

Chapter 02

Management

This chapter discusses the followings.

2.1 Introduction to management

2.2 Functions of management

Planning
Organizing
Leading
Controlling



2.1 Introduction to management

Current economic and social development has resulted a great number of businesses that fulfill the expanding human needs and wants. These businesses operate with an expectation of achieving specific objectives while satisfying human needs and wants.

Although there are large number of businesses, all businesses are not operated successfully. There are situations where some businesses are closed down due to their unsuccessful business operations. The success or failure of a business depends on the extent to which a business achieves its objectives. If a business is to achieve its expected objectives it has to use its resources productively.

In general, the nature of the resources are that they are limited compared to the unlimited human wants. Businesses also face this limitedness of resources. Since the resources such as labour, raw materials, cash etc owned by a business are limited, business should have the ability to utilize such resources to obtain the maximum benefit while minimizing the wastage.

Therefore, a business should always employ methods which enables it to use limited resources in an effective manner. It means that a business should aim at obtaining a higher level of output with limited resources. In a business this objective is achieved through management.

Management is the process of planning, organizing, leading and controlling the resources owned by a business in order to achieve objectives of a business efficiently and effectively.



Effectiveness means using resources to achieve the expected objectives and efficiency means using resources to obtain the maximum output from minimum resources.

2.2 Management processes

Management is a continuous process which consists of four main processes or management functions. They are,

01. Planning
02. Organizing
03. Leading
04. Controlling



Figure 2.1

Each process of management can be introduced as follows.

Planning

Planning is the process of determining the objectives of a business and determining the activities to achieve these objectives.

Example :-

A business constructing and selling houses plans to earn a profit by selling quality houses to its consumers



Figure 2.2

In order to achieve this objective, the following activities can be planned.

- W Determining how the construction and selling will be carried out
- W Determining the required resources and employees
- W Determining how to obtain the required resources

Organizing

Organizing is the process of distributing required resources, job roles and tasks in order to implement the planned activities, to achieve the objectives of a business.

In order to implement the plan mentioned in the above example, the activities can be organized as follows.

- W Appointing managers responsible for construction and sales activities of the business
- W Allocating employees for each section and required resources to both managers and employees



Figure 2.3

Leading

Leading is the process of directing human resources appropriately when implementing the planned process. They should be led by giving the required information and instructions and motivating them to do the relevant activities.

The leading process of the above mentioned example can be implemented as follows.

- W Production manager and sales manager providing the required information and instructions to their employees
- W Motivating employees to do their jobs appropriately by maintaining good professional relationships with them

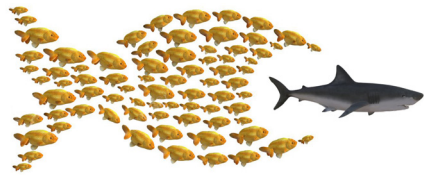


Figure 2.4

Controlling

Controlling is the process of finding out whether the business activities are implemented as planned and if not, identifying errors and taking necessary measures to correct them.

The controlling process of the above mentioned example can be done as follows.

- W Finding out whether houses are constructed with the expected quality
- W Finding out whether those houses have been sold as planned
- W If construction and selling have not been carried out as planned finding out reasons for that
- W Planning necessary measures to avoid such errors



Activity 01

Following statements are regarding the management process. If each statement is 'true' put '✓' or if 'false' put '✗'.

No.	Statement	✓ / ✗
01	A business needs management to obtain maximum benefits from limited resources.	
02	Every business operates in order to achieve a specific objective or several objectives.	
03	In developed countries in the world, resources available for satisfying human needs are unlimited.	
04	Management is a continuous process of consisting of several functions.	
05	The planning process includes determining objectives of a business as well as determining ways for achieving the objectives.	
07	Organizing consists of activities related to delegating tasks to achieve planned activities, appointing individuals for those tasks and delegating responsibilities and duties for them.	
08	Leading means managers guiding their employees on the tasks that they have to perform.	
09	Controlling means finding whether the activities have been implemented as planned and if not, finding reasons for that and re-planning to correct them.	



Activity 02

The Commerce Society of Kawanthissa Central College has conducted the Commerce Day successfully. Several activities of the adopted process for the event are given below.

- Y Determining a theme for the Commerce Day
- Y Determining a date, time and venue
- Y Determining the activities to be done for the Commerce Day
- Y Appointing committees depending on the activities
- Y Appointing leaders for the committees
- Y Nominating members for committees
- Y Determining how to obtain the required funds and resources
- Y Allocating funds and resources to the committees.
- Y Committee leaders providing the required instructions for their members
- Y Committee leaders employing their members in the respective activities
- Y Finding out whether each committee functions accordingly.
- Y Finding out whether there would be any draw back that would occur on the Commerce Day and taking necessary measure to overcome them
- Y At the end of the Commerce Day, preparing a report analyzing the reasons for the success and draw backs

Categorize each activity given above under each process of the management.