Management Important Questions Notes

Q1: Define Management. Elaborate the management process.

Management in all business and human organization activity is simply the act of getting people together to accomplish desired goals and objectives. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal.

PROCESS OF MANAGEMENT:
Performance of management is necessarily a subject to its functions. Earlier management was segregated into five functions which were-

- Planning
- Organizing
- Staffing
- Directing and
- Controlling.

With changing times and increasing business complexities, the functions of management also increased and functions like reporting, co-coordinating, budgeting etc. was identified. Primarily, this step was taken to ensure departmentalization of management functions so that effectiveness and efficiency could be enhanced. However, different management thinkers differ on
the numbers of functions. Essentially a creative problem solving methodology, the purpose of management is achieved through these functions. The basic objective of these functions is maximum utilization of resources available at company's disposal so that organization's mission and policies could be achieved in the best possible way.

As we delve deeper in every function, planning is the first function which is basically a logical thinking process that decides what needs to be done in order to achieve organization's goals and objectives. It focuses on the broader perspective of the business as well as taking into consideration, the tactical methods to get the desired results.

Organizing is about setting up and maintaining the internal organizational structure in accordance with objectives mentioned in planning stage. It also involves assigning tasks to various individuals for the larger goal of organization's missions and objectives.

Staffing is the process of choosing right people for organization. It can be associated with human resource management and involves recruitment, hiring, training and compensating the workforce.

**Directing** is guiding people in the organization through the means of counseling, instructing, motivating and various other modes of communication. It helps in channelizing the activities and conduct of employees so that organizational goals can be accomplished.

**Controlling** is the sum total of process which ensures all the plans are executed and implemented in the desired way. It also decides about whether some corrective and preventive
methods need to be taken. It is meant to ascertain problem areas and remedial measures.
Apart from these, minor functions include reporting, budgeting and co-coordinating which are designed to perform specific functions.

Q 2: Discuss 5 management functions while elaborating on the planning function and pre requisites for effective planning.

Planning:

When management is reviewed as a process, planning is the first step taken by a manager. The work of a manager begins with the setting of objectives of the organization in each area of the business. This is done through planning. The alternatives to achieve the objectives are evaluated and the selected alternative becomes the plan of action.
A plan is a predetermined course of action to accomplish the set objectives. It is today’s projection for tomorrow’s activity. Once the plan is formulated, the manager has to indicate the objectives of the plan are formulated; the manager has to indicate the objectives of the plan and steps to be taken by his subordinates. Planning makes things happen that would not otherwise occur.

Organizing:

Managing a business is not just planning. It includes putting life into the plan by bringing together the executive personnel, workers, capital, machinery, materials, physical facilities and
other things or services to execute the plans. When these resources are assembled the enterprise comes to life. Organizing involves determining activities needed by to fulfill the objectives, grouping these activities into various departments, and assigning such group of activities to managers. Planning decides what management wants to do, while organizing provides an effective machine for achieving the plan or objectives.

**Staffing:**

Staffing involves filling positions needed in the organization structure by appointing competent and qualified persons for the jobs. This needs planning and management of Human Resource. We have to provide suitable methods of remuneration and performance appraisal. Personnel manager does staffing. However, the top management is the ultimate authority responsible for all activities relating to staffing.

**Leading:**

The Function of leading has been termed Motivating. Directing, Guiding, Teaching, Stimulating and actuating. This managerial function is directly concerned with human factors of an organization. Manager by leadership and motivation has lead and guide all subordinates and get the work done through people. Leading involves managers, Managing workers and the work through the means of motivation, proper leadership, effective communication as well as co-ordination. Manager must develop the ability to lead. He must be able to secure willing obedience from his subordinates without destroying their initiative and creativity. The term "Leading' instead of directing
reflects the trend of modern management philosophy. Leading is the art of influencing people so that they work willingly and enthusiastically in order to achieve group goals.

Motivating:

This managerial function is fully reflected when we define management as the art of getting things done willingly through and with other people. Management is interested in two primarily elements:

- Things i.e. material resources and
- Men and women i.e. Human Resources. A thing is subject to the laws of mechanics and it is susceptible to scientific or machine-like treatment. But human beings cannot be subjected to scientific or machine-like treatment. However, through the power of leadership and the science of co-operation we can evolve a suitable method of integrating the interests of individuals and the organization. Motivating is inseparably intertwined with leadership.

The power of management exists with or through people, but never over them, at least in a democratic society. Authority may be imposed from above but it must be supported, nourished and recognized from below, i.e. from the subordinates. Then only the authority is meaningful and it can work smoothly. The managerial power has its source in the methods of leading, motivating, appraising, teaching, influencing, counseling, coaching, delegating and setting an example. So the manager plans, organizes, leads, and motivates the people working with him.

Motivating and leadership are the master-keys to successful management of any enterprise. They are also responsible to
ensure productivity of human resources. Motivation can set into motion a person to carry out certain activity. Motivation assumes unique in modern management. Democratic leadership heavily relies on motivation of employees, through inspiration and financial incentives. Human values in industry have accorded special emphasis to this managerial function. Effective communication and participation enhance the power of motivation. Feedback of information (upward communication) is necessary for effective motivation and leadership. When the job itself is meaningful, interesting and challenging it can provide maximum motivation power to the employee. Self-motivation from within is preferable for extra-ordinary performance. Satisfaction for accomplishing a challenging job becomes the self- administered reward.

**Controlling:**

Controlling is the last phase of the management process. Control is the process of measuring actual results of present performance, comparing those results to plans or some standard of performance, finding out the reason for deviations of actual from desired result and taking corrective action when necessary. The corrective action may lead to a change in the method of implementation of the plan or even a change in the objectives. Usually our desired performance standard is the objectives, policies, programmes, procedures and budgets. A good plan assures effective control.

**Or**

**PLANNING:**
A plan is a predetermined course of action which provides purpose and direction of an organization. Planning is foreseeing future circumstances and requirements, then, setting objectives, making long and short term plans and determining the policies to be followed with standards to be set. It involves making a systematic process for achieving the organization’s goals. In planning, managers receive and store information, monitor and disseminate the information. A manager makes decisions on strategy and allocation of resources and initiate planned changes. Strategic planning is the process of developing and analyzing the organizations mission, overall goals, general strategies and allocating resources.

Steps in planning

1. Define the organization’s mission and vision.
2. SWOT ANALYSIS
3. Setting goals and objectives.
4. Develop a strategy.
5. Implementation of strategy.
6. Evaluating/monitoring and control

ORGANIZING:

This is the identification and classification of the required activities, the grouping of activities necessary to attain objectives, the assignment of each grouping to a manager with authority and the provision of coordination. In organizing, structures are created, relationships established and resources are allocated for the accomplishment of activities.
In organizing, plans are reviewed, tasks to be performed are listed, tasks are grouped into jobs that can be done by an individual, departments are created, work is assigned to individuals and authority is delegated.

**STAFFING:**

Staffing involves manning the organizational structure through proper and effective appraisal, selection and development of people to fill the roles designed into the structure. Staffing is also known as Human Resource Management. In other words, it is the management function devoted to acquiring, training, appraising, and compensating employees. Staffing process involves:

1) - Development of organizational structure.
2) - Assessment of manpower required and available.
3) - Assessment of their quality, qualification and skills for the job.
4) - Appraisal – Strength and shortcomings
5) - Conduct development programs.

**CONTROLLING:**

This is the measurement and correction of performance in order to ensure that enterprise objectives and plans devised to attain them are accomplished. Controlling is a function of every manager both at lower and upper level since all have responsibility for the execution of plans. In controlling we must:
Establish standards-
These are criteria for performance used by managers to measure performance since managers cannot usually watch everything being done within an organization.

Measure performance-
This should be on a forward looking basis so that deviations may be detected in advance of their occurrence and avoided by appropriate actions. This is through detection of probable departures from standards.

Correct deviations-
- Standards should reflect the various positions in an organization structure. Managers may correct deviations by redrawing their plans or by modifying their goals. They may also correct by exercising their organizing function through reassignment or clarification of duties. They may correct also by additional staffing, better selection and training of subordinate or by firing staff.

Standards set may be physical like labor hours per unit produced, may be cost standards like cost per unit produced or revenue standards like sales per customer.

For control to be effective there must be real time feedback.

**DIRECTING.**
Directing involves the initiation of action and it entails three elements that are action oriented in nature. These are motivation, communication and leadership.

**Leading** is the process of influencing people so that they will contribute to organization and group goals.

**Conclusion**
Management has been identified as a systematic body of knowledge based on general principles, concepts, theories and techniques which are variable in terms of business practice.
These are embodied in the managerial functions of planning, organizing, staffing, directing and controlling which form the job of a manager.

In planning we establish objectives, and plans.

In Organizing, activities are grouped.

In staffing we recruit, select and train personnel required by the organization.

In directing the manager leads, motivates and appraise personnel.

Controlling is concerned with how well the organization is faring.

Q3: Elaborate in detail the different types of decisions that managers take at different levels in an organization?

NATURE AND TYPES OF MANAGERIAL DECISIONS

Nature of Managerial Decision-making:
The situations in which managers have to act differ according to the types of problems that must be handled.

Programmed decisions are those made in routine, repetitive, well-structured situations through the use of predetermined decision rules.

Many programmed decisions are derived from established practices and procedures or habit. Computers are an ideal tool
for dealing with several kinds of complex programmed decisions.
Most of the decisions made by first-line managers and many by middle managers are Programmed decisions. Non-programmed decisions are those for which predetermined decision rules are impractical because the situations are novel and/or ill-structured.
Types of Problems and Decisions:
Managers will be faced with different types of problems and will use different types of decisions.

1. Well-structured problems are straightforward, familiar, and easily defined. In handling this situation, a manager can use a programmed decision, which is a repetitive decision that can be handled by a routine approach. There are three possible programmed decisions.
   a. A procedure is a series of interrelated sequential steps that can be used to respond to a structured problem.
   b. A rule is an explicit statement that tells managers what they ought or ought not to do.
   c. A policy is a guide that establishes parameters for making decisions rather than specifically stating what should or should not be done

2. Poorly structured problems are new or unusual problems in which information is ambiguous or incomplete. These problems are best handled by a non-programmed decision that is a unique decision that requires a custom-made solution.
General Organizational Situations:
a. At the higher levels of the organization, managers are dealing with poorly structured problems and using non-programmed decisions.
b. At lower levels, managers are dealing with well-structured problems by using programmed decisions.

Since managers can make decisions on the basis of rationality, bounded rationality, or intuition, let us try to understand them one by one:

1. Assumptions of Rationality

Managerial decision making is assumed to be rational; that is, choices that is consistent and value maximizing within specified constraints. The assumptions of rationality are summarized below.

a. These assumptions are problem clarity (the problem is clear and unambiguous); goal orientation (a single, well-defined goal is to be achieved); known options (all alternatives and consequences are known); clear preferences; constant preferences (preferences are constant and stable); no time or cost constraints; and maximum pay off.
b. The assumption of rationality is that decisions are made in the best economic interests of the organization, not in the manager’s interests.
c. The assumptions of rationality can be met if: the manager is faced with a simple problem in which goals are clear and alternatives limited, in which time pressures are minimal and the cost of finding and evaluating alternatives is low, for which the organizational culture supports innovation and risk taking, and in which outcomes are concrete and measurable.
The rational model is flawed in that it does not apply to actual decision making for two reasons.

a. Perfect information is not available.
b. Manager’s values and personality factors enter into their decisions.

The rational model presents an ideal against which actual decision-making patterns can be measured.

Decision-Making Styles

Managers have different styles when it comes to making decisions and solving problems. One perspective proposes that people differ along two dimensions in the way they approach decision making.

1. One dimension is an individual’s way of thinking—rational or intuitive. The other is the individual’s tolerance for ambiguity—low or high.

2. These two dimensions lead to a two by two matrix with four different decision-making styles.

a. The directive style is one that’s characterized by low tolerance for ambiguity and a rational way of thinking.
b. The analytic style is one characterized by a high tolerance for ambiguity and a rational way of thinking.
c. The conceptual style is characterized by an intuitive way of thinking and a high tolerance for ambiguity.
d. The behavioral style is one characterized by a low tolerance for ambiguity and an intuitive way of thinking.

3. Most managers realistically probably have a dominant style and alternate styles, with some relying almost exclusively on their dominant style and others being more flexible depending on the situation.
Q 4: What do you understand by the term formal organization? State advantages and disadvantages.

In all organizations, employees are guided by rules and procedures to enable smooth functioning of the enterprise, job description and rules and procedures related to work processes have to be laid down. This is done through the formal organization. Formal organization refers to the organization structure which is designed by the management to accomplish a particular task. It specifies clearly the boundaries of authority and responsibility and there is a systematic coordination among the various activities to achieve organizational goals. The structure in a formal organization can be functional or divisional.

“The formal organization is a system of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability.” - Louis Allen

The formal organization can be better understood by a study of its features which are as follows:
(a) It specifies the relationships among various job positions and the nature of their interrelationship. This clarifies who has to report to whom.
(b) It is a means to achieve the objectives specified in the plans, as it lays down rules and procedures essential for their achievement.
(c) Efforts of various departments are coordinated, interlinked and integrated through the formal organization.
(d) It is deliberately designed by the top management to facilitate the smooth functioning of the organization.
(e) It places more emphasis on work to be performed than interpersonal relationships among the employees.

**Advantages:**

Formal organization offers many advantages. Some of the important ones are: (a) It is easier to fix responsibility since mutual relationships are clearly defined. (b) There is no ambiguity in the role that each member has to play as duties are specified. This also helps in avoiding duplication of effort. (c) Unity of command is maintained through an established chain of command. (d) It leads to effective accomplishment of goals by providing a framework for the operations to be performed and ensuring that each employee knows the role he has to play. (e) It provides stability to the organization. This is because behavior of employees can be fairly predicted since there are specific rules to guide them.

**Limitations:**

The formal organization suffers from the following limitations: (a) The formal communication may lead to procedural delays as the established chain of command has to be followed which increases the time taken for decision making. (b) Poor organization practices may not provide adequate recognition to creative talent, since it does not allow any deviations from rigidly laid down polices. (c) It is difficult to understand all human relationships in an enterprise as it places more emphasis on structure and work. Hence, the formal organization does not provide a complete picture of how an organization works.