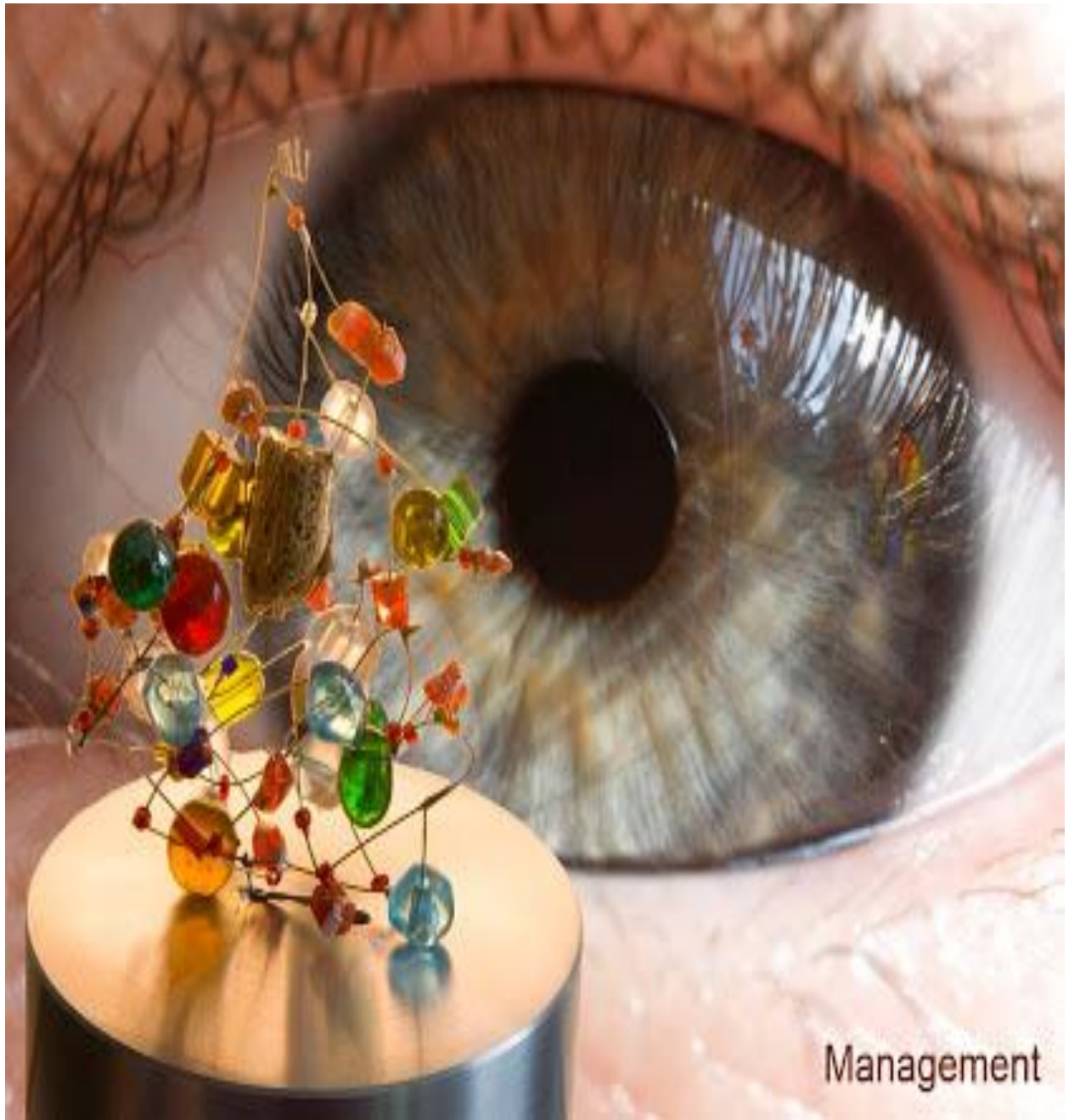




MANAGEMENT



Management

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HISTORICAL BACKGROUND OF MANAGEMENT

The recorded use of organized management dates back to 5000 B.C. when the agricultural revolution had taken place. These agricultural civilizations existed in India, China and Egypt According to Peter Drucker these irrigation civilizations "were not only one of the great ages of technology, but it represented also mankind's most productive age of social and political innovation". As the villages grew and civilizations evolved, the managers too grew and evolved. They became the priests, the kings, the ministers holding power and wealth in the society. Written documents found in the Sumerian civilization which flourished some 5000 years ago, contains evidence of management control practices.

As early as 4000 B.C., the Egyptians were aware of the importance of planning, organizing and controlling. The huge pyramids of Egypt stand a mute testimony to the managerial and organizational abilities of the ancient Egyptian civilization. One pyramid required 1,00,000 men working for 20 years, covering 13 acres, using 2.3 million blocks, each weighing an average of 2.5 tons. To produce such a monument required proper planning, work allocation, organizing, directing, controlling and decision making.

In the Grecian civilization we find the origin of the Scientific Method in the famous Socratic discourses. The Romans who built a vast empire extending from Britain in the west to Syria in the east ruled it for many years only because of their superior and advanced managerial abilities.

In ancient India Kautilya wrote his Arthashastra in about 321 B.C. the major theme of which was political, social and economic management of the State. The study of administration of the cities of Mohenjo-Daro and Harappa of the ancient Aryans in 2000 B. C., Buddha's order and the Shanghai in 530 B. C., provide evidence about the use of the principles of management.

During the 13th and 14th centuries AD the large trading houses of Italy needed a means of keeping records of their business transactions. To satisfy their needs Luca Pacioli published a treatise in 1494 describing the Double Entry System of Book-keeping for the first time.

Management thought is an evolutionary concept. New theories and principles were suggested along with new developments in the business field. The new thoughts supplemented the existing thoughts and theories. This is how developments are taking place continuously in regard to management thoughts/theories.

WHAT IS MANAGEMENT?

The concept of management has acquired special significance in the present competitive and complex business world. Efficient and purposeful management is absolutely essential for the survival of a business unit. Management concept is comprehensive and covers all aspects of business. In simple words, management means utilizing available resources in the best possible manner and also for achieving well defined objectives. It is a distinct and dynamic process involving use of different resources for achieving well defined objectives. The resources are: men, money, materials, machines, methods and markets. These are the six basic inputs in management process (six M's of management) and the output is in the form of achievement of objectives. It is the end result of inputs and is available through efficient management process.

According to **Theo Heimann**, management has three different meanings, viz.,

1. **Management as a Noun:** refers to a Group of Managers.
2. **Management as a Process:** refers to the Functions of Management i.e. Planning, Organizing, Directing, Controlling, etc.
3. **Management as a Discipline:** refers to the Subject of Management.

Management is an individual or a group of individuals that accept responsibilities to run an organization. They Plan, Organize, Direct and Control all the essential activities of the organization. Management does not do the work themselves. They motivate others to do the work and co-ordinate (i.e. bring together) all the work for achieving the objectives of the organization.

Management brings together all **Six M's**. i.e. Men and Women, Money, Machines, Materials, Methods and Markets. They use these resources for achieving the objectives of the organization such as high sales, maximum profits, business expansion, etc.

DEFINITIONS OF MANAGEMENT

According to **Harold Koontz**,

"Management is the art of getting things done through and with people in formally organized groups."

Harold Koontz gave this definition of management in his book "*The Management Theory Jungle*".

According to **Henri Fayol**,

"To manage is to forecast and to plan, to organize, to command, to co-ordinate and to control."

Henri Fayol gave this definition of management in his book "*Industrial and General Administration*".

According to **Peter Drucker**,

"Management is a multi-purpose organ that manages business and manages managers and manages workers and work."

This definition of management was given by Peter Drucker in his book "*The Principles of Management*".

According to **Mary Parker Follet**,

"Management is the art of getting things done through people."

FEATURES OF MANAGEMENT

Following image depicts fourteen important features of management.

Features of Management

1. Continuous and Never Ending Process.

2. Art of Getting Work Done from People.

3. Is Result-Oriented.

4. Multidisciplinary in Nature.

5. Group and Not an Individual Activity.

6. Follows Established Principles or Rules.

7. Aided but Not Replaced by Computers.

8. Situational in Nature.

9. Separate from Ownership.

10. Both an Art as well as a Science.

11. Is All Pervasive.

12. Intangible but its Impact is Felt.

13. Uses a Professional Approach in Work.

14. Dynamic in Nature.

THE NATURE, MAIN CHARACTERISTICS OR FEATURES OF MANAGEMENT:

1. Continuous and never ending process.
2. Getting things done through people.
3. Result oriented science and art.
4. Multidisciplinary in nature.
5. A group and not an individual activity.
6. Follows established principles or rules.
7. Aided but not replaced by computers.
8. Situational in nature.
9. Need not be an ownership.
10. Both an art and science.
11. Management is all pervasive.
12. Management is intangible.
13. Uses a professional approach in work.
14. Dynamic in nature.

Now let's briefly discuss each feature of management.

1. CONTINUOUS AND NEVER ENDING PROCESS

Management is a Process. It includes four main functions, viz., Planning, Organizing, Directing and Controlling. The manager has to Plan and organize all the activities. He had to give proper Directions to his subordinates. He also has to Control all the activities. The manager has to perform these functions continuously. Therefore, management is a continuous and never ending process.

2. GETTING THINGS DONE THROUGH PEOPLE

The managers do not do the work themselves. They get the work done through the workers. The workers should not be treated like slaves. They should not be tricked, threatened or forced to do the work. A favorable work environment should be created and maintained.

3. RESULT ORIENTED SCIENCE AND ART

Management is result oriented because it gives a lot of importance to "**Results**". Examples of Results like, increase in market share, increase in profits, etc. Management always wants to get the best results at all times.

4. MULTIDISCIPLINARY IN NATURE

Management has to get the work done through people. It has to manage people. This is a very difficult job because different people have different emotions, feelings, aspirations, etc. Similarly, the same person may have different emotions at different times. So, management is a very complex job. Therefore, management uses knowledge from many different subjects such as Economics, Information Technology, Psychology, Sociology, etc. Therefore, it is multidisciplinary in nature.

5. A GROUP AND NOT AN INDIVIDUAL ACTIVITY

Management is not an individual activity. It is a group activity. It uses group (employees) efforts to achieve group (owners) objectives. It tries to satisfy the needs and wants of a group (consumers). Nowadays, importance is given to the team (group) and not to individuals.

6. FOLLOWS ESTABLISHED PRINCIPLES OR RULES

Management follows established principles, such as division of work, discipline, unity of command, etc. These principles help to prevent and solve the problems in the organization.

7. AIDED BUT NOT REPLACED BY COMPUTERS

Now-a-days, all managers use computers. Computers help the managers to take accurate decisions. However, computers can only help management. Computers cannot replace management. This is because management takes the final responsibility. Thus Management is aided (helped) but not replaced by computers.

8. SITUATIONAL IN NATURE

Management makes plans, policies and decisions according to the situation. It changes its style according to the situation. It uses different plans, policies, decisions and styles for different situations.

The manager first studies the full present situation. Then he draws conclusions about the situation. Then he makes plans, decisions, etc., which are best for the present situation. This is called **Situational** Management.

9. NEED NOT BE AN OWNERSHIP

In small organizations, management and ownership are one and the same. However, in large organizations, management is separate from ownership. The managers are highly qualified professionals who are hired from outside. The owners are the shareholders of the company.

10. BOTH AN ART AND SCIENCE

Management is result-oriented. Therefore, it is an Art. Management conducts continuous research. Thus, it is also a Science.

11. MANAGEMENT IS ALL PERVASIVE

Management is necessary for running a business. It is also essential for running business, educational, charitable and religious institutions. Management is a must for all activities, and therefore, it is all pervasive.

12. MANAGEMENT IS INTANGIBLE

Management is intangible, i.e. it cannot be seen and touched, but it can be felt and realized by its results. The success or failure of management can be judged only by its results. If there is good discipline, good productivity, good profits, etc., then the management is successful and vice-versa.

13. USES A PROFESSIONAL APPROACH IN WORK

Managers use a professional approach for getting the work done from their subordinates. They delegate (i.e. give) authority to their subordinates. They ask their subordinates to give suggestions for improving their work. They also encourage subordinates to take the initiative. Initiative means to do the right thing at the right time without being guided or helped by the superior.

14. DYNAMIC IN NATURE

Management is dynamic in nature. That is, management is creative and innovative. An organization will survive and succeed only if it is dynamic. It must continuously bring in new and creative ideas, new products, new product features, new ads, new marketing techniques, etc.

IMPORTANCE OF MANAGEMENT

1. OPTIMUM UTILIZATION OF RESOURCES:

Management facilitates optimum utilization of available human and physical resources, which leads to progress and prosperity of a business enterprise. Even wastages of all types are eliminated or minimized.

2. COMPETITIVE STRENGTH:

Management develops competitive strength in an enterprise. This enables an enterprise to develop and expand its assets and profits.

3. CORDIAL INDUSTRIAL RELATION:

Management develops cordial industrial relations, ensures better life and welfare to employees and raises their morale through suitable incentives.

4. MOTIVATION OF EMPLOYEES:

It motivates employees to take more interest and initiatives in the work assigned and contribute for raising productivity and profitability of the enterprise.

5. EFFECTIVE MANAGEMENT:

Society gets the benefits of efficient management in terms of industrial development, justice to different social groups, consumer satisfaction and welfare and proper discharge of social responsibilities

6. EXPANSION OF BUSINESS:

Expansion, growth and diversification of a business unit are possible through efficient management

7. BRINGS STABILITY AND PROSPERITY:

Efficient management brings success, stability and prosperity to a business enterprise through cooperation among employees.

8. DEVELOPS TEAM SPIRIT:

Management develops team spirit and raises overall efficiency of a business enterprise.

9. ENSURES EFFECTIVE USE OF MANAGERS:

Management ensures effective use of managers so that the benefits of their experience, skills and maturity are available to the enterprise.

10. ENSURES SMOOTH FUNCTIONING:

Management ensures smooth, orderly and continues functioning of an enterprise over a long period. It also raises the efficiency, productivity and profitability of an enterprise.

11. REDUCES TURNOVER AND ABSENTEEISM:

Efficient management reduces labor turnover and absenteeism and ensures continuity in the business activities and operations.

12. CREATES SOUND ORGANISATION: A dynamic and progressive management guarantees development of sound Organization, which can face any situation - favorable or unfavorable with ease and confidence.

MANAGEMENT AS AN ART, SCIENCE OR PROFESSION

Art implies application of knowledge & skill to trying about desired results. An art may be defined as personalized application of general theoretical principles for

achieving best possible results. Art has the following characters –

1. PRACTICAL KNOWLEDGE:

Every art requires practical knowledge therefore learning of theory is not sufficient. It is very important to know practical application of theoretical principles. E.g. to become a good painter, the person may not only be knowing different color and brushes but different designs, dimensions, situations etc. to use them appropriately. A manager can never be successful just by obtaining degree or diploma in management; he must have also known how to apply various principles in real situations by functioning in capacity of manager.

2. PERSONAL SKILL:

Although theoretical base may be same for every artist, but each one has his own style and approach towards his job. That is why the level of success and quality of performance differs from one person to another. E.g. there are several qualified painters but M.F. Husain is recognized for his style. Similarly management as an art is also personalized. Every manager has his own way of managing things based on his knowledge, experience and personality, that is why some managers are known as good managers (like Aditya Birla, Rahul Bajaj) whereas others as bad.

3. CREATIVITY:

Every artist has an element of creativity in line. That is why he aims at producing something that has never existed before which requires combination of intelligence & imagination. Management is also creative in

nature like any other art. It combines human and non-human resources in useful way so as to achieve desired results. It tries to produce sweet music by combining chords in an efficient manner.

4. PERFECTION THROUGH PRACTICE:

Practice makes a man perfect. Every artist becomes more and more proficient through constant practice. Similarly managers learn through an art of trial and error initially but application of management principles over the years makes them perfect in the job of managing.

5. GOAL-ORIENTED:

Every art is result oriented as it seeks to achieve concrete results. In the same manner, management is also directed towards accomplishment of pre-determined goals. Managers use various resources like men, money, material, machinery & methods to promote growth of an organization.

Thus, we can say that management is an art therefore it requires application of certain principles rather it is an art of highest order because it deals with molding the attitude and behavior of people at work towards desired goals.

MANAGEMENT IS AN SCIENCE

The positive view of scientific management was described by Taylor as "Science, not rule of thumb; Harmony, not discord; Co-operation, not individualism;

maximum output in place of restricted output. The development of each man to his greatest efficiency and prosperity".

F.W. Taylor is rightly treated as father of scientific management. In fact, through his concept of scientific management, Taylor actually developed a new science of management which is applicable not only to management of industrial units but also to the management of all other business units. He suggested certain techniques which can be applied purposefully to all aspects of management of business activities. This is treated as Taylor's unique contribution to management thought.

The fundamental principles suggested by F. W. Taylor in his scientific management can be treated as his contribution to management thought. In fact, Taylor suggested scientific attitude and a new philosophy for discarding old and outdated ideas and techniques. He was instrumental for the introduction of new ideas and techniques in the science of management. These ideas and techniques are now accepted in theory as well as in practice.

Management is both an art and a science. The above mentioned points clearly reveal that management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

A manager to be successful in his profession must acquire the knowledge of science & the art of applying it.

Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. E.g. a person cannot become a good singer unless he has knowledge about various ragas & he also applies his personal skill in the art of singing. Same way it is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other (like tea and biscuit, bread and butter etc.).

The old saying that “Manager are Born” has been rejected in favor of “Managers are Made”. It has been aptly remarked that management is the oldest of art and youngest of science. To conclude, we can say that science is the root .



: - F.W. TAYLOR

MANAGEMENT IS PROFESSION

Over a large few decades, factors such as growing size of business unit, separation of ownership from management, growing competition etc. have led to an increased demand for professionally qualified managers. The task of manager has been quite specialized. As a result of these developments the management has reached a stage where everything is to be managed professionally.

A profession may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative

body. The essentials of a profession are:

1. **Specialized Knowledge** - A profession must have a systematic body of knowledge that can be used for development of professionals. Every professional must make deliberate efforts to acquire expertise in the principles and techniques. Similarly a manager must have devotion and involvement to acquire expertise in the science of management.
2. **Formal Education & Training** - There are no. of institutes and universities to impart education & training for a profession. No one can practice a profession without going through a prescribed course. Many institutes of management have been set up for imparting education and training. For example, a CA cannot audit the A/C's unless he has acquired a degree or diploma for the same but no minimum qualifications and a course of study has been prescribed for managers by law. For example, MBA may be preferred but not necessary.
3. **Social Obligations** - Profession is a source of livelihood but professionals are primarily motivated by the desire to serve the society. Their actions are influenced by social norms and values. Similarly a manager is responsible not only to its owners but also to the society and therefore he is expected to provide quality goods at reasonable prices to the society.
4. **Code of Conduct** - Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. A code of conduct is enforced by a representative association to ensure self-discipline among its members. Any member violating the code of conduct can be punished and his membership can be withdrawn.
5. **Representative Association** - For the regulation of profession, existence of a representative body is a must. For example, an institute of Chartered Accountants of India establishes and administers standards of competence for the auditors but the AIMA however does not have any statutory powers to regulate the activities of managers.

From above discussion, it is quite clear that management fulfills several essentials of a profession, even then it is not a full-fledged profession because: -

- a. It does not restrict the entry in managerial jobs for account of one standard or other.
- b. No minimum qualifications have been prescribed for managers.

- c. No management association has the authority to grant a certificate of practice to various managers.
- d. All managers are supposed to abide by the code formulated by AIMA,
- e. Competent education and training facilities do not exist.
- f. Managers are responsible to many groups such as shareholders, employees and society. A regulatory code may curtail their freedom.
- g. Managers are known by their performance and not mere degrees.
- h. The ultimate goal of business is to maximize profit and not social welfare. That is why Haymes has rightly remarked, “The slogan for management is becoming - 'He who serves best, also profits most'.”

MANAGEMENT PROCESS/ FUNCTIONS

1. PLANNING:

Planning is the primary function of management. It involves determination of a course of action to achieve desired results/objectives. Planning is the starting point of management process and all other functions of management are related to and dependent on planning function. Planning is the key to success, stability and prosperity in business. It acts as a tool for solving the problems of a business unit. Planning plays a pivotal role in business

management It helps to visualize the future problems and keeps management ready with possible solutions.

2. ORGANIZING:

Organizing is next to planning. It means to bring the resources (men, materials, machines, etc.) together and use them properly for achieving the objectives. Organization is a process as well as it is a structure. Organizing means arranging ways and means for the execution of a business plan. It provides suitable administrative structure and facilitates execution of proposed plan. Organizing involves different aspects such as departmentation, span of control delegation of authority, establishment of superior-subordinate relationship and provision of mechanism for co-ordination of various business activities.

3. STAFFING:

Staffing refers to manpower required for the execution of a business plan. Staffing, as managerial function, involves recruitment, selection, appraisal, remuneration and development of managerial personnel. The need of staffing arises in the initial period and also from time to time for replacement and also along with the expansion and diversification of business activities. Every business unit needs efficient, stable and cooperative staff for the management of business activities. Manpower is the most important asset of a business unit. In many organizations, manpower planning and development activities are entrusted to personnel manager or HRD manager. 'Right man for the right job' is the basic principle in staffing.

4. DIRECTING (LEADING):

Directing as a managerial function, deals with guiding and instructing people to do the work in the right manner. Directing/leading is the responsibility of managers at all levels. They have to work as leaders of their subordinates. Clear plans and sound organization set the stage but it requires a manager to direct and lead his men for achieving the objectives. Directing function is quite comprehensive. It involves Directing as well as raising the morale of subordinates. It also involves communicating, leading and motivating. Leadership is essential on the part of managers for achieving organizational objectives.

5. COORDINATING:

Effective coordination and also integration of activities of different departments are essential for orderly working of an Organization. This suggests the importance of coordinating as management function. A manager must coordinate the work for which he is accountable. Co-ordination is rightly treated as the essence of management. It may be treated as an independent function or as a part of organisms function. Coordination is essential at all levels of management. It gives one clear-cut direction to the activities of individuals and departments. It also avoids misdirection and wastages and brings unity of action in the Organization. Co-ordination will not come automatically or on its own Special efforts are necessary on the part of managers for achieving such coordination.

6. CONTROLLING:

Controlling is an important function of management. It is necessary in the case of individuals and departments so as to avoid wrong actions and activities. Controlling involves three broad aspects: (a) establishing standards of performance, (b) measuring work in progress and interpreting results achieved, and (c) taking corrective actions, if required. Business plans do not give positive results automatically. Managers have to exercise effective control in order to bring success to a business plan. Control is closely linked with other managerial functions. It is rightly treated as the soul of management process. It is true that without planning there will be nothing to control It is equally true that without control planning will be only an academic exercise Controlling is a continuous activity of a supervisory nature.

7. MOTIVATING:

Motivating is one managerial function in which a manager motivates his men to give their best to the Organization. It means to encourage people to take more interest and initiative in the work assigned. Organizations prosper when the employees are motivated through special efforts including provision of facilities and incentives. Motivation is actually inspiring and encouraging people to work more and contribute more to achieve organizational objectives. It is a psychological process of great significance.

8. COMMUNICATING:

Communication (written or oral) is necessary for the exchange of facts, opinions, ideas and information between individual's and departments. In an organization, communication is useful for giving information, guidance and instructions. Managers should be good communicators. They have to use major portion of their time on communication in order to direct, motivate and co-ordinate activities of their subordinates. People think and act collectively through communication. According to Louis Allen, "Communication involves a systematic and continuing process of telling, listening and understanding".

WHAT IS PRODUCTION MANAGEMENT?

Production management means planning, organizing, directing and controlling of production activities.

Production management deals with converting raw materials into finished goods or products. It brings together the 6M's i.e. men, money, machines, materials, methods and markets to satisfy the wants of the people.



Production management also deals with decision-making regarding the quality, quantity, cost, etc., of production. It applies management principles to production.

Production management is a part of [business](#) management. It is also called "**Production Function.**" Production management is slowly being replaced by operations management.

The main **objective** of production management is to produce goods and services of the right quality, right quantity, at the right time and at minimum cost. It also tries to improve the efficiency. An efficient organization can face competition effectively. Production management ensures full or optimum utilization of available production capacity.

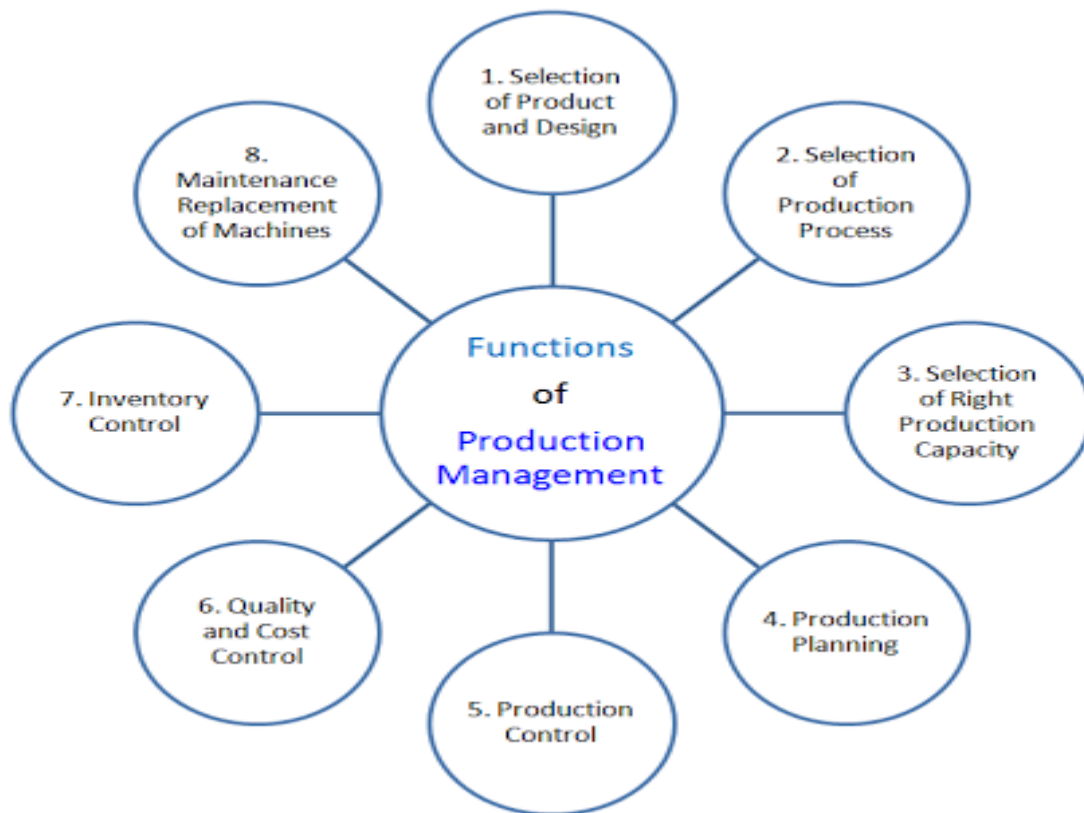
DEFINITION OF PRODUCTION MANAGEMENT

According to **Elwood Spencer Buffa**,

"Production management deals with decision-making related to production processes so that the resulting goods or service is produced according to specification, in the amount and by the schedule demanded and at minimum cost."

FUNCTIONS OF PRODUCTION MANAGEMENT

Functions of [production management](#) are depicted, listed & explained below.



THE COMPONENTS OR FUNCTIONS OF PRODUCTION MANAGEMENT ARE AS FOLLOWS:

1. Selection of Product and Design,

2. Selection of Production Process,
3. Selecting Right Production Capacity,
4. Production Planning,
5. Production Control,
6. Quality and Cost Control,
7. Inventory Control, and
8. Maintenance and Replacement of Machines

1. SELECTION OF PRODUCT AND DESIGN

Production management first selects the right product for production. Then it selects the right design for the product. Care must be taken while selecting the product and design because the survival and success of the company depend on it. The product must be selected only after detailed evaluation of all the other alternative products. After selecting the right product, the right design must be selected. The design must be according to the customers' requirements. It must give the customers maximum value at the lowest cost. So, production management must use techniques such as value engineering and value analysis.

2. SELECTION OF PRODUCTION PROCESS

Production management must select the right production process. They must decide about the type of technology, machines, material handling system, etc.

3. SELECTING RIGHT PRODUCTION CAPACITY

Production management must select the right production capacity to match the demand for the product. This is because more or less capacity will create problems. The production manager must plan the capacity for both short and long term's production. He must use break-even analysis for capacity planning.

4. PRODUCTION PLANNING

Production management includes production planning. Here, the production manager decides about the routing and scheduling.

Routing means deciding the path of work and the sequence of operations. The main objective of routing is to find out the best and most economical sequence of operations to be followed in the manufacturing process. Routing ensures a smooth flow of work.

Scheduling means to decide when to start and when to complete a particular production activity.

5. PRODUCTION CONTROL

Production management also includes production control. The manager has to monitor and control the production. He has to find out whether the actual production is done as per plans or not. He has to compare actual production with the plans and finds out the deviations. He then takes necessary steps to correct these deviations.

6. QUALITY AND COST CONTROL

Production management also includes quality and cost control. Quality and Cost Control are given a lot of importance in today's competitive world. Customers all over the world want good-quality products at cheapest prices. To satisfy this demand of consumers, the production manager must continuously improve the quality of his products. Along with this, he must also take essential steps to reduce the cost of his products.

7. INVENTORY CONTROL

Production management also includes inventory control. The production manager must monitor the level of inventories. There must be neither over stocking nor under stocking of inventories.

If there is an **overstocking**, then the working capital will be blocked, and the materials may be spoiled, wasted or misused.

If there is an **under stocking**, then production will not take place as per schedule, and deliveries will be affected.

8. MAINTENANCE AND REPLACEMENT OF MACHINES

Production management ensures proper maintenance and replacement of machines and equipment's. The production manager must have an efficient system for continuous inspection (routine checks), cleaning, oiling, maintenance and replacement of machines, equipment's, spare parts, etc. This prevents breakdown of machines and avoids production halts.

IMPORTANCE OF PRODUCTION MANAGEMENT

The importance of production management to the business firm:

1. ACCOMPLISHMENT OF FIRM'S OBJECTIVES:

Production management helps the business firm to achieve all its objectives. It produces products, which satisfy the customers' needs and wants. So, the firm will increase its sales. This will help it to achieve its objectives.

2. REPUTATION, GOODWILL AND IMAGE

: Production management helps the firm to satisfy its customers. This increases the firm's reputation, goodwill and image. A good image helps the firm to expand and grow.

3. HELPS TO INTRODUCE NEW PRODUCTS :

Production management helps to introduce new products in the market. It conducts Research and development (R&D). This helps the firm to develop newer and better quality products. These products are successful in the market because they give full satisfaction to the customers.

4. SUPPORTS OTHER FUNCTIONAL AREAS:

Production management supports other functional areas in an organization, such as marketing, finance, and personnel. The marketing department will find it easier to sell good-quality products, and the finance department will get more funds due to increase in sales. It will also get more loans and share capital for expansion and modernization. The personnel department will be able to manage the human resources effectively due to the better performance of the production department.

5. HELPS TO FACE COMPETITION:

Production management helps the firm to face competition in the market. This is because production management produces products of right quantity, right quality, right price and at the right time. These products are delivered to the customers as per their requirements.

6. OPTIMUM UTILIZATION OF RESOURCES :

Production management facilitates optimum utilization of resources such as manpower, machines, etc. So, the firm can meet its capacity utilization objective. This will bring higher returns to the organization.

7. MINIMIZES COST OF PRODUCTION :

Production management helps to minimize the cost of production. It tries to maximize the output and minimize the inputs. This helps the firm to achieve its cost reduction and efficiency objective.

8. EXPANSION OF THE FIRM :

The Production management helps the firm to expand and grow. This is because it tries to improve quality and reduce costs. This helps the firm to earn higher profits. These profits help the firm to expand and grow.

The importance of production management to customers and society:

1. HIGHER STANDARD OF LIVING :

Production management conducts continuous research and development (R&D). So they produce new and better varieties of products. People use these products and enjoy a higher standard of living.

2. GENERATES EMPLOYMENT :

Production activities create many different job opportunities in the country, either directly or indirectly. Direct employment is generated in the production area, and indirect employment is generated in the supporting areas such as marketing, finance, customer support, etc.

3. IMPROVES QUALITY AND REDUCES COST:

Production management improves the quality of the products because of research and development. Because of large-scale production, there are economies of large scale. This brings down the cost of production. So, consumer prices also reduce.

4. SPREAD EFFECT :

Because of production, other sectors also expand. Companies making spare parts will expand. The service sector such as banking, transport, communication, insurance, BPO, etc. also expand. This spread effect offers more job opportunities and boosts economy.

5. CREATES UTILITY :

Production creates *Form Utility*. Consumers can get form utility in the shape, size and designs of the product. Production also creates time utility, because goods are available whenever consumers need it.

6. BOOSTS ECONOMY :

Production management ensures optimum utilization of resources and effective production of goods and services. This leads to speedy economic growth and well-being of the nation.

OBJECTIVES OF FINANCIAL MANAGEMENT

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be-

1. To ensure regular and adequate supply of funds to the concern.
2. To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share, expectations of the shareholders?
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment, i.e., funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure-There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.



FUNCTIONS OF FINANCIAL MANAGEMENT

1. ESTIMATION OF CAPITAL REQUIREMENTS:

A finance manager has to make estimation with regards to capital requirements of the company. This will depend upon expected costs and profits and future programmes and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.

2. DETERMINATION OF CAPITAL COMPOSITION:

Once the estimation have been made, the capital structure have to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.

3. CHOICE OF SOURCES OF FUNDS:

For additional funds to be procured, a company has many choices like-

- a. Issue of shares and debentures
- b. Loans to be taken from banks and financial institutions
- c. Public deposits to be drawn like in form of bonds.

Choice of factor will depend on relative merits and demerits of each source and period of financing.

4. INVESTMENT OF FUNDS:

The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.

5. DISPOSAL OF SURPLUS:

The net profits decisions have to be made by the finance manager. This can be done in two ways:

- a. Dividend declaration - It includes identifying the rate of dividends and other benefits like bonus.
- b. Retained profits - The volume has to be decided which will depend upon expansion, innovational, diversification plans of the company.

6. MANAGEMENT OF CASH:

Finance manager has to make decisions with regards to cash management. Cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintenance of enough stock, purchase of raw materials, etc.

7. FINANCIAL CONTROLS:

The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, cost and profit control, etc.

HUMAN RESOURCE MANAGEMENT

MEANING OF HUMAN RESOURCE MANAGEMENT HRM

HRM means to Select, Develop, Motivate and Maintain human resources, in the organization. It first selects the right human resources or staff (i.e. managers and employees). It trains and develops them. It motivates them by giving them recognition and rewards. It also provides them with the best working conditions.

The process of hiring and developing employees so that they become more valuable to the organization.

Human Resource Management includes conducting job analyses, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels. Examples of core qualities of HR management are extensive knowledge of the industry, leadership, and effective negotiations skills. Formerly called personnel management



DEFINITION OF HRM

"The Process of analyzing and managing organizations human resources needs to ensure satisfaction of its strategic objectives"

-Hellriegel/Slocum

"The policies and practices involved in carrying out the 'people' or human resources aspects of a management position, including recruiting, screening, training and appraising."

-GrayDessler

Also, it has defined as **"All methods and functions concerning the mobilization and development of personnel as human resources, with the objective of efficiency and greater productivity in a company, government administration, or other organization."** too.



IMPORTANCE OF HRM

GOOD HR PRACTICES HELP:

The management, who deals with Administrative activities associated with resources planning, recruitment, selecting, orientation, training, appraisal, motivation, remuneration, etc. is called HRM. It is a model of personnel management that forces on the individual rather than taking a collective approach. Responsibility for human resource management is often devolved to line management. It is characterized by an emphasis on strategic integration, employee commitment, workforce flexibility, and quality of goods and services.

Every industry requires certain prerequisites for its functioning namely; raw materials, finance and funding, machinery, etc. similarly, it requires manpower. And this manpower is the **Human Resources** and in order to manage the manpower, **Human Resource Management** is necessary. HRM involves managing manpower in order to improve individual, group and organizational effectiveness.

It is important to manage human resources as they help in the prosperity and progress through the committed and creative efforts and competencies of their human resources. Edwin Flippo defines the term, HR management as “planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational, and social objectives are accomplished.” HRM emphasizes mainly on the accomplishment of individual or personal objectives of the employees (eg : promotions), encouraging team work, attaining higher profits, social development, etc.

Recruitment and maintaining good people is essential to the success of every organization, whether profit or non-profit, public or private. It is important that organizations, manage human resources on a continuous basis, due to the growing expectations of employees. HRM works on the availability of competent and diligent manpower, ensures effective use of manpower through appropriate placements, constant provision of rewards , acknowledgements and incentives to the employees encourages and motivates them to do their best. HRM also attempts to devise the best possible compensation packages to the employees

FUNCTIONS OF HRM

- Job Design (JD)
- Job Analysis
- Human Resource Planning (HRP)
- Recruitment
- Selection
- Hiring
- Induction
- Performance Evaluation
- Compensation Management
- Training and Development
- Employee Movements
- Welfare Administration
- Health and safety Administration
- Discipline Administration
- Grievance Handling
- Labour Relations

JOB DESIGN (JD)

JD can be defined as the function of arranging tasks duties and responsibilities in to an organizational unit of work for the purpose of accomplishing a certain objective.

Techniques of JD

Scientific Techniques: This is done by observing past performances.

Job Enlargement: Adding more duties to a job that is related to the current duties of involved (Horizontal Loading)

Job Rotation: Shifting an employee from one job to another periodically.

Job enrichment: Increasing the depth of a job by increasing authority and responsibility for planning

Group Technique: The job ids designed so that a group of individuals can perform it, the job being a collective job.

JOB ANALYSIS

This includes the systematic analysis of the job and the characteristics of the desired job holders. The information collected through a Job Analysis is of two forms;

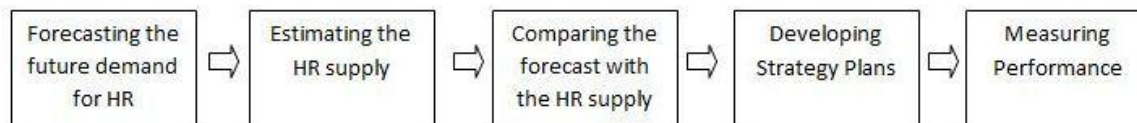
Job Description: Describes the job, its tasks, responsibilities and service conditions of a job.

Job Specification: Describes the requirements of the person for the job, including abilities, educational qualifications, special physical and mental skills, training, experience etc.

HUMAN RESOURCE PLANNING (HRP)

HRP can be identified as the strategy forecasting the organizations future requirements for different types of workers, their acquisitions, utilization, improvement, employee cost control, retention and supply to meet these needs.

The HR Planning Process



HRM Planning Process

Factors considered when forecasting future HR requirements.

- Demand for the organization's good/services
- Plans goals and objectives
- Method of productions
- Retirement, transfers, resignations
- Death
- Retrenchments

RECRUITMENT

This is the initial attraction and screening of the supply of prospective Human Resources available to fill a given position/s.

In other words, it is the process of involving the attraction of suitable candidates to vacant positions from both internal and external sources of the organization.

E.g.:

INTERNAL	EXTERNAL
Job posting	Advertising
Intranet	Job Placement
Succession plans	Agencies
Referrals	Internet Placement through and
	Colleges and Universities

SELECTION

This is a systematic process of selecting the most appropriate and suitable person to a particular job. In other words, Selection is choosing an individual to hire from all those who have been recruited/ attracted.

Methods of Selection

APPLICATION EVALUATION

This involves choosing the most appropriate person through evaluating the applications sent by the candidates

INTERVIEWS

this is to face a meeting with a member/s of the management. One of the most commonly used methods of selection but it requires careful planning.

e.g.: One on one interview, Panel interviews, and Sequence interviews

TESTS

this is meaning the candidates for qualities relevant to performing available jobs.

Eg: Knowledge Tests, Aptitude Tests, Practical Tests, IQ Tests.

BACKGROUND INVESTIGATIONS

this is assessing the appropriateness of an applicant by investigating into his/her family, financial positions, Residential Background, criminal background etc.

MEDICAL TESTS

this involves assessing the applicant's physical fitness for particular jobs.

HIRING

This is the process of appointing the person selected for a particular job. In this process, letters of appointments will be prepared, employment contracts will be signed and the new employee will be sent in for a probationary period.

(Probationary period: the time period where the newly appointed employee will have to work till he/she is made permanent)

INDUCTION

This is concerned with introducing an employee to the company, job and staff in a systematic way. There are two components of induction,

- Introducing the employee to the organization and the organization's culture.
- Introducing the employee to his/her job

PERFORMANCE EVALUATION

This is a regular systematic assessment of an employee's performance in order to review whether his/her performance matches the expected performance levels. Performance evaluations are an analysis of an employee's recent successes and failures, personal strengths and weaknesses, and suitability for promotion or further training. It is also the judgment of an employee's performance in a job based on considerations other than productivity alone.

COMPENSATION MANAGEMENT

The main objective of the function is to develop and maintain a good salaried and wages system which is reasonable both internally and externally.

Factors affecting Salaries and Wages

- Cost of living
- Supply and demand of labor
- Government requirements (minimum wage rates)
- Competitor wage scales
- Trade Union influences
- Labor productivity

TRAINING AND DEVELOPMENT

Training is the process by which the employees are taught skills and given the necessary knowledge to carry out their responsibilities to the required standard. In other words, it is the improvement of the performance to carry out the current job.

Development is concerned with the giving the individual necessary knowledge, skills, attitude and experience to enable an employee to undertake greater and more demanding roles and responsibilities in the future. Development is concerned with the long term prospects of a career succession plan.

Methods of training and development

- Apprenticing
- On the job training
- Off the job training
- Simulations
- Role playing
- Case studies

EMPLOYEE MOVEMENTS

The movements of employees take place in three methods,

- Promotions: this is the re-assignment of an employee to a higher ranked job in terms of responsibility, respect and salaries. Promotions are usually based on seniority, competency and merit.
- Transfers: this is the movement of an employee from one job to another on the same occupational level and at the same level of wage or salary.
- Lay off: This is the temporary stoppage or suspension of the service of the employee to various reasons.

WELFARE ADMINISTRATION

This refers to all the facilities and comforts given to the employee by the employer apart from wages, salaries and incentives.

- Medical facilities
- Canteen facilities
- Housing facilities
- Transport facilities
- Recreation facilities
- Loan facilities
- Educational facilities

HEALTH AND SAFETY ADMINISTRATION

This is concerned with maintaining required and reasonable levels of professional Health and safety in the job and its environment. The organization should ensure the employees physical and mental health. The work place should be free of hazards.

DISCIPLINE ADMINISTRATION

It is important to control the performance and behavior of the employees according to the rules and regulations of the organization. For this very reason it is important to develop, implement and maintain an appropriate disciplinary system.

IMPORTANCE OF A DISCIPLINE ADMINISTRATION:

- To reduce conflicts and confusions
- To control the employees in an orderly manner
- To ensure employees behavior in accordance with performance standards, rules and regulations of the organization.

GRIEVANCE HANDLING

A grievance can be identified as a situation where the employee is in mental distress, dissatisfied or has a bad attitude, due to a work related unreasonable or unjust situation.

A grievance could take place for various reasons;

- Job related reasons
- Work services related reasons
- Employee management related reasons
- Service conditions related reasons
- Employee behavior related reasons

LABOUR RELATIONS

The continuous relationship between the labour force and the management. Since labour forces are organized as Trade Unions, it is actually a relationship between Trade union representative and the management. However the Government is also involved as a third party in order to regulate this relationship by ways of laws.

This relationship is also more commonly known as a tri-partite relationship.

If in case there is a dispute between the employees and the management, the most common way of dispute resolution is through negotiations or Collective Bargaining and when the two parties reach to an agreement it's known as Collective Agreement.

COLLECTIVE BARGAINING

this can be identified as the negotiation that takes place between the management and the Trade unions during a particular time period regarding labour/Industrial issues.

LEVELS OF MANAGEMENT

Many managers work in an organization. However, these managers do not work at the same level. They work and operate at different positions. Hierarchy of these managerial positions is called **Levels of Management**.

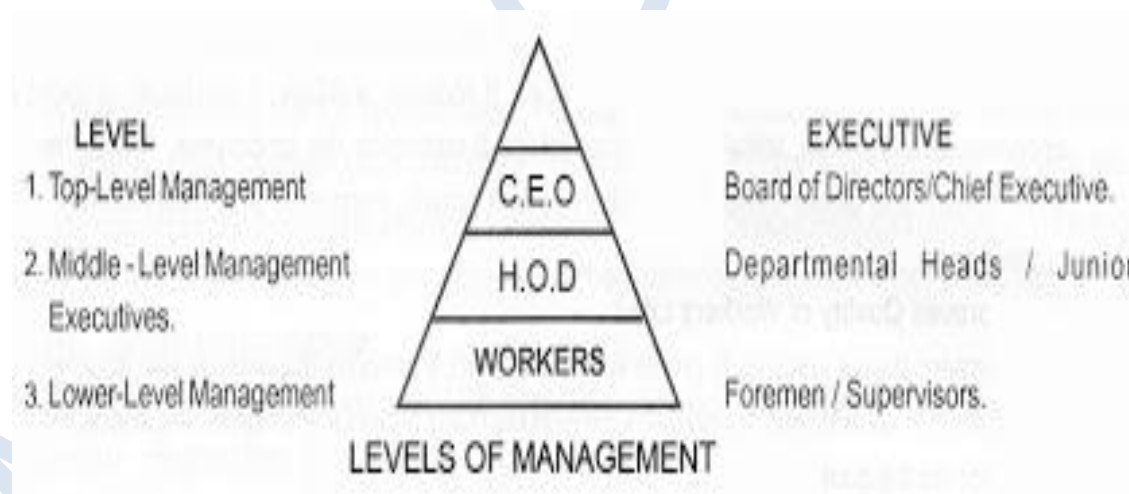
THREE LEVELS OF MANAGEMENT

Generally, there are Three Levels of Management, viz.,

1. **ADMINISTRATIVE OR TOP LEVEL OF MANAGEMENT.**
2. **EXECUTIVE OR MIDDLE LEVEL OF MANAGEMENT.**
3. **SUPERVISORY OR LOWER LEVEL OF MANAGEMENT.**

At each level, individual manager has to carry out different roles and functions.

DIAGRAM OF LEVELS OF MANAGEMENT



TOP LEVEL OF MANAGEMENT

The Top Level Management consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO). The Chief Executive Officer is also called General Manager (GM) or Managing Director (MD) or President. The Board of Directors are the representatives of the Shareholders, i.e. they are selected by the Shareholders of the company. Similarly, the Chief Executive Officer is selected by the Board of Directors of an organization.

The main role of the top level management is summarized as follows:-

1. The top level management determines the objectives, policies and plans of the organization.
2. They mobilizes (assemble and bring together) available resources.
3. The top level management does mostly the work of thinking, planning and deciding. Therefore, they are also called as the Administrators and the Brain of the organization.
4. They spend more time in planning and organizing.
5. They prepare long-term plans of the organization which are generally made for 5 to 20 years.
6. The top level management has maximum authority and responsibility. They are the top or final authority in the organization. They are directly responsible to the Shareholders, Government and the General Public. The success or failure of the organization largely depends on their efficiency and decision making.
7. They require more conceptual skills and less technical Skills.

MIDDLE LEVEL OF MANAGEMENT

The Middle Level Management consists of the Departmental Heads (HOD), Branch Managers, and the Junior Executives. The Departmental heads are Finance Managers, Purchase Managers, etc. The Branch Managers are the head of a branch or local unit. The Junior Executives are Assistant Finance Managers, Assistant Purchase Managers, etc. The Middle level Management is selected by the Top Level Management.

The middle level management emphasize more on following tasks :-

1. Middle level management gives recommendations (advice) to the top level management.
2. It executes (implements) the policies and plans which are made by the top level management.
3. It co-ordinate the activities of all the departments.
4. They also have to communicate with the top level Management and the lower level management.
5. They spend more time in co-ordinating and communicating.
6. They prepare short-term plans of their departments which are generally made for 1 to 5 years.
7. The middle Level Management has limited authority and responsibility. They are intermediary between top and lower management. They are directly responsible to the chief executive officer and board of directors.
8. Require more managerial and technical skills and less conceptual skills.

LOWER LEVEL OF MANAGEMENT

The lower level management consists of the Foremen and the Supervisors. They are selected by the middle level management. It is also called Operative / Supervisory level or First Line of Management.

The lower level management performs following activities:-

1. Lower level management directs the workers / employees.
2. They develops morale in the workers.
3. It maintains a link between workers and the middle level management.
4. The lower level management informs the workers about the decisions which are taken by the management. They also inform the management about the performance, difficulties, feelings, demands, etc., of the workers.
5. They spend more time in directing and controlling.
6. The lower level managers make daily, weekly and monthly plans.
7. They have limited authority but important responsibility of getting the work done from the workers. They regularly report and are directly responsible to the middle level management.
8. Along with the experience and basic management skills, they also require more technical and communication skills.

CONCLUSION

Managers in the 21st century are encountering extremely significant challenges in their process of management in an organization such as hiring and keeping the right employee, building a strategic mindset, crafting an innovative culture and organization, developing system thinking and also getting rid of short term mentality. An organization will need to have a caliber HR manager in order to own a team of committed employees. It is HR managers' responsibility to make sure that they hired the right employee because staffs are the most important assets of an organization. Employees not only need to own the profession, experienced but they also need to be readily adapted to the organization culture to allow high productivity, quality performance and also healthy profits. Other than hiring the right employee, managers should also revise their human management skills in dealing with employment issues from time to time to match the changing labor market and working environment to retain those talented employees. They need to realize that the employee is able to work innovatively while the advancement in technology can never replace the ability of that person.

In the challenge of building strategic mindset among the employees is important because managers need to use their strength to overcome weakness and also try to turn threats into opportunities. Managers have to communicate the organization vision with the employees to ensure that everyone is sharing the same vision and work towards the same direction. It is also necessary for managers to eliminate the reactive mindset which are decisions made force by the external environment because in the business field, managers should think actively to prevent the occurrence of problems rather than thinking for solutions after the arise of problems.

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