

**Management** is a function of guidance and leadership control of efforts of a group or individuals in order to achieve goals/objectives of an organization.

Simplest definition is that it is defined as the art of getting things done through people.

Management can also be defined as The process consisting of planning, organizing, actuating, and controlling performed to determine and accomplish the use of people and resources.

It is systematic way of doing things. Putting together 4Ms- Money, Men, Material, and Machines together is management

The person who is responsible to develop the ideas to plan and to get things

done through the workers is titled as **“Manager”** A manager is one who contributes to the organizational goals indirectly by directing the efforts by others not performing the task by himself

A person who makes his contribution to the organizational goals directly by performing the task by himself is the worker

Definitions suggested by some of the management experts are presented below: (Important)

Henri Fayol: "Management is conduct of affairs of business, moving towards its objective through a continuous process of improvement and optimization of resources".

Koontz: "Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims".

Mary Parker Follett: "Management is the art of getting things done through people".

George R. Terry: "Management is a process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by use of people

### **Nature and Characteristics of Management.**

The salient features which highlight the nature of management is as follows:

(i) Goal-oriented.

(ii) Universal.

(iii) Integrative Force.

(iv) Social Process.

(v) Multidisciplinary.

(vi) Continuous Process.

(vii) Intangible, and.

(viii) Art as well as Science.

**Management goal-oriented:**

Management is not an end in itself. It is a means to achieve certain goals. Management has no justification to exist without goals. Also, Management goals call group goals or organizational goals. The basic goal of management is to ensure efficiency and economy in the utilization of human, physical and financial resources. The success of management measure by the extent to which one of the established goals achieved. Thus, management is purposeful.

**Management is universal:**

Management is an essential element of every organized activity irrespective of the size or type of activity. Wherever two or more persons engage in working for a common goal, management is necessary. All types of organizations, e.g., family, club, university, government, army, cricket team, or business, require management. Thus, management is a pervasive activity. The fundamental principles of management are applicable in all areas of organized effort. Also, Managers at all levels perform the same basic functions.

**Management is an Integrative Force:**

The essence of management lies in the coordination of individual efforts into a team. Also, Management reconciles the individual goals with organizational goals. As the unifying force, management creates a whole that is more than the sum of individual parts. Also, It integrates human and other resources.

**Management is a Social Process:**

Management is done by people, through people, and for people. It is a social process because it is concerned with interpersonal relations. The human factor is the most important element in management. According to Appley, "Management is the development of people not the direction of things. A good manager is a leader, not a boss. It is the pervasiveness of human element which gives management its special character as a social process".

**Management is multidisciplinary:**

Management has to deal with human behavior under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines like engineering, sociology, psychology, economics, anthropology, etc. Also, The vast body of knowledge in management draws heavily upon other fields of study.

**Management is a continuous Process:**

Management is a dynamic and on-going process. The cycle of management continues to operate so long as there is an organized activity for the achievement of group goals.

**Management is Intangible:**

Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.

### **Management is an Art as well as Science:**

It contains a systematic body of theoretical knowledge and it also involves the practical application of such knowledge. Management is also a discipline involving specialized training and an ethical code arising out of its social obligations. Based on these characteristics, management may be defined as a continuous social process involving the coordination of human and material resources to accomplish desired objectives. It involves both the determination and the accomplishment of organizational goals.

### **Scope and Functions of Management-**

#### **Planning -**

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals.

According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be

Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

#### **Organizing**

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's".

To organize a business involves determining & providing human and non-human resources to the organizational structure.

#### **Staffing**

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right

#### **Directing -**

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in

motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals.

### **Controlling**

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation".

### **Management as an Art, Science and Profession**

#### **Management as an Art:**

Art is the experienced and personal utilisation of subsisting information to accomplish solicited outcomes. It can be procured via education, research and practice. As art is involved with the personal utilisation of data some kind of inventiveness and creativity is needed to follow the fundamental systems acquired. The essential characteristics of art are as follows:

- (i) The presence of theoretical knowledge: Art assumes the presence of specific academic knowledge. Specialists in their particular fields have obtained specific elementary postulates which are appropriate to a specific sort of art. For instance, the literature on public speaking, acting or music, dancing is publicly acknowledged.
- (ii) Personalised application: The application of this primary information differs from person to person. Art, hence, is a highly personalised notion.
- (iii) Based on custom and creativity: Art is practical. Art includes the creative practice of subsisting intellectual knowledge. We know that music is based on 7 notes. However, what makes the style of a musician different or distinctive is his performance of these notes in an artistic way that is uniquely his own solution.

#### **Management as a Science:**

Science is an organised collection of knowledge that emphasises definite universal truths or the action of comprehensive laws. The central characteristics of science are as follows:

- (i) The organised body of knowledge: Science is a precise entity of knowledge. Its systems are based on a purpose and consequence association.
- (ii) Universal validity: Scientific conventions have global genuineness and application.
- (iii) Systems based on experimentation: Scientific conventions are originally formed via research and

then tested via repeated trial and error under the regulated situations.

### Management as a Profession:

The profession can be described as an occupation upheld by specific education and practice, in which entry is limited. A profession has the following features:

- (i) The well-defined theory of knowledge: All services are based on a well-defined form of education that can be procured through education.
- (ii) Restricted entry: The entrance to a profession is defined through an examination or through obtaining an educational degree. For instance, to become a chartered accountant in India an aspirant has to clear a detailed examination regulated by the Institute of Chartered Accountants of India (ICAI).
- (iii) Professional community: All professions are affiliated to a professional association which controls entry, presents a certificate of training and expresses and supports a system of government. To be qualified to study in India, lawyers have to become members of the Bar Council which monitors and regulates their actions.

### Administration -

According to Theo Haimann, "Administration means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programmes and projects". It refers to the activities of higher level. It lays down basic principles of the enterprise. According to Newman, "Administration means guidance, leadership & control of the efforts of the groups towards some common goals".

The differences between administration and management are listed below:

Characteristic	Administration	Management
1. Main functions	Planning, Organizing and Staffing	Leading, motivating and controlling.
2. Status	Acts as owner	Acts as an agency
3. Skills	Requires good administrative skills	Requires more technical skills.
4. Level in the organization	Top level	Lower level
5. Position	Managing Director, Owner, CEO, etc.,	Managers, Supervisors, Foremen etc.,
6. Objectives	Makes the policies, objectives and goals to be achieved.	Implements the plans and policies
7. Involvement	No direct involvement in production or services	Directly involves in the execution of plans and achieving goals.

Roles of a Manager or management in an Organization

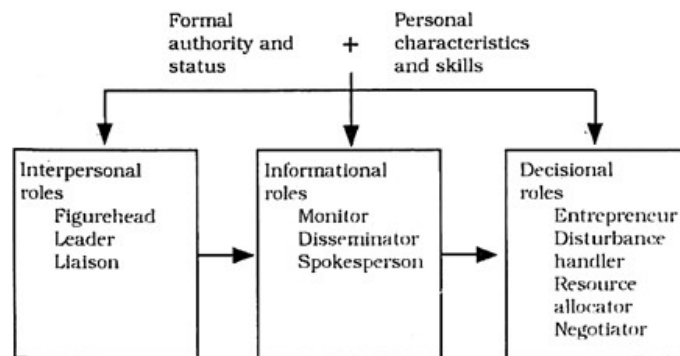


Figure 1.2 Roles played by Managers

### 1. Interpersonal Roles:

There are three interpersonal roles inherent in the manager's job. This set of roles derives directly from the manager's formal position. As the figurehead for his unit, he stands as a symbol of legal authority, performing certain ceremonial duties e.g., signing documents and receiving visitors. The manager in a leader role hires, trains, and motivates his personnel. In the liaison role, manager interacts with many people outside the immediate chain of command, those who are neither subordinates nor superiors.

### 2. Informational Roles:

Informational roles are important because information is the lifeblood of organizations and the manager is the nerve center of his unit. As a monitor, the manager is a receiver and collector of information. Information is acquired through meetings, conversations, or documentation. In the disseminator role, managers distribute information to subordinates daily. As a spoke-person, the manager transmits information to individuals outside the organization. This role is present in all managerial jobs.

### 3. Decisional Roles:

To get the work done, managers have to make decisions. In performing the decision-making role, managers act as entrepreneur, disturbance handler, resource allocator, and negotiator. In playing the entrepreneurial role, managers actively design and initiate changes within the organization. It involves some improvements.

As a disturbance handler, the manager handles difficult problems and non-routine situations such as strikes, energy shortages etc. As resource allocator, the manager decides how resources are distributed, and with whom he will work most closely. The fourth decisional role is that of negotiator. Managers negotiate with suppliers, customers, unions, individual employees, the government, and other groups.

### Levels of Management

There are 3 levels in the ranking order of an establishment and they are:

# Levels of management



**Top level** consists of board of directors, chief executive or managing director.

**Middle level** consists of managers and departmental managers

**Low level** consists of supervisors, foreman, section officers, superintendent

Top-level management

Middle-level management

Lower-level management

## Top Level Management

They comprise of the senior-most executives of the company. They are normally regarded as the Chairman, the Chief Executive Officer (CEO), the Chief Operating Officer (COO), President and Vice-president (VP). Top management is a team consisting of managers from various operational levels, managing marketing, finance, etc., For instance, Chief Finance Officer (CFO), Vice President (marketing) whose primary task is to combine various components and regulate the actions of different units according to the overall objectives of the company.

These top-level managers are accountable for the progress and continuation of the establishment. They investigate the trading atmosphere and its connections for the survival of the company.

## Middle Level Management

It is the connection between top and lower level managers. They are lower to the top managers and above to the first line managers. They are normally called as division heads, for instance, Production Manager. Middle management is accountable for executing and regulating systems and manoeuvrings generated by the top management.

At the same time, they are liable for all the actions of the first-line managers. Their principal task is to bring out the plans formed by the top managers. For this purpose, they have to:

Understand the procedures outlined by the top management

Guarantee that their staff has the required workers

Designate certain tasks and duties to them, and drive them to accomplish the aspired objectives.

Interact with other departments for the stable operation of the company. At the same time, they are subject to all the actions of the first-line managers.

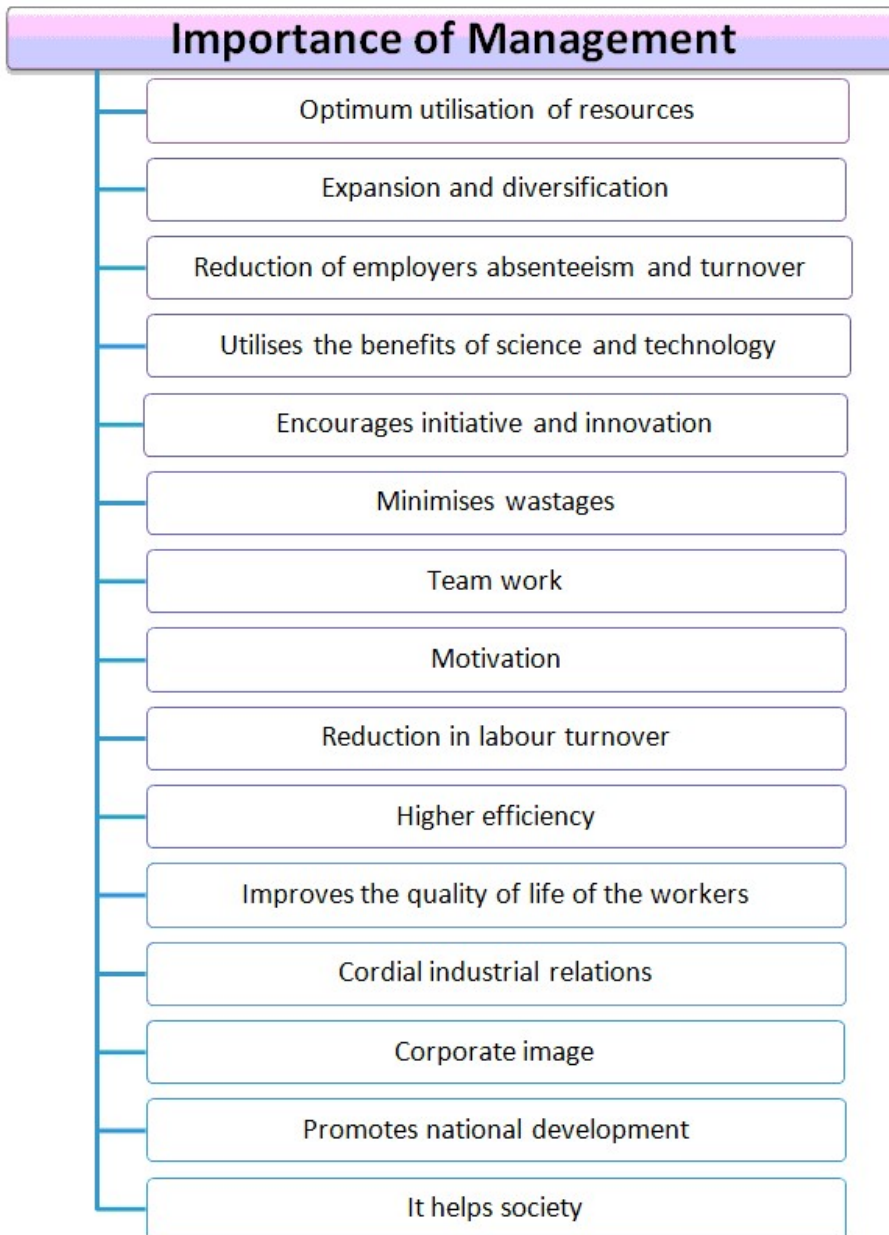
### **Lower Level Management**

Managers and supervisors make up the lower level of the management in the hierarchy of the business. Supervisors immediately manage the efforts of the workforce. Their power and ability are defined according to the maps drawn by the top management.

Supervisory management performs a significant task in the system since they coordinate with the genuine workforce and move in directions of the middle management to the employees. Through their efforts the worth of the output is reported, wastage of substances is reduced, and security measures are affirmed.

### **Need and Importance of Management**





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### 1. Optimum utilisation of resources

Management brings all the available resources together. All these available resources are important for achieving the objective of the organization which are:

Men,

Money,

Machines,

Methods,

Optimum (best)

Utilization (use)

## **2. Expansion and diversification**

Management helps the organization to achieve its objectives efficiently, systematically, easily and quickly. It helps the organization to face the cut-throat competition to grow, expand and diversify.

## **3. Reduction of employers absenteeism and turnover**

Management motivates people. It provides different incentives to the employees. This includes positive, negative, monetary and non financial incentives. These incentives increase the willingness and efficiency of the employees. This increases the productivity and profitability of the organization.

Management also develops team spirit and increases the efficiency within the organization. It in addition reduces labor turnover and absenteeism.

## **4. Utilises the benefits of science and technology**

Man has made rapid progress within the field of Science and Technology. Management utilizes the benefits of this progress. It provides industries with the latest machines. It provides the consumers with the newest products.

## **5. Encourages initiative and innovation**

Management spurs initiative. This means it initiative the employees to make their own plans and to execute these plans. It inspires the employees to give their suggestions. Initiative gives satisfaction to the laborers and success to the organization.

Management in addition encourages innovation. It brings innovative ideas, modern methods, latest techniques to the organization.

## **6. Minimises wastages**

Management minimizes the wastages of human, waste materials and monetary resources. Work is done through arrangement, proper manufacturing and Control. Managers motivate subordinate to reduce wastages. Reduction in wastage's brings a higher return to firm.

## **7. Team work**

Management always builds a team spirit in the organization. The combine effort of work and unity lead

to the prosperity within the organization. Team work plays an important part in the success of organization.

### **8. Motivation**

Management motivates employees by sharing their profits by the mean of bonus. They also give a good amount of incentives to the employees. This motivation zeal the employee to work harder, which results in higher efficiency in production.

### **9. Reduction in labour turnover**

Management helps to reduce labor turnover in the organization. Employee turnover takes place when some employees leave the organization, and others join in their place. Frequent labor turnover increases selection and training cost.

Management creates a sense of responsibility among the employees who brings down labor turnover.

### **10. Higher efficiency**

Management always wants that his employees should produce higher efficiency. Productivity is the relationship between returns and costs. Higher returns at minimum investment then the organization is said to be more proficient.

### **11. Improves the quality of life of the workers**

Management provides bonus and incentive to the employees for their work. It gives a healthy work environment to the workers. It also provides medical and insurance faculties to worker and their families. It provides a financial stability which helps in boosting life of the workers.

### **12. Cordial industrial relations**

Management ensures industrial peace. It gives more importance to the 'Human Element' in business. It applies positive motivation. All this improves the relations between the employees and the employers.

### **13. Corporate image**

Efficient and effective management maintains a good image and goodwill of organization. This is because of quality of products and services offered by the organization and also due to the social responsibility of organization towards society.

### **14. Promotes national development**

Management is regarded as a key to the economic development of nation. It puts resources to the optimum use. It leads to capital formation and tech advancement. It generates handsome revenue for government. It increases national income and standard of living of people. Thus, it leads to development across all sectors, and significant growth throughout the nation.

## **15. It helps society**

In management, profit is not only the objective of business. Today, the managers are combining profit objective with social purposes. They are providing society with a regular supply of good quality goods and services at reasonable prices. They are also providing employment opportunities to people. They in addition pay high taxes to the government. These taxes are used for improving nations. Nowadays, managers are using part of their profits to build hospitals, schools, colleges, etc. for civilization. So it is helping humanity in many ways.

### **Development of Management**

#### **early management approaches**

#### **Scientific Management**

Frederick Winslow Taylor Frederick Winslow Taylor was an engineer for Bethlehem Steel in 1889, when he decided to analyze the issue of soldiering, which is when workers are deliberately working under capacity.

He observed workers unloading iron off of rail cars and loading steel onto them. Taylor studied the movements, tools, and processes of the workers and determined that, while they were currently loading about 12.5 tons a day, they were clearly capable of loading 47.5 tons a day. He recommended that workers be provided incentives in the form of wage increases to meet new loading goals. These recommendations, when followed, led to increased production for Bethlehem Steel.

The process that Taylor laid out was a template for other organizations:

Each task should be studied scientifically to determine the best way to perform it.

Workers should be carefully selected and trained to perform the tasks.

Managers and workers should cooperate to ensure efficient production.

Managers should plan, and workers should be responsible for implementing those plans.

#### **Bureaucratic Management Approach**

Rather than concentrate on increasing worker productivity and efficiency, the administrative approach to scientific management focused on helping managers coordinate organizational duties.

Max Weber Max Weber developed a bureaucratic approach to management. A German citizen, Weber was interested in industrial capitalism, particularly how it was successful in some areas and not in others. Weber traveled to the United States to observe industrial capitalism, and determined that the U.S. used professional managers, business and economic relationships, whereas in Germany people were given positions of authority based on social standings and connections, and businesses were highly linked to family.

In order to help eliminate the practice of social privilege and favoritism prevalent in family-owned businesses, Weber proposed the bureaucratic approach. Bureaucracies have a negative connotation today, but in the true definition of the word bureaucracies are impersonal structures based on clear authority, responsibility, formal procedures and separation of management and ownership.

In his approach, Weber proposed:

Hierarchical management structure.

Division of labor.

Formal selection process for new employees.

Career orientation.

Formal rules and regulations.

Impersonality.

### **Administrative Management Approach**

theorist Henri Fayol proposed five basic management functions that are still an important part of management practice today. In his 1916 book General and Industrial Management, he talked about those functions:

Foresight: an organizational plan for the future.

Organization: implementation of the plan.

Command: select and lead workers.

Coordinate: make sure all activities are coordinated and helping to reach goal.

Control: ensure activities are going as planned.

### **Modern management approaches**

#### **I. Quantitative Approach:**

The quantitative approach was propounded by C. W Churchman and his colleagues around the year 1950. This approach is also known by the name of Operational Research or Operational Analysis.

The classical approach lays stress upon the physical resources while the neo-classical approach gives importance to human resources. Both these approaches are silent about some of the most serious problems usually faced by the managers.

The quantitative approach to management makes some suggestions to solve different problems facing the managers. It tells the managers to solve their problems with the help of the mathematical and

statistical formulas. Some special formulas have been prepared to solve managerial problems.

## **II. System Approach:**

This is a newly developed approach which came existence in 1960. This approach was developed by Chester I. Bernard, Herbert A. Simon and their colleagues.

The system approach means a group of small inter-related units. A group of different units which means a complete unit is called a system, while the small units are themselves independent, but somehow or the other is connected with the sub-systems of the related system. All the sub-systems influence one another. For example- a scooter is a system which has many sub-systems in the form of engine, shaft, gear, wheels body, etc.

All these sub-systems are inter-related with one another and if one of them fails the whole system stops working. Therefore, the success of the system depends on the cooperation and efficiency of the sub-systems.

## **3. Contingency Theory:**

The contingency theory approach, another extension of the modern approach, also contributed significantly to the evolution of management thoughts. This approach discards the concept of the universality of management principles and favours taking managerial decisions after carefully considering the situational factors.

The task of a manager, according to this theory, is to identify which technique will, in a particular situation and at a particular point of time, contribute best to achieving organizational goals. The theory contends that organizational phenomena exist in a logical pattern, which managers can understand gradually by interpreting the various situations. They can thereby frame their managerial styles, which may vary from situation to situation.

## **Planning**

### **Nature of Planning**

The nature of planning can be understood by examining its four major aspects. They are;

- (i) It is a contribution to objectives,
- (ii) It is primacy among the manager's tasks.
- (iii) It is pervasiveness, and
- (iv) The efficiency of resulting plans.

### **The contribution of Planning to the Attainment of Objectives**

Since plans are made to attain goals or objectives, every plan and all its support should contribute to the achievement of the organization's purpose and objectives.

An organized enterprise exists to accomplish group objectives through willing and purposeful co-operation.

### **Primacy of Planning**

That planning is the prime managerial function is proved by the fact that all other functions such as organizing, staffing, leading and controlling are designed to support the accomplishment of the enterprise's objectives.

Planning quite logically, therefore, comes first before executing all other managerial functions as it involves establishing the objectives necessary for all group efforts. Also, all the other managerial functions must be planned if they are to be effective.

Likewise, planning and controlling are inextricably bound up. Control without a plan is meaningless because the plan provides the basis or standard of control.

### **Pervasiveness of Planning**

Planning is a unique and universal function of all managers.

The character and scope of planning may vary with each manager's authority and with the nature of the policies and plans outlined by superiors, but all managers must have some function of planning.

Because of one's authority or position in the managerial hierarchy, one may do more or less planning, but some kind or amount of planning a manager must do.

According to Wehrich and Koontz; "All managers, from presidents to first-level supervisors – plan."

### **The Efficiency of Plans**

Plans should not only be effective, but also efficient. The effectiveness of a plan relates to the extent to which it accomplishes the objectives.

The efficiency of the plan, however, means its contribution to the purpose and objectives, offset by the costs and other factors required to formulate and operate it.

Plans are efficient if they achieve their objective at a reasonable cost when such a cost is the measure not only in terms of time, money or production but also in terms of satisfaction of the individual or group.

Both conceptual and practical reasons are put forward in support of planning. Two conceptual reasons supporting systematic planning by managers are limited resources and an uncertain environment.

### **PURPOSES / IMPORTANCE OF PLANNING**

**Planning seems to take a lot of effort. As a managerial function planning is important due to the following reasons:-**

- i. To provide direction**
- ii. To reduce / offset uncertainty and change**
- iii. To minimize waste and redundancy**
- iv. To set the standards to make control effective**
- v. To manage by objectives**
- vi. To help in co-ordination**
- vii. To secure economy in operation**
- viii. To increase organizational effectiveness**

#### **i. Planning provides direction:**

Planning provides direction to managers and non-managers alike. When employees know what their organization or work unit is trying to accomplish and what they must contribute in order to reach goals, they can coordinate their activities, cooperate with each other and do what it takes to accomplish those goals. Without planning, department and individuals might work at cross-purpose and prevent the organization from efficiently achieving goals.

#### **ii. Planning reduces / Offset uncertainty and change:**

Planning reduces uncertainty by forcing managers to look ahead, anticipate change, consider the impact of change, and develop appropriate response. Although planning won't eliminate uncertainty, managers plan so they can respond efficiently. Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.

#### **iii. Planning Minimizes waste and redundancy:**

Planning Minimizes waste and redundancy. When work activity is coordinated around plans,



inefficiency becomes obvious and can be corrected and eliminated.

**iv. Planning establishes the goals or standard to make control effective:**

When managers plan, they develop goals and plan. When they control they see whether the plans have been carried out and the goals met. Without planning there would be no goals against which to measure or evaluate work effort. The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

**v. To manage by objectives:**

All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.

**vi. To help in co-ordination:**

Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organization.

**vii. To secure economy in operation:**

Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.

**viii. To increase organizational effectiveness:**

Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

#### **4 Types of Plan**

There are main 4 types of plan;

#### **Hierarchical Plans:**

These plans are drawn at three major hierarchical levels, namely, the institutional, the managerial and the technical core. The plans for these three levels are;

(i) Strategic plan.

(ii) Administrative or Intermediate plan.

(iii) Operational plans can also be categorized according to frequency or repetitiveness of use. They are broadly classified as;

#### **Standing Plans:**

Standing plans are drawn to cover issues that managers face repeatedly. Such a standing plan may be called a standard operating procedure (SOP). Generally, five types of standing plans are used;

(i) Mission or purpose

(ii) Strategy

(iii) Policies

(iv) Rules

(v) Procedures

#### **Single-use Plans:**

Single-use plans are prepared for single or unique situations or problems and are normally discarded or replaced after one use. Generally, four types of single-use plans are used. These are;

(i) Objectives or Goals

(ii) Programs

(iii) Projects

(iv) Budgets

#### **Contingency Plans:**

Contingency plans are made to deal with situations that might crop up if these assumptions turn out to be wrong. Thus contingency planning is the development of alternative courses of action to be taken if events disrupt a planned course of action.

### **Steps in planning & planning premises**

#### **1] Recognizing Need for Action**

An important part of the planning process is to be aware of the business opportunities in the firm's external environment as well as within the firm. Once such opportunities get recognized the managers can recognize the actions that need to be taken to realize them. A realistic look must be taken at the

prospect of these new opportunities and SWOT analysis should be done.

Say for example the government plans on promoting cottage industries in semi-urban areas. A firm can look to explore this opportunity.

## **2] Setting Objectives**

This is the second and perhaps the most important step of the planning process. Here we establish the objectives for the whole organization and also individual departments. Organizational objectives provide a general direction, objectives of departments will be more planned and detailed.

Objectives can be long term and short term as well. They indicate the end result the company wishes to achieve. So objectives will percolate down from the managers and will also guide and push the employees in the correct direction.

## **3] Developing Premises**

Planning is always done keeping the future in mind, however, the future is always uncertain. So in the function of management certain assumptions will have to be made. These assumptions are the premises. Such assumptions are made in the form of forecasts, existing plans, past policies, etc.

These planning premises are also of two types – internal and external. External assumptions deal with factors such as political environment, social environment, the advancement of technology, competition, government policies, etc. Internal assumptions deal with policies, availability of resources, quality of management, etc.

These assumptions being made should be uniform across the organization. All managers should be aware of these premises and should agree with them.

## **4] Identifying Alternatives**

The fourth step of the planning process is to identify the alternatives available to the managers. There is no one way to achieve the objectives of the firm, there is a multitude of choices. All of these alternative courses should be identified. There must be options available to the manager.

Maybe he chooses an innovative alternative hoping for more efficient results. If he does not want to experiment he will stick to the more routine course of action. The problem with this step is not finding the alternatives but narrowing them down to a reasonable amount of choices so all of them can be thoroughly evaluated.

## **5] Examining Alternate Course of Action**

The next step of the planning process is to evaluate and closely examine each of the alternative plans. Every option will go through an examination where all there pros and cons will be weighed. The alternative plans need to be evaluated in light of the organizational objectives.

For example, if it is a financial plan. Then in that case its risk-return evaluation will be done. Detailed calculation and analysis are done to ensure that the plan is capable of achieving the objectives in the best and most efficient manner possible.

### **6] Selecting the Alternative**

Finally, we reach the decision making stage of the planning process. Now the best and most feasible plan will be chosen to be implemented. The ideal plan is the most profitable one with the least amount of negative consequences and is also adaptable to dynamic situations.

The choice is obviously based on scientific analysis and mathematical equations. But a manager's intuition and experience should also play a big part in this decision. Sometimes a few different aspects of different plans are combined to come up with the one ideal plan.

### **7] Formulating Supporting Plan**

Once you have chosen the plan to be implemented, managers will have to come up with one or more supporting plans. These secondary plans help with the implementation of the main plan. For example plans to hire more people, train personnel, expand the office etc are supporting plans for the main plan of launching a new product. So all these secondary plans are in fact part of the main plan.

### **8] Implementation of the Plan**

And finally, we come to the last step of the planning process, implementation of the plan. This is when all the other functions of management come into play and the plan is put into action to achieve the objectives of the organization. The tools required for such implementation involve the types of plans-procedures, policies, budgets, rules, standards etc.

### **Hierarchy of Plan**

The plans are generally arranged in a hierarchy within any organization. It starts at the top with objectives and goals of an organization. The second level is strategies. As discussed earlier, there are two types of strategies namely single use plans and standing plans. The third level is action plans. The hierarchy of plans is shown below



The top management sets the goals and objectives. These occupy the top priority. The goals or objectives include long-term plans and strategies of an organization. For example, a company aims to improve their production by 20% during next 2 years. Such objectives are very broad ideas and are achieved by strategies.

Strategies are carried out by means of two types of plans known as single-use-plans and standing plans. Single use plans are developed to achieve a specific goal after reaching the goal, the plan is dissolved.

Examples of single use plans are budgets, construction of a bridge, dam or a shopping complex etc. Whereas standing plans are developed for projects that happen again and again.

Admission procedure in a college, overhauling procedure of an aircraft, recruitment procedure of an organization etc., are some of the examples of standing plans. Action plans are the plans executed by the lower level organization. These are routine plans executed by the foreman and supervisors of the shop.