

Department of Business Administration (BBA)

Government Arts College (Autonomous), Coimbatore -641018

Non- Major Elective II: PRINCIPLES OF MANAGEMENT (Subject Code – I8BBA6EL)

Semester VI

UNIT-I

Management - Meaning - Importance - Nature and Scope of Management Process -Functions
- Management Is Science or an Art - Scientific Management - Henry Fayol's Contribution.

UNIT-II

Planning: Meaning - Importance - Purpose - Process -Types and Methods - Business
Forecasting – Essentials. Decision Making: Meaning - Process - Type - Problems involved In
Decision Making.

UNIT-III

Organizing: Features - Principles - Process - Advantages - Limitations: Types of Organisation
- structure - Delegation of authority: Nature And Scope – Centralization - Advantages -
Disadvantages - Departmentation - Factors.

UNIT-IV

Staffing: Importance - Manpower planning - Motivation - Concepts and Theories - Morale -
Discipline - Leadership - Qualities - Styles - Supervision - Functions.

UNIT-V

Directing: Essentials - Principles - Nature. Direction - Controlling: Characteristics - Steps -
Benefits. Co-Ordination - Elements - Types and Techniques .

Text Book

1. C.B Gupta - Management
2. Rustom Davar - Management Process

Reference Books

1. Koontz & O'Donnel - Management
2. Dale Ernest - Management - Theory and practice
3. Bagar - Principles of management

UNIT I

SUBJECT NAME	SUBJECT CODE	SEMESTER	PREPARED BY
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Concept (Meaning) of Management

The term 'management' conveys different meanings depending upon the context in which it is used. Some of the important concepts of management are –

Management as an Economic Resource like land, labour, capital and entrepreneurship, management is a vital factor of production. An entrepreneur establishes the organisation as its owner. But it is management that transforms the various resources into a productive entity. The inputs of labour, capital and materials do not by themselves ensure growth. They require the catalyst of management to produce results. It is management that coordinates various factors of production. Therefore, management occupies a central place among productive factors. As a factor of production, management can be made efficient through the training and development of managers.

Management as a Team as a team or a group of persons, management consists of all personnel having managerial responsibility (those individuals who guide and direct the efforts of other individuals to achieve specified objectives). Managers occupy positions at different levels of authority but perform the same basic functions. Top-level managers have greater authority than middle -level managers who in turn have greater authority than operating managers. In this way a system of authority (called chain of command) is created in every organisation.

Management as an Academic Discipline. As an academic discipline or field of study, management implies a branch of knowledge. It comprises management theory and principles for tackling managerial problems.

Management as a Process. Perhaps the best way to describe management is in terms of what managers do. It involves organising, directing and controlling human efforts to accomplish predetermined goals. As a process management refers to a series of interrelated elements or functions. These are: (a) defining the aims or objectives of the organisation; (b) formulating policies, procedures, programmes, etc., to attain these objectives efficiently and economically; (c) bringing together men, money, materials, machinery and other factors of production; (d) assigning work or duties to people and defining their authority and (e)

guiding and inspiring people to perform the assigned tasks as planned; and (f) exercising control over the performance of people.

Management as a Human Process The concept of management as a human process has the following implications: (i) A manager achieves results through and with other people, i.e., both leader and led are important.(ii) In order to get things done through other people, a manager must delegate authority effectively.(iii) It is necessary to make decisions at all levels and in all situations. (iv)Effective motivation and democratic managerial leadership are the keys to sound management. (v) People cannot be motivated to yield best results through negative instruments such as fear of punishment, threat of unemployment, fines and penalties. (vi) All managerial functions are essential for getting things done through other people.(vii) Getting things done through others becomes easier when people do things because they themselves want to do and not because their boss wants them to do. (viii) Management by participation, management by objectives or results and management by delegation are helpful in getting things done through others.

DEFINITION OF MANAGEMENT

“Management” is a wide term. It carries different meanings depending on the context in which it is used. It is variously described as an “activity”, a “process”, and a “group of people” vested with the authority to make decisions.

Some important definitions:

Louis Allen: “Management is what a manager does”.

Henry Fayol: To manage is “to forecast and plan, to organise, to command, to coordinate, and to control.”

Koontz and O’Donnel: Management is the “creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively toward attainment of group goals. It is the art of getting the work done through and with people in formally organised groups.”

Summing up Management refers to all those activities which are concerned with- (a) formulation of objectives, plans and policies of the collective enterprise; (b) assembling men, money, materials, machines and methods for their accomplishment; (c) directing and motivating the men at work; (d) coordinating the physical and human resources; (e) supervising and controlling performance; and (f) securing maximum satisfaction for both employer and employee and \ providing the public with the best possible services.

Features (Nature) of Management

1, Management is universal. Management is required in every form of group activity whether it is a family, a club, a government, an army or a business enterprise. The approach and style of management may differ from one organisation to another. But in each case it involves marshalling of human and physical resources towards the attainment of common objectives.

2, Management is purposeful. Management exists for the achievement of specific objectives. All activities of management are goal-oriented. The success of management is measured by the extent to which the desired objectives are attained. Management has no justification to exist in the absence of objectives. Management is creative—a process of achieving results. It makes things happen.

3. Management is a unifying force. The of management lies in the coordination of individual efforts into a team. Management reconciles the individual goals with organisational goals. It integrates human and other resources.

4, Management is a social process. Management is done by people, through people and for people. It is social process because it is concerned with interpersonal relations. Human factor is the most important element in management. It is the pervasiveness of the human element which gives management its special character as a social process.

5. Management is multidisciplinary. Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines like engineering, sociology, psychology, economics, mathematics, anthropology, etc. The vast body of knowledge in management draws heavily upon other fields of study.

6. Management is a continuous process. Management is a dynamic and an on-going process. The cycle of management continues to operate so long as there is organised action for the achievement of group goals.

7. Management is intangible. Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.

8. Management is situational. Efficient management is always situational or contingency management because there is no one best way of doing things. A successful manager must take into account situational differences. This is what-management is-all about—the application of knowledge to realities in order to attain desired results.

9. Management is essentially an executive function. It deals with the active direction and control of the activities of people to attain predetermined objectives. Management is a

technique by means of which the objectives of a human group are determined, clarified and accomplished.

10. Management is an art as well as a science. Management contains a systematic body of theoretical knowledge as well as the practical application of such knowledge.

Functional Areas (Scope) of Management

The scope of management is very wide. The various functional areas of management may be classified into the following categories:

- 1. Production Management.** Production or operations management is the management of production function so as to produce the right goods, in the right quantity, at the right time and at the right cost. It consists of the following activities : (a) designing the product, (b) location and layout of plant and buildings, (c) operation of purchase and storage of materials, (d) planning and control of factory operations, (e) repairs and maintenance, (f) inventory control and quality control, and (g) research and development, etc.
- 2. Marketing Management.** Marketing management refers to the identification of consumers' needs and supplying them the goods and services which can satisfy those wants. It involves the following activities: (a) marketing research to determine the needs and expectations of consumers, (b) planning and developing suitable products, (c) setting appropriate prices, (d) selecting the right channels of distribution, and (e) promotional activities like advertising and salesmanship to communicate with the customers.
- 3. Financial Management.** Financial management seeks to ensure the right amount and type of funds to business at the right time and at reasonable cost. It comprises the following activities: (a) estimating the volume of funds required for both long-term and short term needs of business, (b) selecting the appropriate sources of funds, (c) raising the required funds at the right time, (d) ensuring proper utilisation and allocation of raised funds so as to maintain safety and liquidity of funds and the creditworthiness and profitability of business, and (e) administration of earnings. Thus, financial management involves the planning, organising and controlling of the financial resources.
- 4. Personnel Management.** Personnel management involves planning, organising, directing, and controlling the procurement, development, compensation, maintenance, etc., of the human resources in an enterprise. It consists of the following activities: (i) Manpower planning, (ii) recruitment, (iii) selection, (iv) training and development, (v) appraisal, (vi) compensation and promotion, (vii) employee services and benefits, and (viii) personnel records and research, etc.

Managerial Functions at Different Levels. A brief description of different functions of management is given below:

Planning is the most basic or primary function of management. Planning involves determining the objectives and selecting a course of action to achieve them. It is looking ahead and deciding in advance what is to be done, when and where it is to be done, how and by whom it is to be done. Planning is a mental process requiring the use of intellectual faculties, foresight, imagination and sound judgment. It consists of forecasting, decision-making and problem-solving. A plan is a predetermined future course of action.

The process of planning consists of: (a) determination of objectives, (b) forecasting and choice of a course of action, (c) formulation of policies, programmes, budgets, schedules, etc., to achieve the objectives, and (d) laying down of procedures and standards of performance. Planning may be long term or short term. Planning is a pervasive function and managers at all levels have to prepare plans. Planning is also a continuous or on-going process.

Organising Once plans are formulated, the next step is that of organising. Organising is the process of establishing harmonious authority-responsibility relationships among the members of the enterprise. It is the function of creating a structure of duties and responsibilities. The network of authority-responsibility relationships is known as organisation structure. Such a structure serves as the - framework within which people can work together effectively for the accomplishment of common objectives.

The process of organising consists of the following steps:(a) determining and defining the activities required for the achievement of planned goals;(b) grouping the activities into logical and convenient units; (c) assigning the duties and activities to specific positions and people; (d) delegating authority to these positions and people;(e) defining and fixing responsibility for performance; and (c) establishing horizontal and vertical authority-responsibility relationships throughout the organisation.

Staffing is the process of filling all positions in the organisation with adequate and qualified personnel. Staffing consists of manpower planning, recruitment, selection, training, compensation, integration and maintenance of employees. Staffing function has become important with growing size of organisation, technological advancement and recognition of the human factor in industry.

Directing is the managerial function of guiding, supervising, motivating and leading people towards the attainment of planned targets of performance. In the process of directing his subordinates, a manager takes active steps to ensure that the employees accomplish their

tasks according to the established plans. Directing is the executive function of management because it is concerned with the execution of plans and policies, Directing function of management embraces the following activities: (a) issuing orders and instructions, (b) supervising (overseeing) people at work, (c) motivation, i.e., creating the willingness to work for certain objectives, (d) communication, i.e., establishing understanding with employees regarding plans and their implementation, and (e) leadership or influencing the behaviour of employees.

Controlling is the process of ensuring that the organisation is moving in the desired direction and that progress is being made towards the achievement of goals. The process of controlling involves the following steps:

(a) establishing standards for measuring work performance; measurement of actual performance and comparing it with the standards; (b) finding variances between the two and the reasons therefore and (c) taking corrective action for correcting deviations so as to ensure attainment of objectives.

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 - Top management lays down the objectives and broad policies of the enterprise, it issues necessary instructions for preparation of department budgets, procedures, schedules, it prepares strategic plans & policies for the enterprise, It appoints the executive for middle level i.e. departmental managers, it controls & coordinates the activities of all the departments, it is also responsible

for maintaining a contact with the outside world, it provides guidance and direction, 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 – They execute the plans of the organization in accordance with the policies and directives of the top management, they make plans for the sub-units of the organization, they participate in employment & training of lower level management, they interpret and explain policies from top level management to lower level, they are responsible for coordinating the activities within the division or department, it also sends important reports and other important data to top level management, they evaluate performance of junior managers, 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. 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 – Assigning of jobs and tasks to various workers, they guide and instruct workers for day to day activities, they are responsible for the quality as well as quantity of production. they are also entrusted with the responsibility of maintaining good relation in the organization, they communicate workers problems, suggestions, and recommendatory appeals etc. to the higher level and higher level goals and objectives to the workers, they help to solve the grievances of the workers, they supervise & guide the sub-ordinates, they are responsible for providing training to the workers, they arrange necessary materials, machines, tools etc. for getting the things done, they prepare periodical reports about the performance of the workers, they ensure discipline in the enterprise, they motivate workers, they are the image builders of the enterprise because they are in direct contact with the workers.

MANAGEMENT AS AN ART

An art may be defined as a skill or knowledge in a particular field of activity, or a knack or method of doing a thing. A number of scientific techniques and methods have been developed to facilitate decision-making, but these techniques can be used only in respect of problems of a numeric quantitative nature. But all the problems relating to management are not of a numeric nature, but relate to people. Problems of this type can only be resolved by applying past experience, common sense, managerial skill and human understanding. And it is this part of decision-making that raises management to the level of an art. ; The art of management places particular emphasis on the following attributes:

1. **Past experience.** Experience is the sum total of knowledge, skill and practice derived from direct observation of, or participation in, events. Only theoretical knowledge about the principles of management may not equip the ups of people. The manager to tackle the problems relating to working with manager is basically concerned with performance on the part of his subordinates in the pursuit of organisational goals.
2. **Common sense.** Common sense suggests an average degree of such ability without any specialised knowledge. Only a manager with robust common sense can achieve his objectives of maximum productivity and profitability by proper arrangement, placement and timing of lifeless objects like money, materials, machines etc, From these factors of production, as also his work-force, he may achieve results which these factors would not be able to do without his management.
3. **Managerial skills** he functions of management include- a. Establishment of the overall purpose or policy of the organisation; b. Planning and forecasting; c. Organisation of work, allocation of duties and responsibilities; d. Giving instructions or orders; e. Checking performance according to plan ; and f. Coordination of work of others. The way in which a manager influences others to carry out the plan or to accept instructions will greatly depend on how successful he is in communicating with his subordinates and motivating them.
4. **Human understanding.** The manager is one who exercises control over the use of resources of an organisation. In this way he has an opportunity to control other human beings i.e., his subordinates. He takes decisions on behalf of others who on their part have little or no influence on decision-making, and are therefore either forced to

comply with the decisions made by him or to leave the organisation.

Therefore it requires a great deal of creativity and imagination on the part of management to make the employees realise that achievement of organisational goals would ultimately result in achievement of their personal goals and ensure for them increase pay packets, security of jobs, status and self-confidence, besides making their existence meaningful and relevant. Only a manager with deep understanding of human behaviour would be able to know the needs and motives which have brought his subordinates to work for the organization.

Conclusion. Any art has three essential components, namely the artist's vision, knowledge of craft and successful communication. An artistic skill can be developed through training. Management possesses all these components and can rightly be described as an art which seeks to establish order in conditions of chaos.

Management is both - A science and an art

If science enables one to know, art enables one to do. In the context of management a manager has to know as well as to do things efficiently and effectively in order to accomplish the organisational goals. If he only knows how to do things but does not have the ability to translate his knowledge into practice, or if he can do things but does not know the theory behind his actions, he cannot be a complete manager. Management may be said to be a unique combination of science and art. It requires knowledge of the science of management i.e., the theory or principles of management which have been developed by thinkers and practitioners of management after years of experimentation. Knowledge of the science of management will enable the manager to correctly identify the issues and problems facing him, and to determine the course of action which will best meet the situation, The function of the science part of management ends at this point. The manager should now apply his knowledge in the given situation. This may necessitate modification of the theory and principles learnt by him. It is at this point that the art of management takes over. The manager can successfully perform a job only if he is able to identify and diagnose the problems correctly and apply his knowledge to solve them in a manner which is the best under the given circumstances.

The saying "knowledge is power" will be true only when knowledge is applied. There are people who are very intelligent but quite lazy and unwilling to apply their knowledge to achieve their objectives. The road to hell is paved with good intentions, It means a person

may know where he wants to go and also know how to reach there, but if he does not take the first step, or falters on the way due to lack of will, he will never be able to accomplish his goals. The art of management consists in choosing one out of the many alternative courses of actions and to achieve the end-result through adaptations and adjustments that may be necessary on the way.

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 - Henry 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.