

UNIT 1

Definition – The word management denotes the process of conducting and managing various business activities. It is the art of securing maximum results with the minimum of efforts so as to secure maximum prosperity and happiness both for the employer and the employees and at the same time to provide best possible service to the public.

Management is a science because it proves, predicts, defines, measures and utilizes knowledge. At the same time it is an art because it feels, guesses, describes, expresses, communicates and practices.

When the principles and practices of management are applied to pharmaceutical industry and drug store, it is known as ‘Pharmaceutical management’

Levels of management – There are three levels of management

Top level management: It consists of the board of directors and advisers. It is the ultimate source of authority which frames the policies for the enterprise. The top level management generally perform the following functions:

1. Laying down the overall objectives and broad policies of the enterprise.
2. Organizing the business into various departments and divisions.
3. Appointing department managers.
4. Issuing guidelines for heads of the department.
5. Coordinating the work of different departments.
6. Reviewing the work of departments and taking steps to ensure achievement of objectives.

Middle level management

It consists of head of departments and managers. They are responsible to the top management for the efficient functioning of their departments. They provide necessary leadership, direction and initiative to the lower management.

Lower level management

It is also known as supervisory management because it is directly concerned with the control of the performance of the operative employees. The level includes supervisors, superintendents, account officers etc. They issue orders and instructions and guide day to day activities.

Lower level management performs the following functions:

1. Planning of day to day work.
2. Assignment of jobs and issuing orders and instructions.
3. Supervising and guiding workers.
4. Maintaining close personal contacts with workers to ensure discipline and team work.
5. Communicating the grievances and suggestions of workers to higher authorities.

ADMINISTRATIVE MANAGEMENT

Management has to perform a number of functions such as planning, organizing, coordinating, directing, controlling etc., which as a whole is a part of administration, therefore this type of managing scheme is collectively known as Administrative management.

Planning

A plan is a course of action to be taken in future. It is a prescribed course of action. Planning is a process of deciding in advance what to do, how to do it and who is to do it. Planning is a mental exercise that requires imagination, foresight and sound judgement. It is thinking before doing.

Features of planning

1. **Planning is goal oriented** – Planning is done to achieve certain objectives and all plans are linked with the goals of the organization.
2. **Planning is future oriented** – Planning seeks to manage future events to the best advantage of the organization. Scientific anticipation of future events is called forecasting which serves as the basis of planning. For example, manufacturer prepares the production plan of the next year after forecasting the demand.
3. **Planning is an intellectual process** – Planning is a mental exercise and it involves the creative thinking and imagination. Planning is not mere guess work but involves logic and systematic thinking.
4. **Planning is a primary function of management** – Planning serves as the basis for all other functions of management. It precedes organizing, staffing, directing and controlling. All these functions are performed within the framework of plans.
5. **Planning is continuous** – Planning is an ongoing process. Plans are prepared for a specified period and at the end of that period, new plans have to be prepared.

6. **Planning involves choice** - Planning is essentially the process of choosing from among alternative course of action. The planning is needed when there are various alternatives to reach to a definite goal.

Steps involved in planning

1. **Definition and description of objectives** – Plans are prepared to achieve certain objectives or goals. The first step in planning is to define clearly the objectives of the business organization. For example, the main objective of the company is to increase profits by 25 percent during the next year. So the production and sales targets should be decided on this basis.
2. **Determination of planning premises** – This is the next step of planning. Planning premises are the assumptions about the future. They provide the environment or boundaries in which plans will be implemented. Planning premises may be of following types.
 - a) **Tangible and Intangible premises** – Assumptions which can be expressed in quantitative terms are called tangible premises for example- units of production, time available, capital investments etc. Intangible premises are employees morale, goodwill of the company, motivation, etc.
 - b) **Internal and external premises** – Assumption about the internal working of the enterprise are known as internal premises example, capital, machines, etc. On the other hand factors outside the enterprise are called external premises, e.g. changes in technology, population growth, changes in competition etc.
 - c) **Controllable and uncontrollable premises** – Policies and programmes of the organization which can be fully regulated by the management are controllable premises. Uncontrollable premises are the external factors like political changes.
3. **Discovering alternative courses of action** – Once the objectives and planning premises are established , the various courses of action are discovered in order to achieve he established objectives. The strength and weakness of the alternative course of action also need to be examined by the management at this stage.
4. **Formulation of derivative plans** – Once the basic plan is decided the next step is to develop detailed plans for its implementation. These detailed plans refer to the policies, procedures, rules, programmes, schedules, budgets etc.
5. **Communicating the plan** – Plan should be explained to the subordinates in order to get their support in the execution of plans.

6. **Receiving the planning process – Continuous** evaluation of plans and the process of planning helps to detect shortcomings of the plans.

Organizing

The term organization means a group of people contributing their efforts towards the attainment of certain common objectives. The word organization is used mainly in two ways as a structure and as a process.

1. **Organization as a structure-** It is the structural framework of duties and responsibilities required of the personnel in performing various functions within the company. The organization structure is generally like a pyramid with a narrow top and broad bottom.
2. **Organizing as a process-** The process of organizing involves bringing together physical, financial and human resources and establishing productive relationship among them so as to achieve the common objectives. As a process, organizing involves assigning activities to individuals and defining the authority and responsibility of each individual. The function of organizing is performed by all managers and it is a continuous process.

The process of organizing involves the following steps:

- a. **Determining activities:** The first step in organizing group effort is division of total job into essential activities to achieve pre-determined objectives.
- b. **Grouping activities:** Once activities are defined, the next step is to classify them into manageable units so that these can be assigned to individuals.
- c. **Assigning duties:** Each person should be given a specific job best suited to him and he should be made responsible for its performance.
- d. **Delegating authority:** A chain of command from the top manager to the individual at the lowest level is created through delegation of authority. An individual cannot perform his duty without getting the rights and powers to do it.
- e. **Coordinating activities:** Coordination in the working of different departments and individuals is necessary for team work and efficient performance.

Importance of organization

Sound organization is the backbone of effective management due to the following reasons:

1. Organization is the mechanism by which management directs, controls, and coordinates business.
2. Organization provides the framework with which an enterprise can expand and grow.
3. New and improved means of doing work can be introduced easily.
4. Organization helps in the optimum use of human resources by assigning the job to every individual for which he is best suited.

5. Sound organization encourages initiative and creative thinking on the part of the employees.

Staffing

It may be defined as the process of hiring and developing the required personnel to fill in various positions in the organization. It involves the scientific and systematic procurement, allocation, utilization, conservation and development of human resources.

Features of staffing

1. It is a function of management.
2. It is an integral part of management process.
3. It is concerned with the human resources of an organization.
4. It is a continuous function.
5. It is a difficult function because it deals with human beings who have their own needs, emotions, and aspiration.
6. The objective of staffing is to ensure the optimum utilization of human resources as well as to provide personal and social satisfaction to the employees.

Importance of staffing

1. Staffing injects life into the organization by providing right person for every job.
2. Employees in the organization are the most valuable asset of an organization. The quality of human assets largely determines the success and growth of the organization. Hence staffing helps to built up the human resources as assets.
3. Staffing identifies people with necessary skills and attitudes, induces them to join the organization and ensures their continuous co-operation and association with the organization.

Directing

It involves issuing orders and instructions, motivating and leading subordinates, harmonizing organizational goals with interests of employees and overseeing people at work.

Features

1. Management get work done through directing.
2. It converts plans into performance and put life into the organization.
3. It is the responsibility of each and every manager. It is performed at all levels of management.
4. In directing management deals with human behavior.

Importance of directing

1. It constitutes the life spark of an enterprise and set it into motion.
2. A manager persuades his subordinates to work to the best of their abilities and contributes maximum towards the achievement of organizational objectives.
3. It helps in creating mutual understanding and team work among the members of an organization.
4. Sufficient directing helps an enterprise to survive and grow. It can expand and grow when the right direction is provided.

Controlling

Control consists of verifying whether everything occurs in conformity with the plans adopted, the instructions issued and principles established. It is done to point out weakness and errors in order to rectify them and prevent recurrence.

Features

1. It is a follow-up action to other functions of management.
2. Control is exercised at all levels of management though the nature and extent of control may differ from one level to another.
3. It involves review of standards as well as corrective actions which may lead to changes in other managerial functions.
4. It is related to future because past cannot be controlled. It seeks to improve future results on the basis of experience gained in the past.
5. It keeps a check on the performance and it does not control the rights of the individuals.

Importance of controlling

1. It keeps constant watch over performance so that mistakes are detected and corrected promptly.
2. It helps to prevent misuse and wastage of resources.
3. It facilitates coordination between different departments.
4. An effective system of control facilitates delegation of authority.
5. It ensures order and discipline in the organization..
6. Controlling reveals deficiencies in plan.

Entrepreneurship

Entrepreneur is defined as one who organizes, manages and assumes the risk of a business enterprise. He is an innovator, action- oriented and highly motivated. He is the one who always searches for change, respond to it as an opportunity.

Entrepreneurship is essential for economic development of a country. In a developing country like India, the role of both the government and the private entrepreneurs is very important. The entrepreneur tries to find new technology, products and markets. He increases the productivity of various resources.

Characteristic of entrepreneurs

1. Innovative ability: An entrepreneur has creative ability to search for new opportunities. He keeps on trying new ideas.
2. Desire to accomplish: the entrepreneur has a strong desire to accomplish something. He wants to achieve a goal that poses reasonable challenge to him.
3. Energetic activity: he exhibits a high level of energy than an average person and spends a large proportion of time in finding out novel ways of getting done the set task.
4. Risk taking: he takes moderate risks to achieve his goals.
5. Perception of good ideas: it involves collecting and analyzing facts and thereafter falling upon his own self confidence for accomplishing the task.
6. Future oriented: he plans and thinks for the future. He anticipates possibilities that lie beyond the present.
7. Desire for responsibility: he is ready to be personally responsible for the results of his decisions.
8. Skill in organizing: he have remarkable skill in organizing work and human resources. They are able to make productive use of all resources.
9. Flexibility: They are adaptable and flexible to adjust with the changed circumstances to achieve their goals.
10. Self- confidence: He has his own individuality and possesses great amount of confidence in himself.

Qualities of a successful entrepreneur

1. He must have wide knowledge of the economic and non-economic environment of business.
2. He should be intelligent and foresightedness to make good forecasts for the business in order to avoid risks and uncertainties.
3. He knows how to change according to changed circumstances.
4. He should not indulge in unethical business practices.
5. He should have aptitude for innovation and research for the benefit of the society.
6. He should develop business connections and goodwill in the market.

Personnel Management

Personnel management is the recruitment, selection, development, utilization and accommodation of human resources by organizations. It is that field of management which is concerned with the management functions (planning, organizing, directing and controlling) and various operative functions (procurement, development, maintenance and utilization) with a view to attaining the organizational goals economically and effectively and meeting the individual and social goals.

It is concerned with managing people at work. It covers all levels of personnel, including blue-collared employees (craftsmen, foremen, operatives and labourers) and white-collared employees (professional, technical managers, officials, clerical workers and sales workers).

It is that phase of management which deals with the effective control and use of manpower as distinguished from other sources of power. It is that part of management function which is primarily concerned with the human relation within an organization.

Objectives of personnel management

1. To achieve an effective utilization of human resources in the achievement of organizational goals.
2. To establish and maintain an adequate organizational structure and a desirable working relationship among all members of an organization by dividing of organization tasks into functions, positions, jobs and by defining clearly the responsibility, accountability and authority for each job.
3. To generate maximum individual/group development within an organization by offering opportunities for advancement to employees through training and job education.
4. To recognize and satisfy individual needs and group goals by offering an adequate remuneration, economic and social security in the form of monetary compensation and protection against hazards of life.
5. To secure the integration of the individuals and groups with an organization, by reconciling individual/group with those of an organization in such a manner that the employees feel a sense of involvement, commitment and loyalty towards it.
6. To maintain a high morale and better human relations inside an organization by sustaining and improving the conditions which have been established so that employees may stick to their jobs for a longer period.

Materials Management

Materials management is the planning, directing, controlling and coordinating those activities which are concerned with materials and inventory requirements from the point of their inception to their introduction into the manufacturing process.

Materials management deals with controlling and regulating the flow of materials in relation to changes in variables like demand prices, availability, quality, delivery schedule, etc.

It deals with the procurement of raw materials, machines and equipment which are necessary for the production process and spare-parts for the maintenance of the plant.

Objectives of materials management

1. It helps to provide regular uninterrupted supply of raw materials to ensure continuity of production.
2. It provides economy in purchasing and minimizing waste which leads to high productivity.
3. It helps to minimize the cost of production to increase profits.
4. It helps to minimize the storage and stock control costs.
5. It helps to purchase items of best quality at the most competitive price.
6. It minimize waste of materials due to efficient store and stock control.
7. It helps to eliminate shortages.
8. It helps in the better utilization of labour, capital and equipment.
9. It helps to reduce the length of manufacturing cycle to minimum.
10. The slight changes in material costs will exert a great impact on the profit of a firm.

Production management

Production is the foundation on which every organization is built. Production is an intentional act of producing something in an organized manner. It is the fabrication of a physical object through the use of men, material and equipment. The main objectives of production are: optimum use of resources at optimum cost. Manufacture of desired quality and quantity of goods and services. Production management is the process of effective planning and regulating the operations of that section of an enterprise which is responsible for the actual transformation of materials into finished product.

Functions of Production management

1. Design and development of production process.
2. Production planning and control.
3. Implementation of the plan and related activities to produce the desired output.
4. Administration and coordination of the activities of various components and departments responsible for producing the necessary goods and services.
5. To determine the nature and magnitude of various input factors to manufacture the desired output.
6. To coordinate labour, machine and equipment in the most effective and economic manner.
7. To establish targets and checking these against performance.
8. To ensure smooth flow of material by eliminating bottlenecks, if any, in production.
9. To manufacture the desired output of right quality and quantity.

Financial management.

This is the most important phase of management in which the finance department has to deal with all the financial works which includes purchasing, selling, borrowing, loaning, etc.

Functions of financial management

1. To provide details of the total assets of the enterprise.
2. To divide and allocate funds for various activities.
3. To give the profit-loss statement of the enterprise annually.
4. To serve the enterprise in difficult times by maintaining sufficient buffer.
5. They have the responsibility of informing the top level management from time to time about the depleting financial resources, so that the top level management can make their plans accordingly.
6. To make salaries of the employees and distributing it on time.
7. To make arrangement of the untoward equipment failure.
8. To take into account all the loans which the enterprise has taken from bank .