

Unit - 3

Function Of Management - 1

★ Planning :-

Planning is the process of deciding in advance what is to be done and when it is to be done.

In the words of Knott O. Donnell, "Planning is an intellectually demanding process it requires the conscious determination course of action and base of decision is purpose knowledge and considered estimates."

Nature of Planning :-

- (i) Planning is an intellectual activity among
- (ii) Planning involves selection among alternatives.
- (iii) Planning is forward looking.

(iv) Planning is related to objective.

(v) Planning is the most basic of all management functions.

* Importance of Planning :-

1: It focus on objectives and results — Planning focuses on the goals and objectives of the organization. Planning makes objectives fruitfull and tangible.

2: Reduces the risk elements — At some extents planning helps in reduce the risk and it helps to identify the opportunities and threats in the environment.

3: Planning provides a direction — Planning helps the organization to move in a particular direction and saves the organization from any slow moving act or without any particular and aimless activities.

4: Planning encourages innovation and creativity :- To survive in the

present environment the organization always focuses on innovation and creativity. It helps for the continuous growth of the organization.

5: Planning helps in co-ordination - Planning is always play an important role in the coordination because it helps to achieve a coordinate structure of operations.

6: Planning provides the guidance for decision making - Planning helps to select the best alternative which is helpful to take the decisions.

* Types of Planning :-

1: Long range planning or strategic planning - It is process of planning for long term goals. It covers a period of 5 years or more. Long range planning defines the mission of the organization, specifies its product, market position and outlines its major

strategies and policies. It establishes a dynamic link between organization and its environment.

2: Medium term planning — It generally covers a time period of 2 to 5 years. Plans are usually more detailed than long range plans. Such plans are coordinate in nature and are designed to implement long range plans with coordinate efforts of different departments.

3: Short range planning or operational planning — Short term planning usually extends upto 1 year. Short term plans are specific and detailed, short range planning is action oriented and specific. It provides bases for day to day operations. It is usually implemented on lower level executives.

4: Corporate planning — It is also in long term nature. Corporate plans are generally formulated at the top level of mgt. It may be defined as the systematic process of

Laying down the basic objectives, strategies and policies for the total organization in the light of capabilities of the organization.

* Process of Planning :-

1. Establishing objectives — Establishment of objectives are more important than the objectives themselves. Since they are establishment emphases of various people and unit fit the overall organization framework. This process can also be used to motivate individuals to achieve objectives which one established by them.

2. Collection and forecasting of information — Sufficient information must be collected to make plans and sub-plans. The collection and forecasting of information should be done in terms of external and internal environment.

3. Development of planning premises — Assumptions denote the expected environment in the future are

known as planning premises. The assumption along with the future forecast provided a bases for the plan.

4. Search of alternative — At the time of finding or developing alternatives the planner should try to screen out the most feasible alternative. So that there are few alternative remaining for detailed analyses.

5. Evaluation of alternative — Once alternative is selected then action plan have been determine consideration like cost, range, objective, limited resources, expected return, risk and many intangible factors to select the ~~satisfactory~~ course of action.

6. Selection of plan and development — The final step in the planning process is to select the most feasible plan and develop. The plan must also include the feedback mechanism.

* Business forecasting :-

Forecasting is the research procedure to discover those economic, social, financial influences governing business activity so as to predict or estimate current and future financial production and marketing operation.

Techniques of Business Forecasting :-

i) Quantitative Techniques :-

- (i) Time series — Time series may give misleading results when the future doesn't reflect the past. This method can be used only when data are available for a long period of time.
- (ii) Regression analysis — This method attempts to find out the relative moments of two or more interrelated series. It is used to estimate the changes in one variable as a result of specified changes in other variable.
- (iii) Input-Output analysis — This technique

is based on the well established interrelationships between different sectors of the economy.

(iv) Economic models - In this method mathematical models are used to express in quantitative terms, the interrelationship among different variables. These models take the form of a set of regular equation.

2) Quantitative techniques:-

(i) Business barometer - These are the index number used to predict the direction in which the economy is moving. Gross national product, wholesale price index, consumer price index, index of industrial production, volume of money and supply, stock exchange are the common business barometers used in forecasting.

(ii) Panel method - Under this method a panel of experts in the area is prepared, the opinions of these experts are combined and averaged.

(iii) Relevance tree method — The purpose of this method is to help the businessman in determining objective and predicting ways to attain them.

~~Delphi~~

(iv) Delphi method — In this method also the mind of experts in the concern area are look systematically but there is no face to face contact between them. They are kept in part and their identity is kept secret from one another. Their opinions are helpful because of these are in the forms of return answers to a carefully prepared questionnaire. These experts who have different with the majority opinion are feedback the results are requested to communicate the reasons for their opinions. The process is repeated until a better option be find.

* Decision making :-

It is a process of selection from a set of alternative courses of action which is thought

to be fulfill the objectives of the decision problem more satisfactory than others.

Types of decision making :- There are two types of decision making :-

1. Rational
2. Irrational

1. Rational decision making - It means taking decision on the basis of facts and figures and logical reasoning. A decision maker is said to rational when he identifies and analysis the problem systematically.

2. Irrational decision making - On the other hand decision making become irrational when the decision maker depends purely on intuition without using the relevant facts and figures.

Process of Rational decision making :-

1. Identify the problem
2. Analysis the problem
3. Collection of data
4. Developing alternatives

5. Review of key factor.
6. Selecting the best alternative.
7. Use idea into practice.
8. Follow up

* Organising :-

According to Allen,
"organising is a process of identifying
and grouping the work to be
performed, defining and delegating
responsibility and authority, and
establishing a pattern of relationship
for purpose of enabling people
to work most effectively together
for accomplishment of objectives."

Elements of Organising :-

- 1.) Strategy - It is a contingent plan designed to achieve the objectives. It involves decisions as to what industry in the organization, the organization will enter how will it compete and where, Top managers generally formulate strategy after careful analysis of opportunities in the environment and the strength and weakness in

the organization.

2) People - It is taken for granted that managers and workers are to fit into the structure but human organization can't afford to have machine like designs for long. The organization structure is a major source of satisfaction for the employees therefore the organising structure design should reflect the thinking and way of working of the employees.

3) Technology - It is an important variable in the organising process. It refers to way in which work is done that is equipment and technical skills used and the type of work-flow in the transformation process.

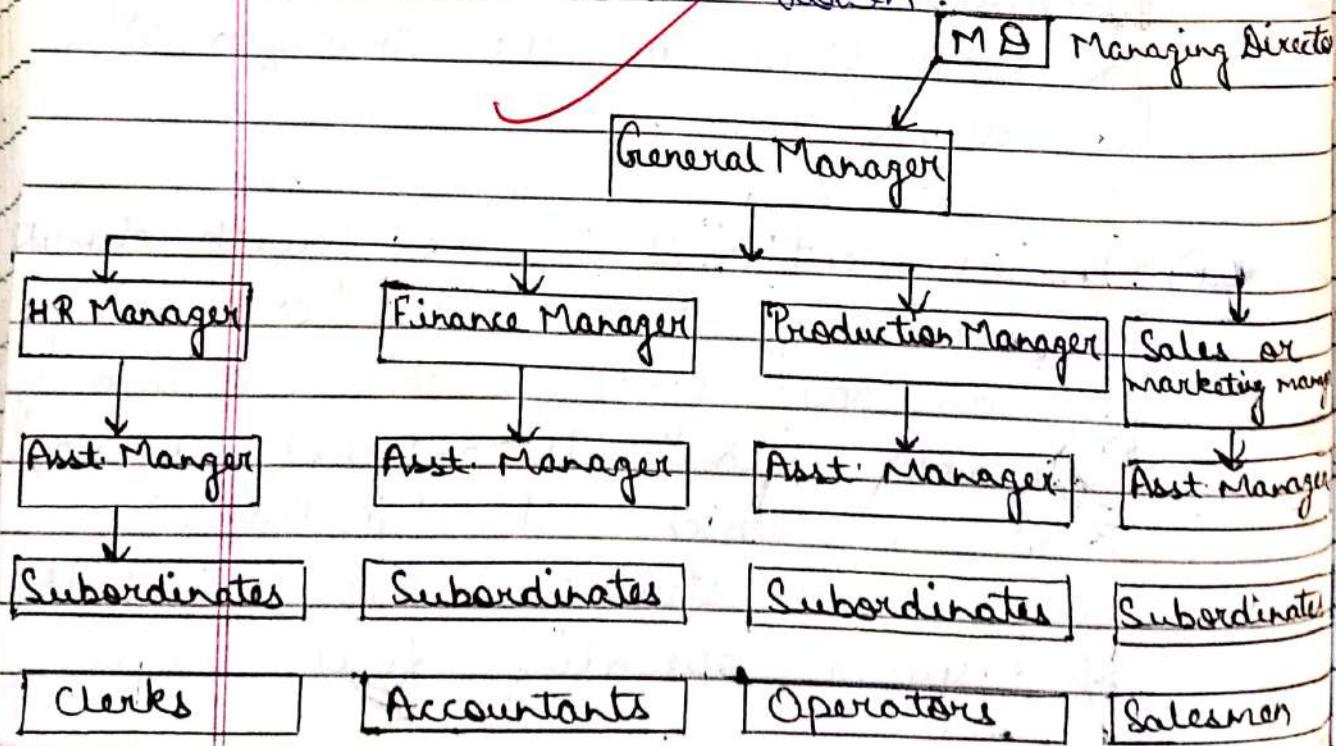
4) Environment - It is the fourth element of organising process. An organising is an open system which continuously interacts with its external environment in which it functions.

Organization structure is a result of several operating force inside

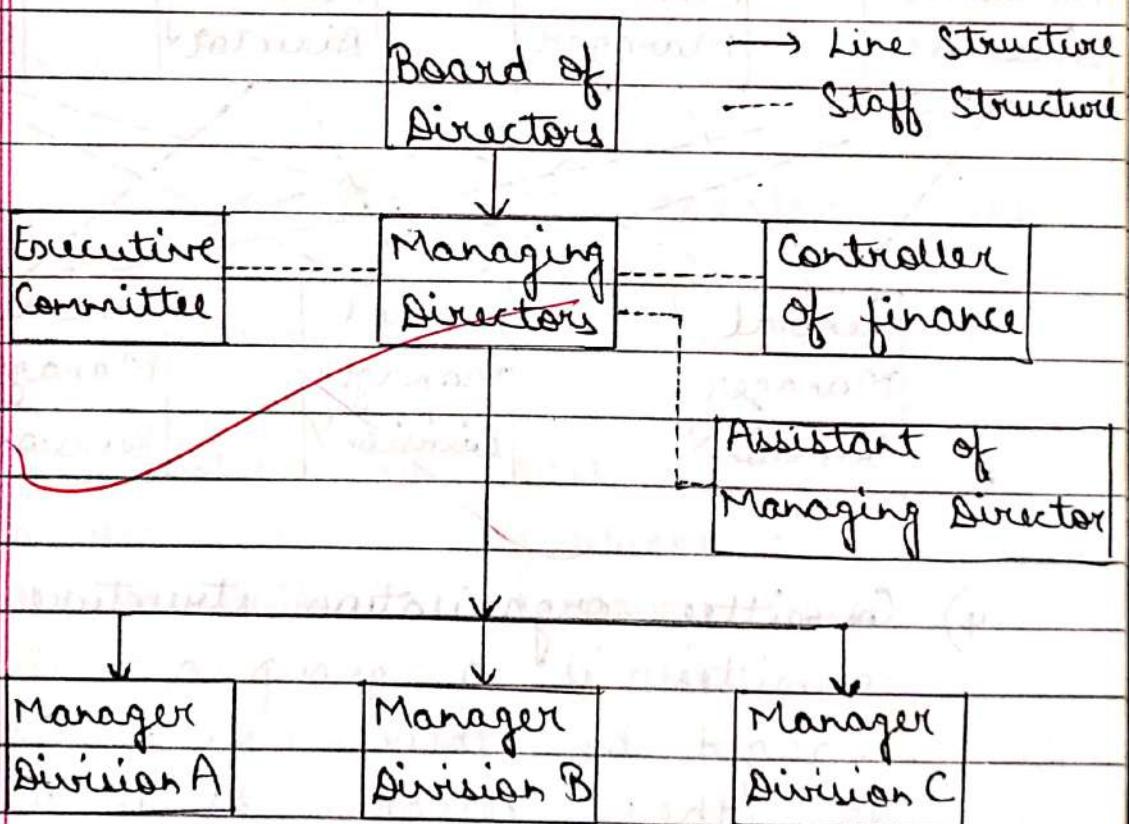
and outside the enterprises. These inside and outside forces are interrelated and independent. These forces are called environment.

Types of Organisation Structure :-

- 1) Line organisation structure — The line organisation structure represent direct vertical relationship by which authority flows. It is the simplest form of organisation structure and is also similar to scalar or military organisation structure. In this structure the authority is highest at the top and reduces at each successive level down.

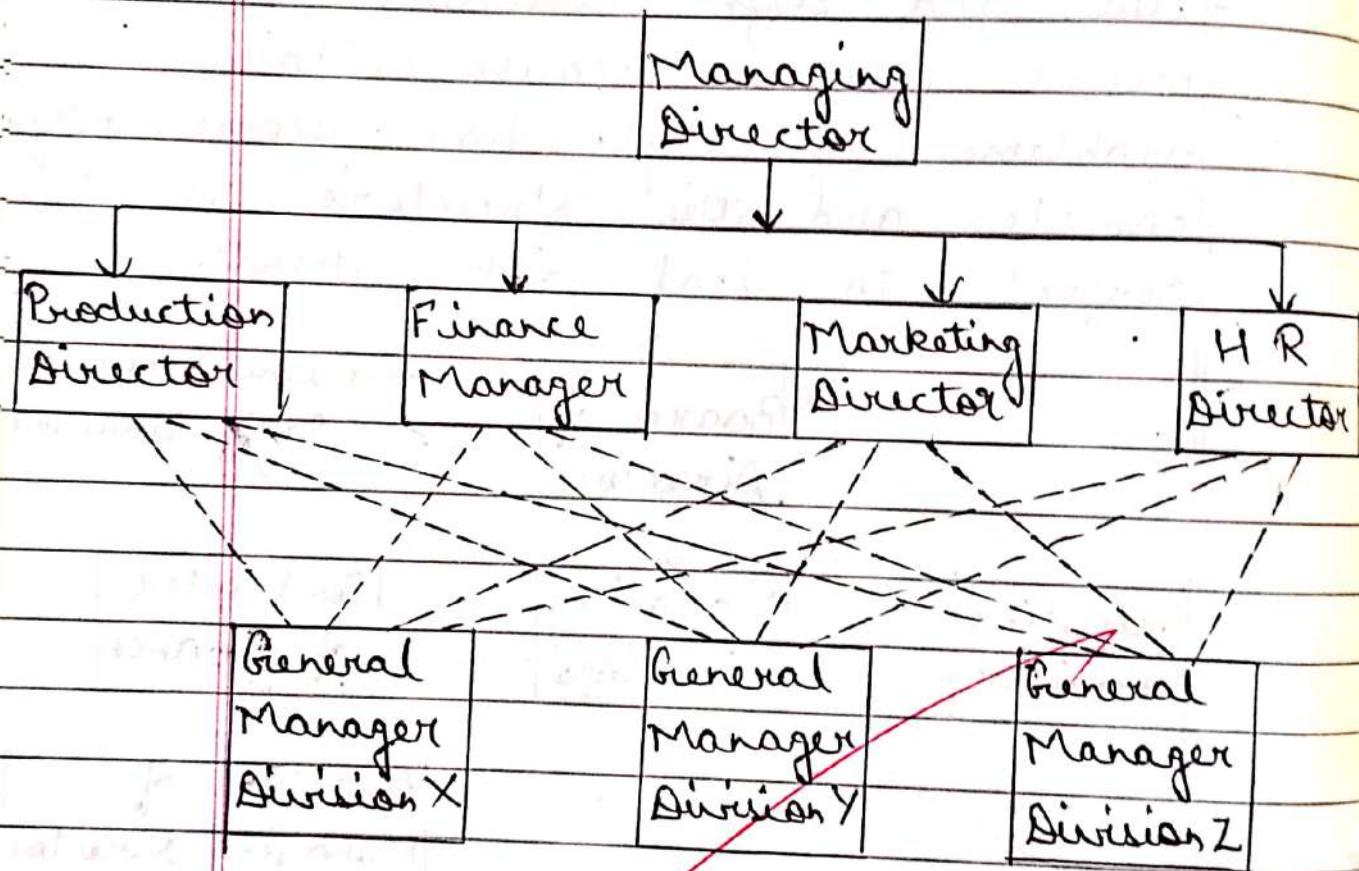


- 2.) Line and staff organisation structure—
 The line executive is often described as a individual who stand in the primary chain of command and is directly concern with the accomplishment of primary objectives.
 Line and staff structure has become popular because certain problems of mgt. has become very complex and this structure is perfect to deal with them.



- 3.) Functional organisation structure—
 Functional authority occupies a mid way position between line and staff authority. It means specialist in

top position throughout the enterprise. It confers upon a holder of a functional position, A limited power of command over the people of various departments concerning their function.



- 4.) Committee organisation structure— A committee is a group of units engaged by their willingness to do the necessary. It is a group of people to do the work of specific task. A committee usually represents a modification in the existing line, line and staff and functional organisation structure.

5.) Project organisation structure -

- 1: It facilitates concentrated attention on the complex project.
- 2: It can be to meet the requirement of a particular project.
- 3: Project mgt. requires specialist in various fields.
- 4: Project organisation structure is in flexible nature.
- 5: Project organisation structure facilitates the timely completion of a project without disturbing the normal activities of the organisation.

Delegation

- (1) It is a process or an act.
- (2) It denotes relationship between a superior & subordinates. It is essential for right process.
- (3) It is optional as top mgt may or may not disperse authority.
- (4) The delegator exercises control over the sub-ordinates.
- (5) It is technique of mgt.

Decentralisation

- (1) It is the end result of delegation.
- (2) It denotes relationship between the top mgt. various departments or divisions.
- (3) It is optional as top mgt may or may not disperse authority.
- (4) The control may be delegated to departmental heads.
- (5) It is a philosophy of mgt.

Staffing

The managerial function of staffing involves meaning the organisational structure through proper and effective selection, appraisal and development of personnel to fill the well designed into the structure.

The staffing function of mgt. pertains through recruitment, training, dev., appraisal and remuneration of personnel.

Importance of Staffing :-

- (1) Staffing helps in discovering and obtaining competent personnel for various jobs.
- (2) It makes for higher performance by placing right persons on the right job.
- (3) It improves job satisfaction and morale of employees through objective assessment and fair compensation for their contributions.
- (4) It facilitates optimum utilisation of human resources.
- (5) It ensures the continuity and

growth of the organisation through the development of managers.

Directing

Directing is the guidance, the inspiration, the leadership of those man and woman that constitutes the real core of the responsibilities of mgt.

Nature of Directing :-

- (1) Pervasive function - Directing is a managerial function performed by all the managers at all levels of the organisation.
- (2) Continuous function - Directing is an ongoing or never ending process till the organisation is survive in the environment.
- (3) Linking function - Directing serves as a connecting link between the various functions of the mgt that are planning, organising, staffing and controlling.

(4) Creative function - Directing converts plans into performance. It is the process around which performance revolves.

(5) Human factor - It is very dynamic and is conditioned by a complex of forces about which not much is known and over which mgt has little control.

(6) Chain of Command - Directing initiates at the top level in the organisation and follows to bottom through the hierarchy (structure).

Principles of Directing :-

1) Harmony of objectives - Individual gain the organisation to satisfy their sociological and psychological need.

2) Maximum individual contribution - Organisational objectives are achieved at the optimum levels when every individual in the organisation make maximum contribution towards them.

3) Unity of command - A sub-ordinate should get orders and instructions from one superior only.

4) Appropriate techniques - The manager should use correct direction techniques to ensure efficiency of direction.

5) Direct supervision - Direction become more effective when there is effective direct personal contact between his superior and his sub-ordinates.

6) Strategic use of informal organisation
Mgt should try to understand and make use of informal groups to strengthen formal or official relationship.

7) Comprehension - Communication of orders and instructions is not sufficient. Manager should ensure that sub-ordinate correctly understand what they are to do and how and when are to do. This will avoid unnecessary queries and explanations.

- 8) Managerial Comm.— A good system of comm. between superior and his sub-ordinates help to improve mutual understanding.
- 9) Effective Leadership — Manager should act as leader so that they can influence the activity of their sub-ordinate without dissatisfaction them.
- 10) Principle of follow through— Directing is a continuous process. Therefore after issuing order and instruction a manager should find out whether the sub-ordinate are working properly and what problems they are facing.

Communication :-

According to Hudson, "comm." in its simplest form is conveying of information from one person to another."

In other words of Allen, "comm. is the sum of all the things one person does when he want to create understanding in the mind of another. It is a bridge of meaning."

It involves a systematic and continuous process of feeling, listening and understanding.

* Types of Comm:-

~~Importance of Comm - Good oral
comm. is the foundation of sound
mgt. It is the element which set
the enterprise in motion and
provide life to the dead structure.~~

Comm. is essential not only in
business but all type of organisation.
In fact it is difficult to imagine
any kind of interpersonal activity
without comm.

Sound comes offers the following benefits -

- ## (i) Planning & decision making

- (2) Implementation of plans
- (3) Motivation and morale
- (4) Human relation
- (5) Training and development
- (6) Co-ordination
- (7) Public relation

