



**PERCEPTION IN MSMEs MANAGEMENT, ITS ADMINISTRATION
AND EFFECTIVE MANAGER**

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ABSTRACT:

There is often a terminological conflict between MSME (Micro, Small & Medium Enterprises) management and administration. Some experts suggest that there is no difference between them. Other businessmen put forward the thought that there is a difference between these two. This paper desires to resolve terminological conflict between these two. It emphasizes on three different approaches i) Administration is above management ii) Administration is a part of management and iii) Administration and management are the same. This paper also throws light on some of the characteristics of a successful manager.

Key words: Management, Administration, Effective, Efficiency, Managers

INTRODUCTION:

There is often a terminological conflict between MSME Management and Administration. Some Experts suggest that there is no fundamental difference between MSME Management and Administration; whatever the difference between the two exists; it exists only in terms of usage in different styles of business purposes. Other businessmen put forward that there is a difference between these two terms because both of them represent different activities. Therefore, it is desirable to resolve terminological conflict between MSME Management and Administration.

At the initial level of development of MSMEs, no distinction between MSME Management and Administration was made by the Govt. officials until the introduction of **RBI Report** and both the terms were used interchangeably. In 1972, the terminological conflict between the two was raised by authors like *Oliver Sheldon* when he emphasized administration as decision-making function and management as execution function. Even after that till late nineties there has been a lot of controversies between these terms. These controversies have resulted into three different approaches: (i) administration is above

management; (ii) administration is a part of management; and (iii) administration and management are the same.

ADMINISTRATION IS ABOVE MANAGEMENT:

According to many orthodox experts, administration is above management so far as different functions in the MSME are concerned. They perceive that both administration and management activities are different though both of them may be performed by the Manager alone in the MSME. This thinking is duly supported by the management thinker like Oliver Sheldon, William Spriegel, Milward, Lansberg, Ordway, Tead, Florence, etc.

The general view is that MSME administration relates to business policy formulation and Management relates to the said policy execution and these two activities are not the same. For example, according to Dr. Shejwalkar, “administration is primarily hinged on Govt. and social Instructions and is used to establish the objectives or purpose which is MSME and its staff have to Function; secondly, the MSME administration has to plan and to stabilize the broad lines or principles which will govern action in conformities of the govt. instructions. These broad lines are usually called policies of a given MSME.

MSME Management is the process and managerial expertise through which MSME execution of policy is planned and supervised.” similar view has been expressed by William Spriegel decipher for the William Spriegel decipher for the Purpose as “MSME Administration is that phase that concerns itself with the determination of collegial objectives and the policies necessary to be followed in achieving business goals. MSME Management on the other hand, is Manager’s function which is primarily concerned with carrying out Management on the other hand, is Manager’s function /Govt. instructions.

The basic approach of the businessman’s like Kothari is that administration determines the basic framework of the MSME within which managerial functions are taken. Since these sets of function are different, different types of persons with different qualities are required to be assisted in the MSME work under the supervision of the Manager. Truly speaking, the administrative process in MSME has been well developed as compared to management. It can be seen that the most of the early businessman’s consider the managerial process in the MSME comparatively at lower level since they firmly believed that the primary responsibility of the Manager was to execute what was decided by the higher-level management. Therefore, they could perceive the functions of management as limited to lower levels only. The only exception came from Dr. Babasaheb Ambedkar and other contemporary expertise on par with Henry Fayol who studied the entire management functions and never distinguished between Management and Administration.

MSME ADMINISTRATION IS A PART OF MANAGEMENT:

This approach holds the view that the MSME management is a comprehensive term and Administration is its part. For example, Kothari like Brech has taken management “As the generic name for the total process of executive control in MSME.” He defines MSME management as “a social process entailing responsibility for the effective and economical business planning and the regulation of the operation of the MSME, in the fulfillment of a given business goals.” On the other hand, one may define administration as “that part of management which is concerned with the installation and carrying out of the procedures by which it is laid down and communicated and the process of activities regulated and checked against plan.” If this view is accepted, administration becomes a subordinate function to overall management function in any given MSME and as such administration which concerned with day-to-day executive routine work is a part of management. Thus the previous analysis of distinction between MSME management and administration stands completely revised if this view is accepted.

MSME MANAGEMENT AND ADMINISTRATION ARE SAME:

According to the third approach which is the most popular and practical one, MSME Management and Administration are same. Both involve the same functions, principles and objectives. For example, it may be said on line of fayol, one of the most important early thinkers on Management thought, “all MSMEs require planning, Organization, command, coordination and Control, and in order to function properly, all must observe the same general principles. We are no longer confronted with several administrative sciences but with one which can be applied equally well to MSME affairs.” Thus there is no difference between MSME Management and Administration. Whatever the difference between the two lies, it is mostly in their use in different segment of the MSMEs by the different human being.

The distinction between the two terms may be found in the bureaucratic structure of government or in regulation of some laws. The government often uses the word administrator, instead of manager, to handle and manage its affairs. In law also, administrators are appointed to look after the estate of a deceased person. While handling the MSME affairs, Manager has to execute the board policies laid down by the government, though they may also participate in policy formulation. Similarly, the hostel warden of a MSME keeps intact the property and manages the hostel accommodations under the manager supervision according to some specific mandates of rules, regulations and law. It is assumed that the management is normally used in business sphere; while the administration is used in non- business fields and management is used in business field does not make a fundamental distinction between the two because of similarity of the process involved in these. In fact, even this distinction is also

disappearing. For example, many authors have written books under the title “Business Administration” which implies that these books would be used by persons acquiring Knowledge to be utilized in handling business affairs.

Similarly, many institutions offering management courses offer M.B.A degrees for their management graduates while others offer M.B.A degrees for the similar type of students. Thus, in practice, the difference between the two is disappearing fast.

The basic point of controversy between MSME management and administration lies in terms of Coverage of activities. The controversy arises because people call the various level management functions differently. For example, the contents of management functions in terms of policy formulation and execution can be presented as follows. Some call the formulation function as Administration others call it management. However, both are management functions.

Trustees of MSME:

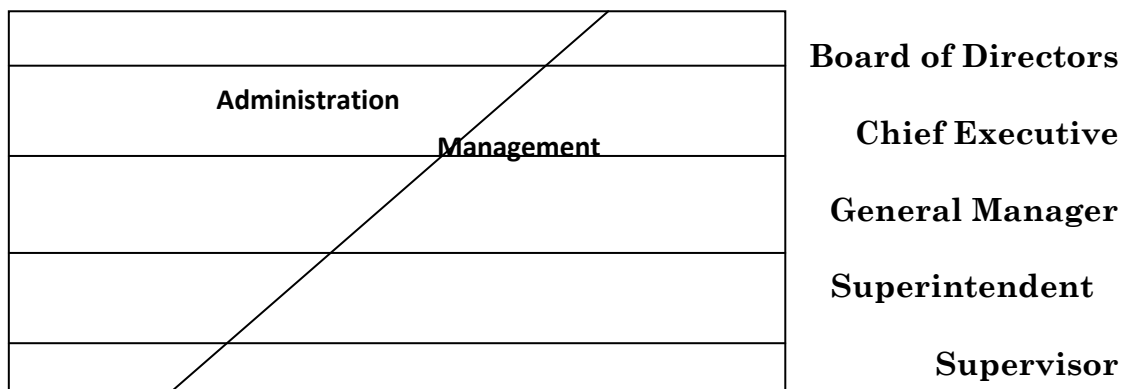


Fig.1: Management functions at various levels of management.

It may be suggested that two sets of people may not be required to perform two sets of management Functions. Everyone performs all managerial functions; only relative importance of these functions Varies. The content of policy formulation is higher at higher level; it is lower at lower level while execution is otherwise. Therefore, it becomes unimportant whether policy formulation function is known as administration or management .This is the reason why most of the contemporary authors try to avoid this age-old controversy.

EFFECTIVE MSMES MANAGEMENT:

The basic objective of MSME management functions and techniques is to make one an effective manager. The MSME requires effective manager, since the MSME bear costs for employing him. However, the basic question is: who is an effective manager? From this point of view, one must identify the various

characteristics of effective manager so that attempts made to correlate the various functions of management for achieving effectiveness.

Truly speaking, the concept and criteria of effectiveness are quite debatable points in MSME management since, Effectiveness is not one-dimensional concept that can be measured and predicted from a set of clear-cut criteria. However, the Manager and his incumbent effectiveness of the MSME can be defined mostly in terms of business goal-achieving behavior. For example, the success of the MSME Manager lies largely in accomplishing the major business goals like the satisfactory ROI, Optimum inventory level for all the time, smooth working condition etc; in parts at least, these efforts Depend upon the kind of influence the Manager has upon those whose work behavior reciprocates or lay a hand on.....The Manager's own behavior contributes to the achievement of MSME goals only by his influence on the perceptions, attitudes, and motivate of other workers in the MSME and on their Subsequent behavior.

EFFECTIVENESS AND EFFICIENCY:

Often confusion is created between two terms: effectiveness of the Manager or MSME and his/its efficiency, though both these terms have fairly clear meanings. The term efficiency is used in engineering way and it refers to the relationship between input and output. Thus, a business efficiency of a MSME denotes how much inputs have been used to produce certain numbers of successful students in higher grades. Generally this is also taken as effectiveness. This can be true only when outputs meet the objectives for which these are meant, for example, if we take two classes or Group of the 100 workers with specified inputs and without wastage, one can say both may equally be effectively handled by the manager. In this case both the Groups of workers are availing same quantum /quality of inputs and may possibly conform to the objectives of equal success. However, the situation would be different if one group of workers referred to above experienced 50% successes and other class experience 85% success in same. It means that the second Group is more efficiently handled though both the worker 'groups effectively provided with the similar input. Similar is the case with Manager's effectiveness, since his productivity is unlikely to be measured so precisely.

EFFECTIVE MANAGER:

An effective MSME Manager is one who is positive in his personality, that is, what type of person he is, his managerial cum-administrative procedure, and result of his managerial practice, although all these are interdependent.

1) The Managers:

The basic question in this context is: What types of Managers are most likely to become effective managers, and what types fail? There are various such studies to suggest the possible personal qualities of a successful Manager (manager). Jorgensen has described the following characteristics of a successful Manager and the same are fitting to Successful Manager:

Most positive (Descriptive) traits for successful manager	Least positive (Descriptive) traits for successful manager
Decisive	Cordial
Aggressive	Conforming
Self-starting	Neat
Productivity	Reserved
Well-informed	Agreeable
Determined	Conservative
Energetic	Compassionate
Creative	Mannerly
Intelligent	Cheerful
Responsible	Formal
Enterprising	Courteous
Clear-thinking	Modest

The above descriptions suggest that the various qualities contribute to the effectiveness directly and hence important. However, least descriptive qualities are also necessary because these may contribute indirectly to the effectiveness.

2) The Process:

MSME Manager' Effectiveness depends upon the managerial process involved in managing the affairs of the MSME. In this category, there is long list, because it is not just possible to specify here the behavior of manager as related to his various functions. However, the following are some of the important behaviors of **effective manager**:

- They manage work instead of people.
- They plan and organize effectively.
- They set goal realistically.
- They derive decision by group consensus but accept responsibility them.
- They delegate frequently and effectively.
- They rely on others for help in solving problem.
- They communicate effectively.

- They are stimulus to action.
- They coordinate effectively.
- They co-operate with others.
- They show consistent and dependable behavior.
- They win gracefully.
- They express hostility tactfully.

3) The Results:

Effective manager and effective managing will lead inevitably to good things that are the achievement of goals for which they are working in the organization. Thus what will be the outcome depends upon the type of organizations they are working for .There may be some conflict about the organizational goals and their measurement criteria, but here it is sufficient to say that managerial actions and behaviors must contribute to the realization of organizational goals.

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