

Unit 1

Concept and Definition of Management:

The term 'management' has been used in different senses. Sometimes it refers to the process of planning, organizing, staffing, directing, coordinating and controlling; at other times it is used to describe it as a function of managing people. It is also referred to as a body of knowledge, a practice and discipline. There are some who describe management as a technique of leadership and decision-making while some others have analyzed management as an economic resource, a factor of production or a system of authority.

Management is a distinct ongoing process of allocating inputs of an organization (human and economic resources) by typical managerial functions (planning, organizing, directing and controlling) for the purpose of achieving stated objectives, viz., output of goods and services desired by its customers (environment).

In the process, work is performed with and through personnel of the organization in an ever-changing business environment.

“To manage is to forecast, to plan, to organize, to command, to co-ordinate and to control.” — Henry Fayol.

“Management is the art of getting things done through others.” Follett describes management as an art of directing the activities of other persons for reaching enterprise goals. It also suggests that a manager carries only a directing function - Harold Koontz

Management principles by Henri Fayol: -

Fayol's principles are listed below:

- 1. Division of Work:** – When employees are specialized, output can increase because they become increasingly skilled and efficient.
- 2. Authority:** – Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.
- 3. Discipline:** – Discipline must be upheld in organizations, but methods for doing so can vary.
- 4. Unity of Command:** – Employees should have only one direct supervisor.
- 5. Unity of Direction:** – Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.
- 6. Subordination of Individual Interests to the General Interest:** – The interests of one employee should not be allowed to become more important than those of the group. This includes managers.
- 7. Remuneration:** – Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.
- 8. Centralization:** – This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.
- 9. Scalar Chain:** – Employees should be aware of where they stand in the organization's hierarchy, or chain of command.
- 10. Order:** – The workplace facilities must be clean, tidy and safe for employees. Everything should have its place.
- 11. Equity:** – Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate.

12. Stability of Tenure of Personnel: – Managers should strive to minimize employee turnover. Personnel planning should be a priority.

13. Initiative: – Employees should be given the necessary level of freedom to create and carry out plans.

14. Esprit de Corps: – Organizations should strive to promote team spirit and unity.

Management principles by F.W. Taylor also known as scientific management: -

Scientific management might be defined as follows:

Scientific management involves the application of a scientific approach to managerial decision making (consisting of-collection of data, an analysis of data and basing decisions on the outcome of such analyses); and discarding at the same time, all unscientific approaches, like – rule of the thumb, a hit or miss approach and a trial and error approach.

F W. Taylor defined scientific management in the following words:

“Scientific Management consists in knowing what you (i.e. management) want men to do exactly; and seeing to it that they do it in the best and the cheapest manner.”

Following is a brief comment on each of the above principles of scientific management.

(i) Science, not the rule of thumb:

The basic principle of scientific management is the adoption of a scientific approach to managerial decision making; and a complete discard of all unscientific approaches, hitherto practiced by managements.

(ii) Harmony, not discord:

Harmony refers to the unity of action; while discord refers to differences in approach.

(iii) Co-operation, not individualism:

Co-operation refers to working, on the part of people, towards the attainment of group objectives; while regarding their individual objectives-as subordinate to the general interest.

(iv) Maximum production, in place of restricted production:

In Taylor's view the most dangerous evil of the industrial system was a deliberate restriction of output. As a means of promoting the prosperity of workers, management and society, this principle of scientific management emphasizes on maximising production and not deliberately restricting it.

(v) Development of each person to the greatest of his capabilities:

Management must endeavor to develop people to the greatest of their capabilities to ensure maximum prosperity for both-employees and employers.

(vi) A more equal division of responsibility between management and workers:

The principle of scientific management recommends a separation of planning from execution. According to this principle, management must be concerned with the planning of work; and workers with the execution of plans.

(vii) Mental revolution on the part of management and workers:

According to Taylor, scientific management, in its essence, involves a complete mental revolution on the part of both sides to industry viz. workers and management (representing employers).

In fact, this principle of scientific management is the most fundamental one ensuring success of it. It is like the foundation on which the building of scientific management must be erected.

Management as a Process

As a process, management refers to a series of inter-related functions. It is the process by which management creates, operates and directs purposive organization through systematic, coordinated and co-operated human efforts, according to George R. Terry, "Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish stated objective by the use of human beings and other resources".

As a process, management consists of three aspects:

Management is a social process - Since human factor is most important among the other factors, therefore management is concerned with developing relationship among people. It is the duty of management to make interaction between people - productive and useful for obtaining organizational goals.

Management is an integrating process - Management undertakes the job of bringing together human physical and financial resources so as to achieve organizational purpose. Therefore, is an important function to bring harmony between various factors.

Management is a continuous process - It is a never-ending process. It is concerned with constantly identifying the problem and solving them by taking adequate steps. It is an on-going process.

Some authors view management as a process because it involves a number of functions. Management refers to all Involves different a manager does. Various functions which are performed by managers to make the efficient use of the available material and human resources so as to achieve the desired objectives are summed up as management. Thus, the functions of planning, organizing, staffing, directing, co-coordinating and controlling fall under the process of management.

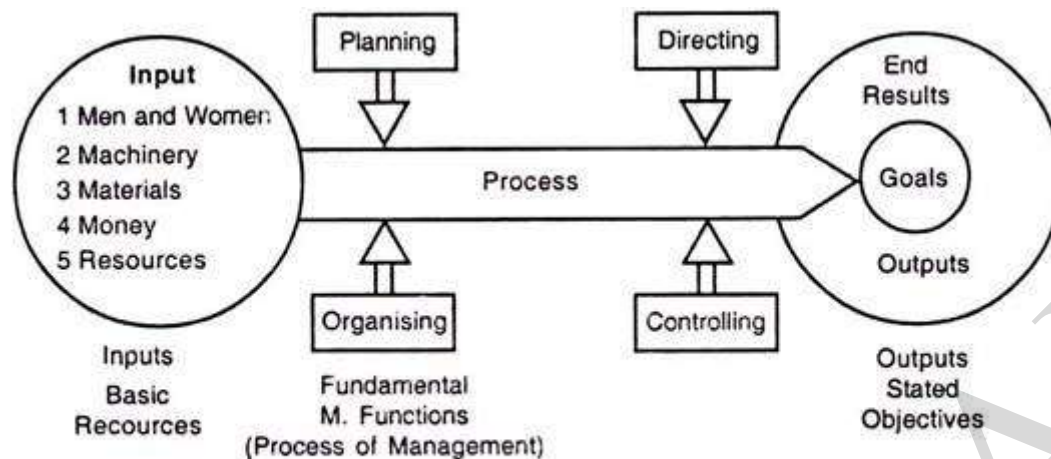


Fig. 1.1. Process of Management

Objectives of Management

The primary objective of management is to run the enterprise smoothly. The profit earning objective of a business is also to be kept in mind while undertaking various functions.

1. Proper Utilization of Resources:

The main objective of management is to use various resources of the enterprise in a most economical way. The proper use of men, materials, machines and money will help a business to earn sufficient profits to satisfy various interests. The proprietors will want more returns on their investments while employees, customers and public will expect a fair deal from the management. All these interests will be satisfied only when physical resources of the business are properly utilized.

2. Improving Performance:

Management should aim at improving the performance of each and every factor of production. The environment should be so congenial that workers are able to give their maximum to the enterprise. The fixing of objectives of various factors of production will help them in improving their performance.

3. Mobilizing Best Talent:

The management should try to employ persons in various fields so that better results are possible. The employment of specialists in various fields will be increasing the efficiency of various factors of production. There should be a proper environment which should encourage good persons to join the enterprise. The better pay scales, proper amenities, future growth potentialities will attract more people in joining a concern.

4. Planning for Future:

Another important objective of management is to prepare plans. No management should feel satisfied with today's work if it has not thought of tomorrow. Future plans should take into consideration what is to be done next. Future performance will depend upon present planning. So, planning for future is essential to help the concern.

Nature of Management

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

2. Factor of production: Qualified and efficient managers are essential to utilization of labor and capital.
3. Goal oriented: The most important goal of all management activity is to accomplish the objectives of an enterprise. The goals should be realistic and attainable
4. Supreme in thought and action: Managers set realizable objectives and then mastermind action on all fronts to accomplish them. For this, they require full support from middle and lower levels of management.
4. 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.
5. Dynamic function: Management should be equipped to face the changes in business environment brought about by economic, social, political, technological or human factors. They must be adequate training so that can enable them to perform well even in critical situations.
6. Social science: All individuals that a manager deals with, have different levels of sensitivity, understanding and dynamism.
7. Important organ of society: Society influences managerial action and managerial actions influence society. Its manager's responsibility that they should also contribute towards the society by organizing charity functions, sports competition, donation to NGO's etc.
8. System of authority: Well-defined lines of command, 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 to.
9. 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.
10. Process: The management process comprises a series of actions or operations conducted towards an end.

Significance of Management

It helps in Achieving Group Goals - It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

Optimum Utilization of Resources - Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

Reduces Costs - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and

financial resources in such a manner which results in best combination. This helps in cost reduction.

Establishes Sound Organization - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objectives of management which is in tune with objective of organization and for fulfilment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

Establishes Equilibrium - It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change in external environment, the initial co-ordination of organization must be changed. So, it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

Essentials for Prosperity of Society - Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

LEVELS OF MANAGEMENT/ MANAGERIAL LEVELS

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:

Top level / Administrative level

Middle level / Executory

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 etc.

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. 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 -

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.

FUNCTIONS OF MANAGEMENT

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”.

According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas 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. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. 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.

Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's”. To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

1. Identification of activities.
2. Classification of grouping of activities.
3. Assignment of duties.
4. Delegation of authority and creation of responsibility.
5. Coordinating authority and responsibility relationships.

Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, “Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”. Staffing involves:

1. Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
2. Recruitment, Selection & Placement.
3. Training & Development.
4. Remuneration.

5. Performance Appraisal.

6. Promotions & Transfer.

Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating subordinate for the achievement of organizational goals. Direction has following elements:

1. Supervision

2. Motivation

3. Leadership

4. Communication

. Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

. Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

. Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

. Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. 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. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore, controlling has following steps:

1. Establishment of standard performance.

2. Measurement of actual performance.

3. Comparison of actual performance with the standards and finding out deviation if any.

4. Corrective action.

Managerial Roles

Mintzberg published his Ten Management Roles in his book, "Mintzberg on Management: Inside our Strange World of Organizations," in 1990.

The ten roles are:

1. Figurehead

2. Leader

3. Liaison

4. Monitor

5. Disseminator
6. Spokesperson
7. Entrepreneur
8. Disturbance Handler
9. Resource Allocator
10. Negotiator

The 10 roles are then divided up into three categories, as follows:

Category	Roles
Interpersonal	Figurehead Leader Liaison
Informational	Monitor Disseminator Spokesperson
Decisional	Entrepreneur Disturbance Handler Resource Allocator Negotiator

. Interpersonal Category: -

The managerial roles in this category involve providing information and ideas.

1. Figurehead – As a manager, you have social, ceremonial and legal responsibilities. You're expected to be a source of inspiration. People look up to you as a person with authority, and as a figurehead.
2. Leader – This is where you provide leadership for your team, your department or perhaps your entire organization; and it's where you manage the performance and responsibilities of everyone in the group.
3. Liaison – Managers must communicate with internal and external contacts. You need to be able to network effectively on behalf of your organization.

. Informational Category: -

The managerial roles in this category involve processing information.

1. Monitor – In this role, you regularly seek out information related to your organization and industry, looking for relevant changes in the environment. You also monitor your team, in terms of both their productivity, and their well-being.
2. Disseminator – This is where you communicate potentially useful information to your colleagues and your team.

3. Spokesperson – Managers represent and speak for their organization. In this role you're responsible for transmitting information about your organization and its goals to the people outside it.

. Decisional Category: -

The managerial roles in this category involve using information.

1. Entrepreneur – As a manager, you create and control change within the organization. This means solving problems, generating new ideas, and implementing them.

2. Disturbance Handler – When an organization or team hits an unexpected roadblock, it's the manager who must take charge. You also need to help mediate disputes within it.

3. Resource Allocator – You'll also need to determine where organizational resources are best applied. This involves allocating funding, as well as assigning staff and other organizational resources.

4. Negotiator – You may be needed to take part in, and direct, important negotiations within your team, department, or organization.

Managerial Skills

Robert Katz identifies three types of skills that are essential for a successful management process:

Technical skills,

Conceptual skills and

Human or interpersonal management skills.

Technical Skills as One Part of Management Skills

As the name of these skills tells us, they give the manager's knowledge and ability to use different techniques to achieve what they want to achieve. Technical skills are not related only for machines, production tools or other equipment, but also, they are skills that will be required to increase sales, design different types of products and services, market the products and services, etc.

For example, let's take an individual who works in the sales department and has highly developed sales skills achieved through education and experience in his department or the same departments in different organizations. Because of these skills that he possesses, this person can be a perfect solution to become a sales manager. This is the best solution because he has excellent technical skills related to the sales department.

On the other hand, the person who becomes sales manager will start to build his next type of required skills. It is because if his task until now was only to work with the customers as a sales representative, now he will need to work with employees in the sales department in addition to the work with customers.