effect relationships of a function. Principles are developed by integration of ideas from various disciplines supported by practical evidence. These principles are flexible and

change with the environment in which organization works. Continuous researches are being carried on to establish new principles; many older principles are changed by new principles. There is nothing permanent in management.

(3) Relative not absolute principles: Management principles are relative and not absolute. They must be applied according to the need of the organization. Each organization is different from other. The principles of management should be applied in the light of prevailing conditions.

(4) Management – science or art: There is controversy whether management is science or art. Earlier management was regarded as art but now it is both science and art. This aspect has been discussed in detail in this chapter.

(5) Universality of management: Management is universal phenomena. Though universal yet management principles are not universally applicable but are to be modified according to the needs of the situation

Important Characteristics of Management

- It should be stable
- It should be applicable to all kinds of organizations
- It is transparent
- Its approaches are very clear and goal oriented
- It should be simple yet effective
- It should be responsive to economic, technological, social, political factors that affect the areas of operation
- It should have well defined goals
- It should have good planning, organizing, staffing, directing and controlling functions

3. Management cycle

1. Planning:

- The management function that assesses the management environment to set future objectives and map out activities necessary to achieve those objectives.
- To be effective, the objectives of individuals, teams, and management should be coordinated to support the firm's mission.

2. Organizing:

- The management function that determines how the firm's human, financial, physical, informational, and technical resources are arranged and coordinated to perform tasks to achieve desired goals.
- The deployment of resources to achieve strategic goals.

3. Leading:

- The management function that energizes people to contribute their best individually and in cooperation with other people

4. Controlling:

- The management function that measures performance, compares it to objectives, implements necessary changes, and monitors progress.

- Many of these issues involve feedback or identifying potential problems and taking corrective action.

5. Staffing:

Staffing involves **managing various positions** of the **organizational structure**. It involves selecting and placing the **right person at the right position**. Staffing includes identifying the gap between manpower required and available, identifying the sources from where people will be selected, selecting people, training them, fixing the financial compensation and appraising them periodically. The success of the organization depends upon the successful performance of staffing function.

6. Directing

Planning, organizing and staffing functions are concerned with the preliminary work for the achievement of organizational objectives. The actual performance of the task starts with the function of direction. This function can be called by various names namely “leading”, “directing”, “motivating”, “activating” and so on

4. Role of manager

1. **Figurehead role:** **legal actions**, outward relationships, dignitaries
2. **Leader role:** selecting, guiding and motivating subordinates
3. **Liaison role:** relationship with **people of other organizations**
4. **Monitor role:** collecting information about internal operations, attending meetings
5. **Disseminator role:** **transmission of information** internally to subordinates, superiors
6. **Spokesperson role:** **press report, public speech,**
7. **Entrepreneurial role:** **initiating change**, assuming risk, transforming ideas into products
8. **Disturbance handler role:** resolving conflicts arising in an organization
9. **Resource allocator role:** such as money, labour, materials and equipments
10. **Negotiator role:** bargaining with suppliers, customers, employees etc.,

5. Steps in decision making

1. Identify the decision

To make a decision, you must **first identify the problem** you need to solve or the question you need to answer. Clearly **define your decision**. If you misidentify the problem to solve, or if the **problem you've chosen is too broad**, you'll knock the decision train off the track before it even leaves the station.

If you need to achieve a specific goal from your decision, make it measurable and timely.

2. Gather relevant information

Once you have identified your decision, it's time to gather the information relevant to that choice. Do an internal assessment, seeing where your organization has succeeded and failed in areas related to your decision. Also, seek information from external sources, including studies, market research, and, in some cases, evaluation from paid consultants.

Keep in mind, you can become bogged down by too much information and that might only complicate the process.

3. Identify the alternatives

With relevant information now at your fingertips, identify possible solutions to your problem. There is usually more than one option to consider when trying to meet a goal. For example, if your company is trying to gain more engagement on social media, your alternatives could include paid social advertisements, a change in your organic social media strategy, or a combination of the two.

4. Weigh the evidence

Once you have identified multiple alternatives, weigh the evidence for or against said alternatives. See what companies have done in the past to succeed in these areas, and take a good look at your organization's own wins and losses. Identify potential pitfalls for each of your alternatives, and weigh those against the possible rewards.

5. Choose among alternatives

Here is the part of the decision-making process where you actually make the decision. Hopefully, you've identified and clarified what decision needs to be made, gathered all relevant information, and developed and considered the potential paths to take. You should be prepared to choose.

6. Take action

Once you've made your decision, act on it! Develop a plan to make your decision tangible and achievable. Develop a project plan related to your decision, and then assign tasks to your team.

7. Review your decision

After a predetermined amount of time—which you defined in step one of the decision-making process—take an honest look back at your decision. Did you solve the problem? Did you answer the question? Did you meet your goals?

If so, take note of what worked for future reference. If not, learn from your mistakes as you begin the decision-making process again.

6. Steps in selection process

1. **Application Blank:**

- Filling the application blank is the **first step in selection process**
- Applicant **give relevant data:** Qualification, specialization, experience, firms in which he worked/working currently, other basic information viz... address, dependants, interests, hobby etc.,,

2. **Preliminary Interview:**

The purpose of this interview is to scrutinize the applicants, i.e. **elimination of unqualified applications.**

3. **Selection Tests:**

Different types of selection tests may be administrated, depending on the job and the company. Generally tests are used to determine the applicant's ability, aptitude, and personality.

- 1. **Aptitude test:** capacity to learn the skill required for a job. [to assess training needs]
- 2. **Interest test:** type of work in which candidate has interest. [sale, field work, manufacturing]
- 3. **Personality test:** characteristics of a candidate such as self confidence, initiative, judgment, dominance, integrity, originality etc.,, very important for supervisory and top positions

4. **Employment Interview:**

The next step in the selection process is employment interview, an **interview** is conducted at the beginning, and **at the selection process of the employment** interview can be one- to-one interview or panel interview.

5. **Reference and Background Checks:**

Many employers request **names, address, telephone numbers** or **references for the purpose to verify information and gaining additional background information** of an applicant.

6. **Selection Decision:**

Selection decision is the most critical of **all steps in selection process**. The **final decision has to be made from the pool** of individuals who pass the tests, interviews and references checks.

7. **Physical Examinations/ Medical Examinations:**

After selection decision and **before the job offer is** made, the **candidate is required to undergo a physical fitness test**. A job offer is often; contingent upon the candidate being declared fit after the physical examinations.

8. **Job Offer:**

The next step in **selection process is job offer**. Job offer is made through a letter of appointment. Such a letter generally contains a date by which the appointee must report on duty

9. **Contract Of Employment:**

Basic information is written in **Contract of employment that varies according to the levels of job**. After the offer and acceptance of the job certain document is the attestation form.

10. **Evaluation of Selection program:[optional step]**

The **broad test of effectiveness of the selection process** is a systematic evaluation. A periodic audit is conducted in the HR department that outlines and highlights the areas which need to be evaluated in the selection process

7. Planning process

Corporate and functional planning:

The planning activities at the **corporate level** which cover the **entire organizational activities** are known as **corporate planning**. The focus in corporate planning is to determine **long term objectives as a whole** and to generate plans to achieve these objectives bearing in mind the probable changes in dynamic environment. This corporate planning is the **basis** for functional planning. Functional planning which is derived from corporate planning is undertaken for **each major function of the organization** like **production, marketing, finance etc.** Since functional planning is derived out of corporate planning and therefore it should contribute to the corporate planning.

Strategic and operational planning:

Strategic planning sets **future directions** of the **organization** in which **it wants to proceed in future**. Strategic planning involves a time horizon of more than one year and for most of the organization **it ranges between 3 and 5 years**. Examples of strategic planning may be diversification of business into new lines, planned growth rate in sales etc. **Operational planning** also known as **tactical planning** on the other hand involves deciding the most effective use of resources already allocated to **achieve the organizational objectives**. The time horizon in operational planning is less than one year. Operational planning is undertaken out of the strategic planning. The examples of operational planning may be adjustment of production within available capacity, increasing the efficiency of the operating activity by analyzing past performance etc.

Long and short term planning:

The long term planning is strategic in nature and involves more than **one year period and can extend to 15 to 20 years or so**. Short term planning usually **covers one year**. Short term plans are made with **reference** to long term plans because short term plans contribute to long term plans.

Proactive and reactive plans:

Planning is an **open system approach** and hence it is affected by environmental factors which keep on changing continuously. The **organization's response to these changes differs**. Based on these responses planning may be proactive and reactive. Proactive

planning involves designing suitable courses of action in anticipation of likely changes of environment. Managers adopting proactive changes do not wait for environment to change, but take action in advance of environmental changes. For this, continuous scanning of environment is necessary. In reactive planning response comes after environmental changes take place. By the time organization responds to change in environment there may be further change in environment. Hence this type of planning is suitable in the environment which is fairly stable over a long period of time.

Formal and informal planning:

Large organizations undertake planning in a formal way. Generally a separate corporate planning cell is formed at higher level. The cell is staffed by people of different backgrounds like engineers, economists, statisticians etc., depending upon the nature. The cell continuously monitors the environment. When environment shows some change the cell analysis the environment and suggest suitable measures to take the advantage of the changing environment. This type of planning is rational, systematic, regular and well documented. On the other hand informal planning is undertaken generally by small organizations. This planning process is based on manager's experience, intuitions rather than based on systematic evaluation of environmental changes. This planning process is part of manager's regular activity and is suitable for small organizations.

8. Principles of organization

1. **Objectives:** The objectives of the enterprise influence the organization structure. Every part of the organization and organization as a whole should be geared to the basic objective determined by the enterprise
2. **Specialization:** Effective organization must promote specialization. The activities of the enterprise should be divided according to functions and assigned to persons according to their specialization.
3. **Responsibility:** A superior should be held responsible for the acts of his subordinates. No superior should be allowed to avoid responsibility by delegating authority to his subordinates.
4. **Authority:** The authority is the tool by which a manager is able to accomplish the desired objective. Hence, the authority of each manager must be clearly defined. The authority and responsibility must be co-extensive in the organization.
5. **Efficiency:** The organization should be able to attain the mission and objectives at the minimum cost.
6. **Simplicity:** The organization structure should be as simple as possible with minimum number of levels. A large number of levels of organization means difficulty of effective communication and coordination
7. **Flexibility:** The organization should be flexible, should be adaptable to changing circumstances. It should permit expansion and replacement without dislocation and disruption of the basic design. A sound organization must avoid complicated procedures, red-tape and excessive complication of control so that it may adapt itself easily and economically to business and technical changes.

8. **Balance:** There should be **reasonable balance** in the size of various departments, between centralization and decentralization. There must be balance in the formal structure as regards to factors having conflicting claims.
9. **Unity of direction:** There must be one objective and **one plan for a group of activities having the same objective**. Unity of direction facilitates unification and coordination of activities at various levels.
10. **Unity of command:** Each subordinate should have **only one supervisor whose command he has to obey**. Dual subordination must be avoided, for it causes uneasiness, disorder, and indiscipline and undermines authority.

9. Steps in control process

1. Establishment of standards:

The first step in control process is the **setting up of standards of performance**. A standard acts as a reference line or a basis of actual performance. Standards should be set precisely and in quantitative terms. **Standards expressed in vague or general terms such as "Costs should be reduced" or "rejections should be reduced"** are not specific as **"cost should be reduced by 10 percent" or "rejections should be reduced to 0.5 percent"**. Standards are used as the criteria or benchmarks by which performance is measured in the control process. Since standards cannot be set for entire operations, each organization must **first develop its own list of key result areas** for the purpose of control. Different standards of performance are set up for various operations at the planning stage. As a matter of fact, planning is the basis of control. Standards are to be flexible in order to adopt changing conditions. For example, a new salesman who seems to be an above average performer should have his sales standard adjusted accordingly. Every objective, goal, policy, procedure and budget becomes a standard against which actual performance might be measured. However, in practice different **types of standards** used are: (1) **Physical standards** such as **units** of production per hour. (2) **Cost standards**, such as direct and indirect cost per unit. (3) **Revenue standards** such as sales per customer. (4) **Capital standards** such as rate of return of capital invested. (5) **Intangible standards** such as competency of managers and employees.

2. Measuring and comparing actual performance with standards:

The second step in the **control process is measuring the actual performance** of **individuals, group or units and comparing it with the standards**. The quantitative measurement should be done in cases where **standards have been set in numerical terms**. This will make **evaluation easy and simple**. In all other cases, the performance should be measured in terms of qualitative factors as in the case of performance of industrial relations manager. His performance should be **measured in terms of attitude of workers, frequency of strikes and morale of workers**. In general, measurement of performance can be done by personal observation as in the case of the subordinates being observed while they are engaged in work or by a study of various summaries of figures, **reports, charts and statements**. Once the performance is measured, it should be compared with the standards to detect deviations. Some deviations are desirable such as the output above the standard. But some other variations are undesirable such as a variation in the delivery

schedule agreed upon with the customer. The measurement and comparison are to be made at various stages in the total process and not at the end.

3. Taking corrective action:

The final step in the control process is taking corrective action so that deviations may not occur again and the objectives of the organization are achieved. This will involve taking certain decisions by the management like re planning or redrawing of goals or standards, reassignment or classification of duties. It may also necessitate reforming the process of selection and training of workers. This control function may require change in all other managerial functions. If the standards are found to be defective, they will be set up again in the light of observations. Joseph Massie has pointed out that a manager may commit two types of mistakes at this stage. The first is, he may take action when no action is needed. The second is he may fail to take action when some corrective action is needed. A good control system should provide some basis for helping the manager estimate the risks of making either of these types of errors. Of course, the final test of a control system is whether correct action is taken at the correct time