
Chapter Table of Contents

Chapter 1.2

Administration and Functions of Management

Aim	19
Instructional Objectives.....	19
Learning Outcomes.....	19
1.2.1 Nature of Administration	20
(i) Administration broader than Management.....	21
(ii) Administration as part of Management.....	21
(iii) Administration and Management are Identical.....	22
Self-assessment Questions.....	22
1.2.2 Importance of Functions of Management.....	23
(i) Scope of Management.....	23
(ii) Levels of Management.....	23
Self-assessment Questions.....	25
1.2.3 Primary Functions of Management.....	26
(i) Planning Function.....	26
(ii) Organising Function.....	26
(iii) Staffing Function.....	27
(iv) Directing Function.....	27
(v) Controlling Function	27
Self-assessment Questions.....	28
Summary	29
Terminal Questions.....	31
Answer Keys.....	32
Activity.....	33
Case Study	34
Bibliography.....	35
e-References	35
External Resources.....	35
Video Links	35



Aim

To enable the students to learn the various functions of management



Instructional Objectives

After completing this chapter, you should be able to:

- Define Administration
- Differentiate between management and administration
- Outline the important functions of management
- Describe the 5 primary functions of management



Learning Outcomes

At the end of this chapter, you are expected to:

- Understand the concept of administration
- Understand the differences between Administration and management.
- Recognise the importance of managerial functions
- Apply the 5 managerial functions into real life situations

1.2.1. Nature of Administration

Most of the time the two words management and administration are used as synonyms. Most of the authors do not seem to differentiate between the two. However, few writers think that there is a thin line of demarcation between the two. As a matter of fact, there are three views expressed on differences between management and administration.

The first view was put across by the British school of the Directorate. They are of the opinion that Management is a generic term which represents the overall executive control in the industry. However, the administration is only a part of management which deals with monitoring and regulating the tasks being conducted and ensuring that there is no deviation from the plans. According to this school of thought, management is a comprehensive and an umbrella term which can be broken down into two smaller terms i.e. Administrative Management & Operations Management. Executive management comprises of all the top level management such as CEO, managing director, the board of trustees, departmental heads, etc. However, the operations management consists of all the maintenance level employees such as foreperson, officers, supervisors, etc. Therefore, administration deals with strategic issues such as framing policies and procedures, systems, setting goals and objectives, etc. However, the operations personnel are responsible for the execution of the policies, procedures and systems. Only they deal with the getting the goals and objectives accomplished.

The second view focuses on how administration and management are exclusive and different concepts which are independent of each other Oliver Sheldon came out with the difference between administration and management in his book called “Philosophy of management”. He says that administration is the determination of strategic policies, arranging capital, production, distribution and overall control of personnel. However, management is the execution of the policy within the limits set up by the company.

Some of the other prominent authors also supported the second view. They are the American authors by name William Spriegel and Florence. They too support Sheldon’s view. In words of Dr William Spriegel “Administration is that phase of a business enterprise that concerns itself with the overall determination of objectives and policies necessary to be followed in achieving those goals. The administration is just purely thinking or determining function. Management, on the other hand, is concerned with the implementation of the policies which is mainly and executive function of business.

The third view was proposed by Henry Fayol, Koontz et al. who make absolutely no distinction between administration and management. They believe that administration and management is one and the same. They think that the term management is being used in government offices for managing the higher executive functions. However, the term management is utilised in the business world.

This distinction is only from an academic perspective and only academic interest. In the real world, however, it is tough to bring out the clear difference between the terms administration and management. Every individual in the organisation whether it is the top level management or tactical level management or operations level management, each and everyone in the organisation is responsible for both thinking and doing. Therefore, they are all involved in both administration and management.

(i) Administration broader than Management

There have been three views proposed in the above section about the distinction between administration and management. Some authors as seen earlier do believe that authority is much broader than management. According to eminent management thinkers like Sheldon and William Spriegel the two terms management and administration are different however in their perspective, the administration seems to be a much broader function as compared to control because administration deals with top-level management and it are more of a thinking function rather than an execution function. It seems more significant because it involves framing all policies, procedures and systems which are essential for their proper implementation. Therefore, these authors believe that administration is a broader function. However, management is a doing function because all the operational or lower cadre employees are responsible for the implementation of these policies, procedures and systems.

(ii) Administration as part of Management

According to the British school of management is a broader term as compared to administration. Management is an umbrella term which comprises of 2 main functions namely administrative management and operations management. Executive management comprises of all the top level management such as CEO, the board of directors, senior managers, departmental heads, etc. They are all responsible for playing strategic roles and framing short term and long term goals and objectives and establishing a route map for the accomplishment of those aims.

Operations management, on the other hand, comprises of all the operational level employees such as the supervisors, executives, shop floor workers, clerks, etc. who are responsible for managing the routine day to day operations and are also responsible for the execution of the policies, procedures and tasks on hand. They are the ones responsible for accomplishing the goals set by the administrative management.

(iii) Administration and Management are Identical

Some authors as Henry Fayol and Koontz believe that the two terms administration and management are one and the same. They make absolutely no distinction between administration and management. However, they say that the term management is mainly used in government and bureaucratic organisations at the higher level executive positions. However, the term management is utilised in the business world. Usually, many authors do not distinguish between the two, but this distinction is purely of academic interest.



Self-assessment Questions

- 1) Most of the time the two words _____ and _____ are used as synonyms.
 - a) Policies and procedures
 - b) Administration and Management
 - c) Organization and systems
 - d) Operation and strategic

- 2) Administrative management comprises of all the _____ management such as CEO, managing director, board of directors, departmental heads etc.
 - a) Operational
 - b) Tactical
 - c) Top level
 - d) Contingent

- 3) Oliver Sheldon came out with the _____ between administration and management in his book called “Philosophy of management.”
 - a) Similarity
 - b) Broader perspective
 - c) Flexibility
 - d) Difference

1.2.2. Importance of Functions of Management

Management as it is known and as you have studied in the previous chapter is all about getting work done through and with others effectively and efficiently. Therefore, there are certain functions of management that need to be effectively and efficiently executed by the manager to ensure the proper management of the overall task.

Before you understand the various functions of management, it is essential to comprehend the scope and levels of management.

(i) Scope of Management

Management is an essential process in all types of organisations irrespective of whether it is small or big, profit-making or service oriented, private or government-owned because management is all about managing the efforts of employees at different levels of an organisation.

The subject matter of the directorate comprises of planning, organising, staffing, directing and controlling functions.

However, functional areas of management include management across the disciplines or duties of an organisation. *For example*, Financial management, Human Resource management, Operations management, Marketing management, etc.

One should also realise that management is also inter-disciplinary in nature. That indicates that for proper application of the directorate the study of economics, commerce, psychology, sociology, political sciences, etc. is very essential.

(ii) Levels of Management

When different managerial positions are systematically arranged in the form of a hierarchy, which is referred to as levels of management. There are three levels of management. They are:

- Top Management
- Middle Management
- Lower level Management



Figure 1.2.1: Levels of Management

a. Top Management:

The top level management in an organisation comprises of all the top-notch executives such as CEOs, CFOs, President, Vice-president, Board of Directors, etc. It is the function of these top level managers to frame policies and procedures, set goals and objectives of the organisation, development of short-term and long-term strategies necessary to accomplish the purposes and objectives.

b. Middle-level Management

The middle-level management is also called the tactical control and comprises of people who are the departmental and the divisional heads. These are popularly known as Finance Managers, Marketing Managers, Operations Managers, HR Managers, etc. These middle-level managers play a very significant role as they act as mediators between the lower level management and the top-level management.

c. Lower-level Management

This level is also called as the first supervisory level of the Directorate and comprises of supervisors, forepersons, office superintendents, etc. They work on the ground level and issue orders and instructions to workers and monitor and control their activities. They are the ones responsible for managing and execution of all the routine and day to day activities. They coordinate with all the workers and provide feedback to all the middle level and top level management.



Self-assessment Questions

- 4) The British school of management believed that _____ is a part of _____.
- a) Administration, Management
 - b) Management, Administration
 - c) Operations, Management
 - d) Management, Operations
- 5) Fayol and Koontz believed that and management are _____.
- a) Identical
 - b) Similar
 - c) Exclusive
 - d) Useless
- 6) The middle-level management is also called the _____ management.
- a) Practical
 - b) Tactical
 - c) Strategic
 - d) Impractical
- 7) Management, as we all know, is referred to as a _____ because it is a systematic way of doing things.
- a) Procedure
 - b) Strategy
 - c) System
 - d) Process
- 8) _____ are responsible for managing the routine day to day operations and are also responsible for execution of the policies, procedures and tasks on hand.
- a) Top level employees
 - b) Middle-level employees
 - c) Operational level employees
 - d) Functional level employees

1.2.3. Primary Functions of Management

Management, as we all know, is referred to as a process because it is a systematic way of doing things. Management commences towards setting of goals and works its way towards accomplishing those goals in a systematic way.

Many authors define management as the distinct process of planning, organising, staffing, directing and controlling the efforts of organisational members by integrating the same with all the other resources of an organisation.

These five functions are called the primary functions of management and planning, organising, staffing, directing & controlling functions are all complementary to each other. It is not mandatory that plan should come first and controlling should come towards the end, all of these functions can be carried out simultaneously.

(i) Planning Function

Planning as the name indicates all about deciding what needs to be done in the future. The other synonyms that can be used along with planning are forecasting, estimating, predicting, etc. Plan mainly deals with what needs to be done, when it needs to be done, where, will it be done, who would be responsible for doing it and why it should be done. It should be noted that planning does not deal with how it should be done, because how something needs to be done will be decided in the later stages.

For example, as a student, one might have to plan for his fast approaching exams. If a student has exams commencing in the next one month, then he has to plan appropriately to revise all the subjects in that one month before the commencement of his exams. Similarly, even an organisation has to plan ahead for its future wherein it has to set a road map for itself. *For example*, five years down the line how this organization will be different from what it is today. Thus, planning is all about deciding what one needs to do or achieve in the future and setting a roadmap for making it.

(ii) Organising Function

Setting your plans or goals is not sufficient and it does not mean you can reach your goals only by stating your goals. To execute a plan or put it into action requires a lot of resources. Organizing is an essential managerial function which deals with arranging all the necessary resources which are needed for executing a plan. *For example*, when one plans for a party a

lot of resources are required for actually organising a real party, you need people, you need money, you need a place for a party, etc. Therefore, hosting all these resources forms a part of the organising function.

(iii) Staffing Function

Staffing is all about creating roles for people employed and before that hiring the right people for the right job. Staffing, in other words, can be referred to as an HR function. It deals with estimating the number of individuals required for accomplishing tasks, identifying the various sources of recruitment, deciding their compensation, determining the kind of training to be provided to this manpower etc. But apart from this staffing also deals with placing the right employee on a good job.

(iv) Directing Function

Directing is an essential managerial function and it deals with leading, inspiring, motivating, supervising, instructing and communicating with people to guide their behaviour towards achieving the organisational goals. Managers are not just responsible for planning; they play a critical role even in the execution stage. Managers should act as role models for their employees and guide them at every step to ensure proper performance of the task. Managers should be good in their technical & motivational skills so that give proper instructions to their subordinates and also motivate them to accomplish the goals.

(v) Controlling Function

Controlling is a process by which the managers ensure that all the resources obtained (human & non-human) are obtained and used effectively and efficiently towards the accomplishment of organisational goals.

The controlling function comprises the following elements:

- Setting the standards of performance
- Comparing the actuals with the specifications and expected performance.
- Looking for any deviations from standard
- Taking corrective action to ensure that such deviations don't happen in the future



Self-assessment Questions

- 9) _____ is a process by which the managers ensure that all the resources obtained (human & non-human are obtained and used effectively and efficiently towards the accomplishment of organisational goals.
- a) Manufacturing
 - b) Management
 - c) Production
 - d) Controlling
- 10) _____ is all about creating roles for people employed and before that hiring the right people for the right job.
- a) Leadership
 - b) Staffing
 - c) Organizing
 - d) Recruitment
- 11) Managers should act like _____ for their employees and guide them at every step to ensure proper execution of the task.
- a) Inspiration
 - b) Leaders
 - c) Employees
 - d) Role models
- 12) _____ is all about comparing the actuals with the standard and expected performance.
- a) Planning
 - b) Staffing
 - c) Controlling
 - d) Judging
- 13) _____ is all about deciding what one needs to do or achieve in the future and setting a road map for achieving it.
- a) Planning
 - b) Staffing s
 - c) Controlling
 - d) Judging



Summary

- Most of the time the two words management and administration are used as synonyms.
- Management is a generic term which represents the overall executive control in the industry; however, administration is only a part of management which deals with monitoring and regulating the tasks being conducted and ensuring that there is no deviation from the plans.
- Administrative management comprises of all the top level management such as CEO, managing director, the board of trustees, departmental heads, etc.
- However, the operations management consists of all the operation level employees such as foreperson, officers, supervisors, etc.
- Administration is that phase of a business enterprise that concerns itself with the overall determination of objectives and policies necessary to be followed in achieving those objectives
- According to eminent management thinkers like Sheldon and William Spriegel the two terms management and administration are different however in their perspective, the administration seems to be a much broader function as compared to control because administration deals with top-level management and it is more of a thinking function rather than an execution service.
- Some authors as Henry Fayol and Koontz believe that the two terms administration and management are one and the same
- Subject matter of the directorate comprises of planning, organising, staffing, directing and controlling functions
- However, functional areas of management include management across the disciplines or duties of an organisation
- Management commences towards setting of goals and works its way towards accomplishing those goals in a systematic way

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- There are three levels of Management namely Top-level, middle-level and lower-level management
 - Many authors define management as the distinct process of planning, organising, staffing, directing and controlling the efforts of organisational members by integrating the same with all the other resources of an organisation
 - Plan as the name indicates all about deciding what needs to be done in the future
 - Organizing is an essential managerial function which deals with arranging all the necessary resources which are required for executing a plan
 - Staffing is all about creating roles for people employed and before that hiring the right people for the right job
 - Directing is an essential managerial function and it deals with leading, inspiring, motivating, supervising, instructing and communicating with people to guide their behaviour towards achieving the organisational goals
 - Controlling is a process by which the managers ensure that all the resources obtained (human & non-human) are obtained and used effectively and efficiently towards accomplishment of organisational goals



Terminal Questions

1. Explain the 3 views about the distinction and similarity between Management and Administration.
2. Explain the 3 levels of management.
3. Explain the scope of management.
4. Explain the 5 primary functions of management.



Answer Keys

Self-assessment Questions	
Question No.	Answer
1	b
2	c
3	d
4	a
5	a
6	b
7	d
8	c
9	d
10	b
11	d
12	c
13	a



Activity

1. Activity Type: Offline

Duration: 50 Minutes

Description:

More and more companies are wrestling with the challenges of complex, multidimensional organisations. The entire class is involved in discussing following scenario.

A medium size company planning to launch cosmetics in class A cities. General Manager (Marketing) is responsible to organise proper launching.

You are required to:

1. Analyse the importance of management function and co-ordination required for successful operation.

Case Study

Mr. Vincent, the Manager of a large supermarket, was taking a management course in the evening programme at the local college. The Professor had given an interesting but disturbing lecture the previous night on the various approaches to management. Vincent had always thought that management involved just planning, organizing and controlling. Now this Professor was saying that management could also be thought of as quantitative models, systems theory and analysis and even something called contingency relationships. Vincent had always considered himself a good manager and his record with the supermarket chain had proved it. He thought of himself, I have never used operations research models, thought of my store as an open system, or developed or utilized any contingency relationship. By doing a little planning ahead, organizing the store and making something got done, I have been a successful manager. That other stuff just does not make sense. All the professor was trying to do was complicate things. I guess I will have to know it for the test, but I am sticking with my old plan, organize and control approach to managing my store.

You are required to:

1. Critically analyse Mr. Vincent's reasoning.
2. If you were the professor and you knew what was going through Vincent's mind, what would you say to Vincent?

(Source:<http://www.casestudyandprojectreports.com/iibm-principles-practices-management/>)

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e-References

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- *Importance of Management*. (2016). *Managementstudyguide.com*. Retrieved 7 July 2016, from http://www.managementstudyguide.com/management_importance.htm



External Resources

- Koontz, H. & O'Donnell, C. (1972). *Management: A Book of Readings (3rd ed.)*. New Delhi: McGraw-Hill.
- Prasad, M. L. (2007). *Principles and Practice of Management (7th ed.)*. New Delhi: Sultan Chand and Sons.
- Ramachandra, K. & Sivapurappa, D. (2010). *Business Management (2nd ed.)*. New Delhi: Himalaya Publishing House.



Video Links

Topic	Link
Management - defined	https://www.youtube.com/watch?v=KgFTIbUzioM
The nature of Management	https://www.youtube.com/watch?v=gZCnsMV0p-4
Management-Science or Arts	https://www.youtube.com/watch?v=RyMMrHMiYg0



Notes:

