

Management and Entrepreneurship

MODULE – 1: Management and Planning

INTRODUCTION

□ Meaning

Management in **business and organizations is the function** that coordinates the efforts of people to accomplish goals and objectives using available resources efficiently and effectively.

- ✓ **George R Terry:** Defines Management as “The process consisting of planning, organizing, actuating, and controlling performed to determine and accomplish the use of people and resources”.
- ✓ **Peter Ducker:** "Management is a multi-purpose organ that manages business and manages managers and manages workers and work.
- ✓ **Mary Parker Follett:** Management is “art of getting things done through people”.

Meaning....

“Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.” - **Harold Koontz and Heinz Weihrich**

“Management is defined as the process of planning, organizing, actuating and controlling an organization's operations in order to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives.” - **Robert L. Trewelly and M. Gene Newport**

“Management is the process of working with and through others to effectively achieve organizational objectives by efficiently using limited resources in the changing environment.” - **Kreitner**

Significance of Management

- **What is the significance of management?**

Management organizes the disorganized resources of men, machines, money, and so on into productive enterprise. These resources are **coordinated, directed, and controlled for the enterprise to achieve its goals.**

Optimum utilization of resources- Management makes efficient use of all physical and human resources.

- **Significance of Management**

- ✓ **Achieving Group Goals:** Management encourages collaboration and coordination amongst workers. A general control must be provided to the organizational and personal objectives in order to favorably accomplish the aims.
- ✓ **Increases Efficiency:** Management improves productivity by managing resources in a reliable conceivable way in order to decrease cost upscale potency.
- ✓ **Creates Dynamic organization:** Management undertakes the conditions by assuring that these variations are well accepted privately and that objection to change is controlled.
- ✓ **Achieving personal objectives:** Management promotes leadership and furnishes motivation to the employees to operate effectively in order to accomplish their personal aims while working towards the organizational goals.
- ✓ **Development of Society:** Management helps in the enhancement of community by manufacturing reliable quality commodities, establishing employment chances and fostering innovative technologies.

Scope of Management

Every organization which encompasses for **profit as well as non-profit organizations, government as well as non-government organizations, and service as well as manufacturing organizations.**

•Important areas

- ✓ Developing management
- ✓ Distribution management
- ✓ Financial management
- ✓ Marketing management
- ✓ Personnel management
- ✓ Production management
- ✓ Office management
- ✓ Transport management
- ✓ Purchase management
- ✓ Sales management
- ✓ Supply chain management
- ✓ Business management (like Hospital management, Hotel management, Educational institution management etc)

Importance of Management and Entrepreneurship

□ Importance of Management

- **Management is a critical element in the economic growth of a country-** By bringing together the four factors of production **as men, money, material and machines**, management enables a country to experience a **substantial level of economic development**.
 - ✓ Peter Drucker rightly observes that without management, a country's resources of production remain resources and never become production.
- **Management is essential in all organized efforts** - Principles of management are not just for managing business organization, they are also applied to various other types of organizations such as **educational, social, and military and government**.
- **Management is the dynamic, life-giving element in every organization** –
 - ✓ Management is element that **co-ordinates current organizational activities and plans for future**.
 - ✓ It arbitrates disputes and provides leadership.
 - ✓ It adapts the organisation to its environment and often shapes the environment to make it more suitable to the organization.

□ Importance of Entrepreneurship

Entrepreneurship promotes economic growth, provides access to goods and services, and improves the overall standard of living. Many entrepreneurs also make a positive impact on their communities and improve their well-being by catering to underserved areas and developing environment-friendly products.

Entrepreneurship's importance lies in the following:

- Drives economic growth and creates new job
- Encourages innovation by bringing new ideas, products, and services to the market
- Contributes to social change by developing products or services that reduce people's dependence on outdated technologies
- Addresses social and economic problems by creating solutions that meet the needs of society
- Enables competition which improves business efficiency and lowers prices for consumers



Impact of the Entrepreneurship on Societal Problems for Sustainable Solutions

- **The impact of entrepreneurship** can be seen in areas such as **job creation and economic growth, innovation and technology advancement, competition and market dynamics, social and cultural changes,** and **economic disparities and wealth distribution.**
- As environmental problems like **climate change, resource depletion, and pollution** have become more serious (IPCC, 2021), finding creative ways to solve these problems and move forward with **sustainable development** has become more important.
- **Social entrepreneurship**, which uses **cutting-edge business models** to solve social and environmental problems while making money, could solve these problems. Research in the field has shown that there is a **chance that social entrepreneurship can positively affect society, the environment, and the economy.**
- Even though there is **growing interest in the role of social entrepreneurship** in promoting sustainable development and solving environmental problems, **more real-world data is needed to understand** what makes these kinds of projects work and how they can be scaled up.

- **Solving social problems**- One way that entrepreneurship development can enhance social sustainability is by solving social problems that affect the well-being of people and communities. Social entrepreneurs identify and address social needs that are often neglected or ignored by the market or the state, such as **poverty, health, education, or human rights**.
- **Creating green businesses** - Another way that entrepreneurship development can enhance **environmental sustainability** is by creating green businesses that can reduce the environmental footprint of human activities. **Green entrepreneurs develop products, services, or processes** that can minimize or prevent environmental **harm, such as pollution, waste, or greenhouse gas emissions**.
- **Fostering circular economy** - A third way that entrepreneurship development can **enhance environmental sustainability** is by fostering circular economy, which is a system that aims to **eliminate waste and keep resources in use for as long as possible**.
 - ✓ Circular entrepreneurs design and implement business models that can extend the **life cycle of products, materials, and resources, and reduce the need for new inputs**. They use principles such as **reuse, repair, refurbish, recycle, or regenerate to create value** from waste and reduce environmental impact.
- **Engaging stakeholders** -A fourth way that entrepreneurship development can enhance social and environmental sustainability is **by engaging stakeholders, such as customers, employees, suppliers, investors, or communities, in the entrepreneurial process**. Stakeholder engagement is the practice of involving and communicating with **stakeholders to understand their needs, expectations, and feedback, and to build trust and collaboration**.

Management in the perspective of National Economy, Career, Innovations and trends

- **National Economy-** Reduces Costs – It gets **maximum output through least input by proper planning**. Moreover, management uses physical, human and financial resources in such a way which results in the best combination. Hence, one of the importance of management is that it helps in cost reduction.
- The **goal of economic development** is to reduce poverty, reduce wealth gaps, increase productivity, and ensure an adequate supply of goods and services in the economy.
- Gross domestic product (GDP)
- $GDP = C + I + G + NX$
- **Career Management Process** - It is a continuing process that allows you to adapt to the changing demands of our dynamic economy. The career management process embraces various concepts: Self-awareness, career development planning/career exploration, life-long learning, and networking.
- **Innovation management** - involves the process of managing an organization's innovation procedure, starting at the initial stage of ideation, to its final stage of successful implementation. It encompasses the decisions, activities and practices of devising and implementing an innovation strategy.

Management in the perspective of National Economy, Career, Innovations and trends.....

- **Management trends** are the ways a leader connects to teams, communicates within an organization and encourages positive performance. These trends are constantly evolving as leaders continue to look for new ways to best motivate and connect with their teams.
 - ✓ Simplify organization structures
 - ✓ Commit to professional development
 - ✓ Encourage equality and diversity
 - ✓ Highlight the importance of soft skills
 - ✓ Encourage flexible work environments
 - ✓ Incorporate technology into processes
 - ✓ Collaborate with outside sources
 - ✓ Encourage continuous feedback
 - ✓ Incorporate visual dashboards
 - ✓ Emphasize employee happiness
 - ✓ Revisit compensation plans
 - ✓ Focus on data analytics
 - ✓ Develop an effective onboarding strategy

Functional areas of management / Management functions / Process of management

- ◆ Planning
- ◆ Organizing
- ◆ Staffing
- ◆ Directing (leading)
- ◆ Controlling
- ◆ **Planning**

- ✓ Process of **determining the objectives** and **charting out the methods** of attaining those objectives.
- ✓ Determination of **what, where and how** it is to be done and **how the results** are to be evaluated.
- ✓ Done for the organization as a whole but **every division, department** or **subunit** of the organisation.
- ✓ A function which is performed by **the managers at all levels-top** (which may be as long as five years), middle (shorter may be week) and supervisory.

Functional areas of management/ Management functions/ Process of management.....

❖ **Organising:** Organise a business is to provide it with everything useful to its functioning.

- ✓ Which may be divided into two main sections namely the **human organization and material organization**.
- ✓ Once the plans have been developed and the objectives established, they must **design and develop** a human organization to carry out plans successfully.
- ✓ Defined as a structure which results from **identifying and grouping work, defining and delegating responsibility and authority and establishing the relationships**.

❖ **Staffing:** Is a function involved in building the human organization.

- ✓ Involves building the **right person for the right job**.
- ✓ **Fixes responsibility for a manager** to find the right person for the **right job** and **ensures enough manpower for the various positions** needed for the organization which involves **selection and training of future managers** and suitable system of compensation
- ✓ Different objectives require different kinds of organizations and staffing.

Functional areas of management/ Management functions/ Process of management.....

❖ **Directing:** Directing or leading the people towards the defined objective.

- ✓ Is the next step after planning, organizing and staffing involves three sub-functions namely **communication, leadership and motivation**.
- ✓ Communication is the process of **passing information from one person to another**
- ✓ **Leadership** is the process of **guiding and influencing** the work of his subordinates by the manager.
- ✓ **Motivation** is **arousing the desire in the minds of the workers** to give their best to their enterprise.
- ✓ Two types of motivation financial and nonfinancial
 - **Financial:** takes the form of **salary, bonus, profit-sharing** etc.
 - **Nonfinancial:** takes the form of **job security, opportunity of advancement recognition, praise** etc.

Functional areas of management/ Management functions/ Process of management.....

- ❖ **Controlling:** Measuring and correcting the activities of subordinates. It has 3 elements
 - ✓ Establishing the **standards of performance**.
 - ✓ Measuring current **performance and comparing it against the established standards**.
 - ✓ Taking action to **correct any performance** that does not meet the standards.

Levels of Management

- In any organization, there are three levels of management - the first-line, middle and top level managers.
 - **Top management:** consists of board chairman, the company presidents, and the executive vice-presidents.
 - **Middle management:** consists of vast and diversified group - consisting plant managers, personnel managers and department heads.
 - **First-line management:** is made up of foreman and white collared supervisors.

Roles of Management

□ Different roles of managers under three broad categories

1. Interpersonal roles:

- a) **Figure head:** Performs duties of ceremonial nature such as **greeting the touring dignitaries, attending the wedding of an employee** etc.
- b) **Leader:** Every manager must **motivate and encourage their employees**, try to reconcile their individual needs with the goals of the organization.
- c) **Liaison:** Every manager must **develop contacts outside the vertical chain of command** to collect information useful for the organization.

2. Informational roles:

- a) **Monitor:** Must perpetually scan his environment for **information interrogates his liaison and subordinates** to get any solicited information useful for the organization.
- b) **Disseminator:** Manager **passes the privileged information directly to the subordinates** who otherwise would not have access to it.
- c) **Spokesman:** May require to **spend a part of the time in representing the organization** before various outside groups having some stake in the organization such as government officials, labour unions, financial institutions.

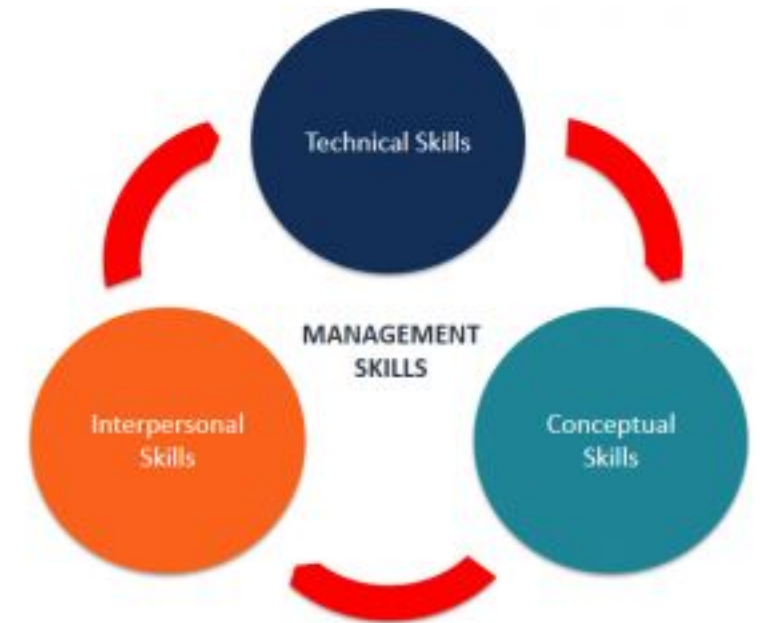
Roles of Management...

3. Decisional roles:

1. **Entrepreneur:** The manager **proactively** looks out for innovation to improve the **organization** by means of **creating new ideas, development of new products or services** or finding **new uses** for the old ones.
 2. **Disturbance handler:** Must act like a **fire-fighter to seek solutions** to various unanticipated problems
 3. **Resource allocator:** Must **divide work and delegate authority** among his subordinates.
 4. **Negotiator:** Must spend considerable **time in negotiations.**
- Example:** The foreman negotiating with the workers for the **grievance problems**

Managerial skills

- The manager is required to possess 3 major skills: **Conceptual skill** which deals with **ideas**, **human relations skill** which deals with people and **technical skill** which deals with things.
1. **Conceptual skill:** deals with the ability of manager to take a **broad and farsighted view of organization** and its future, ability to **think in abstract**, ability to **analyze the forces working** in a particular situation.
 2. **Technical skill:** are managers understanding of the **nature of the job that people under him have to perform**. Refers to the person's knowledge and proficiency in any type of process or technique.
 3. **Human relations skill:** is the ability to **interact effectively with people** at all levels and the manager should have sufficient ability to
 - ✓ To recognize the feelings and sentiments of others.
 - ✓ To judge the possible reactions to and the outcomes of various courses of action he may undertake.
 - ✓ To examine his own concepts and values which may enable to more useful attitudes and about him/her.



Management and Administration

❖ Management and administration

1. Management involves doing lower-level function concerned with the **execution and direction of policies and operations**. No two separate personnel are required. Each manager performs both activities and spends part of his time in administering and part of his time managing.
2. Administration involves **thinking which is a top level function** which centres around the determination of plans, policies and objectives of a business enterprise.
3. Management is a **generic term** which includes administration. Manager is the term used in the business enterprises.
4. Administration is a term used in the **governance of non-business institutions** (such as government, army etc)

Management and Administration

Characteristics	Administration	Management
1.Main functions	Planning, Organizing and staffing	Leading, motivation and controlling
2.Status	Acts as owner	Acts as an agency
3.Skills	Requires good administrative skills	Requires more technical skills
4.Level in the organization	Top level	Lower level
5.Position	Managing director, CEO etc	Managers, Supervisors, foremen etc
6. Objectives	Makes the policies, objectives and goals to be achieved.	Implements the plans and policies.
7.Involvement	No direct involvement in production or services	Directly involves in the execution of plans and achieve goals.

Planning- Importance, Types, Steps and Limitations

□ Importance of Planning

1. Minimizes risk and uncertainty

Planning allows managers and organizations to minimize risk and uncertainty. Planning **does not deal with future decisions, but with the futurity of present decisions**

2. Leads to success

Planning **does not guarantee success** but studies have shown that, companies which plan not only outperform the non-planners but also their **past results**. Planning leads to success by doing beyond mere **adaption to market fluctuations**.

3. Focus attention on the organizations goals

Planning helps the manger to **focus attention on the organizations goals and activities**. It is easier to **apply and coordinate the resources** of the organization more economically, and to **avoid needless overlapping of activities**.

Planning- Importance, Types, Steps and Limitations.....

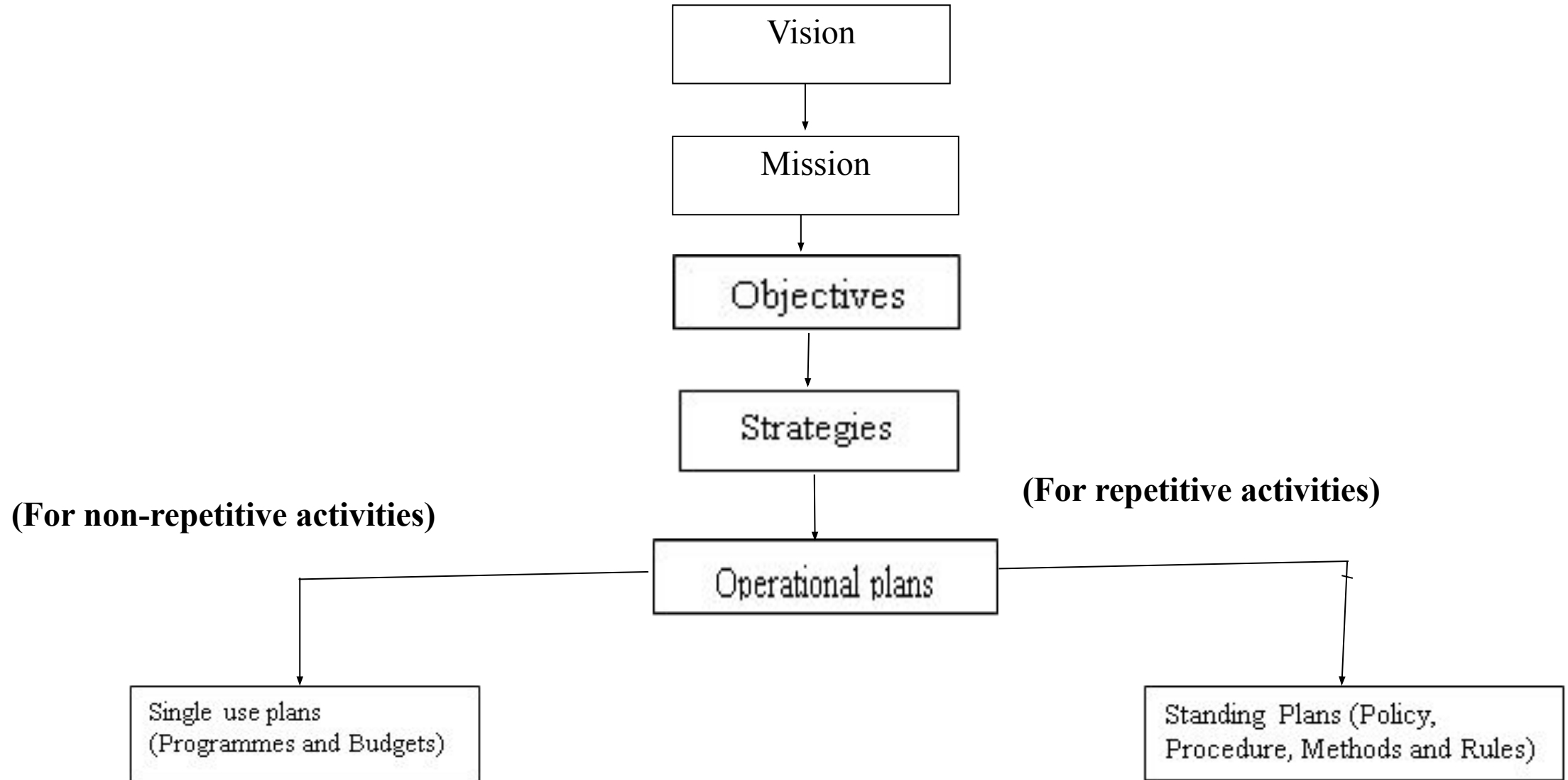
4. Facilitates control

Goals and plans then become **standards against which performance can be measured**. The function of control is to ensure that activities conform to the plans. Thus control can be exercised only if there are plans.

5. Trains executives

Planning is also an excellent means for training executives. They become involved in the activities of the organization and the plans arouse their interest in the multifarious aspects of planning.

Types of Plans or Hierarchy of Organizational plans



Types of Plans or Hierarchy of Organizational plans

I. Vision

- ✓ **This is a dream an entrepreneur** creates about the direction that his business should pursue in future.
- ✓ **A vision should be brief, focused, clear and inspirational to an organization's employees.** It should be linked to customer needs and convey a general strategy for achieving the mission.

II. Mission

- ✓ Which is the **unique aim of an organization that sets it apart from others** of its type?
- ✓ It is an organisation's specialization in some **area-service, product or client**, which decides the organisation's scope of business.

II. Objectives

- ✓ Objectives are **goals or aims** which the management wishes the organization to achieve. These are the **end points** or **pole-star** towards which all business activities like **organizing, staffing, directing and controlling are directed**.
- ✓ Objectives should be distinguished from three other words "**vision**", "**purpose**" and "**mission**". The "vision" is the dream that an entrepreneur creates in his waking hours of his preferred future. It is the root of all objectives. The "purpose" of an organization is its primary role defined by the society in which it operates.

Types of Plans or Hierarchy of Organizational plans

□ Characteristics of objectives

- Objectives are multiple in numbers
- Objectives are either tangible or intangible
- Objectives have a priority
- Objectives are generally arranged in a hierarchy
- Objectives sometimes clash with each other

□ Requirements of sound objectives (manager should keep in mind)

- Objectives must be both clear and acceptable
- Objectives must support one another
- Objectives must be precise and measurable
- Objectives should always remain valid

Strategic Planning		Tactical Planning	
1	It decides the major goals and policies of allocation of resources to achieve these goals.	1	It decides the detailed use of resources for achieving each goal.
2	It is done at higher levels of management . Middle managements sometimes are not even aware that strategic planning is being considered.	2	It is done at lower levels of management .
3	It is long-term .	3	It is short-term .
4	It is generally based on long-term forecasts about technology, Political environment , etc. and is more uncertain.	4	It is generally based on the past performance of the organization and is less uncertain.
5	It is less detailed because it is not involved with the day-to-day operations of the organization.	5	It is more detailed because it is involved with the day-to-day operations of the organization.

Steps in Planning

- Establishing verifiable goals or set of goals to be achieved
- Establishing planning premises
 - ✓ Internal and external premises
 - ✓ Tangible and intangible premises
 - ✓ controllable and non-controllable premises
- Deciding the planning period
- Finding alternative courses of action
- Evaluating and selecting a course of action
- Developing derivative Plans
- Establishing and deploying action plans
- Measuring and controlling the progress

Limitations of Planning

- Planning Creates Rigidity
- Planning Does Not Work in a Dynamic Environment
- Planning Reduces Creativity
- Planning Involves Huge Costs
- Planning Does Not Guarantee Success
- Time-Consuming

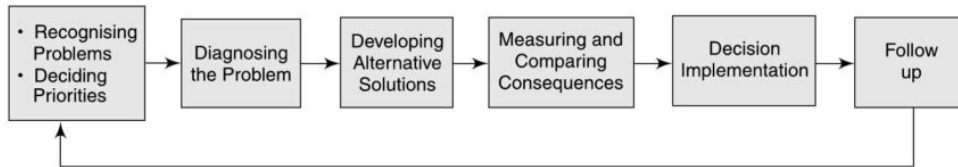
Decision Making Types

The managers or non-managers have to make decisions at some point to get their organizational goals done. These decisions are categorized further. The types of decision making in an organization are as follows:

- Programmed And Non-Programmed Decisions
- Operational and Strategic Decisions
- Organizational and Personal Decisions
- Major and Minor Decisions
- Individual and Group Decisions
- Tactical and Operational Decisions
- Routine and Basic Decision-making
- Personal and Organizational Decision-making
- Policy and Operating Decision-making
- Planned and Unplanned Decision-making
- Organizational, Departmental, and Interdepartmental Decision-making

Steps in Decision Making

1. Recognising the problem
2. Deciding priorities among problems
3. Diagnosing the problem
4. Developing alternative solutions or courses of action
5. Measuring and comparing the consequences of alternative solutions
6. Converting the decision into effective action
7. Follow-up



Flow diagram of the rational decision-making process