

COMMERCE

GRADE XII – Mumbai Board

A.Y. 2021-22

SRK/MBBI - Junior College of Commerce, Dahanu (P_J); SRK/MBBI - Junior College of Commerce, Dahanu (P_J); SRK/MBBI - Junior College of Commerce, Dahanu (P_J)

ORGANISATION OF COMMERCE AND MANAGEMENT

2

Functions of Management

2

FUNCTIONS OF MANAGEMENT



Important points to learn:

1) Functions of Management

- a) **Planning** : Meaning, Definition, (Nature), Importance
- b) **Organising** : Meaning, Definition, (Nature), Importance
- c) **Staffing** : Meaning, Definition, (Nature), Importance
- d) **Directing** : Meaning, Definition, (Nature), Importance
- e) **Co-ordinating** : Meaning, Definition, (Nature), Importance
- f) **Controlling** : Meaning, Definition, (Nature), Importance

2) Comparative Study

In the revised syllabus the Nature/Characteristics/Features of the Functions of Management are not included. However, we shall study them in brief. This will help you to undertake the comparative study.

SRK/MBBI - Junior College of Commerce, Dahanu (P_J); SRK/MBBI - Junior College of Commerce, Dahanu (P_J); SRK/MBBI - Junior College of Commerce, Dahanu (P_J)

Please Note:

These notes are general guidelines only for reference, for the students of SRK/MBBI Junior College, Dahanu. ***For detailed notes, students should refer only the prescribed textbook of the Maharashtra State Bureau of Textbook Production and Curriculum Research. This study material is for learning purpose during lockdown.***

Introduction – Management Functions

MANAGEMENT

It is the process of dealing with or controlling things or people. It refers to the process of conducting and coordinating various human activities in accordance with the vision-mission of the organisation. It harmonises all the functions of a business organisation.

These functions include the following:

Planning, Organising, Staffing, Directing, Coordinating and Controlling

Management Functions are concerned with all levels of the management.

According to Henry Fayol, “To manage is to forecast and to plan, to organize, to command and to control.”

According to Allen, “Management is what manager does”.

MANAGEMENT = MANAGE MEN TACTFULLY

Function 1 : PLANNING

Planning is the **basic function** of management. Every other function of the management is based on Planning. Planning means deciding the things to be done in advance. It is an **intellectual process** of logical thinking and rational decision making.

According to Stoner, “Planning is the process of establishing goals and a suitable course of action for achieving these goals”.

Nature/Characteristics/Features:

- | | |
|-------------------------|--|
| 1) Primary Function | (It is the most basic function of the management) |
| 2) Intellectual Process | (It involves use of intelligence, imagination and creative thinking) |
| 3) Goal Oriented | (It initiates action that leads to achievement of desired goals) |
| 4) Future Oriented | (It is always done keeping in mind the future needs) |
| 5) Dynamic Function | (It must provide enough scope to cope with future changes) |
| 6) Continuous Process | (It applies to all functions as it is never ending activity) |

... continued on next page ...

Function 1 : PLANNING

Importance of Planning:

- 1) Helps to set clear objectives:** Planning is concerned with setting objectives, targets, and formulating plans. It helps managers to analyse the current situation.
- 2) Provides path of action:** Planning ensures that goals/objectives are clearly stated. They act as guide and they provide direction for doing the right things at the right time in the right way. It guides the employees so as what to do for achieving the objectives.
- 3) Planning improves performance:** Planning helps managers to improve future the performances of employees by setting clear objectives and a course of action. Planning leads to efficiencies in performance as employees can work according to guidelines.
- 4) Minimises the risk:** Planning is based on forecasting technique. By deciding in advance the task to be performed, planning shows the way to deal with changes and uncertain events. Risks cannot be totally eliminated but can be minimized by planning.

Function 1 : PLANNING

5) Optimum utilization of resources: Planning helps to prepare plans considering the availability of the resources and their proper utilization for various activities. This brings in higher efficiency, avoid wastage and get better results.

6) Helps in decision making: Planning helps to select the best alternatives by considering all positive and negative outcomes. Planning helps the manager to take decisions rationally.

7) Setting standards for controlling: Planning sets out standards for controlling. This helps to compare actual performance with the standard (set) performance. If there is any deviation, it can be corrected by taking appropriate steps. It brings in discipline.

8) Facilitates other management functions: Every organisation functions towards achieving its goals which are framed at the Planning stage. So unless Plan is ready, other management functions like organising, staffing, coordinating, controlling, etc. cannot be undertaken. Planning facilitates other functions.

Function 2 : ORGANISING

Organising is next to planning. It is the process of identifying and bringing the required resources together such as men, material, machines, money and methods. It brings together physical, financial and human resources and develop productive relationship amongst them. In this function, management decides the ways and means to achieve what has been planned (in the planning stage).

According to Mooney and Railey, “Organisation is the form of every human association for the attainment of a common purpose”.

Nature/Characteristics/Features:

- | | |
|-----------------------|--|
| 1) A Process | (It is a step-by-step process, each step important) |
| 2) Division of Work | (Assigning responsibility of each activity to a specific individual) |
| 3) Goal Oriented | (It achieves individual goals of employee with organizational goals) |
| 4) Common Target | (It is a collective efforts from all employees to achieve goals) |
| 5) Continuous Process | (It is a never ending process) |

... continued on next page ...

Function 2 : ORGANISING

Importance of Organising:

- 1) Brings Specialisation:** Division of work into units and departments helps in bringing specialisation. It also helps to complete maximum work in minimum time.
- 2) Defines Jobs Properly:** Organisational structure helps in putting the right men on the right job according to their skills, qualifications, etc. This helps in defining their jobs properly and clarifies the role of every employee.
- 3) Authority and Responsibility:** Since the role of every employee is defined, it helps to delegate authority and fix responsibility. This prevents misuse of power. It also brings in efficiency and thus helps to increase productivity.
- 4) Effective Administration:** Organising helps to determine different positions, departments, roles, etc. clearly. Care is taken while placing the right person in the right job with the right authority and responsibility. This leads to efficient and effective administration.

... continued on next page ...

Function 2 : ORGANISING

5) Helpful for Growth and Diversification: Clearly defined roles and responsibilities, coordination among all levels, use of appropriate techniques brings efficiency and leads to growth. This is possible when the organisational structure is well-defined.

6) Sense of Security: Organisational structure clarifies the job position. It clearly states the duties and responsibilities of each employee. Clarity in job and power helps in increasing mental satisfaction and thus creates a sense of security among employees.

7) Scope for Innovation: Organising function clears the roles and activities to be performed. Employees can work using new ideas. This provides opportunities for employees to develop talent and skills.

8) Optimum Utilisation of Resources: Organising provides different jobs to different employees according to the job specification. Due to this, specialization of work becomes possible. This helps in utilization of resources at the optimum level so that the desired results are achieved within the specified time period.

Function 3 : STAFFING

Staffing refers to the process of acquiring, developing, employing, appraising, remunerating and retaining people. It ensures that right type of people are available at the right time and at the right positions. The need for staffing arises due to promotion, transfer, retirement, resignation, accident, or death of an employee due to vacancies.

According to Benjamin, “Staffing is the process involved in identifying, assessing, placing, evaluating and directing individuals at work”.

Nature/Characteristics/Features:

- | | |
|----------------------------|--|
| 1) Important Function | (All functions depend on manpower to operate/function) |
| 2) Pervasive Activity | (It is carried out by all managers in all types of organisations) |
| 3) Result Oriented | (It aims at recruiting specialized person to achieve desired results) |
| 4) Social Responsibility | (It is a social responsibility on an organisation to perform properly) |
| 5) Essential at all levels | (It is performed by all managers in all types of organisations) |
| 6) Continuous Process | (It continue throughout the life of an organisation) |

... continued on next page ...

Function 3 : STAFFING

Importance of Staffing:

- 1) Effective Managerial Function:** Staffing is the key to effective performance of other functions. Skilled workforce can work effectively in different functional areas.
- 2) Effective Utilisation of Human Resources:** If proper care is taken at every stage of recruitment, selection, training and placement, it can lead to optimum utilization of human resources and lead to progress of the organisation.
- 3) Builds Cordial Relationship:** Staffing helps to build healthy relationships among all levels of the employees. It is a key to better communication and coordination efforts.
- 4) Helps Human Resource Development:** Trained employees are an asset to an organisation. Staffing helps to inculcate the organisational culture into their employees. It trains and develops the existing workforce. It also ensures smooth functioning of all the managerial aspects of the business organisation.

Function 3 : STAFFING

5) Effective use of Technology and Other Resources: Trained employees can use the latest technology, capital, material and methods of work effectively. It helps in building competitive strength of the organisation. It also helps in improving the productivity.

6) Improves Efficiency: Training and developmental programmes are offered to the employees for self-development and organisational development. Through proper selection, the organisation gets quality employees and through proper training their performance level can be improved.

7) Long Term Effect: Qualified, efficient and skillful workforce is always an asset of the organisation. Proper selection of employees leads the organisation towards the path of success. This results in long-term positive effects for the organisation.

8) Provides Job satisfaction: Employees can be motivated through financial and non-financial incentives. Adequate remuneration increases job satisfaction and morale of the employees. Training and development programmes, fair remuneration and job security are the factors which are important in providing job satisfaction.

Function 4 : DIRECTING

Directing is the soul of the management functions. It is the process of instructing, guiding, communicating, inspiring, motivating and supervising the employees to achieve the desired goals of an organisation. Sometimes, Direction is also referred to as 'Life Spark of an Enterprise'.

According to Dale, “Directing is what has to be done and in what manner through dictating the procedures and policies for accomplishing performance standards”.

Nature/Characteristics/Features:

- | | |
|------------------------------|---|
| 1) Pervasive Function | (It is required at all levels of an organisation) |
| 2) <u>Executive</u> Function | (It is carried out by all managers and executives at all levels) |
| 3) Human Factor | (It is important and related to the behaviour of human beings) |
| 4) Creative Activity | (It helps to Convert Plans into Performance through creativity) |
| 5) Continuous Process | (It is a never ending process, continues throughout the life of org.) |

... continued on next page ...

Function 4 : DIRECTING

Importance of Directing:

- 1) Initiates Action:** Direction is the function which supports to activate the plans with the help of employees. Every action is initiated through timely direction. The subordinates are directed what to do, how to do, when to do, etc.
- 2) Integrates Efforts:** Communication is one of the elements of direction. It helps in integrating the efforts of all the employees and department which results in achievement of organisational goals.
- 3) Means of Motivation:** While directing the subordinates, their opinions are also considered. A manager also motivates them by offering financial and non-financial incentives to improve their performance.
- 4) Provides Stability:** Stability plays a significant role in the growth and survival of the organisation. Effective leadership, communication, supervision and motivation develop co-operation and commitment among the employees.

... continued on next page ...

Function 4 : DIRECTING

5) Effective Utilisation of Resources: Direction involves assigning duties and responsibilities to everyone. Instruction systems are developed to avoid wastages, duplication of work, etc. Focus is given on effective utilization of resources.

6) Creates Team Spirit: Direction focuses on motivating the subordinates for group efforts. Group efforts or team spirit plays a vital role in the success of an organisation than individual efforts.

7) Increases Efficiency Level: Guidance and motivation is given to subordinates to perform at their best level. Being a leader, team spirit is created by the manager as well as proper supervision techniques are used. This leads to increase in organisational efficiency.

8) Co-operation: Co-operation is necessary for the smooth flow of organisational activities. It should be created by the manager, i.e. from top-level to lower-level of management. Healthy co-operation, team work and higher efficiency level leads to achievement of the organisational goals.

Function 5 : CO-ORDINATING

Co-ordination refers to integration of different activities that are important for the working of an organisation. It is a process to establish harmony among all the activities of an organisation in achieving the desired goals. Co-ordination is a hidden force which binds all other functions of the management.

According to Henry Fayol, “To co-ordinate is to harmonise all the activities of a concern to facilitate its working and its success”.

Nature/Characteristics/Features:

- | | |
|-----------------------|--|
| 1) Team Work | (It is a group effort and not individual effort) |
| 2) Dynamic Process | (The process may change over a period of time) |
| 3) Integration | (It relates to group effort and not individual effort) |
| 4) Pervasive Function | (It is required at all levels of management) |
| 5) Responsibility | (It is necessary to have coordination between all employees) |
| 6) Continuous Process | (It is needed at each and every step from Planning to Controlling) |

... continued on next page ...

Function 5 : CO-ORDINATING

Importance of Co-ordination:

- 1) Encourages Team Spirit:** In an organisation, group of individual works together. Co-ordination helps to reduce the conflicts between the individuals, departments and employer-employees. Co-ordination increases team spirit at work place.
- 2) Gives Proper Direction:** Coordination integrates departmental activities for achieving common goal of the organisation. The work is arranged in a systematic way.
- 3) Facilitates Motivation:** Coordination motivates the employees to take initiative while completing their assigned tasks. Effective co-ordination increases efficiency and results into growth and prosperity of the organisation. This leads to job security, higher income, promotion and other incentives thus further motivating the employees.
- 4) Optimum Utilisation of Resources:** Managers try to integrate all resources systematically. Co-ordination helps to minimize the wastage of resources.

Function 5 : CO-ORDINATING

5) Achieve Organisational Objectives: Co-ordination leads to minimum wastages of resources. It ensures smooth working of the organisation and thus helps to achieve the organisational goals.

6) Improves Relation: Co-ordination develops cordial relations between all the levels of management of an organisation. Every department depends on the functioning of the other department. Co-ordination helps the employees to build strong relations among themselves and achieve the given targets.

7) Improves Goodwill: Higher sales and higher profitability can be achieved due to combined efforts of the employees and lower costs. This results in creating Goodwill for the organisation in the market.

8) Specialisation: All departments of the organisation are headed by experts in their respective fields. The specialized knowledge of these departmental heads helps in managerial decisions. It leads the organisation to move ahead towards accomplishment of pre-defined goals leading to growth and success.

Function 6 : CONTROLLING

Controlling function is required in all types of organisations. It is performed at all levels i.e. top, middle and lower levels of management. Controlling is indispensable function of management. Controlling is a function of comparing the actual performance with the predetermined standard performance. It helps to find any deviations and suggests corrective measures.

According to Philip Kotler, “Control is the process of taking steps to bring actual results and desired results close together.”

Nature/Characteristics/Features:

- | | |
|-----------------------|---|
| 1) Pervasive Function | (It is required at all levels of an organisation) |
| 2) Action Oriented | (It finds any deviations and suggests corrective measures) |
| 3) Future Oriented | (It measures current performance and provides) |
| 4) End Function | (It is the end function among the functions of management) |
| 5) Continuous Process | (It is a never ending process, continues throughout the life of org.) |
- ... continued on next page ...*

Function 6 : CONTROLLING

Importance of Controlling:

- 1) Fulfilling Goals:** Controlling is the function of measuring the performances at every possible stage, finding out the deviations, if any, and taking corrective actions. It helps in fulfilling the organizational goals.
- 2) Efficient Utilisation of Resources:** Standards are set for every performance. So the resources are used by employees in the most efficient and effective manner so as to achieve the organisational objectives.
- 3) Accuracy of Standards:** An efficient control system helps management in judging the accuracy of standards whether they are accurate or not. These standards are also revised from time to time which is beneficial for checking performance accurately.
- 4) Facilitates Coordination:** Control is a function in which the roles and responsibilities of all departmental managers and the subordinates are designed clearly. This helps to find out the deviations , if any, and take corrective measures.

... continued on next page ...

Function 6 : CONTROLLING

5) Ensures Efficiency and Effectiveness: Controlling makes managers responsible, motivating them for higher performance and achieving departmental coordination. It ensures efficiency and effectiveness.

6) Builds Corporate Image: Controlling function helps to improve the overall performance of the organisation. Minimum or No deviation results in the progress of the business, which can be achieved with the help of proper control. This helps to build a good corporate image and brings goodwill for the business.

7) Acts as a Guide: Controlling function provides a set of standard performance. Managers as well as subordinates work according to it. Controlling function acts as a guide for everyone.

8) Ensures Order and Discipline: Controlling is the function of order and maintaining discipline. Discipline is maintained by continuous checking of performances against set standards and preventive actions are taken to minimize the gap between actual and standards.

COMPARATIVE STUDY / DISTINGUISH BETWEEN

To be studied from the Board Prescribed Textbook, Page No. 29.

To study the same, you can refer to the points under **Nature/Characteristics/Features** heading, given for each of the functions above. Minimum 5 points to be studied for each comparative study.

This Page Has Been Intentionally Left Blank

SRK/MBBI - Junior College of Commerce, Dahanu (P_J); SRK/MBBI - Junior College of Commerce, Dahanu (P_J); SRK/MBBI - Junior College of Commerce, Dahanu (P_J)