

**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**GOVERNMENT ARTS COLLEGE (AUTONOMOUS), COIMBATORE-18**

**PRINCIPLES OF MANAGEMENT**

**UNIT-I**

Definition of Management- Nature and Scope of Management- Management Process- Characteristics of Management – Management as an Art or Science-Levels of Management-roles of a manager- Managerial Skills- management and Administration- Functions of Management- Significance of Management- Fredrick Taylor and Henry Fayol's Contribution.

**UNIT -II**

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Organizing: Features – Principles-Process-Need and Importance-Formal and Informal organisation- organization chart- Authority and Delegation-characteristics-process-delegation of authority-Centralization and Decentralization-factors in departmentation.

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Direction : Meaning and essential of Direction- Coordination : Features-significance-Principles-considerations in coordination-Staffing: Importance- Manpower planning- Motivation-Concepts and Theories- Morale-Discipline-Leadership-Qualities-Styles-Functions.

**UNIT -V**

Controlling : Nature of organizational control-purpose of control-steps in the control process- Types & Techniques of control-Requirements of a good control system-Budgetary and non-Budgetary controls-Modern trends in management process.

Text book

C.B Gupta – Management , Sultan Chand & Sons

Reference books

Koontz & O'Donnel - Management

L.M.Prasad - Principles of Management, Dinkar Pagare - Business Management

## Unit I

Subject Name	Sub Code	Semester	Prepared by
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### Meaning and Definition of Management

Management is a process of planning, decision making, organizing, leading, motivation and controlling the human resources, financial, physical, and information resources of an organization to reach its goals efficiently and effectively.

Henry Fayol defines Management as ‘to manage is to forecast, to plan, to organise, to command, to coordinate and control’.

Management is an art of getting things done through the efforts of other people.

Management is an art of getting things done through the efforts of other people.

Management defined as all the activities and tasks undertaken for archiving goals by continuous activities like; planning, organizing, leading and controlling.

### Nature and Scope of Management

The Features of Management are:

1. Management as a Universal Process
2. Management is goal oriented
3. Management is a group activity
4. Management is a system of authority
5. Management as a factor of production
6. Management as a profession
7. Management as an art or a science
8. Management is interdisciplinary process
9. Management is a process
10. Management is a dynamic function

### **1. Management as a Universal Process**

Wherever there is human activity, there is management. Without efficient management, the objectives of the company cannot be achieved.

### **2. Management is goal oriented**

The most important goal of all management activities is to accomplish the objectives of an enterprise. The goals should be realistic and attainable. The success of management is measured by the extent to which the established goals are achieved. Thus, management is purposeful.

### **3. Management is a group activity**

All human and physical resources should be efficiently coordinated to attain maximum levels of combined productivity. Without coordination, no work would be accomplished and there would be chaos and retention.

### **4. Management is a system of authority**

Well-defined lines of command, the delegation of suitable authority and responsibility at all levels of decision making. This is necessary so that each individual should know what is expected from him and to whom he needs to report.

### **5. Management as a factor of production**

Qualified and efficient managers are essential to the utilization of labor and capital.

### **6. Management as a profession**

Managers need to possess managerial knowledge and training and have to conform to a recognized code of conduct and remain conscious of their social and human obligations.

### **7. Management as an art or a science**

Management is an art because a manager requires creativity, technical know-how, practical knowledge and experience to perform the functions successfully.

Management is a science because it is a field representing knowledge where various management theory and concepts are applied, the results verified to check its validity and contribution to goals.

### **8. Management is interdisciplinary process**

Management is related to other disciplines like economics, psychology, sociology, anthropology, social sciences etc. Therefore it is an interdisciplinary process.

## **9. Management is a process**

The management comprises a series of actions or operations conducted towards an end.

## **10. Management is a dynamic function**

Management should be equipped to face the changes in the business environment brought about by economic, social, political, technological or human factors. They must be adequate training so that they can enable them to perform well even in critical situations.

### **Scope of Management**

Planning, organizing, directing, coordinating and controlling are the activities included in the management.

### **Functional Areas of Management**

**Financial Management** includes accounting, budgetary control, quality control, financial planning, and managing the overall finances of an organization.

**Personnel Management** includes recruitment, training, transfer, promotion, retirement, termination, labour-welfare and social security industrial relations.

**Production Management** includes production planning, production control techniques, quality control and inspection, and time and motion studies.

**Distribution Management** includes marketing, market research, price determination, taking market risk and advertising, publicity and sales promotion.

**Purchasing Management** includes inviting tenders for raw materials, placing orders, entering into contracts, and materials control.

**Maintenance Management** involves proper care and maintenance of the buildings, plants, and machinery.

**Office Management** includes activities to properly manage the layout, staffing, and equipment of the office.

### **Management Process**

**Management process** is a **process** of setting goals, planning and/or controlling the organizing and leading the execution of any type of activity, such as: a project or. a **process.** and **management** system.

Management process/functions involve 4 basic activities;

### **1. Planning and Decision Making – – Determining Courses of Action,**

Looking ahead into the future and predict possible trends or occurrences which are likely to influence the working situation is the most vital quality as well as the job of a manager. Planning involves selecting missions and objectives and the actions to achieve them, it requires decision-making or choosing future courses of action from among alternatives.

### **2. Organizing – Coordinating Activities and Resources**

Organizing can be defined as the process by which the established plans are moved closer to realization. Organizing, then, is that part of managing which involves: establishing an intentional structure of roles for people to fill in the organization.

### **3. Staffing – Recruiting and selecting employees for the organisation**

Staffing involves recruiting employees, selecting the best work force and train them to perform their best efforts to the organisation.

### **4. Directing – orders and instructions to employees and guidance to do work.**

It involves leading and motivating employees to follow the right path for accomplishment of goals.

### **5. Coordinating – integrating various activities in the departments to reach goals.**

The work performed in various departments are to be integrated to reach the goals in an organisation.

### **6. Controlling – Monitoring and Evaluating activities.**

Controlling is measuring, comparing, finding deviation and correcting the organizational activities which are performed for achieving the goals or objectives. Controlling consists of activities, like; measuring the performance, comparing with the existing standard and finding the deviations, and correcting the deviations.

### **Levels of Management**

The term “**Levels of Management**’ refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

1. Top level / Administrative level
2. Middle level / Executory
3. **Low level / Supervisory / Operative / First-line managers**

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:

### **Top Level of Management**

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

- a. Top management lays down the objectives and broad policies of the enterprise.
- b. It issues necessary instructions for preparation of department budgets, procedures, schedules .
- c. It prepares strategic plans & policies for the enterprise.
- d. It appoints the executives for middle level i.e. departmental managers
- e. It controls & coordinates the activities of all the departments.
- f. It is also responsible for maintaining a contact with the outside world.
- g. It provides guidance and direction.
- h. The top management is also responsible towards the shareholders for the performance of the enterprise.

### **Middle Level of Management**

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department . They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as –

- a.They execute the plans of the organization in accordance with the policies and directives of the top management.
- b.They make plans for the sub-units of the organization.
- c.They participate in employment & training of lower level management.
- d.They interpret and explain policies from top level management to lower level.
- e.They are responsible for coordinating the activities within the division or department.
- f.It also sends important reports and other important data to top level management.
- g.They evaluate performance of junior managers.
- h.They are also responsible for inspiring lower level managers towards better performance .

## **Lower Level of Management**

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, “Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees”. In other words, they are concerned with direction and controlling function of management.

Their activities include –

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

## **Roles of Managers**

### **Interpersonal**

1. Figurehead – Manager is a source of inspiration. They are looked upon as a person with authority and figurehead.
2. Leader – Leadership is provided to a team, department and entire organization.
3. Liason- Managers should have internal and external contacts.

## **Informational**

1. Monitor -collect information related to organization and monitor teams in terms of productivity.
2. Disseminator -a manager communicates information to the team and colleagues.
3. Spokesperson-a manager represents and speaks for the organization.

## **Decisional**

1. Entrepreneur – A manager controls changes in the organization, solves problems and implements them.
2. Disturbance Handler-a manager solves the disputes arising in the organization.
3. Resource Allocator-a manager allocates funds, resources for the organization.
4. Negotiator – a manager negotiates with the team, department and organization.

## **Scientific Management**

**Definition:** Scientific management concept was developed by F.W. Taylor who implemented the scientific techniques such as observation, logic, analysis and combination to study the working conditions and management at the floor level in the factories and production units.

The concept of scientific management was given to improve the productivity, efficiency and effectiveness in the organization through the application of the proposed scientific principles and techniques.

### **Concepts of Scientific Management**

- Science Not Rule of Thumb
- Harmony Not Discord
- Cooperation Not Individualism
- Development of Every Person to His or Her Greatest Efficiency and Prosperity.

### **Science Not Rule of Thumb**

The concept of the rule of thumb was based on the trial and error method. However, Taylor believed that to perform any task efficiently; there is only one best possible method which is developed after an in-depth analysis of that job.

Thus, it becomes the standard way of carrying out that particular task each time, throughout the organization.

When science is applied instead of the rule of thumb, to any job, it standardizes that work. Moreover, the workers get a specialized way of performing the task and wastage of a lot of time, cost and resources can be avoided. Harmony Not Discord



Taylor emphasized on maintaining peace and harmony in the workplace, and there should be no conflict among the managers and the workers. Conflicts only result in negatively, i.e., a decline in the productivity of the organization.

There can be a significant improvement and growth in productivity if there exists a friendly relationship between the managers and the labours where both value the efforts of each other,

Thus, there should be a mental revolution in the organization to change how both groups see each other.

### **Cooperation Not Individualism**

An organization is made up of different individuals (i.e., personnel), and each one of them is equally important. Business is all about teamwork and cooperation, in the absence of which the organization may fail to attain the desired results.

Therefore, the employees in an organization must work together, keeping aside their objectives and ego to achieve the common goals set by the management. There should not be any competition among the workers; instead, they should cooperate at work.

The workers should not oppose the management by putting up irrelevant demands and then going on strikes for their fulfilment. The administration should also encourage the workers to give suggestions and create an open communication system in the organization.

### **Development of Every Person to His or Her Greatest Efficiency and Prosperity**

Taylor believed that employees should be given proper training of the task they perform because no human being is perfect, and there is always a scope of improvement.

Moreover, training and development improve the competency, skills and learning of the workforce. It is beneficial for both the organization and the workers.

### **Techniques of Scientific Management**

Along with the scientific management principles, Taylor also introduced some methods to improve the productivity of the workers and ensure smooth functioning of the organization.

#### **Work-Study**

Taylor emphasized on examining and analyzing the working at the operational level of the organization. It develops a systematic course of action and resolves the problems faced by the labours and workers who are responsible for accomplishing the given task and duties.

#### **Fatigue Study**

According to Taylor, the task can be accomplished effectively and efficiently only if the worker is allowed to take the required amount of rest during the working hours. Under the fatigue study, the organization needs to plan for the following:

- The number of rest intervals: The organization needs to decide the number of times, for which rest is allowed to the labours in a day.
- Frequency of rest intervals: The time interval after which the employee's rest time is scheduled is termed as the frequency of the rest intervals.
- Duration of each rest interval: The organization also determine the period of each rest interval. Such that the worker neither remains exhausted nor moves into a state of laziness.

### **Method Study**

The managers come across numerous ways of performing a particular task or carrying out the production of goods or services.

Out of all these possible methods, selection of the most appropriate way, which is cost-effective and also increases the production is considered a method study.

### **Time Study**

Analyzing the time consumed for carrying out the given task in a specified manner is Taylor's another scientific management technique which is called a time study.

If an activity takes more time than the defined standard, it may lead to delay and decline in productivity. And if a task is accomplished much before the given time, it may lack efficiency.

### **Motion Study**

The examining of every movement of the workers during the working hours to find out the unproductive task and activities comes under motion study.

The actions and movements which do not generate any output should be eliminated to simplify the work.

## **Henry Fayol's Principles of Management**

Henry Fayol, also known as the 'father of modern management theory' gave a new perception of the concept of management. He introduced a general theory that can be applied to all levels of management and every department. The Fayol theory is practised by the managers to organize and regulate the internal activities of an organization. He concentrated on accomplishing managerial efficiency. The fourteen principles of management created by Henri Fayol are explained below.

### **1. Division of Work**

Henri believed that segregating work in the workforce amongst the worker will enhance the quality of the product. Similarly, he also concluded that the division of work improves the productivity, efficiency, accuracy and speed of the workers. This principle is appropriate for both the managerial as well as a technical work level.

## **2. Authority and Responsibility**

These are the two key aspects of management. Authority facilitates the management to work efficiently, and responsibility makes them responsible for the work done under their guidance or leadership.

## **3. Discipline**

Without discipline, nothing can be accomplished. It is the core value for any project or any management. Good performance and sensible interrelation make the management job easy and comprehensive. Employees good behaviour also helps them smoothly build and progress in their professional careers.

## **4. Unity of Command**

This means an employee should have only one boss and follow his command. If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.

## **5. Unity of Direction-**

Whoever is engaged in the same activity should have a unified goal. This means all the person working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

## **6. Subordination of Individual Interest**

This indicates a company should work unitedly towards the interest of a company rather than personal interest. Be subordinate to the purposes of an organization. This refers to the whole chain of command in a company.

## **7. Remuneration**

This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. However, it should be according to an individual's efforts they have made.

## **8. Centralization**

In any company, the management or any authority responsible for the decision-making process should be neutral. However, this depends on the size of an organization. Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

## **9. Scalar Chain**

Fayol on this principle highlights that the hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.

## **10. Order**

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

## **11. Equity**

All employees should be treated equally and respectfully. It's the responsibility of a manager that no employees face discrimination.

## **12. Stability**

An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

## **13. Initiative**

The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make them worth.

## **14. Esprit de Corps**

It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.

**The Contents in this E-Material has been taken from the text and reference book as given in the syllabus**