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**Course Paper**

**«Functions of Management»**

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# Introduction

Research and analysis of functions of management is urgent problem indeed. Management combines characteristics of science and art. In the first place management means direction of people, therefore it is impossible to formalize it. But we can mark out some functions of management. So accurate compliance with management functions allows your organization with the best profit and efficiency. In this work you can find description of each management function and some advices to improve them.

The present paper is devoted to the problems of management. This work is aimed at analysis of four functions of management. The following tasks are to be solved in this paper:

* to decide how much functions management has;
* to review all functions of management;
* to discuss the main ways of improving functions of management;

The books and articles of the following authors constitute the theoretical basis for this work: Bernard L. Erven, Henri Fayol, James Higgins, Jayashree Pakhare and others. They discussed different theoretical and practical problems of the matter of this course paper.

In this paper, I attempt to clarify the interdependence of management functions. To do so, I first present all functions then described each one in details.

The structure of this course paper is as follows. The first part reviews all management functions. Part 2–5 dwells on each function of management. The final part summarizes the whole work.

# Functions of Management

To decide the first task how much functions management has I compared some viewpoints of scientists. As Jayashree Pakhare consider, management has only four functions: planning, organizing, directing and controlling. At the same time according to Bernard L. Erven and Henri Fayol, management has five functions: four previous plus staffing. I think that staffing is not as much important as other functions and is contained in organizing therefore in what follows I analyzed only four functions.

«Any organization, whether new or old, whether small or big need to run smoothly and achieve the goals and objectives which it has set forth. For this they had developed and implemented their own management concepts. There are basically four management concepts that allow any organization to handle the tactical, planned and set decisions. The four basic functions of the management are just to have a controlled plan over the preventive measure». [4]

The four functions of management are: planning, organizing, directing, controlling.

Planning is the foundation area of management. It is the base upon which all the areas of management should be built. Planning requires administration to assess, where the company is presently set, and where it would be in the upcoming. From there an appropriate course of action is determined and implemented to attain the company’s goals and objectives.

Planning is unending course of action. There may be sudden strategies where companies have to face. Sometimes they are uncontrollable. You can say that they are external factors that constantly affect a company both optimistically and pessimistically. Depending on the conditions, a company may have to alter its course of action in accomplishing certain goals. This kind of preparation, arrangement is known as strategic planning. In strategic planning, management analyzes inside and outside factors that may affect the company and so objectives and goals. Here they should have a study of strengths and weaknesses, opportunities and threats. For management to do this efficiently, it has to be very practical and ample.

The second function of the management is getting prepared, getting organized. Management must organize all its resources well before in hand to put into practice the course of action to decide that has been planned in the base function. Through this process, management will now determine the inside directorial configuration; establish and maintain relationships, and also assign required resources.

While determining the inside directorial configuration, management ought to look at the different divisions or departments. They also should think about harmonization of staff, and try to find out the best way to handle the important tasks and expenditure of information within the company. Management determines the division of work according to its need. It also has to decide for suitable departments to hand over authority and responsibilities.

Directing is the third function of the management. Working under this function helps the management to control and supervise the actions of the staff. This helps them to assist the staff in achieving the company’s goals and also accomplishing their personal or career goals which can be powered by motivation, communication, department dynamics, and department leadership.

Employees those are highly provoked generally surpass in their job performance and also play important role in achieving the company’s goal. And here lies the reason why managers focus on motivating their employees. They come about with prize and incentive programs based on job performance and geared in the direction of the employees requirements.

It is very important to maintain a productive working environment, building positive interpersonal relationships, and problem solving. And this can be done only with Effective communication. Understanding the communication process and working on area that need improvement, help managers to become more effective communicators. The finest technique of finding the areas that requires improvement is to ask themselves and others at regular intervals, how well they are doing. This leads to better relationship and helps the managers for better directing plans.

Control, the last of four functions of management, includes establishing performance standards which are, of course, based on the company’s objectives. It also involves evaluating and reporting of actual job performance. When these points are studied by the management then it is necessary to compare both things. This study on comparison of both decides further corrective and preventive actions.

# Planning

Planning is concerned with the future impact of today's decisions. It is the fundamental function of management from which the other four stem. The need for planning is often apparent after the fact. However, planning is easy to postpone in the short-run. Postponement of planning especially plagues labor oriented, hands on managers.

«The organizing, directing and controlling functions stem from the planning function. The manager is ready to organize and staff only after goals and plans to reach the goals is in place. Likewise, the leading function, influencing the behavior of people in the organization, depends on the goals to be achieved. Finally, in the controlling function, the determination of whether or not goals are being accomplished and standards met is based on the planning function. The planning function provides the goals and standards that drive the controlling function.» [3]

Planning is important at all levels of management. However, its characteristics vary by level of management.

## Planning Terminology

The order from general to specific is: vision-mission-objectives-goals. The key terms are defined as follows:

* Vision is nonspecific directional and motivational guidance for the entire organization. Top managers normally provide a vision for the business. It is the most emotional of the four levels in the hierarchy of purposes.
* Mission is an organization's reason for being. It is concerned with scope of the business and what distinguishes this business from similar businesses. Mission reflects the culture and values of top management.
* Objectives refine the mission and address key issues within the organization such as market standing, innovation, productivity, physical and financial resources, profitability, management and worker performance and efficiency. They are expected to be general, observable, challenging, and untimed.
* Goals are specific statements of anticipated results that further define the organization's objectives. They are expected to be SMART: Specific, Measurable, Attainable, Rewarding, and Timed.

Development of tactics is a fifth level of planning. Tactics, the most specific and narrow plans, describe who, what, when, where and how activities will take place to accomplish a goal.

## Strategic Planning

«Strategic planning is one specific type of planning. Strategies are the outcome of strategic planning. An organization's strategies define the business the firm is in, the criteria for entering the business, and the basic actions the organization will follow in conducting its business». [3, 229] Strategies are major plans that commit large amounts of the organization's resources to proposed actions, designed to achieve its major objectives and goals. Strategic planning is the process by which the organization's strategies are determined. In the process, three basic questions are answered:

1. Where are we now?
2. Where do we want to be?
3. How do we get there?

«The «where are we now?» question is answered through the first three steps of the strategy formulation process: (1) perform internal and external environmental analyses, (2) review vision, mission and objectives, and (3) determine SWOT: Strengths, Weaknesses, Opportunities and Threats. SWOT analysis requires managers to be honest, self-disciplined and thorough. Going on to strategy choices without a comprehensive SWOT analysis is risky.» [1]

Strengths and weaknesses come from the internal environment of the firm. Strengths can be exploited, built upon and made key to accomplishment of mission and objectives. Strengths reflect past accomplishments in production, financial, marketing and human resource management. Weaknesses are internal characteristics that have the potential to limit accomplishment of mission and objectives. Weaknesses may be so important that they need to be addressed before any further strategic planning steps are taken.

Opportunities and threats are uncontrollable by management because they are external to the firm. Opportunities provide the firm the possibility of a major improvement. Threats may stand in the way of a firm reaching its mission and objectives.

# Organizing

Organizing is establishing the internal organizational structure of the business. The focus is on division, coordination, and control of tasks and the flow of information within the organization. Managers distribute responsibility and authority to job holders in this function of management.

## Organizational Structure

Each organization has an organizational structure. By action and/or inaction, managers structure businesses. Ideally, in developing an organizational structure and distributing authority, managers' decisions reflect the mission, objectives, goals and tactics that grew out of the planning function. Specifically, they decide:

1. Division of labor
2. Delegation of authority
3. Departmentation
4. Span of control
5. Coordination

Management must make these decisions in any organization that has more than two people. Small may not be simple.

Organizational structure is particularly important in family businesses where each family member has three hats (multiple roles): family, business and personal. Confusion among these hats complicates organizational structure decisions.

## Division of Labor

Division of labor is captured in an organization chart, a pictorial representation of an organization's formal structure. An organization chart is concerned with relationships among tasks and the authority to do the tasks. Eight kinds of relationships can be captured in an organization chart:

1. The division/specialization of labor
2. Relative authority
3. Departmentation
4. Span of control
5. The levels of management
6. Coordination centers
7. Formal communication channels
8. Decision responsibility

To improve organizing managers should listen to the opinion of Bernard L. Erven. «Organization charts have important weaknesses that should be of concern to managers developing and using them:

1. They may imply a formality that doesn't exist.
2. They may be inconsistent with reality.
3. Their usual top down perspective often minimizes the role of customers, front-line managers and employees without management responsibilities.
4. They fail to capture the informal structure and informal communication.
5. They often imply that a pyramidal structure is the best or only way to organize.
6. They fail to address the potential power and authority of staff positions compared with line positions.» [1]

## 

## Delegation of Authority

Authority is legitimized power. Power is the ability to influence others. Delegation is distribution of authority. Delegation frees the manager from the tyranny of urgency. Delegation frees the manager to use his or her time on high priority activities. Note that delegation of authority does not free the manager from accountability for the actions and decisions of subordinates.

Delegation of authority is guided by several key principles and concepts:

Exception principle – Someone must be in charge. A person higher in the organization handles exceptions to the usual. The most exceptional, rare, or unusual decisions end up at the top management level because no one lower in the organization has the authority to handle them.

Scalar chain of command – The exception principle functions in concert with the concept of scalar chain of command – formal distribution of organizational authority is in a hierarchical fashion. The higher one is in an organization, the more authority one has.

Decentralization – Decisions are to be pushed down to the lowest feasible level in the organization. The organizational structure goal is to have working managers rather than managed workers.

Parity principle – Delegated authority must equal responsibility. With responsibility for a job must go the authority to accomplish the job.

Span of control – The span of control is the number of people a manager supervises. The typical guideline is a span of control of no more than 5–6 people. However, a larger span of control is possible depending on the complexity, variety and proximity of jobs.

Unity principle – Ideally, no one in an organization reports to more than one supervisor. Employees should not have to decide which of their supervisors to make unhappy because of the impossibility of following all the instructions given them.

Line and staff authority – Line authority is authority within an organization's or unit's chain of command. Staff authority is advisory to line authority. Assume a crew leader reports to the garden store manager who in turn reports to the president. Further assume that the crew leader and store manager can hire and fire, and give raises to the people they supervise. Both the crew leader and store manager have line authority. To contrast, assume that the president has an accountant who prepares monthly financial summaries with recommendations for corrective action. The accountant has staff authority but not line authority.

«Departmentation is the grouping of jobs under the authority of a single manager, according to some rational basis, for the purposes of planning, coordination and control. The number of departments in an organization depends on the number of different jobs, i.e., the size and complexity of the business». [3]

# Directing

Directing is influencing people's behavior through motivation, communication, group dynamics, leadership and discipline. The purpose of directing is to channel the behavior of all personnel to accomplish the organization's mission and objectives while simultaneously helping them accomplish their own career objectives.

Managers give this function a variety of names. Higgins calls it leading. Other labels are: influencing, coaching, motivating, interpersonal relations, and human relations.

The directing function gives the manager an active rather than a passive role in employee performance, conduct and accomplishments. Managers accomplish their objectives through people. In blaming others for her or his human resource problems, a manager is denying the management responsibilities inherent in the directing function.

The directing function gives managers a second responsibility: helping people in the organization accomplish their individual career goals. Organizations do not succeed while their people are failing. Helping people in the organization with career planning and professional development is an integral part of the directing function.

## Motivation

Selection, training, evaluation and discipline cannot guarantee a high level of employee performance. Motivation, the inner force that directs employee behavior, also plays an important role. Highly motivated people perform better than unmotivated people. Motivation covers up ability and skill deficiencies in employees. Such truisms about motivation leave employers wanting to be surrounded by highly motivated people but unequipped to motivate their employees. Employers and supervisors want easily applied motivation models but such models are unavailable.

Three ways of looking at motivation are: needs, rewards and effort. The needs approach stems from the notion that peoples' unsatisfied needs drive their behavior. Figure out a person's needs, satisfy the needs and the person will be motivated. For example, a person with a high need to satisfy goals is motivated by production targets. The rewards approach is based on the expectation that rewarded behavior is repeated. Giving a person a bonus for excellent performance during a difficult harvest period encourages the person to make a special effort during the next difficult harvest. The effort approach to motivation is based on the expectation that effort brings the worker what he or she wants. The thought that working hard leads to advancement and new career opportunities is consistent with the effort approach. The effort approach includes a presumption that the employer is fair, i.e., effort is recognized and rewarded. Managers cannot reduce motivation to a simple choice of one of these approaches. Each of the three approaches contributes to an understanding of motivation and how motivation varies person to person and over time.

«The most effective motivation for employees comes from within each employee, i.e., self-motivation. Possible indicators of self-motivation include: past accomplishments in school, sports, organizations and work; stated career goals and other kinds of goals; expertise in one or more areas that shows evidence of craftsmanship, pride in knowledge and abilities, and self-confidence; an evident desire to continue to learn; and a general enthusiasm for life.» [2]

## Communication Model

The process starts with a sender who has a message for a receiver. Two or more people are always involved in communication. The sender has the responsibility for the message.

The sender's message travels to the receiver through one or more channels chosen by the sender. The channels may be verbal or nonverbal. They may involve only one of the senses, hearing for example, or they may involve all five of the senses: hearing, sight, touch, smell, and taste. Nonverbal communication, popularly referred to as body language, relies primarily on seeing rather than hearing.

The sending of a message by an appropriate channel to a receiver appears to have completed the communication process or at least the sender's responsibility. Not so! After sending the message, the sender becomes a receiver and the receiver becomes a sender through the process of feedback. Feedback is the receiver's response to the attempt by the sender to send the message. Feedback is the key to determination by the sender of whether or not the message has been received in the intended form. Feedback involves choice of channel by the receiver of the original message. The channel for feedback may be quite different from the original channel chosen by the sender. A puzzled look may be the feedback to what the sender considered a perfectly clear oral instruction.

Problems with any one of the components of the communication model can become a barrier to communication. These barriers suggest opportunities for improving communication.

1. Muddled messages
2. Stereotyping
3. Wrong channel
4. Language
5. Lack of feedback
6. Poor listening skills
7. Interruptions
8. Physical distractions

The following general guidelines may help communication. This is a part of the third goal.

1. Have a positive attitude about communication. Defensiveness interferes with communication.
2. Work at improving communication skills. It takes knowledge and work. The communication model and discussion of barriers to communication provide the necessary knowledge.
3. Include communication as a skill evaluated along with all the other skills in each person's job description.
4. Make communication goal oriented. Relational goals come first and pave the way for other goals.
5. Approach communication as a creative process rather than simply part of the chore of working with people. Experiment with communication alternatives.
6. Accept the reality of miscommunication. The best communicators fail to have perfect communication.

Communication is at the heart of many interpersonal problems in family businesses. Understanding the communication process and then working at improvement provide managers a recipe for becoming more effective communicators. Knowing the common barriers to communication is the first step to minimizing their impact. Managers can reflect on how they are doing and use the ideas presented in this paper. When taking stock of how well you are doing as a manager and family member, first ask yourself and others how well you are doing as a communicator.

## Discipline

High quality farm worker performance requires implementation of carefully made tactical plans. Deviations from the plans by employees results in standards not being met and goals not being accomplished. Managers must deal with employees' deviation from rules, procedures and expected behaviors. Employees coming late to work, not following safety procedures when working alone, not properly cleaning equipment in their rush to get home, and using wrong or wrong amounts of medication are examples of unacceptable behavior that should be addressed rather than ignored. A cautionary note is in order. Employers can easily confuse discipline problems with selection, training and communication problems. This discussion of discipline applies to those cases in which the employee can reasonably be expected to perform or behave according to established standards, norms or rules, i.e., they have been carefully selected, well trained and are regularly evaluated.

A disciplined person exhibits the self-control, dedication and orderly conduct consistent with successful performance of job responsibilities. This discipline may come through self-discipline, co-workers or the supervisor/employer. Self-discipline is best and most likely to come from well selected, trained, and motivated people who regularly have feedback on their performance.

An employee not performing up to the agreed upon standards or not following the understood rules is object to punishment, i.e., disciplinary action. Punishing or disciplining employees falls among the least pleasant activities in human resource management. In the short-run, doing nothing or ignoring errant actions and behavior almost always comes easier than taking the needed action. Not disciplining when needed sends confusing messages to the errant employee, other employees and other managers in the farm business. If starting work at 6:30 a.m. rather than 6:00 a.m. draws no reaction from the employer, does this mean the starting time has been changed to 6:30?

Several guidelines help to reduce the compounding of discipline problems with problems in disciplining. Both employers and employees need to know the rules and performance expectations. An employee handbook or other form of written statement provided each employee is basic. Rules should be uniformly enforced among all employees. If special rules apply to a certain employee, e.g., use of the pickup truck without asking permission, other employees need to be so informed. Punishment should be based on facts. All parties should be heard rather than depending on one person only for facts. Action should be taken promptly. «Saving up» a series of minor problems and infractions for a grand explosion is poor disciplinary practice. All discipline other than discharge should have the objective of helping the employee. Permit the employee to maintain self-respect by disciplining the employee's behavior or act. Do not berate the person.

Keeping punishment consistent with the severity of an offense challenges all labor managers. Being thirty minutes tardy for work the fourth time in two weeks has to be handled differently from being thirty minutes tardy for the first time in two years. Theft of tools has to be handled differently than tardiness for work. Progressive discipline provides a formal structure within which errant employees can be handled. In progressive discipline, the severity of punishment increases in relation to the seriousness of the offense or the number of times an offense is repeated. Typical levels in progressive discipline are: informal talk and counseling, oral warning or reprimand, written warning, disciplinary layoff and discharge.

Both employers and employees usually react negatively to the atmosphere of conflict and parent disciplining child inherent to progressive discipline. High priority placed on selection, training, informal communication and performance appraisal reduces the need for punishment of employees. Treating employees as adults, expecting them to rely on self-assessment for correcting problems and relying on informal counseling rather than formal reprimands provide an atmosphere of positive discipline.

# Controlling

«Controlling is a four-step process of establishing performance standards based on the firm's objectives, measuring and reporting actual performance, comparing the two, and taking corrective or preventive action as necessary.

Performance standards come from the planning function. No matter how difficult, standards should be established for every important task. Although the temptation may be great, lowering standards to what has been attained is not a solution to performance problems. On the other hand, a manager does need to lower standards when they are found to be unattainable due to resource limitations and factors external to the business.» [1]

Corrective action is necessary when performance is below standards. If performance is anticipated to be below standards, preventive action must be taken to ensure that the problem does not recur. If performance is greater than or equal to standards, it is useful to reinforce behaviors that led to the acceptable performance.

## Characteristics of the Control Process

The control process is cyclical which means it is never finished. Controlling leads to identification of new problems that in turn need to be addressed through establishment of performance standards, measuring performance etc.

Employees often view controlling negatively. By its very nature, controlling often leads to management expecting employee behavior to change. No matter how positive the changes may be for the organization, employees may still view them negatively.

Control is both anticipatory and retrospective. The process anticipates problems and takes preventive action. With corrective action, the process also follows up on problems.

Ideally, each person in the business views control as his or her responsibility. The organizational culture should prevent a person walking away from a small, easily solvable problem because «that isn't my responsibility.» In customer driven businesses, each employee cares about each customer. In quality driven dairy farms, for example, each employee cares about the welfare of each animal and the wear and tear on each piece of equipment.

Controlling is related to each of the other functions of management. Controlling builds on planning, organizing and leading.

## Management Control Strategies

Managers can use one or a combination of three control strategies or styles: market, bureaucracy and clan. Each serves a different purpose. External forces make up market control. Without external forces to bring about needed control, managers can turn to internal bureaucratic or clan control. The first relies primarily on budgets and rules. The second relies on employees wanting to satisfy their social needs through feeling a valued part of the business.

Self-control, sometimes called adhocracy control, is complementary to market, bureaucratic and clan control. By training and encouraging individuals to take initiative in addressing problems on their own, there can be a resulting sense of individual empowerment. This empowerment plays out as self-control. The self-control then benefits the organization and increases the sense of worth to the business in the individual.

Effective control systems have the following characteristics:

1. Control at all levels in the business

2. Acceptability to those who will enforce decisions

3. Flexibility

4. Accuracy

5. Timeliness

6. Cost effectiveness

7. Understandability

8. Balance between objectivity and subjectivity

9. Coordinated with planning, organizing and leading

Managers expect people in an organization to change their behavior in response to control. However, employee resistance can easily make control efforts dysfunctional. The following behaviors demonstrate means by which the manager's control efforts can be frustrated:

1. Game playing → control is something to be beaten, a game between the «boss and me and I want to win.»

2. Resisting control → a «blue flu» reaction to too much control

3. Providing inaccurate information → a lack of understanding of why the information is needed and important leading to «you want numbers, we will give you numbers.»

4. Following rules to the letter → people following dumb and unprofitable rules in reaction to «do as I say.»

5. Sabotaging → stealing, discrediting other workers, chasing customers away, gossiping about the firm to people in the community

6. Playing one manager off against another → exploiting lack of communication among managers, asking a second manager if don't like the answer from the first manager.

# Conclusions

Summing up the results of the conducted analysis the following conclusionscan be made:

Management operates through various functions. To decide how much functions management has I compared some viewpoints of scientists. I think that management has only four functions:

«Planning: deciding what needs to happen in the future (today, next week, next month, next year, over the next 5 years, etc.) and generating plans for action.

Organizing: (implementation) making optimum use of the resources required to enable the successful carrying out of plans.

Directing: determining what needs to be done in a situation and getting people to do it.

Controlling: monitoring, checking progress against plans, which may need modification based on feedback.» [5]

In addition, in the paper you can find general rules to improve communication, which is the part of directing, and organizing.

As you can see competent performance of all management functions ensures an organization stability of development, high profitability and efficiency. Planning helps to work out strategy. Organizing is responsible for creation the structure of company. Directing makes people to follow strategy. Controlling checks running of the whole company.

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