

→ Scope / Significance of Management :-

Every organization needs direction and this is given by Management.

(a) Management is needed to meet challenge of changes.

These are frequent changes in Modern business world. Management can handle these changes effectively.

(b) Accomplishment of group goals. Achievement depends on proper planning of Man power & resource. Management helps accomplish goals.

(c) Effective utilization of resources :-

Men, Money, Material, Methods, Machine

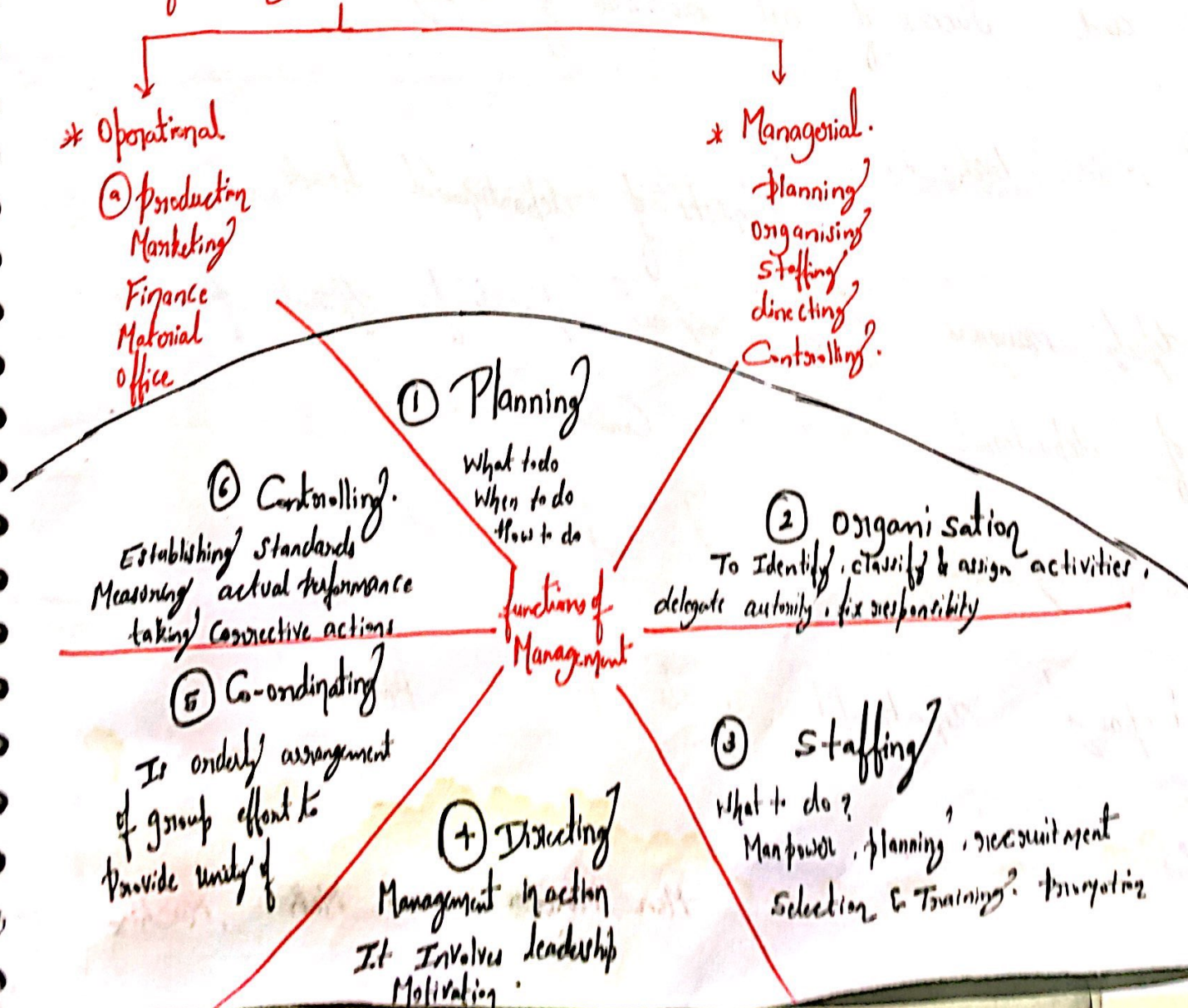
① Effective functioning of business :- Ability, experience, trust, Co-ordination for effective functioning of business.

② Management shows direction :- Management is central to any organisation. It directs, controls organisational functions.

③ Team spirit in organization :- Co-ordination among departments to build team spirit & unity.

④ Tackling organizational problems :- Solving all organizational problems for work efficiency.

Functions of Management :-



Levels of Management:-



① Top Management

Top Management is concerned with leadership, organizational objectives, targets, goals to be achieved.

The top Management consists of chairman, Board of directors, CEO & this group is responsible for overall directions and success of all activities of company.

Middle level Management:

Consists of departmental heads, deputy managers, officers. They are responsible for efficient functioning of departments under their control.

Interpreting and explaining policies and plans.

Preparing departmental goals, plans, performing

managerial functions and Co-ordinating activities, issuing detailed Instructions, Motivating workers, Training workers on Jobs and making recommendation to top Management are some of the functions of Middle level Management.

Junior level Management:

Consists of Supervisors/foremen.

They are in direct contact with workers of an organization.

Junior Management performs functions like planning, performing day to day activities, Issuing the orders & work instruction to workers to arranging materials machines for workforce, assigning specific job to workers, Motivating them, putting up case of workers to Supervisors.

* Modern Management Approach:-

① Quantitative Approach:-

Encourages use of statistical and Mathematical tools which are known as operation research.

- Management is essentially decision making and organization is decision making unit.
- Organizational efficiency depends on quality of managerial decision.
- The different variables can be quantified and expressed in form of equation.

This Approach is widely used in planning and Controlling.

System Approach :- This Approach was developed after 1950.

Kenneth, R.A Johnson have formulated this approach. by this Approach business organizations are viewed as System made up of number of Subsystem. The Subsystems are Interdependent & Interrelated.

The system has Inputs/Outputs.

The values of output is more than values of input.

The business organisation are open system and constantly interact

with external environment. Integrates all Subsystem for smooth functioning of organization.

Contingency Approach :-

also called Situational Approach.

According to this Approach, management principles and Concepts

and Concepts of various schools have no general and universal

applicability under all Conditions. In other words there is no

one best way of doing things in all Condition.

* Features of Contingency Approach:

- The environment of an organization is ever changing and organization continuously interact with dynamic environment.
 - Management style and practice should match requirements of situation.
 - Success in management depends on ability to cope with environmental demands.
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Management as an Art:

Dean Stanley F. Teele says. Management is a mixture of art and science.

"Art is bringing about of a desired result through application of skill"

The following are essential features of art:-

- (a) Personal skill
- (b) Practical knowledge
- (c) Creativity.

Management is an art because of following reasons:-

- ① It involves use of skill of person.
- ② Management is a creative process like any other art.
- ③ As in case of art, mastery in Management requires a considerably long period of practice and experience.
- ④ Management is result-oriented and is concerned with accomplishment of goals, objectives & targets.

Management as science:-

"Keyes" says Science is a systematized body of knowledge which establishes relationship between Cause and effect.

- The principles are evolved based on continued observation.
- The principles are exact and have universal applicability without limitation.
- ———— establish a cause and effect relationship b/w various factors.

Management is Science because:- observation, research, analysis which are principles of other science form the basis of development of principles of Management.

- The principles of Management are true can be applied all times.

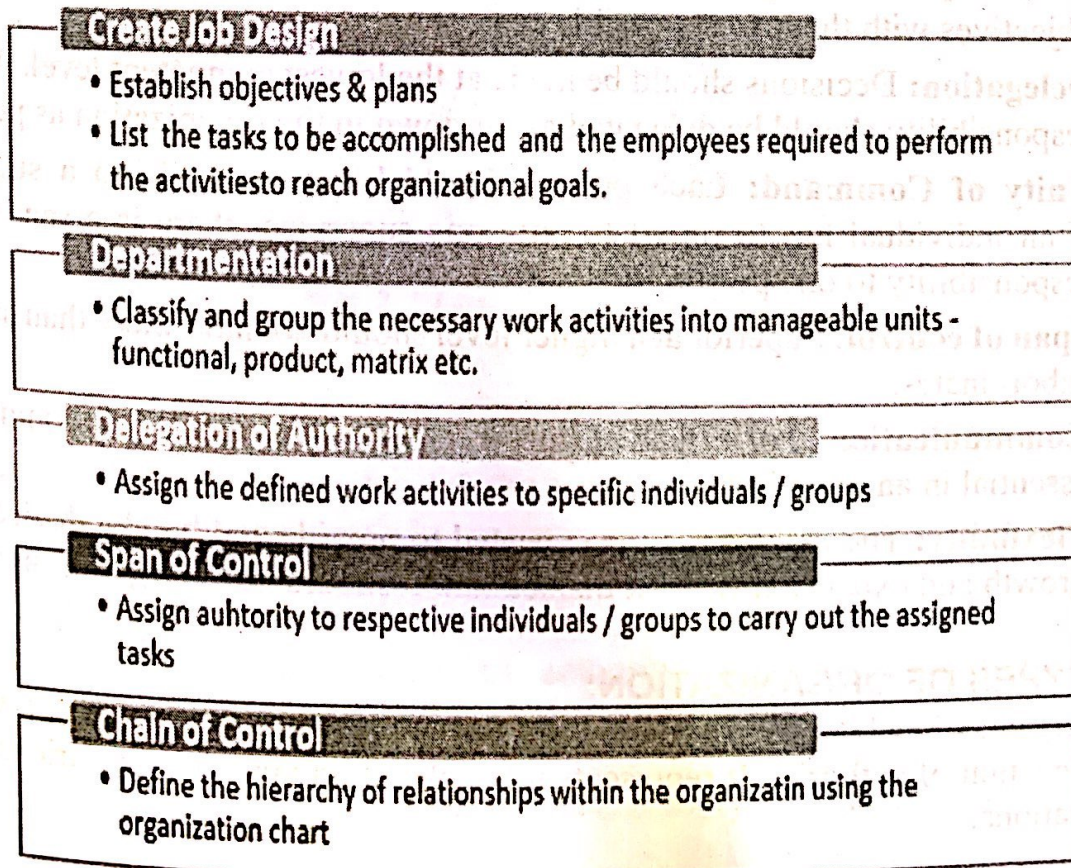
2.2 NATURE AND CHARACTERISTICS OF ORGANIZATION:

1. The dynamic human element of the organization is formed by group of people in a certain organization.
2. Organization helps in identifying the various tasks to be performed which are assigned to the individuals to perform so as to achieve the common objectives or common purpose of the organization.
3. It ensures to have co-ordination among people working in various departments and ensures integrated efforts to achieve organizational objectives or goals.
4. It delegates authority to the managers with commensurate responsibility and accountability for the discharge of their duties and in different hierarchical levels in an organization.
5. It aids in achieving financial, physical material and human resources.
6. Organizations are part of the larger environment and hence they are influenced by the external environment.
7. Organization helps in the realization of the plans made by the managers.
8. It helps in nurturing and growing special skills and talents by the virtue of division of labour.

2.3 PROCESS OF ORGANIZATION

Following Fig 2.1 represents the organization process chart.

The Organizational Process Chart



2.6 CENTRALIZATION

It is said to be a process where the concentration of decision making is in a few hands. All the important decision and actions at the lower level, all subjects and actions at the lower level are subject to the approval of top management.

According to Allen, "Centralization" is the systematic and consistent reservation of authority at central points in the organization.

The implication of centralization can be :-

1. Reservation of decision making power at top level.
2. Reservation of operating authority with the middle level managers.
3. Reservation of operation at lower level at the directions of the top level.

Under centralization, the important and key decisions are taken by the top management and the other levels are into implementations as per the directions of top level.

For example, in a business concern, the father & son being the owners decide about the important matters and all the rest of functions like product, finance, marketing, personnel, are carried out by the department heads and they must act as per instruction and orders of the two people. Therefore, in this case, decision making power remain in the hands of father & son.

2.7 DECENTRALIZATION

It is a systematic delegation of authority at all levels of management and in all the organization. In a decentralization concern, authority is retained by the top management for taking major decisions and framing policies concerning the whole concern. Rest of the authority may be delegated to the middle level and lower level of management.

The degree of centralization and decentralization will depend upon the amount of authority delegated to the lowest level.

According to Allen, "Decentralization refers to the systematic effort to delegate to the lowest level of authority except that which can be controlled and exercised at central points. Decentralization is not the same as delegation. In fact, decentralization is all extension of delegation. Decentralization pattern is wider is scope and the authorities are diffused to the lowest most level of management. Delegation of authority is a complete process and takes place from one person to another. While decentralization is complete only when fullest

2.10 STAFFING:

Staffing refers to the managerial function of employing and developing human resources for carrying out the various managerial and non-managerial activities in an organization. This involves determining the manpower required and the methods to recruit, select, train and develop the people for various positions created in the organization.

Importance of Staffing

- It is the people in every organization who run the show successfully. For example, if you do not have good salesman you cannot sell the product even if the product is good.
- Staffing as a function, thus is very important as we get right persons for the organization and ensure that they stick to the organization.

The benefits of good staffing are:

Proper staffing ensures the following benefits to the organization:

- helps in discovering and obtaining competent personnel for various jobs.
- Gets higher performance, by putting right person on the right job.
- ensures the continuous survival and growth of the enterprise through the succession planning for managers.
- Helps to ensure optimum utilization of the human resources. It avoids disruption of work by indicating in advance the shortages of personnel.
- Improves job satisfaction and morale of employees through objective assessment and fair rewarding of their contribution.

Process of Staffing

The process of staffing (as shown in figure 2.10) starts with ascertaining the required number of various categories of employees for the organization. This is known as manpower planning. It decides the kinds of staff and the number of staff required for the organization.

Various steps involved in the process of staffing are as follows.

- (a) Manpower Planning
- (b) Job Analysis
- (c) Recruitment
- (d) Selection
- (e) Placement
- (f) Induction
- (g) Training and Development
- (h) Performance Appraisal
- (i) Compensation

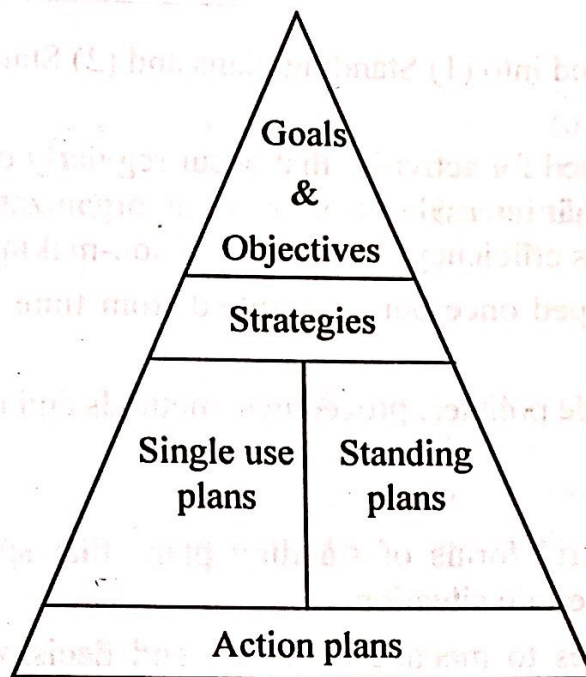


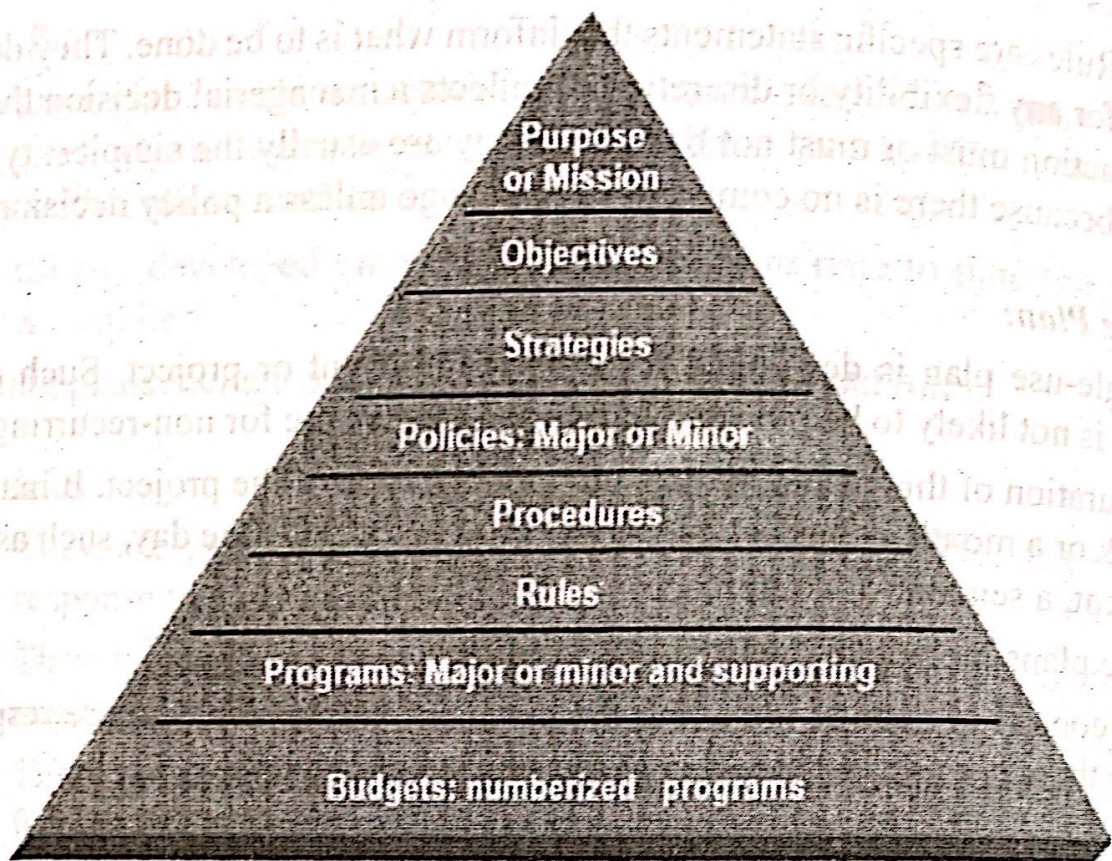
Fig 1.6 Types of Plans

1.10.1 OBJECTIVES:

Objectives are desired future position that the management would like to reach. The basic objective to the organization are defined as the ends which the management seeks to achieve by its operations. Therefore, an objective is simply what you would like to achieve, i.e., the end result of activities.

1.10.2 STRATEGY

- Strategy is a comprehensive plan for accomplishing an organization objective. This comprehensive plan will include three dimensions.
 - (i) determining long term objectives.
 - (ii) adopting a particular course of action.
 - (iii) allocating resources necessary to achieve the objective.
- Whenever a strategy is formulated, the business environment needs to be taken into consideration.
- The changes in the economical, political, social, legal and technological environment will affect an organization's strategy. Strategies usually take the course of forming the organization's identity in the business environment.
- Major strategic decisions will include decisions like whether the organization will continue to be in the same line of business or combine new lines of activity with the existing business or seek to acquire a dominant position in the same market.
- For example, a company's marketing strategy has to address certain questions i.e., who are the customers? what is the demand for the product? which channel of distribution to use? what is the pricing policy? and how do we advertise the product. These and many more issues need to be resolved while formulating a marketing strategy for any organization.



1.12 STEPS IN PLANNING:

As shown in figure 1.7, Planning involves following steps.

a. *Being Aware of Opportunities*

- Awareness of opportunities in the environment in both external and internal in the organization is the real beginning point for planning.
- At this stage managers tend to create a foundation to develop their plans for the next planning period.
- This means being aware of the customer needs, market, competition, our strengths and weaknesses.

b. *Establishing Objectives*

- Establishing specific objectives is the second step of planning. Here the major objectives are broken down into departmental and individual objectives.
- This implies establishing what we want to be, what we want to accomplish and relation to which market segment.
- At the highest level of management, this is done through vision and mission building.

c. *Considering planning premises*

Planning premises helps deciding on the environment (both external and internal) in which our plans is going to operate in turn which helps to know the facts and information relating to the future such as population trends, general economic conditions, production costs and prices, probable competitive behavior, capital and material availability, government control and so on

There are 3 types of planning premises

(i) *Internal and external premises:*

Internal premises include sales forecasts, policies and programmes of the organization, capital investment in plant and equipment, competence of management, skill of labour, etc.

External premises can be classified into three different groups; Business environment, factors which influence the demand for the product and the factors which affect the resources available to the enterprise

(ii) *Tangible and non-tangible premises:*

Tangible premises are those which can be quantitatively measured, examples are population growth, industry demand, capital and resources invested in the organization are all tangible.

Intangible premises are those which being qualitative in character and cannot be measured. Examples are political stability, sociological factors, business and economic environment.

(iii) *Controllable and non-controllable premises:*

Some of the planning premises are controllable Ex., company's advertising agency, competence of management member's skill of the labor force, availability of resources in terms of capital and labor, attitude and behavior of the owners of the organization.

Some of the planning premises are non-controllable because of noncontrollable factors such as strikes, wars, natural calamities, emergency, legislation, etc.

(d) *Determination of alternative course of action*

Next step is to search and identify some alternative courses of action. It is obvious that there will be alternatives for plan so one need to explore and list all alternatives available.

(e) *Evaluating and selecting course of action*

Once we find alternatives next we need to evaluate them with respect to the premises and goals. A desired and best suitable alternative is selected by comprehensive analysis with reference to cost , risk and gain etc., keeping in mind goals and objectives.

(f) *Developing derivative Plan*

Once the plan has been formulated its broad goal must be translated into day to day operations of the organizations. Middle and lower managers must draw up the appropriate plans, programmes and budget for their sub units.

(g) *Measuring and controlling progress*

Managers need to check the progress of their plans made so that

- Take whatever remedial action is necessary to make the plan.
- Change the original plan if there is uncertainty.