3. MANAGEMENT

Management can be viewed as a group effort towards a common goal in which team behaviour plays the important role. According to this view the material resources and external environment are common to all management; what makes for effectiveness and success of one group relative others is management - that is the human element - behaving in group and leading the business to its determined goal.

Management may in short be called a science of decision-making or a science of choice. A farmer has to make judicious decisions on the use of scarce resources, having alternative uses to obtain the maximum profit and family satisfaction on a continuous basis from the farm as a whole. In other words, management seeks to help the farmer in deciding problems like what to produce, how much to produce and when to buy and sell and in organization and managerial problems relating to these decisions.

Management – Definition

According to **Lawrence A. Appley**, management is an art of getting things done through the efforts of other people.

Henri Fayol defined management, as the conduct of affairs of a business, moving its objective through a continuous process of improvement and optimization of resources via the essential management functions. The manager has to forecast and plan, to organize to command, to co-ordinate, and to control the business for attaining its goals.

According to **William Spriegel**, management is that function of an enterprise, which concerns itself with the direction, and control of the various activities to attain business objectives. Management embraces all functions that relate to the initiation of an enterprise – its financing, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organization under which the enterprise is to operate and the selection of the principal officers.

Management is also a mechanism by which a defined human group pursues a determined set of objectives through systematic group efforts for their implementation most effectively and economically. This definition recognizes the role of the human element and of group efforts, places due emphasis on the pre –determination of objectives, wants the management process to be systematic and draws attention to the effective and economic implementation.

Importance of Management

1. **The very success or failure, even the very survival of an enterprise depends on its management. The economy and effectiveness with which managerial functions are performed are an index of its successful operations. It is the management, which provides effectiveness to human efforts.**
2. Management plays an impressive role on the performance of four key tasks, namely, achieving economic performance, creating productive work, managing the social impact and responsibility of a business and managing the time dimension.
3. Joseph Schumpeter, the great economist viewed management and entrepreneurs as the ‘engine of growth’.
4. Management is the driving force and shows how best man could make effective utilization of world scarce resources and make a substantial contribution to the progress and well being of a given society.
5. Management while taking cognizance of the changing conditions and providing foresight and imagination is constantly on the run for improvement.
6. Orderliness is the keynote of management and this is the guiding star for the effective and successful performance of trying and difficult endeavours and tasks of managers.

Elements of Management

The basic elements, which are to be necessarily present in all forms of management, are discussed below.

1. There has to be a horizon - a universe, an ambit, within which the management must perform. This ambit may be large or small bit it ought to be properly defined.
2. There must be an organization, which gives the institutional structure to management. The human team and material inputs used are constituted in the organizational structure. The organization may be elaborate and complex, or it may be simple.
3. There is a need for planning – planning a decision planning, planning a system, a programme and a way of implementation and its monitoring. Planning is a way of organizing and utilizing resources to attain maximum benefit from an economic activity.
4. Any management must have better staffing which involves both qualitative and quantitative aspects.
5. Management needs leadership and direction, as it involves teamwork. Without proper leadership and direction, the cannot be reached.
6. There is a need for co – ordination in the management process. Staff have to be coordinated toward achieving the goal of the firm.
7. There must be proper evaluation, monitoring and control. The execution of the project has to be evaluated with a very strict time frame ant its performance has to be properly monitored and controlled.

Management as a Decision Making Process

A successful manger requires the ability and capacity to make correct decision. The following model indicates the functions of a manager.

1) Formulation of goals or objectives of the firm.
2) Recognition and definition of a problem or opportunity.
3) Obtaining information – observation of relevant facts
4) Specification and analysis of alternatives.
5) Decision – making - choosing an alternative.
6) Taking action or implementation.
7) Bearing responsibility for the decision or action taken.
8) Evaluating the outcome.

Decisions can be classified on the basis of characteristics like:

1) Importance
2) Frequency
3) Imminence
4) Revocability, and
5) Alternatives

For the purpose of obtaining proper sequence in production process, the various typical farming decisions are furnished under three major heads (Fig.2.1), namely :

I. Production and organizing problem decisions
II. Administrative problem decisions
III. Marketing problem decisions

Management Approaches

There are many approaches to study management among tem, management by objectives, quality circles, profit center approach and SWOT analysis are the important ones.

Management by Objectives

Management by objectives (MBO) is defined as a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed towards the effective and efficient achievement of organizational and individual objectives.

Emphasis on Performance Appraisal

In the traditional approach, managers are required to pass judgment on the personal worth of subordinates. In MBO approach, subordinates assume the responsibility of setting short-term objectives. Primarily subordinate then evaluates performance against the set objectives themselves. This approach encourages self-appraisal and self-development, the emphasis is where it ought to be on performance rather than on personality. The active involvement of subordinates in the appraisal process leads to commitment and creates an environment for motivation.

Inclusion of Long - range Planning in the MBO Process

In the MBO programs that emphasis performance appraisal and motivation, the focus tends to be on short-term objectives. This orientation, unfortunately may result in undesirable managerial behaviour. For example, a production manager, in an effort to reduce maintenance costs, may neglect the necessary expenses for keeping the machines in good working order. The break down of machinery may not be evident at first, but it can result in costly repairs much later. In an effort to show a good return on investment in a given year, the nurturing of good customer relations may be neglected. Similarly a manager may not invest in new products that would take several years before contributing to profit. Recognizing these shortcomings, many organizations now include long-range and strategic planning in MBO programmes.

The System Approach to MBO

Management by objectives has undergone many changes; it has been used in performance appraisal as an instrument for motivating individuals, and, more recently in strategic planning. But there are other managerial subsystems that can be integrated into the MBO process they include design of organizational structures, portfolio management, management development, compensation programmes and budgeting. These various managerial activities need to be integrated into a system. For MBO, to be effective, has to be viewed as a comprehensive system. In short, it must be considered a way of managing, and not an addition to the

managerial job.

The Process of Managing by Objectives

It includes setting preliminary objectives at the top, clarifying organizational roles, setting subordinates objectives and recycling objects.

Benefits and Weakness of MBO

One can learn from experience and research by taking a realistic view and analyzing some of the benefits and weaknesses of MBO.

Benefits of MBO

Saying that it results in greatly improved management can summarize all the advantages of MBO. Other benefits of MBO approach are classification of organization roles and structures, encouragement of personal commitment and development of effective controls.

Weaknesses of MBO

With all its advantages, a system of management by objectives has a number of weaknesses. Most are due to shortcomings in applying the MBO concepts. Some of the specific shortcomings are

a) failure to reach the philosophy of MBO
b) failure to give guidelines to goal setters
c) difficulty of setting goals
d) emphasis on short-run goals and

e) danger of inflexibility

Quality Circles

Quality control circles or simply quality circles (QC), are groups of people, from the same organizational area, who meet regularly to solve problems they experience at work. Members are trained in solving problems, applying statistical quality control and working in groups. Usually a facilitator works with each group, which normally consists of six to twelve members. Although QC members may receive recognition they usually do not receive monetary rewards. Quality circles evolved from suggestion programmes. In both approaches workers participate in solving work related problems. Although in suggestion programmes the problems are usually quite specific, those deal with by quality circles are often more complex and require involvement of several team members. The team consists of primarily of rank- and –file workers and sometimes includes supervisors. So-called efficiency experts are usually excluded from the team. The concept of quality control originated in the USA, but the Japanese have perfected it. In a world market, faced with a competitive situation that demands quality products, quality circles are used and implemented by many organizations.

Management by Profit Centered Approach

The emphasis on productivity and by extension, profitability led to scientific management from classical theory of management. The profit centered management approach fostered a rational approach to solving organizational problems. More importantly it laid the groundwork for professionalism of management. The profit-centered approach to management was limited by underlying assumptions about human beings. The assumptions were that people were 'rational' and motivated by 'economic' and 'physical.' needs of workers as a group failing to consider the tensions created when these needs are frustrated.

SWOT Analysis

Most of the firms adopt a very casual and haphazard approach to the generation of project ideas. To stimulate the flow of ideas, 'SWOT' analysis approach will be useful. SWOT is an acronym for strengths, weaknesses, opportunities and threats. SWOT analysis represents conscious, deliberate, and systematic effort by an organization to identify opportunities that can be profitably exploited by it. Periodic SWOT analysis

Fig.2.1 Farm-Business Decision Making