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# UNIT 1 MANAGEMENT FUNCTIONS AND PROCESSES: AN OVERVIEW

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## *Structure*

- 1.1 Introduction
- 1.2 Objectives
- 1.3 The Systems Concept
- 1.4 Management Functions
  - 1.4.1 Administration and Management
  - 1.4.2 Leadership and Creativity
  - 1.4.3 Planning and Controlling
  - 1.4.4 Organising
  - 1.4.5 Leading and Motivating
- 1.5 Management Processes
  - 1.5.1 Policy Formulation
  - 1.5.2 Decision-making
  - 1.5.3 Planning Processes
  - 1.5.4 Creating the Structure
  - 1.5.5 Controlling Processes
- 1.6 Let Us Sum Up
- 1.7 Check Your Progress: Possible Answers

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## 1.1 INTRODUCTION

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How does one begin a course on Management of Distance Education? Of course, we begin from the very beginning. That means, to begin with, one needs to know what management is all about before one begins thinking about managing specialized systems and organisations. This Unit tries to take you through the basics of management, its functions, methods and practices. Remember, this is not a course for a business management student; all that this unit seeks to endeavour is to acquaint you with the functions of management and its processes. This limited objective is sought to be achieved through as simple and straightforward a presentation as possible.

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## 1.2 OBJECTIVES

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*On completion of this Unit, you should be able to:*

- *describe* the concepts of organisational systems and their components;
- *identify* the major functions that the management of organisations involves;
- *analyse* the processes associated with the performance of major management functions; and
- *explain* the roles and responsibilities of managers in any organisation.

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## 1.3 THE SYSTEMS CONCEPT

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As you go about the business of living, you find that you are surrounded by organisations of different kinds, big and small, formal and informal,

economic and religious, government and private, educational and cultural, social and political. You belong, at the same time, to many of these groups; at any rate, your life and living are largely influenced, even conditioned, by these organisations and their work. And many a time, you will find that you are negotiating with one or more of these organisations, and are adjusting with the ways in which they work to find your own space and establish your own identity.

We know from the beginning of recorded history that even the early groups of human beings had grown into complex organisations; the tribes, the religions, the army, the empires and the merchants. Today, diverse organisations are interwoven in a complex tapestry in which you and other members of these organisations are bonded more and more closely together, without perhaps, fully realising it. Satellite communication networks now link people through a meticulously organised system which has its own protocol, code of conduct and patterns of interaction. All these are outcomes of organisation, which is, in its simplest form, a structured process in which people interact with one another for fulfilling specific objectives.

This definition of an organisation may seem very simple, but in a complex organisation, there are countless interactions at various levels among large numbers of people. For instance, in a University, there are students, teachers, deans and heads, administrators and accountants, laboratory technicians and janitors, estate managers and canteen workers. While all of them are working for the purpose of the university, each one of them is also working for the fulfilment of a personal purpose. Some of these purposes are noble and idealistic, some very practical, some supporting and reinforcing others, while some might be in conflict with others. But overall, they all contribute to the purpose of the university, and therefore, each of these purposes, and the ways in which they are sought to be achieved, are all organically related to the organisation of the university. It is this relationship of several elements that constitute the structure of an organisation that we call a system. In other words, a system is defined as the aggregate of several inter-related components (sub-systems) which have been put together according to a specific scheme or plan, and in order to achieve stated objectives.

A system has the following components:

- A number of parts or sub-systems which when put together in a specific manner form the whole system;
- Boundaries within which each part exists;
- A specific goal or goals expressed in terms of performing a task, producing an output or providing a service, etc.; and
- Close inter-relationship and interdependence among the different sub-systems.

The inter-relationship among the sub-systems can be identified in the following terms:

- The *flows* that exist between them, such as the flow of information, materials, money, and so on;
- The *structure* within which they relate to each other;
- The *procedures* by which the sub-systems relate to one another;
- The *feedback* and the control process and mechanisms which exist to ensure that the system is moving towards the desired objectives.

In our example of the university as an organisation, there are several sub-systems that include:

- Prescribing the courses, determining the curricula, and setting the standards of achievement for the students;
- Admitting students, collecting fees, maintaining records;
- Recruiting teachers, training them and administering their conditions of service;
- Holding examinations and certifying the performance of the students;
- Construction and maintenance of buildings, classrooms, laboratories, student hostels, staff houses, etc.;
- Buying equipment, furniture, books, stationery, etc., as well as ensuring their maintenance and managing the inventory;
- Administering the organisation and its finances.

You will notice from the above that within the context of a university, each of the set of functions listed above does not have independent existence or goals. Courses have to be prescribed to enrol students, teachers have to be appointed to teach them, examinations have to be held to test the outcome of students' learning and grade their performance, and each of these functions should inform the other for achieving the university's goals of educating the people. In order to ensure that all this happens in an orderly manner, each of these functional areas has to be structured with its roles, responsibilities and relationships with each other clearly defined, and the methods and processes of interaction among them specified through appropriate procedures.

Organisations, at their core, are defined by the people who constitute them. They are therefore part of the social systems which constantly interact with their environment. They are also known as open systems which, in a larger context, are the sub-systems of the environment within which they operate. The environment itself consists of social, economic, political and legal sub-systems. In our example of the university, you will notice how the environment influences the determination of policies, courses, admission procedures and so on from time to time. The national policies that guide the education system would determine the university policies on admission of students and appointment of teachers (equal opportunities, special provisions for the disadvantaged sections, remedial programmes for the weaker students); induction of new technologies would influence the methods of teaching and learning (communication technologies, computer applications); and funding regimes would affect the scales of fees charged for different programmes.

### Check Your Progress 1

**Note:** i) Space is given below for your answer.

ii) Check your answer with the one given at the end of the unit.

How do you visualize the inter-relationship among the several sub-systems of a university as an organization? Answer in about 50 words.

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## 1.4 MANAGEMENT FUNCTIONS

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Management is about directing the energies and resources of organisations to purposeful, coordinated and goal-oriented activities. The functions of managers include policy-making, planning, organising, motivating, communicating, monitoring and controlling. These managerial functions are essentially the same regardless of the type of the organisation, or the level of the managers in the organisation. The Vice-Chancellor of a University, the Dean of a Faculty or the Registrar performs these functions in the same manner as does the President of a manufacturing company, the Marketing Manager of its products or the Secretary of the company. There would, of course, be differences in styles as the purpose of a university is vastly different from that of a manufacturing company, but the substance of managerial functions would be more or less the same.

### 1.4.1 Administration and Management

Before we get into the details of management theories and practices, it would be worthwhile to understand the two concepts; administration and management. Early thinking was that administration involved thinking, a top level function that focused on the determination of the objectives of an enterprise, its plans and policies. This view was held by some early writers like Oliver Sheldon (1923), William Spriegal and Ernest Davies (1952) and G.E. Milward (1960). According to them, management had more to do with “doing” than “thinking”. And at the top level, more time is spent on administrative activity, and as one moves down in the organisation, more time is spent on management activity. Another view, held by E.F.L. Brech and others (1972), considered ‘management’ as a comprehensive generic term that included the entire processes of planning, organising, directing and controlling. Administration, according to them, was only a part of management comprising the functions of planning and control. They made a distinction between administrative management and operations management.

According to Peter Drucker (1970), the basic difference between management and administration is the use of these terms in different contexts. The governance of non-business institutions (such as government, army, church, etc.) is generally called administration while the governance of business enterprises is called management. In other words, the chief domain in management is economic performance while in administration, the economic consequences are only secondary.

Yet another view is that administration is primarily concerned with the successful maintenance of an organisation, and its running according to rules and regulations. Its emphasis is on regulation of the system. In Management, the emphasis shifts from maintenance to improving efficiency, that is, accomplishing tasks with minimum resources, or optimisation in the use of resources.

It will be useful to remember these distinctions as we go along when we will be grappling with all of these concerns. And remember, education is a non-business activity, and still it has to do with economic issues and concerns of efficiency.

### 1.4.2 Leadership and Creativity

The success of every organisation depends upon its leadership. Organisations, as we said earlier, are groups of people brought together for a common

purpose. The attainment of that purpose depends on how the groups are held together, how they are motivated and how their efforts are channelized. As the organisations become more complex, there would be greater need for direction and coordination of activities among various participating units. All these require able leadership. Transforming the desire for achievement into a burning passion for successful accomplishment is what skilful leadership can do. According to Peter Drucker (1970), "Leadership is the lifting of man's visions to higher sights, the raising of man's performance to higher standards, and the building of man's personality beyond its normal limitations". In short, leadership is the ability to secure desirable actions from a group of followers voluntarily without the use of coercion, or the ability to persuade others to seek defined objectives willingly and enthusiastically.

Creativity involves the application of a person's mental ability and imaginativeness to some area leading to the creation or discovery of something new as a result. The "something new" could just be a theory, a product, a process, a better reporting system, or an improved version of something that already exists. The creative process is the manifestation of a fundamental ability – that of relating previously unrelated things, and the ability to look at things with a fresh eye. Creativity in any field is stimulated by an inward motivation to contribute, by challenging current goals and practices, by reshaping the existing organisational climate and culture, and by the sense of satisfaction that a person derives from his/her work.

A typical example of creativity in an organisation is the problem-solving approach which is widely understood and accepted as a creative process. The underlying assumption of this approach is that if you are able to define the problem, the solution will be quick to follow. The elements involved in this process are collecting the facts; analysing them; identifying the problem; considering alternative solutions; selecting the best; and putting the selected solution to practice.

Another example of creativity in management is the ability of the leadership in transforming organisations. While most management functions turn out to be transactional, that is, policy-making, planning, coordinating, monitoring and controlling, transformational functions go beyond the immediate tasks and seek to build institutions, leaders and teams by creating new visions, developing new models, building new cultures and nurturing talent. There are many examples of organisations, inspired by the vision of a creative leadership, attaining peaks of excellence have become models for others to emulate.

### Check Your Progress 2

**Note:** i) Space is given below for your answer.

ii) Check your answer with the one given at the end of the unit.

What is the difference between management and administration as explained by Peter Drucker? Answer in about 40 words.

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### 1.4.3 Planning and Controlling

Planning is an intellectual process that requires managers to think before acting. Thinking in advance about what, when and how to do things and by whom is at the core of planning. All organisations have a purpose. It is that purpose which has brought the people who constitute the organisation together in the first place. As organisations embark upon their journey in achieving their purpose, it might become necessary to review and redefine the purpose itself from time to time. In that process, new visions might emerge, new goals will be set and new ways of reaching the goals will be identified.

In the list of management functions, planning comes at the top, and controlling at the bottom. But the two generally go together because plans can be effectively executed only if there are good controls that help you measure the achievements at different stages as you proceed to reaching what you have set out to accomplish. In other words, good control systems are essential elements of an effective planning process, and therefore, in the context of management functions, the two are discussed together.

#### a) Planning

From the point of view of an organisation, planning consists of setting its goals or objectives and determining the ways in which they are going to be achieved. Planning determines where the organisation is going and what approaches it will adopt to get there. The purpose of planning is to coordinate the activities within the organisation to attain the stated objectives. Unplanned activities often tend to be sporadic, disjointed, disoriented and therefore dysfunctional. Planning, on the other hand, brings a higher degree of rationality and order in to the organisation's working.

In the absence of planning, managers are often left to react to situations and problems as they arise. Planning allows a manager to act with initiative and to create situations to the organisation's advantage. It is not unusual that most poorly managed organisations are almost totally occupied with managing crises one after another, and are always engaged in fire-fighting rather than directing their energies and resources to the achievement of the organisation's goals. Planning helps the management to shape the future of the organisation rather than get caught up in endless operations to get over current crises. This explains a key feature of planning which is that planning is concerned with the future. It is this concern with the future, which is always unknown and uncertain, that makes planning a risky process; it also explains why several organisations do not always engage in adequate planning.

That brings us to another key feature of planning – flexibility. Because we do not know exactly what the future holds, it is likely that the plans will not work out precisely the way they are expected to. It is for this reason that all good plans always provide for review and modification. As we have noted earlier, environmental factors are very critical to organisations' goals and strategies. Discoveries, inventions and new technologies may radically alter lifestyles and consumption patterns, often forcing traditional products and services out of the market. Those involved in their production will have to quickly rethink their plans and strategies which would mean redefinition of goals and reorientation of strategies. For instance, the advent of colour television forced manufacturers of traditional black and white television to switch over to the manufacture of colour TV sets or to move out to rural

markets that could not afford high-cost colour TV sets. In more recent times, we have seen how the phenomenal expansion of mobile phones has reduced fixed landline phone providers to a marginal player in the telecommunication industry.

What happens in such situations is that a revised plan is put in place before the old one is fully carried out. In other words, if and when the existing plans become obsolete, or its goal becomes unworthy of pursuit, a new plan, with a new goal, is put in place. This process of midway corrections and renewals is what makes planning a dynamic process. If a plan does not admit of any modification, it is a bad plan. Flexibility is, therefore, an essential feature of any good plan.

Planning minimizes risks and uncertainties, it focuses attention on the organisation's goals, it leads to success and it facilitates control.

### Check Your Progress 3

**Note:** i) Space is given below for your answer.

ii) Check your answer with the one given at the end of the unit.

What makes planning a dynamic process and a risky process? Answer in about 50 words.

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### b) Controlling

We have noted that there is a close relationship between planning and controlling. Control supports planning in two ways: first, it helps review current goals and strategies and while doing so, draws attention to situations that require new planning exercises; and, second, it provides useful and necessary inputs upon which new plans can be based. Controlling, as we said earlier, comes at the end of the list of management functions because it is concerned with: i) comparing events with plans, and ii) making corrections when events deviated from plans. Both these concerns reflect an end-of-the-event appraisal of all that went into the pursuit of attaining a specified goal, and an assessment of what did indeed happen as against what was expected to happen. If there are departures, corrections follow. Franklin G. Moore (1964) described the controlling function thus: "There is many a slip between giving work assignments to men and carrying them out. Get reports of what is being done, compare it with what ought to be done, and do something about it if the two aren't the same". Controlling is part of the manager's job in which he/she checks up on assignments, sees what is being done, compares it with what was expected to be done, and does what is needed to correct the deviations, if any.

You will recall that we said earlier in this section that planning and controlling go together. In fact, there is a symbiotic relationship between the two, both supporting each other. Planning is a pre-requisite for effective controlling; without planning, there is no pre-determined, explicit understanding of desired performance, and without such an understanding,

controlling becomes ineffective. When managers try to control organisations which do not have adequate planning, confusion and chaos result because pronouncements of unsatisfactory performance, in the absence of desired performance standards agreed upon by all concerned, would surely lead to resentment and dissatisfaction among the members of the organisation.

The main purpose of accounting is to provide data to assist controlling in business or other economic enterprises. For instance, the budgets of organisations indicate the levels of desired performance. The accounting staff record data from the actual operations and at regular intervals, the summary of these data is compared with the budgeted levels and corrective action is taken where needed.

We shall return to the processes involved in the performance of these functions later in this Unit.

#### **1.4.4 Organising**

‘Organising’ is a major management function after planning, and involves:

- determining the specific activities that are necessary to accomplish the organisation’s goals;
- grouping these activities into a logical pattern, framework or structure;
- assigning the activities to specific positions and people.

The planning process will have identified the organisation’s goals and strategies to achieve them. In simple terms, the goal definition would have clearly indicated what to do, and the strategies would have spelt out how to do it. In operational terms, these ‘what’ and ‘how’ will have to be formulated into specific sets of activities that can then be assigned to people for implementing them. In our example of the University as an organisation, we have identified certain activities (we called them sub-systems) while discussing the system concept in the beginning of this Unit. We do not wish to repeat them here except to say that each one of these sub-systems comprises a set of functions and activities necessary to achieve the purpose of the university.

##### **a) Structuring the Organisation**

Having identified the activities, it is important to group them into different units of operations to ensure efficiency. It is here that the structure of an organisation assumes significance. Some essential features of a structured organisation are the following:

- An organisational chart which depicts the “road map” showing the structure of authority and accountability relationships, activities and communication channels. It indicates how the affairs of the organisation are to be planned, directed and controlled.
- It helps each member of the organisation understand his/her role, responsibilities and relationships as well as the boundaries within which he/she will have to operate.
- It endeavours to evolve objective criteria for measurement of results in terms of goals achieved, and facilitates communication of data and instruction vertically and horizontally.
- It represents certain orderliness in the conduct of the affairs of an organisation.

In structuring an organisation, certain basic principles have to be kept in mind. For example, activities have to be grouped and assigned to appropriate organisational units. The criteria for grouping should include:

- Creation of separate organisational units only if the functions proposed to be assigned to them are logically separable;
- Every unit should work towards a common objective or a major function that can be identified with the organisation;
- It should be possible to justify a separate unit in terms of span of control or reach of management (optimum number of employees) and accountability relationships within the unit.

One major purpose of an organisation chart is to indicate the structure of authority, power, responsibility and accountability in the organisation. While the chart will only show the flow of these attributes and their connecting links, effectiveness in organisational functioning requires:

- Clear definition of the responsibility assigned to every person;
- Delegation of appropriate authority that matches the responsibility;
- Clarity about the reporting relationships and levels of authority; and
- Consistency about reporting relationships and the nature of assigned responsibilities.

## b) Principles in Organising

We have just talked about several new concepts like accountability, authority, delegation, power, relationships, responsibility, etc. It will be in order if we pause for a moment and reflect on these concepts so that they can be appreciated in the perspective of the organising function and the organisational structure.

Authority and power are often understood to be the same, but the two can be clearly differentiated. Authority is the *right* to do something, while power, on the other hand, is the *ability* to do something. From the organisation's point of view, authority is the right that a manager has to ask or require a subordinate to do something to accomplish the goals of the organisation. In exercising this right, he/she also assumes the power to cause the subordinates do what he/she wishes them to do, since he/she has the ability (understood as power) to reward or punish them. There can be situations in which a manager has the authority (right) to do something, but does not have the power (ability) to get it done.

In most of our public organisations, we see that the Head of the organisation has the authority to ask people to do assigned jobs, but does not have the power (ability) to reward the doer or punish the non-performer. This absence of authority-power relationships often cause instability in organisations leading to their decay and destruction.

Responsibility is related to both authority and power. It means the obligation to do something. In the organisational context, responsibility means the duty that one has to perform the function, task or assignment given to him/her. In that sense, everybody in an organisation has a responsibility, as without that responsibility there is no reason for him/her to be in the organisation, in the first place.

Delegation of authority (and power) is the process by which, in an organisation, the senior management gives their juniors the authority (and power) to do certain things. When that happens, the person to whom authority is delegated can perform all the functions, and exercise all the powers, as though they are in fact vested in him/her. In the absence of such delegation, accomplishment of organisational goals cannot take place as the top manager has to personally intervene in the performance of every little task. On the other hand, the manager cannot also delegate totally all the authority for performing the managerial functions of planning, organising, controlling, communicating, and so on. To delegate complete authority in all these areas would mean that the manager is abdicating his/her responsibility.

We have seen that authority and power can be delegated. But it should be noted that there is no delegation of responsibility. When a manager delegates his/her authority and power, he/she remains responsible for any action (and inaction) on the part of the persons to whom he/she delegated authority. A supervisor's responsibility is not in the least diminished when he/she delegates authority; on the contrary, it could possibly increase his/her own responsibility as he/she is assuming the additional responsibility arising from the performance of his/her junior colleague as well.

That brings us to another concept, namely, accountability. It is a natural tendency in most people to minimize the responsibility they are expected to shoulder. They are also not too willing to be accountable to a higher authority. This unwillingness is at the root of many organisational frictions and strains. A stable organisational equilibrium requires that authority, power, responsibility and accountability are all balanced evenly.

#### Check Your Progress 4

**Note:** i) Space is given below for your answer.

ii) Check your answer with the one given at the end of the unit.

What do you understand by authority, power and responsibility? Answer in about 50 words.

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#### 1.4.5 Leading and Motivating

We made a brief reference to the quality of leadership and creativity as part of the management responsibility earlier in this unit. We shall now look a little deeper into these attributes. Peter Drucker said: "Management is doing things right; leadership is doing the right things". Though leadership and management often overlap, the two are not quite the same. Management is about accomplishing a goal efficiently; leadership is about setting the desirable goals.

Leadership is a management style. It is the ability to inspire people to do what the leader wants them to do. It is inspirational and personal. It inspires cooperation and action based on loyalty and often unquestioning

obedience. A good manager does not have to be an inspirational type. But he/she ought to have some leadership qualities and a positive personality that wants to get things done. He/she should conduct himself/herself with purpose and confidence and should be result-oriented. His/her job is to guide, direct, influence and even demand action. A good manager is a problem solver, who is driven by the goals set for him/her. He/she is not just the presiding deity of a group, but is leading a group somewhere, taking them along to attain a purpose, even as he/she is thinking of a new goal, a new purpose, for tomorrow.

A manager need not be a charismatic person to inspire people to perform and attain higher levels of achievement. He/she will, nevertheless, have to 'get things done through people' and see that they work efficiently and produce results that are beneficial to the organisation. 'Motivation' is all about this task of getting the people do the organisational tasks efficiently and effectively.

There is a whole body of literature on behavioural theories and patterns. This is not the place to make a comprehensive survey of these theories and principles. For the purpose of this unit, however, we mention a few examples of how managers motivate people.

First, there is the "carrot or stick" approach. The "carrot approach" suggests positive motivation, also called "anxiety-reducing motivation". It offers a person something he/she considers valuable (praise, pay rise, promotion) for good performance. Negative motivation, called the "stick approach" uses or threatens to use punishments (reprimands, removal, reduction in rank) for unsatisfactory performance. This approach is also known as the reward and punishment theory which influences behavioural patterns.

As we said earlier, an organisation is its people. No group of people can be expected to be homogeneous in their attitudes, behaviour and outlook. For instance, self-disciplined people do not require externally imposed discipline for doing what is expected of them. But this tribe is a diminishing lot. The central problem of motivation for the management is how to induce groups of people, each with a distinct personality, outlook and attitude, to work together to achieve the organisation's objectives. The organisation's objective may not coincide with the personal objective of each member, yet each one of them has to be convinced that the attainment of his/her objective (assured income, high standards of living, esteem in society) will contribute to the objective of the organisation as well. To play this motivational role, the manager has to have a deep understanding of the processes involved in relating individual needs to the organisational objectives.

Maslow's theory of human motivation (1960) makes two important propositions about human behaviour; (i) man is a wanting being – he always wants, and wants more; and (ii) a satisfied need is not a motivator of behaviour. According to Maslow, what man wants depends upon what he already has; when one need is satisfied, another appears in its place and this process is unending. It is only the unsatisfied need that motivates behaviour. It is a significant lesson for managers who set about the task of motivating people.

A vibrant, dynamic management style would seek to carry all the members of the organisation together in achieving the organisation's objectives. The more conventional reward and punishment, or stimulus and response, theories are now giving way to newer styles of organisational management.

Participatory management, team-building, decentralised structures and autonomous management, project-based management, result-based management, etc., are all examples of evolving management styles.

### Check Your Progress 5

**Note:** i) Space is given below for your answer.

ii) Check your answer with the one given at the end of the unit.

What is the main difference between 'management' and 'leadership'? Answer in about 30 words.

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## 1.5 MANAGEMENT PROCESSES

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Having acquainted ourselves with the major functions involved in the management of organisations, it is time now for us to turn to the processes associated with the performance of some of these major functions. You will have noticed that while explaining most of the functions, some idea has also been given about how they are performed. We do not, therefore, propose in this section to take up each of the functions and discuss in detail all the processes and activities involved in its performance. As the purpose of this unit is to acquaint you generally with the functions, methods and practices associated with the management of organisations (in order to make you familiar with the broader concerns of a distance education organisation), we shall confine ourselves to certain major processes only.

### 1.5.1 Policy Formulation

We have noted earlier that all organisations have well-defined goals and objectives. You might well ask why organisations need a policy when their objectives are already defined. It is difficult to say where objectives end and policies begin. There is a degree of overlap between the two. Even so, it would be correct to assume that an objective is what you want to accomplish, or where you want to go, while a policy outlines the method or practice that you will use to get there. A policy, thus, is an enduring decision which holds good on a continuing basis to guide the members of the organisation in doing what they are called upon to do. What distinguishes policies from objectives is that you first decide the objective, and then set out the method for achieving it. Objectives are the ends; policies are the means to achieve those ends.

Policies can be long-term, medium-term or short-term. There can also be major policies and minor policies. Policies at the level of the head of the organisation would be stated in broad terms, their purpose is to pilot the overall working and operations to attain the organisational objectives. At the second or executive level, policies might enter into specifics, though still broad, dealing with activities in different departments. At the operating level, policies would go into further details, sometimes even in the form of policy and procedure manuals or rules and regulations.

While the broad policies generally originate from the top, most of the policies, especially at the middle and lower levels, get articulated from the experience of dealing with day-to-day problems. When a problem first arises, you decide how to handle it, when it comes up again and again, you establish a way of handling it as a policy so that in the future, people at lower levels do not have to grapple with the problem all over again. When a new problem arises, you treat it as an exception and decide on its merits. If the same problem comes up repeatedly, you set a policy for it. Over a period of time, you are sure to end up with a set of policies to handle every conceivable situation. That is also the way organisations become bureaucratic structures.

What are major policies? They are the ones that govern the conduct of the core business of the organisation. For example, a major policy statement would set out the range of products and services that an organisation would be offering over a reasonably long period of time. It could also set out the territorial limits within which it would operate; the methods of production and distribution of its products (centralised or decentralised or a combination of both); whether it should undertake the production of all associated products and services in-house or sub-contract them; whether or not it should undertake research and development for new products; and the list could run much longer. Suffice it to say that these major policy statements are just as important as the objectives of the organisation which may be the manufacture of automobiles or running a grocery chain or providing education and training.

At another level, there could be several policies that govern the execution of major policies. For instance, the personnel policies (recruitment, training, rewards and punishment), the pricing policy, the distribution and marketing policies, maintenance of plant and machinery, and so on are just as important in the performance of the functions of an organisation. Still lower down, there could be minor policies on a range of issues reaching down to such trivia as who can use the organisation's car, who gets the favoured parking locations, who can travel by air and who should travel only by road, and who should be entitled to comfortable furniture and decent curtains.

The important point in formulating a policy is that it should have a reasonable degree of stability while it should not become too rigid. A good policy should be forward-looking, it should be lawful and ethical and it should permit changes as the environment changes.

### **1.5.2 Decision-making**

The stereo-typed view of a good executive is of a person who is decisive, takes quick decisions, and almost always takes good decisions. It is not, however, true that, in practice, executives are always called upon to take instant decisions and that all their decisions reflect good judgement. A good decision is always based on adequate information, necessary application of mind and balanced judgement. It follows that the process of decision-making involves gathering relevant facts, analysing them, identifying the issues for decision, consultation with those concerned with its implementation, drawing up a set of alternatives and making a judgement based on an evaluation of possible alternatives. Decisions so taken always tend to be good decisions.

A decision also needs to be rational. It is the choice of a course of action that one thinks is the best. A reflex action like kicking the ball in a football field with the right foot or left foot is not a decision in which any process is

involved. Yet, it could be a right decision in the circumstances. Not all decisions are, however, taken on impulses; most of them require deliberation, exercise of good judgement and sometimes even risk-taking. For instance, the decision to change the design of a product, say a passenger car, should precede a good deal of research involving market surveys, studies on passenger comfort, fuel and machine efficiency, driving comfort, cost structure, and so on. Such decisions cannot be making-up-your-mind situations, but should be the culmination of a process that blends thinking, deciding and acting. In other words, good decision should be a rational decision too. A decision becomes rational when it is reached through a process that involves (i) recognition of a problem, (ii) decision on priorities among problems, (iii) diagnosis of the problem, (iv) development of alternate solutions or courses of action, (v) measuring and comparing the consequences of alternate solutions, and (vi) converting the decision into effective action and follow-up.

Usually, a good decision-making process should involve the following:

- It should be based on expert advice. Most situations will have a professional or technical dimension to them. And, in most major organisations, there would be professionals and technical personnel whose job is to assemble facts, analyse them and to recommend possible sets of alternatives;
- Decision-making should be participatory. The process not only brings collective wisdom in dealing with issues, but also helps in people accepting decisions which they helped to make. Further, a sense of participation in decision-making contributes to the growth of a healthy environment in the organisation;
- Participatory process could have a negative dimension too. Not everyone would want to be serving on all kinds of committees, not the least in making suggestions and nearly always finding them overruled;
- Most decisions are likely to be in the nature of solving problems. The problem solving approach implies first defining the problem, then exploring a set of solutions and choosing the best among them. It has to be remembered that in nearly all situations, you have several courses of action open to you, which could also include the choice of inaction;
- Every choice follows an assumption that it will work best. This assumption is based on the awareness of the premises that are implicit in the reasoning behind the decision, and that considerable thought has been given to those reasons;
- When a decision is taken, responsibilities should be assigned to persons to carry it through. Decide also on the stages of implementation, and who should do what. Carrying a decision through involves planning, delegating, communicating and controlling.

**Check Your Progress 6**

**Note:** i) Space is given below for your answer.

ii) Check your answer with the one given at the end of the unit.

What is the main difference between 'policies' and 'objectives'? Answer in about 30 words.

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### 1.5.3 Planning Processes

Planning deals with the future, and therefore is filled with uncertainty and possible changes. It is this uncertainty that often gives an edge to the management that can forecast well and plan its future. If you do not plan, you will probably be “muddling through”, and still get somewhere, though not exactly where you intended to reach. If you wish to reach where you want to, you have no choice; you have to plan.

To put it differently, ‘where you want to reach’ is really your goal, your objective. That is to say that a plan must of necessity start with an objective. Since we have already discussed the nature and significance of the planning function, we shall not go over them again here, but shall proceed to looking at the processes associated with the performance of this function.

#### a) Forecasting

Given the objectives of the organisation, a planner must take a view of the future and decide in advance where the organisation would like to be and what should be done to get there. This would mean two things: first, forecasting the future, and second, planning the strategies.

Forecasting is the first step in planning, and reliable plans are based on accurate forecasts. Accurate forecasting is no more than projecting today's trends into the immediate and foreseeable future. For example, in an economy that is on the road to development, the more recent trends in the rate of growth, the pattern of income distribution, the consumption pattern, and areas of continuing shortages, etc. would suggest what goods and services are likely to be in greater demand in the near future, say, the next five years. It is possible to project reliably the number of school-going children five years from now depending upon the rate of increase in enrolment in the last five years and the trends in population growth. If the number can be forecast, you can proceed to forecast the number of new schools to be opened, the number of new teachers to be appointed, new teacher training facilities to be created, and so on. Similarly, in the case of consumer goods, one can make reasonably accurate forecasts about the growth in consumption of several goods ranging from toothpaste to television sets and cosmetics to computers based on current trends.

While this sounds very easy and practicable, what about economies that are already developed? Well, there are established trends there too. May be, one has to look at the changing life styles and their influence on consumption patterns. The forecasts in such situations would be about the kind of comforts that people are looking for, or the tastes and styles that are likely to emerge. In such cases, the forecasts would be about improvements in products in terms of design to suit different tastes and styles.

Forecasts could be reliable, but they can also fail. Many economies may not be able to sustain current levels of growth over long periods. Economic depression and political turmoil can affect markets (the 2007-08 meltdown in the American economy impacted world markets severely). New technologies may force conventional goods and services out of even traditionally large markets. Population policies may influence the demographic profile of the population sometimes forcing even existing schools to close. There are uncertainties about the future. Even so, most of these could be anticipated and allowance for such uncertain risks could be built into the initial forecast itself.

## b) Strategic Planning

The second major process in planning is the formulation of strategies in reaching the goals. This process, called strategic planning, should include:

- Information analysis, or reviewing the performance of the organisation and the environment to relate internal strengths to external opportunities;
- Making the strategic choice, or determining the directions based on this analysis that should inform the goal and the time-setting exercise for the future;
- Within the major objectives, setting specific goals, with time targets, that should provide a sense of direction to all managerial activities.

An objective analysis of the current performance is an essential pre-requisite to effective strategic planning of the future. You need to know the capacities and capabilities of your organisation. You need to know whether your people will be able to deliver according to your plans. You need also to know your resources, and how much more you can commit to new initiatives. If nearly all the resources at your disposal are already committed, your choices on new initiatives are limited, and so is your planning freedom.

The information analysis should take you through the collection and interpretation of all the basic data about your organisation for an objective assessment of the current strategy and identification of the key problems concerning that strategy. This analysis should also include an appraisal of the environment in which the organisation operates, the likely changes in the environment (emergence of new competitors, new customers, induction of new technologies and other relevant aspects) and the new opportunities that it might offer. A change in strategy, or a new strategic choice might be needed because:

- The aspirations and requirements of the stakeholders in the organisation have changed;
- The environment has changed; and
- The current strategy is failing to meet its objective due to poor performance.

The changes in environment which might call for a close look at the current strategy would include:

- Increase or decrease in market opportunities;
- Opportunities or threats that induction of new technologies might offer;
- Overall performance of the economy (growth, stagnation or decline) leading to distortions in the distribution pattern of income; and
- Changes in the social and legal systems.

Forecasting the future and determining the strategies are the two major processes involved in planning. However, these do not complete the total planning exercise. There are a number of other steps involved in planning.

## c) Operational Planning

Operational planning is a major step in this process. Once the broad picture of the goals and the strategies are clear, the management proceeds to develop the operational plans. This exercise is more specific and concerned

more with the operations of different functional areas like production, marketing, finance, research, development, etc. The operational plans guide the managers of departments and units within the organisation and their focus is more on the present than the future. These plans address mainly the current problems in operational areas, take into account the existing constraints of resources, the current levels of efficiency, information management, organisational culture, and so on. Because these plans deal with the present, changes or improvements in them tend to be marginal or incremental, though they have to be consistent with the new proposals in the strategic plans.

In short, operational planning involves the following processes:

- Perception of opportunities through needs assessment, demand forecasts, changes in environment, etc.
- Establishment of goals involving the determination of the organisational goals as well as the goals for each unit of the organisation. These should be measurable since performance will later have to be assessed against these standards which could be expressed in terms of costs, budgets, etc.
- Appraisal of planning premises that influence performance. These premises would largely be factors in the environment. For example, changes in government's policies can favourably or unfavourably influence the current plans of an organisation. Since all plans are based on a series of assumptions about conditions that constitute the environment, it is necessary to constantly watch the changes in the environment and review, modify or renew the plans from time to time. All plans must have this flexibility built into them.
- Determining action paths is the final step in the planning process. Once goals have been established and strategies settled, the actual action plans in the form of activities and budgets are formulated. These will indicate the allocation of responsibility for action among various units, the time for completion of different stages of accomplishment of the goals, the interdependence among various units in the completion of tasks as well as the allocation of resources (money, materials and personnel).

There is another process that goes along with that of planning. As we said earlier, this is the process of controlling. After all, those who plan would be interested in knowing the outcome of their efforts and whether it was successful or not. This evaluation of the performance is a major function of the management, and we shall discuss the processes associated with it in some detail separately in this unit.

#### **1.5.4 Creating the Structure**

We discussed earlier in this unit, the major activities associated with the broad function of organising. Designing an organisation is not just drawing a chart and filling the boxes. A great deal of thought and imagination has to go into that design. The objectives of the organisation would of course determine its functions, but those functions will have several activities as their components. Organising these components into viable and coherent groups is a major part of the initial design of the organisation's structure.

But a design does not make an organisation. The organisation takes shape only when its people are in place, at least the core groups that constitute the nuclei of the organisation. How the initial groups are constituted will

depend upon several factors, including how the organisation was born. For instance, if the new organisation is set up by an existing authority, say the Government or another company, that authority will also have settled its nucleus. We shall now look at the processes associated with the design and structure of an organisation.

#### **a) Recruitment and Training**

The first step, of course, is to put the people in place. This involves recruitment, training and placement. Managers are not born, they are made. All organisations, whether they are in the business of making cars or chocolates, or of exports and imports, or of education and training, also make managers. They develop new managers, as old ones move up or out. This process of choosing people and preparing them for shouldering tomorrow's responsibilities is important. We are confining our discussion here only to the development of managerial personnel and are not considering the recruitment and training of all staff.

Development of managerial capacity in the organisational context involves selecting the right people, training and placing them, motivating them and also retaining them. Bright young people can be selected, on the basis of their qualifications and educational attainments and assessment of their aptitudes and potential through appropriate tests and interviews. This part of finding people fresh from college is not very difficult. But the more difficult part of the process would be the clear definition of the requirements of each job and each position and fitting the people with each of them. This first step is very important because a great deal of the organisational culture is evolved by the aggregate of the attitudes and behaviour of the young people inducted into the organisation.

Training is an important element in the management development process. In recent times, training has turned into a huge industry, preparing people for various professions and occupations. It is not unusual to hear that education systems are not able to deliver ready-to-employ people, and in most cases, employing organisations have to invest time and resources to prepare young graduates for assuming responsibilities at workplaces. On-the-job training helps develop future managers, exposes them to real situations at work and challenges them to assume responsibilities in finding solutions to various problems as they arise. Whenever new openings come up, younger people are encouraged to take up those assignments, even if temporarily, only for the experience it will give them. Today, it is very common among organisations to send their executives at different levels to participate in formal executive development programmes, short training courses and seminars, etc. organised by universities and other educational institutions. Job rotation, special assignments, assistantships, committee work, self-development and external training programmes are all integral to the organisation's efforts in developing its managerial competence.

#### **b) Performance Appraisal**

Performance appraisal of managers and their advancement in the organisations are just as important as the initial recruitment and training. After all, considerable efforts and resources go into the development of personnel for managing organisations. It is important to ensure that this talent pool is available to the organisation for its own growth and development. There are several factors that motivate people. Money, security and power are as important as recognition, status and pride. A

shared sense of acceptance, loyalty and commitment is what it takes to make a person feel that he/she belongs to the organisation, and vice-versa. And yet, human nature being what it is, driven by determination to attain greater heights and desire, often ambition, to make quicker progress in financial terms as well as control of the organisation, people perform differently with different objectives. Regular performance appraisal can be a helpful tool in this context. It could help the management judge how well a person is doing on his/her current job, and more importantly, assist in assessing how well he/she would do in the future both on the current job as well as in a higher position.

### c) Delegation

Delegation of authority and power, as we noted earlier, is an important management practice. As the job grows beyond the personal capacity of a single manager, he/she begins getting the work done through other people. These other people become, in a sense, extensions of the original manager who assigns work to them and gives them authority to do it. This is the process known as delegation. Simply put, delegation is just telling a person what you want him/her to do, and then letting him/her do it. In reality, however, it wouldn't work in that simple way. You cannot just ask another to do something on your behalf and then sit back and relax in the hope that he/she would produce the results. That would be taking a great risk because, in the end, it is your responsibility to deliver. So, you have to guide the other person, sometimes driving, sometimes coaxing, and sometimes even coercing. Telling a person what to do is only part of the delegation process. Letting him/her do it is another part. This comprises giving the means to carry out the responsibility which would include tools, machines, materials, personnel, and not the least, the power and authority to use all of these. The two processes should go together to make delegation workable. In more complex organisations, power and authority are delegated formally through detailed rules and procedures which form part of the organisation's structures and processes.

### d) Decentralisation

Decentralisation is a major process in decision-making in most organisations. Truly speaking, centralisation and decentralisation are not areas in black and white; it is often difficult to distinguish where one process begins and the other ends. In reality, there is no 'totally' centralised or 'totally' decentralised organisation because you never can make all the decisions at either the top or the bottom. These processes, therefore, reflect in relative terms, how decisions are taken, who takes them, and how the organisation owns up these decisions. To the extent an organisation permits more decisions at the lower levels, it can be called a decentralised structure while the opposite reflects a centralised structure. Which of these two structures an organisation should adopt would depend upon its functions, operations, their spread and the relationships between them. Neither of them can be said to be all good and no bad; at best it can only be some good and some bad. Centralisation overburdens executives, delays decisions, and can lead to poor decisions as they are far removed from the realities on the ground; decentralisation, on the other hand, while correcting some of these shortcomings, can land you in the midst of loss of control, poor decisions by incompetent subordinates, inconsistency and drift in meeting organisational goals and, not the least, loss of time and resources.

### Check Your Progress 7

**Note:** i) Space is given below for your answer.

ii) Check your answer with the one given at the end of the unit.

i) What are the major steps in the planning process? Answer in about 30 words.

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ii) What are the factors that determine the design and structure of an organization? Answer in about 40 words.

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### 1.5.5 Controlling Processes

You must have heard of Murphy’s Law: “if anything can go wrong, it will”. Control helps you prove Murphy wrong. But what does one actually do to control? First of all, you plan; then you control. What you do control is no more than guiding things to go in the direction that you want, to reach your goals. To put it differently, control helps you to deal with the area of difference between good and bad performance. Good controls have a regulating effect; they help to measure the progress towards your goal and assist you in assessing performance vis-a-vis plans. But control is not just an instrument to watch the progress of things as they happen; it is in fact a tool that helps you to intervene when performance falls behind expectations so that remedial action can be taken.

The most common purpose of a control mechanism is to assure the management that performance does not slide back. It has to be remembered that control does not substitute for performance; it can only help you arrest the fall in levels of performance when it occurs. Henry Fayol (1949) said: “in an undertaking, control consists in verifying whether everything occurs in conformity with the plans adopted, the instructions issued, and the principles established. Its object is to point out weaknesses and errors in order to rectify them and prevent recurrence. It operates on everything – things, people, actions”. The responsibility for control is not confined to the top management only; everyone at every level who has a responsibility to perform, and to deliver, would find controls useful and necessary. What follows are presentations on the areas, instruments, and methods of control; and on management information system.

### a) The Basics

Before we proceed to look at the instruments of control, it would be worthwhile to take a look at some of those areas that need control. If we know what we need to control, it is easier to understand how to control them.

- The first, of course, is performance in terms of progress towards the goal. If the goal is time-specific, performance is reflected in the actual achievement of the target. If, on the other hand, the goal is far too distant like eradication of illiteracy, for example, progress would reflect stages of accomplishment of the ultimate goal.
- A second object of control is the quality of the output. All organised efforts have an outcome. If the outcome is not worth the effort, it is a waste. Control helps monitor the quality of the output.
- Activity coordination is another area that requires control. In any enterprise, there are several operations that require execution either in a sequence or in parallel to one another. If these activities are not completed as per the schedule of the operations, there could be idle capacity in one area, and non-performance somewhere else.
- Quality of work is an aspect that has a good deal to do with controls. Constant monitoring of the way the work is done in the organisation can establish the adequacy or otherwise of the skills and competence of the staff engaged in the work as well as the tools and techniques used in doing their work.
- All activities involve utilisation of some resources; time, money, material and personnel. It is necessary for the management to make sure that these resources are optimally utilised, there is no wasteful expenditure and that the out put is commensurate with the resource inputs.

### b) The Instruments

Having identified some of the key factors that require the management's attention from the point of view of control, it is now time that we look at the major tools that are basic to the controlling process.

To begin with, you need to know what a good performance is, and how it can be measured. The first task therefore is the establishment of standards, or criteria of performance. There is no magic formula by which these standards can be set; they are functions of several variables, some of which would be quantitative, and some qualitative. If an organisational goal is eradication of illiteracy, for example, the performance criteria can only be an approximation of the achievement as you can never really set out a precise target, and still less achieve it. On the other hand, if your goal is to capture at least 50% of the market for a particular product within, say a period of three years, it is possible to assess the performance level at the end of three years by assessing the volume of your sales relative to the total market for that product. In establishing performance standards, the following measures could be useful:

- Productivity
- Market share
- Production costs
- Return on investment
- Social benefits.

The second important concern would be the actual measurement of the performance. As we said earlier, this is a comparison between what you set out to do, and what you actually did. Ideally, the measurement should be done on a forward looking basis to predict probable variations between goals and attainments rather than as a post-mortem exercise or a fault-finding effort. The purpose of control is to apply corrections, and not just to apportion blame.

Management control is usually perceived as a feedback system. This can be clearly seen by looking at the processes involved in a control system shown below in Figure 1:

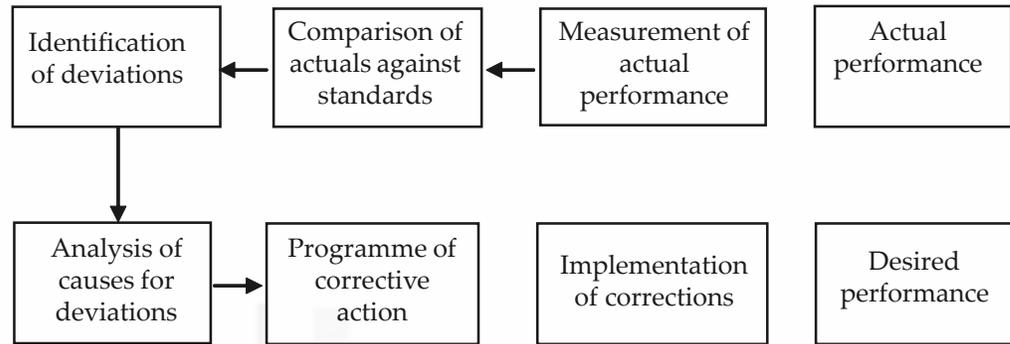


Figure 1; Feedback System in Control Process

Source: Koontz Harold (1981), "Management", Auckland, McGraw-Hill

The feedback system however assumes a time interval in the control process. It takes time to collect the feedback, analyse it and compare the findings with the desired performance standards. Good management needs future directed control which requires obtaining information as feedback before the event takes place rather than after the event. With technological advances, it is now possible to obtain this feedback in real-time without any time lag, concurrently with the event taking place, or through such proactive methods as field testing or sample testing of a product. The following diagram (Fig.2) explains how such a control system will work.

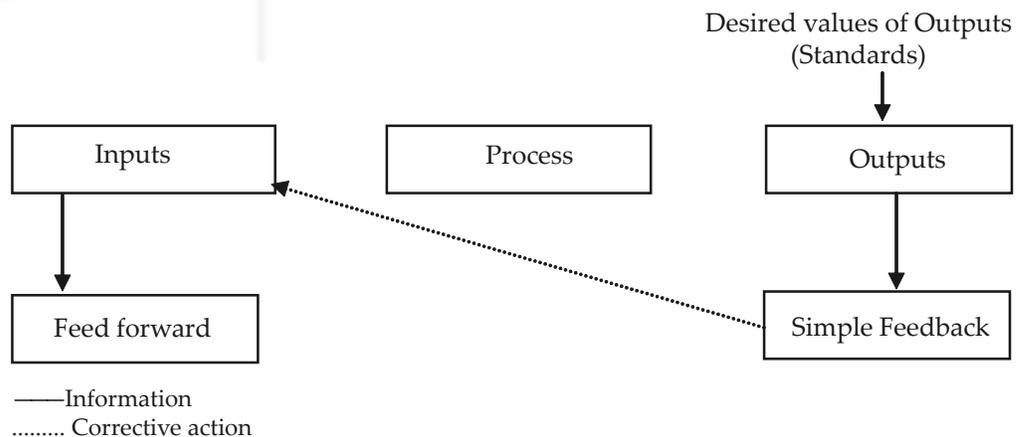


Figure 2: Comparison of Simple Feedback and Feed forward systems

Source: Koontz Harold (1981), "Management", Auckland, McGraw Hill, p.30

c) The Methods

We should now look at some of the methods of control. The foremost of these is control by reports. Since the top manager cannot be everywhere, and see everything for himself/herself, he/she has necessarily to rely on a feedback of information in the form of reports, most of which are written

statements. These reports form the backbone of control. Although reports can never be perfect in assessing performance, if a good deal of care and attention is given to designing the form of reports, they can communicate a great deal about what is going on. Some considerations that should go into the designing of reports are:

- Reports should be relevant to the structure of the organisation, and the responsibility assigned to each unit of the structure. They should reflect events, acts, information and circumstances that influenced operations in each area.
- The design of the reports should be such as would help you establish the points of control. These control points are those where a stocktaking of the performance of an assigned responsibility is possible (Purchase Department, Sales Department, Accounting Department, etc.).
- Good reports should communicate precisely and accurately. They are not intended to confuse or conceal.
- The purpose of the reports is to establish the accounting of responsibility. This means that the report will reflect the relationship of costs and benefits (or losses) with the exercise of responsibility by each manager or department.
- Activity costing and cost control are effective tools in monitoring the efficiency of programmes. Regular cost reports on activities of each Division can help identify areas in which economy of expenditure can be affected by reducing overheads and optimally utilising the resources.
- Budgets are instruments that support the controlling system and its process. They set out money available and the money that can be used. Most departments may not be income generating; for them the budgets mean cost plans and cost limits. Usually, those who spend less and get the results are perceived to be better managers than those who overspend even if their results are also good.
- Auditing is a part of control, but it is different from the processes we are discussing as it is done by someone outside the organisation. It is not normally a part of the internal management process though auditing helps to verify the accuracy of reports, their conformity with records, adherence to procedures and observance of rules and regulations in the exercise of authority and power.
- Performance appraisal of personnel can also be an effective method of exercising control. These appraisal reports help identify those who are better performers and if the organisation has a system of rewards and incentives in place, they would be the beneficiaries. Normally, it is to be expected that no one wants to be a poor performer.

Before we close this discussion, it is necessary to point out that controls can also have negative consequences. Responsible people react strongly against controls; they feel that they are not being trusted. Submission of reports is for them an exercise of proving their commitment. This resentment can sometimes be counterproductive for good performance. On the other hand, it is a human tendency to explain away all failures; there can never be any shortage of excuses for non-performance. Between these two extremes, there can be a host of situations like exaggerated presentation of achievements, concealment of failures, overestimating budget needs and overspending to justify higher budget allocations.

#### **d) Management Information System (MIS)**

So far, we have talked about instruments of control mostly in the context of monitoring performance and efficiency. Organisational effectiveness, however, demands that all management decisions are taken on the basis of adequate information which is timely, relevant, accurate and reliable. Much of this information would be available from the organisation's own experience in the form of its past performance reports which we talked about earlier in this section, but a great deal would still be needed to make major decisions which might affect the organisation's goals, its methods and processes, and indeed its structure itself. The sources of this information may vary; in many cases, it has to be obtained through market surveys or research. Whatever the source, the important point is that organisations need to put in place systems for gathering information from internal and external sources, collating and analysing them and presenting them in summary form to the management to help it take decisions. For example, at the top level of management, such summary will show the average earning of the organisation per employee, or the earning per share of its capital, and so on. At the executive levels, the MIS would help Divisional managers to assess the stage of each process at a given time, compare the progress of input-output flows within the system with the schedule of operations, locate bottlenecks, if any, and take corrective action in time. Information management has now developed into an essential tool for all organisations.

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### **1.6 LET US SUM UP**

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In this unit, we have tried to take you through the basics of management as a profession and its concepts and practices. We began with a study of the anatomy of an organisation, what its component systems are, how each of these sub-systems supports and strengthens each other, and how all of them together make for the 'life' of the organisation, which is to attain a specific goal. We then moved on to take a close look at the staple diet on which organisations live, and what their 'bread and butter' tasks are. With this understanding of the core functions of management, we proceeded to explore the methods and practices that managements of organisations follow in the performance of their functions. In this unit, we have not entered specifically the area of education management; our effort was to provide a broad perspective of the issues and concerns involved in the management of any organisation. It is our assumption that this broad-brush treatment of the subject 'management' would have equipped you with adequate knowledge and understanding that would enable you to grapple with the more specific functions and processes associated with the management of a distance education system.

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### **1.7 CHECK YOUR PROGRESS: POSSIBLE ANSWERS**

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#### **Check Your Progress 1**

Academic sub-system of the university is responsible for determining the programmes, developing curricula, prescribing guidelines for admission, fees, assessment procedures, etc., based on which the respective sub-systems like admission division enrol students, evaluation division carries out student assessment, etc. To enable these sub-systems to perform their functions, administration and finance sub-systems provide necessary infrastructural and other support services.

### Check Your Progress 2

The major difference between the two terms, according to Peter Drucker, is that while governance of non-business organisations such as government, army, church, etc., is called administration, the governance of business organisations (which seek to make profits) is called management. Management essentially relates to economic activities while it is only incidental to administration.

### Check Your Progress 3

Flexibility and the scope for mid-way corrections and modifications make planning process a dynamic one. Planning is always concerned with future which is unknown and uncertain, and therefore, is a risky process.

### Check Your Progress 4

Authority is the right to do something in an organisation, whereas power is the ability to get that done. A manager in an organisation has a right (authority) to ask his/her subordinates to do something, and the ability (power) to reward them on performing the assigned task, or punish them for non-performance. Responsibility means the duty and the obligation to perform the function, task or assignment given to a person and his/her accountability for such performance.

### Check Your Progress 5

“Management is doing things right; leadership is about doing the right things” says Peter Drucker. The two often overlap, but are not the same. Leadership is concerned with setting the desirable goals, while the task of management is to accomplish those goals efficiently.

### Check Your Progress 6

The objective of an organisation indicates broadly what it wants to do, while its policy outlines the methods and practices that it would follow to achieve the objectives and to reach the targets. Objectives are the ends; policies are the means to achieve those ends.

### Check Your Progress 7

- i) The major steps in the planning process are forecasting, setting the goals, preparing the strategies and determining action paths with provision for review and revision.
- ii) The objectives of an organisation determine its functions and activities. These functions and activities have to be grouped into coherent sets, each set constituting a distinct area of activity. Putting these sets together with effective flow of work and information is at the core of an organisation's structure.