

CHAPTER ONE

INTRODUCTION

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Management has gradually evolved with the growth of trade, commerce and industry. Prior to the Industrial Revolution, which took place sometime in the middle of 18th century, production of goods was undertaken on a small scale. The Industrial Revolution of the 18th century brought into being the modern factory system of production. The characteristic features of the factory system of production were large-scale production, increased capital, expansion of trade, joint-stock ownership, combinations and big business houses. All this demanded a team of experts which could manage the rapidly expanding activities of the large industrial houses. This was the beginning of the modern management, which has gradually grown to its present stage. Today, management has emerged as the most effective instrument which gives proper direction to the growth of the industry. It has, as a matter of fact, become a profession in itself.

Management is an activity consisting of some basic functions for achieving the objectives of an enterprise through the efforts of its personnel. Management is essential for all kinds of organizations, whether they may be business organizations or non-business organizations.

Management has been defined by several authorities; some of which are as under:

According to James Lundy:

"Management is principally a task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective. It involves the combining of traditional factors of production, such as land, labour and capital, in an optimum manner, paying due attention to the particular goals of the organization".¹

Koontz and O'Donnell stated that:

"Management is the task of manager to establish and maintain an internal environment in which people working together in groups can perform effectively and efficiently and assist the attainment of group goals".²

According to George R. Terry:

"Management is a distinct process consisting of planning, organizing, actuating, controlling, performed to determine and accomplish the objectives by the use of people and resources".³

The distinguished author, P.F. Drucker describes it as:

"... an economic organ of industrial society. It implies taking appropriate actions to achieve the desired and pre-determined results".⁴

MANAGEMENT PRACTICE:

"Management is a function, a discipline, a task to be done and a manager should practice his discipline, carry out the functions and discharge these tasks. Managers practice management, they do not practice economics, they do not practice quantification, they do not practice behavioural science. These are but tools for the manager. ... As a specific discipline, management has its own basic problems, specific approaches, distinct concerns. A man who only knows the skills and techniques, without understanding the fundamentals of management, is not a manager; he is, at best, only a technician."⁵

Drucker's above statement is rather redundant today, because many techniques and concepts suggested by him will not necessarily result in an effective discipline. Effective management will result from judicious and timely use of such techniques and concepts in combination with those that are endemic to the field of management. Management is an evolutionary process, the knowledge of which is a pre-requisite

for the attainment of pre-determined goals. This has two parts; first, knowledge derived from other disciplines and used in the process of management; and secondly, knowledge endemic to the process of management. These two general types of knowledge are mutually reinforcing, in that each augments the other and that both are further delineated and validated by testing at the point of practice.

The process of management provides a viable framework for the delineation and evaluation of managerial functions. Therein lies its principal value and the reason why its assimilation is essential to the practitioners of management. There are some slight differences of opinion among the authorities, instructors and the practitioners on the breakdown of the sub-functions and their identifying terms, the nature of the process seems to have general agreement.

There is no complete agreement among writers on management on what functions should be included in management process. Managerial functions have not been defined with a sufficient degree of precision. The functions of managers are a useful framework in which to organize management knowledge. There have been no new ideas, research findings or techniques that cannot readily be placed in these classifications. For this reason, the basic functional areas of management selected are planning, organizing, staffing, leading and controlling.

The first real thinker of 'management philosophy' has classified managerial functions as planning, organizing, communicating, coordinating and controlling.

Luther Gullick has prepared a list of executive functions under the catchword 'PODSCORB', which is made of the initials and stands for the following activities - Planning, Organizing, Directing, Staffing, Coordinating, Reporting and Budgeting.

As we have discussed earlier, the functions of management is known as a part of managerial job.

1. Planning:

When management is reviewed as a process, planning is the first function performed by the manager. The work of an organization is in each area of business. This is done through the present situation to find out where he is and then forecast future objectives which will be indicating where he wants to be, i.e. the destination to be reached. The alternative to achieve the objectives are evaluated and selected - alternatives become the plan of action. Planning involves the formulation of what is to be done, how, when and where it is to be done and how its results are to be evaluated. Planning is basically an intellectual exercise which involves decision-making. It is the most important step in the process

of getting the results. In other words, planning is a pre-determined course of action to accomplish the set objectives, with the greatest economy and certainty. It is today's projection for tomorrow's activity.

2. Organizing:

Managing a business is not just planning. Organizing includes putting life into the plan by bringing together the executive personnel, workers, capital, machinery, material, physical function and other things or services to execute the plans. When these resources are assembled, the enterprise comes to life. Organizing involves determining the activities needed to fulfil the objectives, group these activities into manageable units or departments and assigning such groups of activities to specific manager or managers. It determines authority, responsibility and relationship. Their relationship must be properly coordinated to secure unity of organization. This work of task-allocating, authority-delegating and relationship-establishing by the managers is known as organizing the -

- (1) Division of work into component activities,
- (2) Assigning the activities,
- (3) Defining responsibility,
- (4) Delegation of authority,
- (5) Establishment of structural relationship to secure coordination.

3. Staffing:

Staffing involves filling up the positions needed in the organization structure by appointing competent and qualified persons for the job. Staffing process, therefore, provides the organization with adequate, competent and qualified personnel at all levels in the enterprise. Staffing implies that the management should properly estimate manpower requirements of the organization, consistent with qualifications expected to proper and efficient discharge of duties on existing and possible jobs in the organization, laying down of suitable selection and placement procedures, developing employees skill through training and appraisal scheme and devising suitable schemes of compensation. So, the systematic approach to the problem of selecting, training, motivating and retaining managerial personnel in any organization is referred to as 'staffing'. The job of staffing is concerned with recruitment and development of manager and their maintenance in a high spirit.

4. Directing:

Planning, organizing and staffing are not sufficient to set the task in motivation. Management may have well coordinated plans, properly specified duties and authorities and able personnel. But in the absence of proper direction by the manager, the interest of the employees cannot be

safeguarded and the objectives of the enterprise remain unachieved. Directing involves issuing of directives, instructions or orders to the subordinates. Literally, it means that the putting or moving into action. It is an art of guiding, orienting, communicating, motivating, leading and organizing the human behaviour in the enterprise with an object of achieving goals of an organization. Directing the subordinates involves following essential activities:

- (1) Issuing of orders and instructions,
- (2) Guiding and counselling the subordinates in their work with a view of improving their performance,
- (3) Motivating the employees,
- (4) Supervising the work of subordinates to ensure that it conforms to the plan,
- (5) Developing effective communication system.

5. Motivation:

The managerial power has its source in the methods of leading, motivating, appraising, teaching, influencing, counselling, coaching, delegating and setting an example. So, the manager plans, organizes, leads and motivates the people working with him. Motivation and leadership are the master keys to a successful management of any enterprise. They are also responsible to ensure productivity of human resources. Motivation can set into motion a person to carry

out certain activity. Motivation assumes unique importance in the modern business management. Democratic leadership heavily relies on motivation of employees through financial and non-financial incentives. When the job itself is meaningful, interesting and challenging, it can provide maximum motivating power to employees.

6. Controlling:

Controlling is the last phase of the management process. Controlling is the process of measuring actual results or present performance, comparing these results to plans or some standards of performance, finding out the results for deviation of actual from desired results and taking corrective measures whenever necessary. The corrective action may lead to change in the method of implementation of the plan or changes in the plan itself or even a change in the objectives. Usually, our desired performance standards of the objectives, policies, programmes, procedures and budgets. A good plan assumes effective control. Controlling involves the following series of activities:

- (1) Continuous observation and study of periodic results of performance in order to identify the potential problems,
- (2) Comparison of the performance with the range of standards established before-hand,
- (3) Pin-pointing significant deviations,
- (4) Selection of the best mode of control,

- (5) Ascertain their exact courses,
- (6) Initiation and implementation of corrective action.

7. Coordination:

Coordinating is considered a by-product of directing. It is the inter-relating factor of organization. Coordination means to combine activity into a consistent and harmonious action. It is the integration or orderly pattern of group efforts in the enterprise towards the accomplishment of common objectives. It means to unite and co-relate all the activities in the organization. In coordination, the efforts of the subordinates synchronized by way of proper amount, timing and quality of executive, so that their unified efforts lead to the stated objectives. Coordinated efforts can achieve more than the efforts of the same number of individuals who are not properly coordinated. Coordination ensures unity of direction by way of securing spontaneous collaboration on the part of different departments.

8. Communication:

The word 'communication' has been derived from the Latin word 'communis', which means 'common'. Communication, therefore, involves imparting a common idea or understanding and covers any type of behaviour resulting in an exchange of meaning. It involves an exchange of facts, feelings and

information by two or more persons and provides the means of putting the personnel into action in an organization. People are to be informed, guided and directed as to what should be done by them every now and then. This informing is done through the use of communication. It conveys ideas, opinions or decisions of the managers to subordinates at different levels of organization and carries back information, suggestions or responses from the subordinates. It is a sum of all the things one person does when he wants to create an understanding in the mind of another. It is a systematic and continuous process of telling, listening and understanding.

9. Decision-making:

The manager is always confined to choice-making. Decision-making is the fundamental function of management. The entire management process could not exist without it. Peter Drucker wrote, "Whatever manager does, he does through making decisions". A decision is an act of choice wherein an executive forms a conclusion about what must and must not be done in a given situation. A decision is something that takes place prior to the actual performance of the action that has been decided upon. It is a solution selected after examining several alternatives chosen because the decider foresees that course of action he elects will do more than the others

to further his goals. The selection is based on some criteria of one behaviour alternative from two or more possible alternatives.

IMPORTANCE OF THE STUDY:

Management practice is the most important part of the successful organization. No organization can work efficiently without proper and effective implementation of various functions of management. So, it is the life-blood of an effective organization.

The present study aims to assess the management practice in two different organizations related to the sugar industry. Since the natures of the organization are different, it is assumed that management practices would differ from organization to organization (one is in cooperative sector and the other in private sector) and there would also be a difference in the management practices.

STATEMENT OF THE PROBLEM:

The present study is about the comparison of the management practices in two different organizational sectors. Management practice provides a viable framework for delineation and evaluation of the managerial functions.

The statement of the problem, therefore, is: **A Comparative Analysis of Management Practices in Cooperative and Private Sugar Factories.**

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