

Unit 1

- Introduction: Concept
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- Management Process
- Management and Administration
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- Levels of Management
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Introduction of Management

Management is what managers 'do', It is the process of coordinating work activities with and through other people so that work activities are completed efficiently and effectively. The Term 'Management' is used to refer the process of Managing the activities of Enterprise For management, it is important to be both effective and efficient. Effectiveness and efficiency are two sides of the same coin.

In total we can understand that Management takes place within an organisation structure Management positioned at top under which everything falls. Manager is the foundation upon which an organisation is built. Within the organisation structure managers allocate resources (Like men material machinery methods and money) and Manger uses the functions (such as **Planning organising, directing coordinating and controlling**) most efficiently and effectively to achieve organisational goals (such as increasing the sales and profitability etc)

Concept of Management

The concept of management is as old as human civilisation. Management in today's context has the most significant influence on modern life, giving a strong essence to the very purpose of management. The concept of management is useful and applicable to all types of organisations, whether profit-making or service-oriented. Therefore, it is said that management is a universal process. In other words, the concept of management integrates and transforms various resources into ultimate goals and objectives, i.e., maximisation of profits or services.

Meaning

Organisations have a plethora of goals which usually directs their energies and resources to achieve these goals. Organisations possess human as well as non-human resources (plant, equipment, land, money, etc.) that are put to use in the accomplishment of target oriented and time bound goals. Management is the force that unifies resources in the service of organisational goals. It is a process of getting results with and through people.

Management is needed whenever people work together in an organisation. The managerial functions which include planning, organizing directing and controlling must be performed by a person who is capable of managing organised efforts, whether it is a business enterprise, religious organisation, military outfit or a social. These functions are performed at all levels in an organisation, regardless of its type or size. The services of management are essential in all cooperative endeavours

Definition

According to Harold Koontz, "Management is the art of getting things done through and with people in formally organized groups".

According to Henry Fayol, "To manage is to forecast and to plan, to organise, to command, to coordinate and to control".

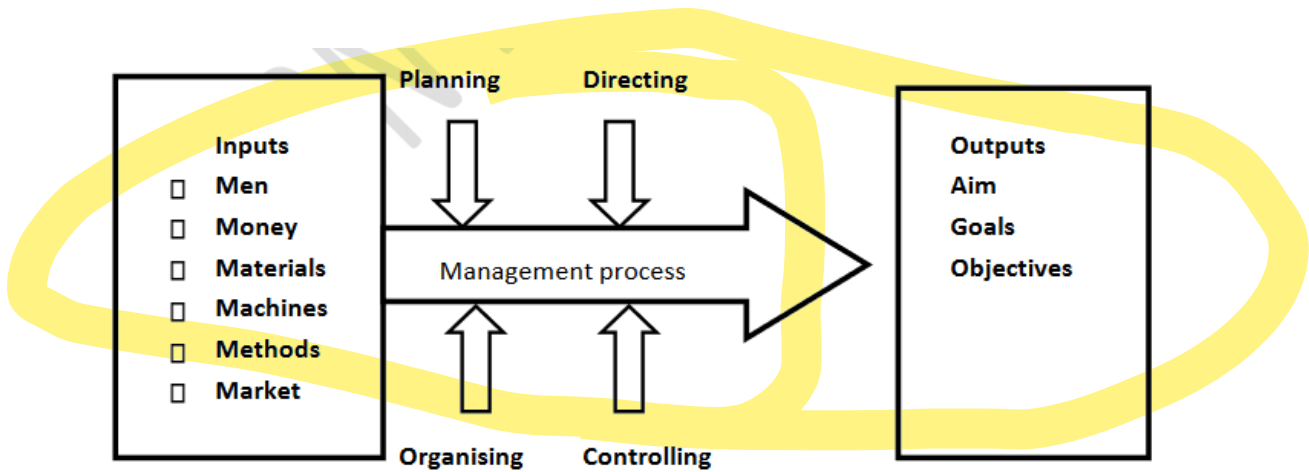
According to Peter Drucker, "Management is a multi-purpose organ that manages business and manages managers and manages workers and work"

Significance

1. **Achievements of group goals:** Management makes group efforts more effective. The group as a whole cannot realise its objectives unless and until there is mutual co-operation and co-ordination among the members of the group. Management creates team work and team spirit in an organization by developing a sound organization structure. It brings the human and material resources together and motivates the people for the achievement of the goals of the organization.
2. **Optimum utilization of resources:** Management always concentrates on achieving the objectives of the enterprise. The available resources of production are put to use in such a way that all sort of wastage and inefficiencies are reduced to a minimum. Workers are motivated to put in their best performance by the inspiring leadership. Managers create and maintain an environment conducive to highest efficiency and performance. Through the optimum use of available resources, management accelerates the process of economic growth.
3. **Minimisation of cost:** In the modern era of intense competition, every business enterprise must minimise the cost of production and distribution. Only those concerns can survive in the market, which can produce goods of better quality at the minimum cost. A study of the principles of management helps in knowing certain techniques used for reducing costs. These techniques are production control, budgetary control, cost control, financial control, material control, etc.
4. **Change and growth:** A business enterprise operates in a constantly changing environment. Changes in business environment create uncertainties and risk and also produce opportunities for growth. An enterprise has to change and adjust itself in the everchanging environment. Sound management moulds not only the enterprise but also alters the environment itself to ensure the success of the business. Many of the giant business corporations of today had a humble beginning and grew continuously through effective management.

5. **Efficient and smooth running of business:** Management ensures efficient and smooth running of business, through better planning, sound organization and effective control of the various factors of production.
6. **Higher profits:** Profits can be enhanced in any enterprise either by increasing the sales revenue or reducing costs. To increase the sales revenue is beyond the control of an enterprise. Management by decreasing costs increases its profits and thus provides opportunities for future growth and development.
7. **Provide innovation:** Management gives new ideas, imagination and visions to an enterprise.
8. **Social benefits:** Management is useful not only to the business firms but to the society as a whole. It improves the standard of living of the people through higher production and more efficient use of scarce resources. By establishing cordial relations between different social groups, management promotes peace and prosperity in society.
9. **Useful for developing countries:** Management has to play a more important role in developing countries, like India. In such countries, the productivity is low and the resources are limited. It has been rightly observed, "There are no under-developed countries. They are only under-managed ones"
10. **Sound organization structure:** Management establishes proper organization structure and avoids conflict between the superiors and subordinates. This helps in the development of spirit of cooperation and mutual understanding, and a congenial environment is provided in the organization.

Management Process

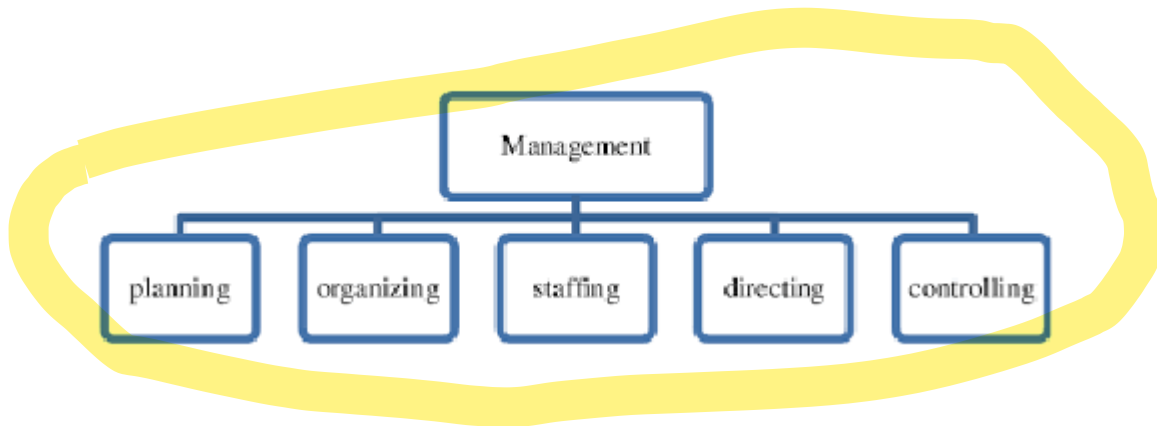


Management is the sum total of various activities or functions concerned with the working of an organization we will see what are those activities/ Functions

- 1) Determine the objectives / aims of the enterprise
- 2) Formulations of plans and policies to achievement of objectives framed by the organization
- 3) Bringing together various factors of production such as men materials money machine method and putting them in efficient working order we call this function as organizing
 - a. Identification of activities to be carried out,
 - b. Grouping of similar activities
 - c. Creation of departments
 - d. Creation of authority and responsibility relationship within and among the group
- 4) Allocating men to departments training and development
- 5) Communicating with Subordinates, Motivating subordinates
- 6) Exercise of proper control over the performance of various factors of production Comparing the actual performance with Plans. Taking corrective actions if there are any deviations
- 7) Creation of proper web of relations and conditions in which persons associated with business linked (owners, Employees, Customer and society at Large)

Management is called a process because it comprises a series of functions that lead to the achievement of certain objectives. It is continuous process consisting of planning, organizing staffing, directing, and controlling. When manager reaches a last step, his job does not end there. He will again start with planning on the basis of his past observation and experience and his projection about the future. One cannot say manager will only when the job of planning is over, he performs various activities simultaneously to achieve the desired results

Functions of Management



Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

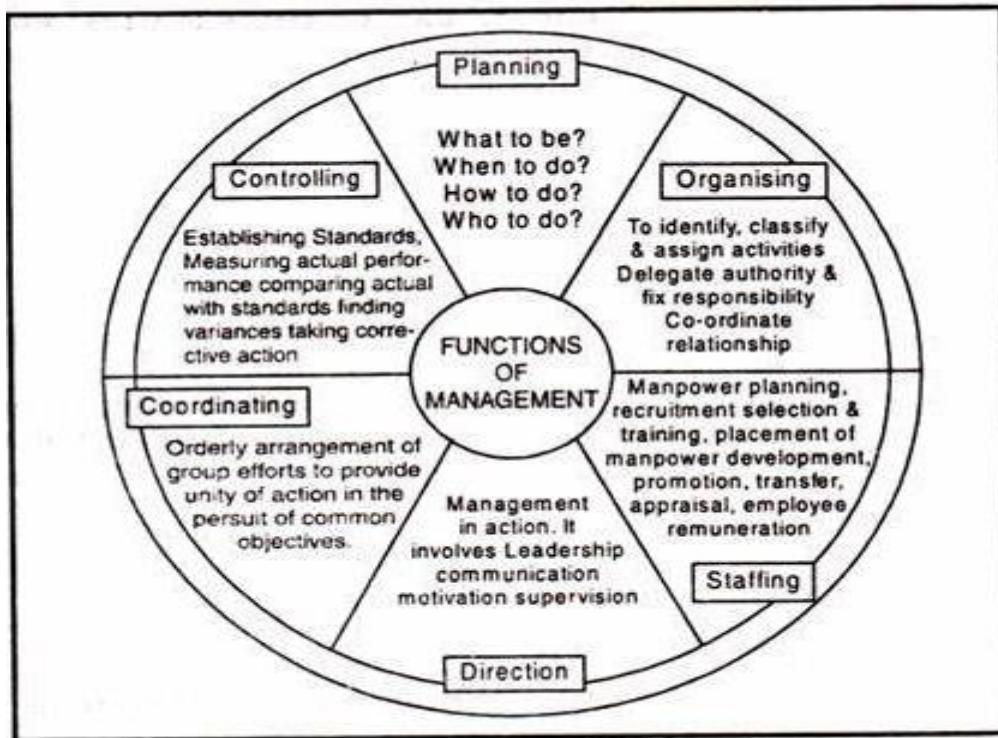
Planning- It is the basic function of management. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre- determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

Organising: Management must organise human and physical resources of the firm. Organising refers to Identification of activities to be carried out, grouping of similar activities and creation of departments It is also concerned with Creation of authority and responsibility relationship within and among the group. Organising is the process of identifying and grouping the work to be performed, defining and delegating responsibility arranging Money, Material, Machinery, men and selecting the optimal method of actual execution of work in order to accomplish the objective effectively.

Staffing: Determining the manpower requirement of the organisation, Recruitment of personnel required for Managerial and non-managerial positions. In this function manager tries to appoint right man for the right job. Staffing fixes the manager with the responsibility to recruit and provide manager with adequate number of competent and qualified personnel at all levels in the enterprise.

Directing and motivating: next step in the management process would be direct and supervise the employee towards organisational goals. Directing concerned with activities of issuing order and instructions, guiding counselling, and instructing subordinates, supervising the work of subordinates, motivating the subordinates, inspiring subordinates for better performance giving them incentives so that they can perform to best of their abilities.

Controlling: It is the process of evaluating and regulating the activities of the organisation to ensure they are in accordance with pre-determined plans procedure and desired results. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur.



Management & Administration

The terms administration and management are used synonymously. Some writers argue that both these terms have same meanings and there is no difference between these two terms. Running of a business requires skill which is called management and functioning of government departments and non-profit institutions requiring skill is called administration.

In this way, administration is distinguished as a top-level function while management as a lower-level function. Policy and objectives of a business are determined by the top-level executives (Administration). At the same time, the lower-level people (Management) work to attain the objectives of the business unit and follow the policy framed by the administrators.

On the Basis of Functions: -

Basis	Management	Administration
Meaning	Management is an art of getting things done through others by directing their efforts towards achievement of pre-determined goals.	It is concerned with formulation of broad objectives, plans & policies.
Nature	Management is an executing function.	Administration is a decision-making function.
Process	Management decides who should do it & how should he do it.	Administration decides what is to be done & when it is to be done.
Function	Management is a doing function because managers get work done under their supervision.	Administration is a thinking function because plans & policies are determined under it.
Skills	Technical and Human skills	Conceptual and Human skills
Level	Middle & lower level function	Top level function

On the Basis of Usage: -

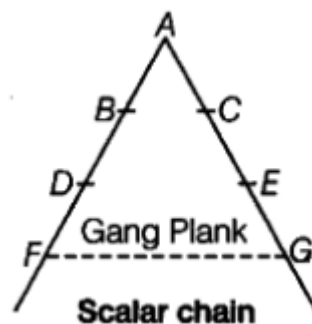
Basis	Management	Administration
Applicability	It is applicable to business concerns i.e. profit-making organization.	It is applicable to non-business concerns i.e. clubs, schools, hospitals etc.
Influence	The management decisions are influenced by the values, opinions, beliefs & decisions of the managers.	The administration is influenced by public opinion, govt. policies, religious organizations, customs etc.
Status	Management constitutes the employees of the organization who are paid remuneration (in the form of salaries & wages).	Administration represents owners of the enterprise who earn return on their capital invested & profits in the form of dividend.

Principle of Management

HENRY FAYOL (1841-1925) GENERAL PRINCIPLES OF MANAGEMENT

1. **Division of work:** The total work to be done is divided into small parts, each entrusted to a particular individual. As each individual performs only a particular activity, he becomes specialist in due course.
2. **Authority and Responsibility:** Authority is the official right of the manager. It comes to him by virtue of his official position. Responsibility is the duty on the part of a subordinate to account for the work done by him.

3. **Discipline:** Fayol says that employees must follow the discipline by being obedient, by applying themselves fully in the task undertaken by being energetic and leader must be efficient to enforce discipline.
4. **Unity of Command:** An employee should receive orders from one superior only and is accountable to him alone. If there are two superiors for an employee he will not know whom he should report to and whose orders he should carry out first.
5. **Unity of direction:** Each group of activities having the same objective should have one head and one plan, the efforts of all the members of departments must be directed towards the attainment of that departmental target.
6. **Subordination of Individual interest to common interest:** The interest of the individual is should be based on common interest. This should be maintained by constant supervision and fair agreement.
7. **Remuneration of Personnel:** Remuneration payable to the employees should be fair and should give maximum satisfaction to both the employees and the employers. It should be based on cost of living, financial position of the company etc.
8. **Centralization:** The authority at a particular place is centralization and dispersal of authority in different places of the organization is known as decentralization. It is based on the size of the organization.,
9. **Scalar chain:** it is chain of superiors ranging from the highest to the lowest level in the organization. Every communication should follow the prescribed line of authority.



Gang Plank

If E wants to communicate anything to I, it will be route through DCBAFGH and if I wants to convey any information to E, it will pass through HGFABCD. In such an arrangement there is scope for delay. So to avoid delay E and I may establish direct contact with each other after obtaining permission from their respective superior namely D & H

10. **Order:** two types to order, material order and social order. Material order means everything in its place, in order to avoid loss of material. Social order means the selection of the right man for the right job.

11. **Equity:** it ensures fairness, kindness and justice in the treatment of employees by their managers. The managers shall be impartial in their dealings with their subordinates.

12. **Stability:** it means that an employee shall not be shifted unnecessarily from one job to another. An employee should be given enough opportunity to learn every aspect of his work only then he will become an expert in his time of work.

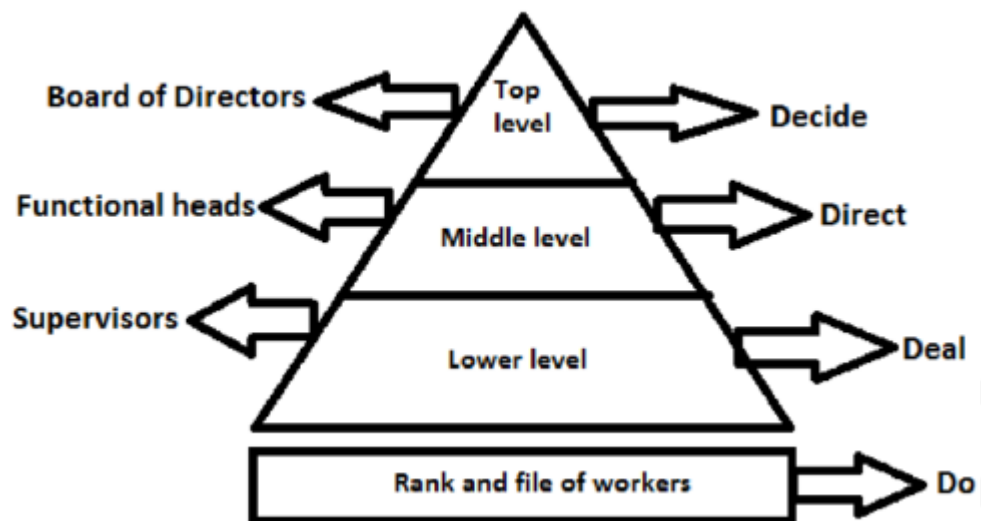
13. **Initiative:** according to him the freedom to think and act is what initiative is. An employee who has the freedom to think and act in an organization will show greater interest in his work and this will lead to a higher level of job satisfaction.

14. **Espirit De Corps:** Union is strength, team spirit and co-operation among the members of an organization are essential for its success.

Level 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



Top Level Management:

Top-level management is the ultimate authority, which is responsible to the shareholders, and general public. Top-level management of an organisation consists of one of the following:

- Board of Directors

- General Manager
- Chief Executive Manager
- Managing Director
- President

Functions:

- To define mission and fundamental goals.
- To design appropriate organisational set-up
- To develop master plans for different functional areas
- To formulate master strategy and policies
- To provide outstanding leadership
- To achieve coordination and exercise overall control.

Middle Level Management:

Middle level management are the connecting links between the top and the first-time managers. The middle level management consists of departmental heads viz.

- Production manager
 - Sales manager
 - Marketing manager
 - Finance manager
 - Public relation officer
- To explain to the lower management, the objectives, strategies and policies laid down by the top managers.
 - To communicate to the top management, the problems, suggestions and view points of the lower management
 - To prepare departmental plans on the basis of board objectives and guidelines set by the top management
 - To design organisational set-up of various functional departments i.e., division of work and span of control
 - To control and coordinate the functioning of various functional departments in the organisation.
 - To submit a report to the top management on the performance of various departments and individuals.
 - To offer suggestions and recommendations to the top management for the improvement of

overall functioning

Lower Level Management:

Lower level management is also known as the first line management, because the management level begins with it. It is a vital link between the higher level management and the rank and file of workers. They are important because they link managers with non-managers. They exercise a direct supervision over the entire workforce in factory, office and sales field, where results are obtained.

Functions:

- To day-to-day operational planning, as per the directives of the middle level managers.
- To maintain high level of morale among workers and create conducive environment for them to perform.
- To supervise work of employees and ensure that their performance conform to the predetermined standards.
- To submit reports on the performance of workers and to recommend reward or punishment for them.
- To communicate to workers about the decisions of the top-level management and its policies.

Functional Areas of Management



1. Production Management

Includes work analysis planning scheduling, routing, quality control, inventory control and Inspection Production planning and control include following steps

- Work analysis Planning (Determining in advance what is to be produced and how to produce)
- Routing (Determine the exact route or path to be followed in Production)
- Scheduling (Determining the time when each operation to be commenced and completed)
- Despatching or Implementing (Setting the production work in motion by releasing order or instruction)
- Follow Up (Appraisal of the work performed)
- Inspection (Quality control and Inventory Control)

2. Finance And Accounting

This area deals with the record-keeping of various transactions and management of financial resources of the organization. It consists of financial accounting, management accounting, costing, investment management, taxation

3. Marketing & Sales:

Marketing management is concerned with all those purposeful activities aimed towards attainment of marketing Goals. It Includes selling, advertisement, sales promotion, marketing research, Price determination, marketing risk etc. It is the process of getting a right product to the right place in the right time at right price.

4. Human Resource

Human resource or personnel function deals with the management of human beings in the organization. It has HR activities like recruitment and selection, training and development, Industrial Relations, wages, and salary administration.

The classification of the above functional areas does not necessarily support that an organization division listed on the functional basis will have all these departments. This, however, is determined by the specific need of the organization.

Management as an art, science or profession

Management as an art:

An art is often regarded as the systematic application of skill or knowledge in effecting accomplishment of results. It represents the methods or ways of doing specific things and indicates how an objective is to be achieved. The function of art is to effect change and accomplish results through deliberate efforts. Art is a personalised process and every artist has his own style. It is practice-based and perfection in it requires continuous practice over a long period of time.

The main elements of art are:

- a. Personal skill
- b. Practical knowledge
- c. Result-oriented approach
- d. Regular practice
- e. Creativity

1. Like any other artist, a manager also uses his knowledge and skill in coordinating the activities of people in the organisation. Management is art of dealing with people to accomplish desired results.

2. Management is concerned with the application of knowledge and skill. Unless managerial principles are used for making the things effective and better, these will not be covered in art.

3. Management is result oriented because it is concerned with accomplishment of objectives. It aims at achieving maximum productivity at lowest costs.

4. Every art has an element of creativity and in this sense also management is one of the most

creative art it is concerned with getting work done through others by motivating them to work and coordinating their activities.

Management as a science:

The word science literally means knowledge. It is a systematised body of knowledge acquired by mankind through observation and experimentation and which is capable of verification. The basic difference art and science is that art implies knowing, how the application, whereas science is concerned with knowing.

In the words of Keynes, “Science is a systematised body of knowledge which establishes relationship between cause and effect.”

The essential features of science are as follows:

1. It is a systematized body of knowledge that uses scientific methods for observation.
2. The principles are evolved on the basis of continued observation
3. The principles are exact and have universal applicability without any limitation
4. The principles establish a cause and effect relationship between various factors.
5. The validity of scientific principles can be verified and they provide a reliable basis for predicting future events

Management as both Science and Art

Management is both an art and a science. The above-mentioned points clearly reveal that management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills

Management as a profession:

Another question arises in regard to the nature of management is whether management can be regarded as a profession or not. To determine this, we must understand the meaning and special attributes of profession. The meaning of profession is a ‘calling in which one professes to have acquired specialised knowledge, which is used either in instructing, guiding or advising others.’

In the words of Hodge and Johnson, “Profession is a vocation requiring some significant body of knowledge that is applied with high degree of consistency in the service of some relevant segment of society.”

