

MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-1

PART-IV

MANAGERIAL FUNCTIONS

Main Functions

1. Planning

Planning is deciding in advance (what is to be done). It is an important and a vital function of management. Almost all managers plan, whether they are at the top, middle or bottom of organisation. Planning is done with the aim of chalking out future course of action. According to **M.E. Hurle**, Planning is deciding in advance what is to be done. It involves the selection of objectives, policies, procedures and programmes for attaining enterprise goals." Under planning, we determine (i) What is to be done and why? (ii) How the work is to be done? and (iii) When and by whom the work is to be done? Planning is a mental process which means 'first think and then do'. According to **G.R. Terry**, *"Planning is a method or technique of looking ahead, a constructive reviewing of future so that present actions can be adjusted in view of the established goals."*

Importance of Planning

Management planning is an inevitable pre-requisite for the attainment of business objectives by rational use of resources.

It facilitates building up organisational framework for performing the basic administrative tasks of co-ordination, motivation, direction and controlling.

It helps in critical evaluation of relative merits and demerits of alternate policies and actions and choosing the 'best' programme for achieving the pre-determined objectives and targets. It lends selective touch to decision-making.

It involves scientific processes of observation, investigation, research techniques, operation analysis, advance financial arrangements, etc. so that the desired objectives can be logically pursued. It introduces dynamism in business administration.

Essentials of an Ideal Plan

A well-conceived plan, according to **Urwick**, should have the following traits:

- (i) It should be simple.
- (ii) It should be flexible.
- (iii) It should be based on clearly defined objective.
- (iv) It should be balanced.
- (v) There should be optimum use of all the available resources.
- (vi) It should provide for a proper analysis and classification of actions.

Forecasting and decision-making are the important components of planning. For the accomplishment of pre-determined goals, policy formulation, budgeting, formulation of rules, establishing procedure and strategy are essential. All of these are included in the planning process.

Planning is a general activity. It is a necessary part of all operations of an enterprise, and of the operations of each of its department and individuals. It inspires people to action and also determines their mode of action. Thus, planning is an integral part of management. Here it is not improper to say, "Without proper planning, all the efforts will go into the mouth of dog."

2. Organisation

To organise means to put into working order and arrange on a system. Organisation can be defined as arranging a number of complex tasks to manageable units and defining the formal relationship among the people who are assigned the various units of tasks. The process of organising is very essential for accomplishing the objectives of the organisation set by administration and planned by management. It involves the establishment of an organisation structure through determination and grouping the activities, the assignment of activities to the specific departments and individuals defining role and establishing relationship, the delegation of authority to carry out the responsibility and provision of co-ordination of men and work. Organisation has two branches material organising and human organising, yet the human part is more important. Physical resources are limited. Work is, therefore, divided. Organising provides the necessary push to the concerned endeavour of all the persons. *"Organisation is the process of identifying and grouping the work to be reformed, defining and delegating responsibility and authority, establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."*

-L.A. Allen

The Elements of Organisation are:

- (i) Grouping of activities
- (ii) Allocation of duties
- (iii) Fixation of Responsibility.
- (iv) Delegation of Authority
- (v) Establishing co-ordinated relationship between different components of authority
- (vi) Mobilisation of Fixed and Working capital
- (vii) Providing equipment and work facilities.

Organising is the creation of harmonious structure of authority responsibility relationship. Who shall have authority over whom, and for what purpose? And who shall be accountable to whom and for what? Unless due thought is given to establishing correct relationships within a business, there are bound to be many managerial problems. According to **Urwick**, *"Organisation is determining what activities are necessary to any purpose or plan and arranging them in groups which may be assigned to individuals."* The organising function of management can be classified into the following sub-activities:

- a) **Determination of Total Activities:** The number, nature and size of different activities performed in an organisation are determined taking into consideration the size, objective and targets of an organisation. Different people are held responsible for different activities by classifying different activities into sub-activities.
- b) **Grouping of Activities:** After determining activities these are grouped in different departments. The activities are grouped on the basis of their nature and methods of production.
- c) **Allocation of Responsibility:** After the classification of activities, responsibility of doing these activities is allocated to different people. Different people are held responsible for different departments.
- d) **Delegation of Authority:** After determining the liabilities the authority is delegated to fulfil the objectives. Delegation of authority means decentralisation of power.
- e) **Staffing:** Selection and training of different persons on different posts is a component of organisation. Koontz and O'Donnell consider it as a separate function. The success of an enterprise largely depends upon the quality of its organisation. Andrew Carnegie has concluded, "Take away our trade, our avenues of transportation, our money. Leave us nothing but our organisation, and in four years we shall have re-established ourselves."

3. Staffing

The Staffing of an organisation is as important as the structure itself since successful performance by individuals determines whether the structure can produce its results successfully or not. Staffing is a process of matching the jobs with individuals. It is a function of managing the jobs. Staffing involves the recruitment, selection, training, placement, compensating promotion and demotion and finally the retirement of an employee. The sole aim of staffing is to take the right man for the right job. It needs man power planning, job analysis and such other staff functions. It is the quality of hired personnel which governs the future of a business enterprise. Another popular term for staffing is "Human Resource Management."

"The management function of staffing involves managing the organisation structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure."

-Koontz and O'Donnell

Psychology and Sociology have added a considerable and important body of knowledge and practice in this area of managerial function. As such it is but just the right attitude, to consider it as a separate function of business management. In fact, this function is the heart and essence of managing. Someone has rightly said, *"No business is better than the people who operate it."*

The basic framework of staffing consists of following sequence of functions

- (i) Selection of personnel;
- (ii) To provide training to employees;
- (iii) To maintain the efficiency of employees;
- (iv) To evaluate the work of employees and to give them promotion;
- (v) Transfer of employees;
- (vi) To determine fair salary policy;
- (vii) To determine retirement policy; and
- (viii) Determination of employees' remuneration.

4. Direction

Direction means 'telling people what to do and seeing that they do it to the best of their ability. As a process of management, direction is concerned with getting work done through and with people; they require continuous encouragement to work effectively. According to **Terry**, *"Directing means moving to action and supplying stimulate power to group of persons."*

A good planning and the best organisation may fail to deliver to goods if the direction is faulty and is not up to the mark. Direction is concerned with the execution of plans. It initiates organised action and breathes life into the organisation. Actually speaking, direction is

'Management in Action'. Direction includes supervision, motivation, as well as, leadership. Motivation and leadership need communication and co-ordination. According to **Satya Saran Chatterjee**, *"Direction is the sum total of all managerial efforts that is applied for guiding, and inspiring the working terms to achieve better accomplishments in the organisation."*

According to **George R. Terry**, direction:

- (i) provides motion to the action;
- (ii) provides motivation to employees;
- (iii) provides stimulating power among employees for doing a work.

According to **Strong**, direction:

- (i) provides direction to sub-ordinates for doing a work; and
- (ii) gives them an order for doing a work.

A director directs the activities of different persons working under him. He gives them order and instructions from time to time. He lays down the procedures and prepares work schedule. He provides counselling and guidance to his sub-ordinates. He functions for the improvement of efficiency and productivity of the persons working under him. He is also responsible for the work of employees working under him. This process mainly includes the following functions:

A. Communication: Communication is a cement that makes an organisation. No organisation can exist without communication. From management's point of view, all management actions must pass through the bottleneck of communication. Communication involves a systematic and continuing process of telling, listening and understanding. Communication is a two-way process:

- (a) Orders and instructions from top level to lower levels; and
- (b) Suggestions and complaints from lower levels upwards.

"Communication is the transfer of information and understanding from one person to another person. It is a bridge of meaning among people."

-Keith Davis

- B. **Motivation:** 'Motivation' is a term derived from the word 'motive'. A motive is a prime moving cause that sets human machine into action. Management's job is to identify and activate employee motives towards task performance. It is an inner impulse causing man to action.

"Motivation means the act of stimulating someone or oneself to get a desired course of action-to push the right button to get a desired reaction-a compliment, dollar raise, a smile, a promise of raise, a new typewriter, a preferred location or a new desk."

-Michel J, Jucius

- C. **Leadership:** Leadership is the art of influencing the behaviour of people in particular direction. Leadership, in fact, is a part of management, but not all of it. A manager is required to plan and organise, but all we ask of a leader is to influence others to follow.

"Leadership is the lifting of man's vision to higher sights, the raising of man's performance to a higher standard, the building of man's personality beyond its normal limitations."

-Peter F. Drucker

5. Control

Control is an important function of management. It is an essential feature of scientific management. Control ensures qualitative and quantitative performance of work in the organisation for the achievement of objectives and the completion of plans. It is the binding force which orderly links all components of an enterprise. Controlling includes evaluation to determine whether the planned objectives or results have been achieved. The main purpose of control is to see whether everything in the organisation is being done in accordance with pre-determined plans. Actually speaking, control is inseparable from planning. Planning provides basis for control and control gives meaning to planning. An efficient control system predicts deviations well in advance to initiate corrective action before substantial loss occurs.

(i) "In an undertaking, control consists in verifying whether everything occurs in conformity with the plans adopted, the instructions issued and the principles established. Its objective is to point out the weakness and error in order to rectify them and prevent their occurrence. It operates on everything i.e., things, people and action."

-H. Fayol

(ii) "Control, like planning, is ideally forward looking, and the best kind of managerial control corrects deviations from plans before they occur."

-Koontz and O'Donnell

The purpose of controlling can be summarised as follows:

- (i) Ascertaining the time within which the work is completed.
- (ii) Seeing that causes of delay are removed and operations are suitably re-scheduled.
- (iii) Finding out the progress of the work-the work already completed and the work in process.
- (iv) Ensuring that variations in the contents and methodology of work are remedied by appropriate adjustments.
- (v) Maintaining discipline and morale in the organisation.
- (vi) Comparing the actual performances of the work at different stages with the particulars indicated in the plans and policies.
- (vii) Evaluating the worth of the work done and recognising contributions of the staff towards realisation of the goals of the enterprise.
- (viii) Knowing the delays or interruptions, if any, in the performance of work and tracing the causes of such delay or break-down.
- (ix) Verifying quantity and testing quality of the output produced,
- (x) Assessing the cost of materials and labour used and ensuring that direct costs and indirect expenses do not exceed the budget provisions.
- (xi) Pinpointing the responsibility on individuals at different levels for slackness, indifference or negligence, if any, in the expected levels of performance.