

CHAPTER XII**BUSINESS
MANAGEMENT****12.1 Introduction to Management****12.2 Management Process****12.3 Managerial Roles****12.4 Managerial Skills****12.5 Decision Making****12.6 Planning****12.7 Organizing****12.8 Leading****12.9 Controlling**

Concepts & Issues that emerge from the content

- ❖ Introduction to Management
 - + Concept & importance
 - + Management & its necessity
 - + Efficiency & effectiveness
- ❖ Management process
 - + Management process
 - + Management functions
- ❖ Managerial roles
 - + Manager
 - + Roles of a manager
- ❖ Management skills for various levels
 - + Levels of management
 - + Skills of managers
 - + Relationship between levels & skills
- ❖ Decision making
 - + Decision making & problem solving
 - + Decision making process
- ❖ Planning
 - + Introduction & process
 - + Steps of planning
 - + Characteristics of good planning
 - + Importance, problems & limitations of planning
- ❖ Organizing
 - + Introduction & steps
 - + Importance of organizing
 - + Organizing structure & principles
 - + Organization chart
- ❖ Leading
 - + Leading process
 - + Leadership as a function
 - + Motivation & Communication
- ❖ Controlling
 - + Introduction & importance
 - + Controlling process
 - + Types of controlling

12.1 INTRODUCTION TO MANAGEMENT

What are the definitions available on Business Management?

"The process of working with & through people to effectively achieve objectives by efficiently using resources in a changing environment".

- Unknown

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

- Mary Parker Follet

"Management is the process of planning, organizing, leading & controlling the work of organization members and of using all available organizational resources to reach stated organizational goals".

- James A. F. Stoner and Freeman



"Management is the process of working with and through others to achieve organizational objectives in a changing environment. Central to this process is the effective and efficient use of limited resources".

- Robert Kreitner

"Management is an effective process of planning, organizing, leading and controlling of the resources of an organization efficiently and effectively to achieve the stated goals and objectives of an organization in a dynamic business environment."

- Unknown

When a comparison is made between all definitions, what are the concepts & characteristics that can be identified?

Concept	Explanation
Dynamic Environment	
Organization	
Goals & Objectives	
Business Resources	

+. Resource Classification	+. Men +. Money +. Materials +. Machines +. Methods +. Market +. Minute/Time +. Concepts +. Customers
	+. Human Resources +. Physical Resources +. Financial Resources +. Information Resources +. Time Resources
	+. Land +. Labor +. Capital +. Entrepreneurship
Effectiveness	
Efficiency	
Productivity	
Process	

How Management helps a person to achieve his goals & objectives?

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How Management helps an organization achieve its goals & objectives?

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What are the Management Functions?

Planning	Determining how the management will achieve its objectives. IOW Figuring out, how can it get to where it wants to be
Organizing	Assigning the tasks developed under planning to various individuals & groups. IOW Put the plan into action.
Leading	Guiding members & their activities in a direction which takes them to the stated goals & objectives.
Controlling	Making sure that all activities are in line with the plan & if not take corrective action to get back into the plan.

12.3 MANAGERIAL ROLES

Who is a Manager?

A Manager is *a person who manages or is in charge of something*. Managers can control departments in companies, or guide the people who work for them. In simple terms, a Manager is a person who is involved in Management. He is *responsible for directing the efforts* aimed at helping the organization achieve its goals & objectives.

IOW, a manager is the *person who involves in planning, organizing, leading & controlling in order to achieve the goals & objectives of the business*. He will utilize resources efficiently & effectively through the management process during this process of achievement.



How to classify Managers based on Authority?

1. Top / Strategic level Managers

These are the managers who are *responsible for the overall direction* of the organization. They set vision, mission, goals & objectives for the organization, while monitoring middle managers. Their focus is for a period above 5 years & their functions can be;

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2. Middle / Tactical level Managers

These are the managers who are *responsible to the top level managers in order to implement their strategies while monitoring the lower level managers*. Their focus is for a period between 1-5 years. These Managers are usually department heads & their functions can be;

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3. Low / Operational level Managers

These are the managers who are *responsible to the middle level managers & control day to day activities of active employees*. Their focus is for a period below 1 year & their functions can be;

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How to classify managers based on field?

1. **Operations Manager** – The manager responsible for the production of products, its functions & its related activities. He is also referred as production manager, factory manager etc
2. **Marketing Manager** – The manager responsible for all Marketing & related activities of the organization such as advertising, promotions, distribution etc
3. **Finance Manager** – The manager responsible for all money & related activities of the organization such as accounting, auditing, budgeting etc. Finance managers are usually Accountants.
4. **HR Manager** – The manager responsible for all employee related activities & affairs of the organization such as recruitment, training, performance measurement etc. He is also referred as Personnel Manager.
5. **R&D Manager** – The manager responsible for all Research & Development activities of the organization such as planning & implementing R & D activities.
6. **Other Manager** - All other types of managers other than the ones above such as Security manager, IT manager, PR manager, purchasing manager, customer care manager, transport manager, stores manager, sales manager, office manager etc.

What are the Managerial Roles?

According to Henry Mintzberg, a manager shall play 10 roles that can be categorized into 3 main roles, which are;

1. Interpersonal Roles

This is the role played by a manager involving *activities in dealing with people*, who may be subordinates, other managers, directors, customers’ etc. The sub roles of Interpersonal roles are;



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2. Informational Roles

This is the role played by a manager involving *activities related to information management* such as gather information, process information, share information etc. The sub roles of Informational roles are;

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3. Decisional Roles

This is the role played by a manager involving activities related to making a variety of decisions at different levels & situations in the organization, such as implementing a new strategy, solving problems between groups, allocating funds, maintain industrial relations etc.

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Interpersonal Roles

Sub Role	Explanation	Example
1 Figurehead
2 Leader
3 Liaison

Informational Roles

Sub Role	Explanation	Example
4 Monitor
5 Disseminator
6 Spokesperson



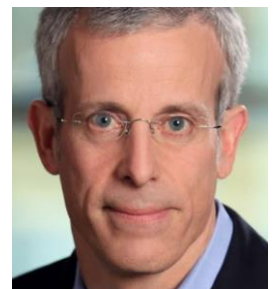
Decisional Roles

Sub Role	Explanation	Example
7 Entrepreneur
8 Disturbance Handler
9 Resource Allocator
10 Negotiator

12.4 MANAGERIAL SKILLS

What are the skills of a manager?

According to Robert L. Katz, a successful manager must have the following 3 skills in order to be efficient & effective & thereby being productive. Those 3 skills can be;



1. Conceptual Skills

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2. Human Skills

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3. Technical Skills

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12.5 DECISION MAKING

What is a Problem?

A problem is something that is difficult to deal with, something that is a source of trouble, worry, etc. IOW a problem is *the difference between the expected situation & actual true situation*. This difference aka variance can be a barrier towards the organization's goal attainment. However the problem may be (simple or serious), it is the duty of the manager to provide solutions for it.

Ex-



What is a Decision?

A Decision is *selecting the most suitable alternative among alternatives that available to solve the problem*. IOW a decision is a choice that you make about something after thinking about several possibilities. Alternatives or possibilities are different options & ways available to a given manager in order to solve a given problem.

Ex-

What is Decision Making?

Decision-making is the act of choosing between two or more courses of action. IOW, Decision making is the *process of identifying alternative solutions & actions to solve a certain problem & selecting the most suitable alternative* among them. Here the most suitable alternative is expected to be the most effective, efficient & productive.



What are the steps in the Decision Making Process?

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What are the factors required to implement management decisions successfully?

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What are the criteria that can be used in Decision Making?

Evaluate Alternatives	Select the best alternative
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12.6 PLANNING

What is planning?

The process of establishing goals & a suitable course of action for achieving those goals. IOW *Deciding the goals & objectives of an organization & preparing how to meet them.*

Planning is the process of *thinking about & organizing the activities required to achieve a desired goal.*

- Unknown

Planning is the fundamental management function, which involves *deciding beforehand, what is to be done, when is it to be done, how it is to be done and who is going to do it.* It is an intellectual process which lays down an organization’s objectives and develops various courses of action, by which the organization can achieve those objectives. It chalks out exactly, how to attain a specific goal.



- www.businessjargons.com

Planning is the process of *thinking about the activities required to achieve a desired goal.* It is the first and foremost activity to achieve desired results.

- www.wikipedia.org

The process of establishing goals & a suitable course of action for achieving those goals.

- Stoner, Freeman & Gilbert

Deciding the goals and objectives of an organization & preparing how to meet them.

- G. A. Cole

What is a Plan?

A Plan is the *collection of activities created to be used to achieve the organization's goals & objectives.* It addresses the questions how, when, where, for whom etc. IOW, a plan is an intention or decision about what, one is going to do.



A plan is typically any diagram or list of steps with details of timing and resources, used to achieve an objective to do something. It is commonly understood as a temporal set of intended actions through which one expects to achieve a goal.

- www.wikipedia.org

What is main objective of Planning?

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What are the factors included in well prepared plan?

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What are the factors / principles followed when preparing plans?

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What are the steps in the Planning Process?

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What are the theories involved in Planning?

Theory	Explanation	Example
Vision	Vision is where the organization wants to be in the future. It steers the organization towards its direction A vision is a long term goals without deadlines & its scope of statement is for at least 5 years.	
Mission	Mission is the reason for existence of a business (Why are you here?) It describes the business' basic function in society in terms of products it supplies.	
Goals	Goals are what the business wants to achieve over a long period. Goals are mostly qualitative statement of aim, task & purpose.	
Objectives	Objectives are what the business wants to achieve over a shorter period of time. Objectives are mostly quantitative & should be SMART.	
Policies	Policies are a standing plan with broad guidelines stating what will be & what won't be done when working towards goals & objectives.	
Strategies	Strategies are a broad & general plan to reach long term objectives. It's a systematic approach towards what you want to achieve. IOW how it will be done.	
Procedures	Procedures are a series of related actions to be performed to accomplish a task. IOW What & what should be done to achieve goals & objectives.	
Rules	Rules are what should be & what should not be done. They are boundaries & limitations that have to follow.	
Programs	This is an explanation of the resources required for a specific task & the way of employing them through dividing them into main & sub sections. All of above.	
Projects	A task with a specific beginning & an end, prepared for solving a specific problem / issue	

What are the advantages & disadvantages of work specialization?

Advantages	Disadvantages
<ul style="list-style-type: none"> ✓ Reduction in time taken to perform a task ✓ Reduction in cost of training ✓ Increased quality of output ✓ Reduction in level of wastage ✓ Increase in level of efficiency ✓ Increase in level of effectiveness ✓ Increase in productivity ✓ Safe using of machinery & tools 	<ul style="list-style-type: none"> ✓ Job boredom ✓ Increased level of stress ✓ Job frustration ✓ No employee development ✓ No inter-personal relations ✓ Labour discrimination from the top ✓ Area of specialization is non-profitable ✓ Area of specialization being outdated

What is Departmentalization?

This is the *process of establishing departments within the organization*. It involves categorizing duties, tasks & responsibilities to individuals & groups. In simple terms, the *process of grouping the jobs using the common features of tasks* of an organization is meant by departmentalization.

What are the bases of Departmentalization?

1. Functional basis

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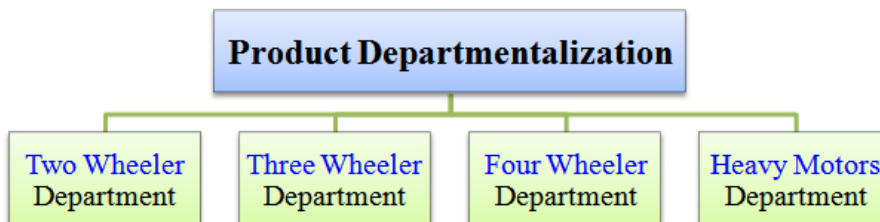


2. Product basis

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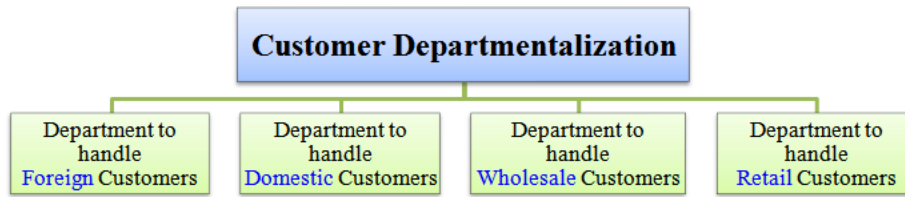
3. Customer / Consumer basis

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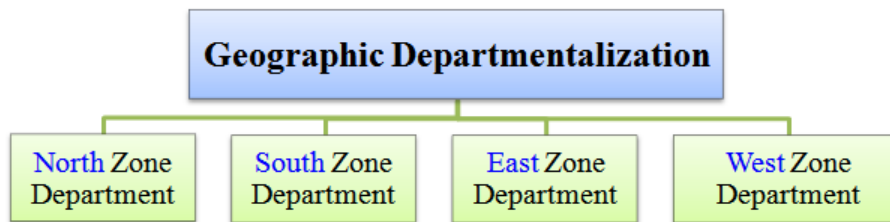
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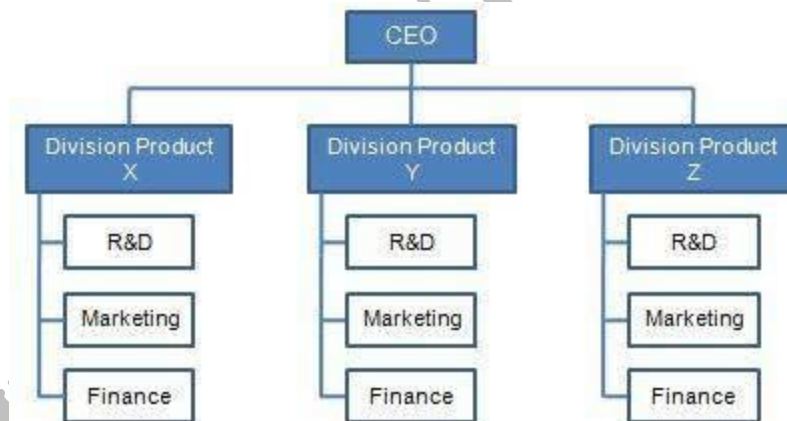




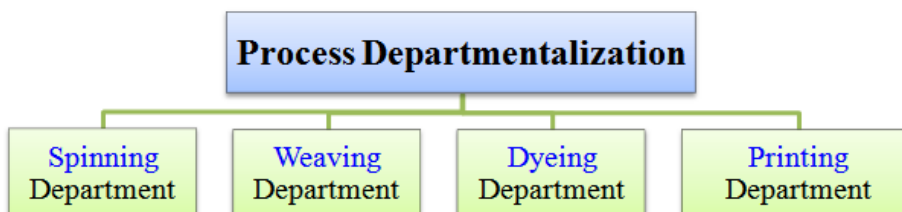
4. Geographical basis



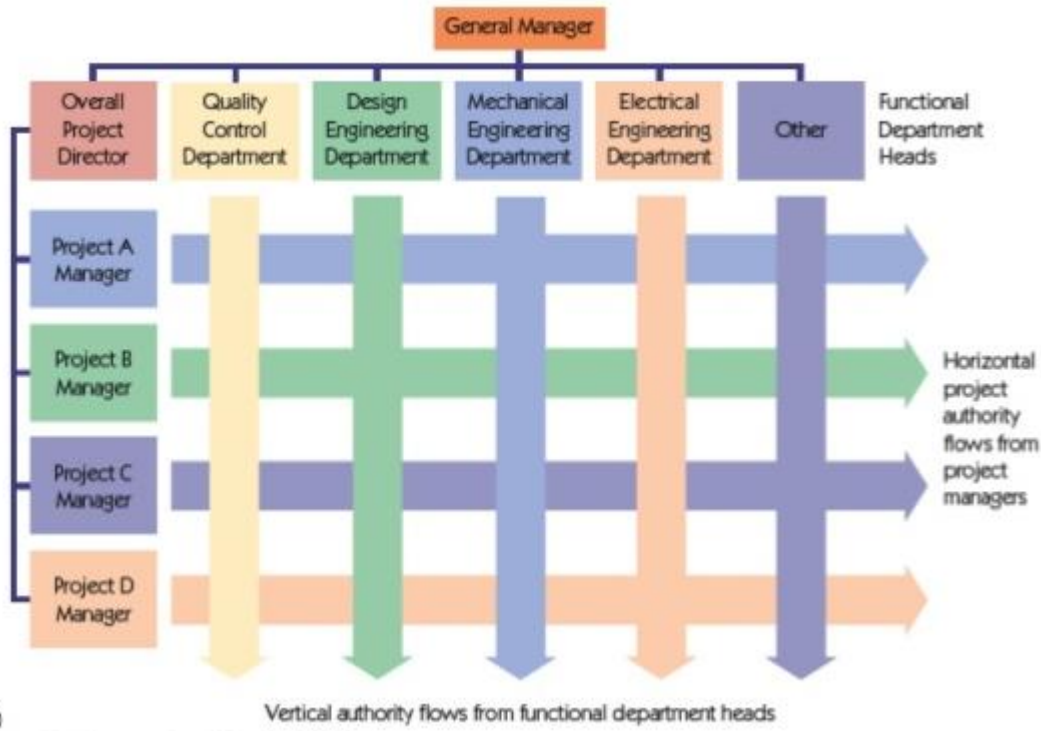
5. Mixed basis



6. Process basis



7. Matrix base



What are the advantages & disadvantages of departmentalization?

Advantages	Disadvantages

What is Delegation of Authority?

This is an organizational process wherein, the *manager divides his work among the subordinates & give them the authority & responsibility to accomplish the respective tasks*. IOW, Delegation of Authority is an organizational process wherein, the manager divides his work among the subordinates & gives them the responsibility to accomplish the respective tasks. Along with the responsibility, he also shares the authority.

When Authority is delegated;

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What is Authority, Responsibility & Accountability?

Authority	Responsibility	Accountability
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What are the advantages & disadvantages of delegation of authority?

Advantages	Disadvantages

What is Power?

Power is the potential ability of a person or group to influence another person or group. It is the *ability to get things done the way one wants them to be done*. Power is the ability to make things happen according to one's perspective by getting someone else to do it for you. IOW formal authority received from status & position to command.

What are the types & sources of power?

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What are the theories of Delegation?

Theory	Explanation
Centralization	
Decentralization	
Organization Structure	
Organization Chart	
Chain of Command	
Unity of Command	
Scalar Principle	
Span of Control / Management	

What are the advantages & disadvantages of Centralization?

Advantages	Disadvantages



What are the advantages & disadvantages of Decentralization?

Advantages	Disadvantages

What is Span of Control / Management?

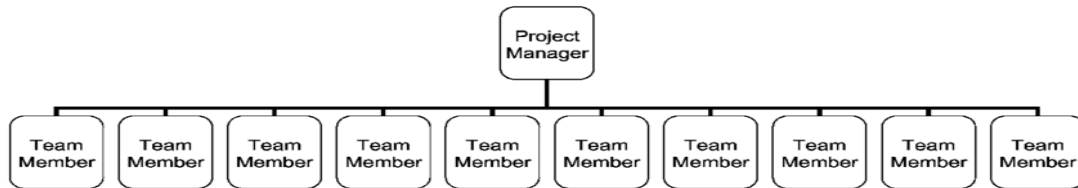
This is the number of subordinates directly reporting to a particular manager. IOW The number of subordinates that a manager or supervisor can directly supervise & control. 2 types of span of control can be;

1. Wide-span of Control

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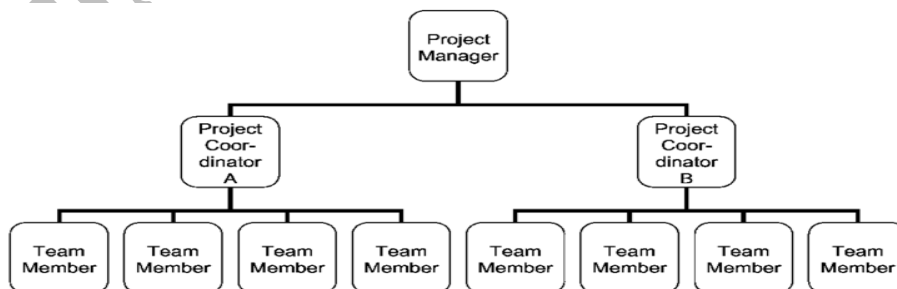


2. Narrow-span of Control

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What are the advantages & disadvantages of Wide-span of Control?

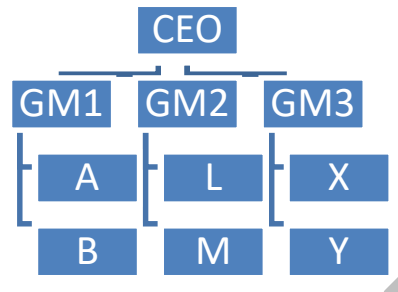
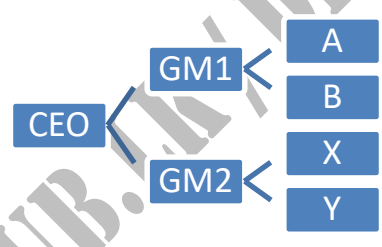
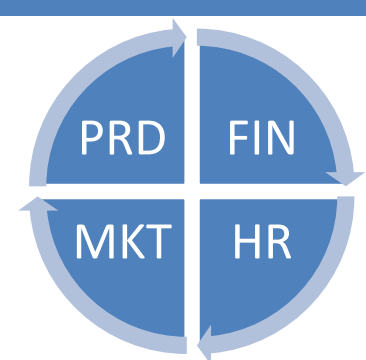
Advantages	Disadvantages

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What are the advantages & disadvantages of Narrow-span of Control?

Advantages	Disadvantages

What are the types of organizational charts found?

Vertical	Horizontal	Circular
		

What are the benefits of having an Organizational Chart?

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What is Standardization & Coordination?

Standardization is a framework of agreements to which all relevant parties in an industry or organization must adhere to ensure that all processes associated with the creation of a good or performance of a service are performed within set guidelines.



What is Informal communication?

The *casual & unofficial form of communication* where info is exchanged spontaneously between two or more persons *without conforming the prescribed official rules, processes, system, formalities & chain of command*. It doesn't follow the hierarchy / chart. In simple terms, Informal Communication is the casual & unofficial form of communication wherein the information is exchanged spontaneously between two or more persons without conforming the prescribed official rules, processes, system, formalities & chain of command.

Ex-

What are the advantages & disadvantages of Informal communication?

Advantages	Disadvantages

What is Vertical communication?

Vertical communication is a type of *flow of information between members of organization who are on different levels of its hierarchy*. IOW, Vertical communication is the communication where information or messages flows between or among the *subordinates & superiors* of the organization. This can happen in both upward & downward direction.

1. Downward communication

Downward communication is when the *information passes from the management level to the subordinate level*. IOW, information flowing from the people occupying top positions in the organization to the people at lower levels. Here the information flows down the hierarchy.

Ex-

2. Upward communication

Upward communication is when the *message passes from the subordinate level to the management level*. IOW, information flowing from persons occupying lower levels in the organization to the persons at the top levels. Here the information flows up the hierarchy.

Ex-

What is Horizontal communication?

Horizontal communication means when the *Co-workers with different areas of responsibilities, but at the same level in the organization communicate with each other*. IOW, Communication that takes

place within various departments, working groups or the similar positions in problem solving as well as in coordinating the affairs in an organization. (Sideways)

Ex-

What is Diagonal or Crosswise communication?

When the *employees of different departments at different levels communicate with each other irrespective of the chain of command*, then the communication is said to be a diagonal or a cross-wise communication. The communication between the floor manager and the sales team is the example of diagonal communication. This tends to be informal communication sometimes.

Ex-

Why communication is important for an organization?

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12.9 CONTROLLING

What is meant by Controlling?

The process of ensuring that the actual performance is in line with the expectations or standards in the plan. The difference between is called a Variance. IOW, making sure that the actuals are in line with the plan. Here if there is any variance, the reasons for the difference are sought out & steps are taken to rectify the issues.

Controlling is the process of ensuring that actual activities occur as per the plan.

- Stoner & Freeman

Control is a function of management which helps to check errors in order to take corrective actions. This is done to minimize deviation from standards & ensure that the stated goals of the organization are achieved in a desired manner.

- www.wikipedia.org

Controlling can be defined as that function of management which helps to seek planned results from the subordinates, managers & at all levels of an organization. The controlling function helps in measuring the progress towards the organizational goals & brings any deviations, & indicates corrective action.

- www.toppr.com



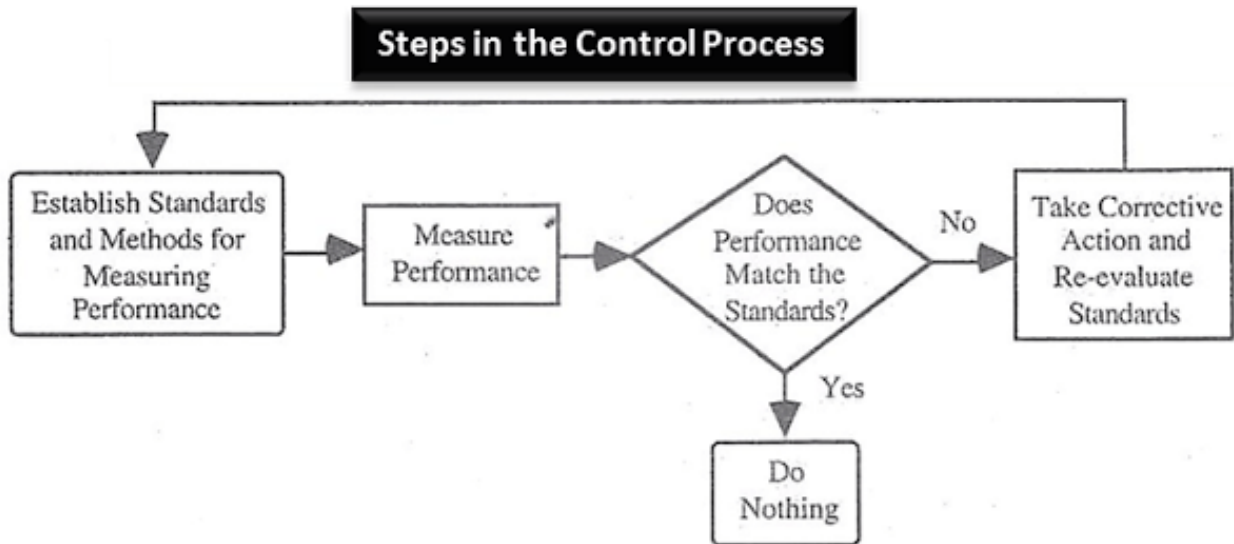
What are the steps of Controlling?

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What are the types of Controls?

1. Feed-forward Control

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2. Concurrent Control

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3. Feed-back Control

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What is the importance of Controlling in Management?

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