

**UNIT-I  
CHAPTER  
1**

**PRINCIPLES OF MANAGEMENT**

**INTRODUCTION**

Management is the part and parcel of our day today life. It is an essential ingredient for success of a business. Management is an activating element in any enterprise for getting things done through people. It is known as the art of directing human activities. The management is compared to the mind in the human body. Management is the function of guiding, directing and unifying human efforts and activities for the achievement of given tasks. It refers to all those persons who are concerned with managing an organization. This chapter clearly defines the Concept of Management and the Principles of Management.

**I. CHOOSE THE CORRECT ANSWERS**

1. **Management is what a \_\_\_\_\_ does?**  
 a) Manager                      b) Subordinate  
 c) Supervisor                  d) Superior
2. **Management is an \_\_\_\_\_**  
 a) Art                              b) Science  
 c) Art and Science              d) Art or Science
3. **Scientific management is developed by \_\_\_\_\_**  
 a) Fayol                          b) Taylor  
 c) Mayo                              d) Jacob
4. **Dividing the work into small tasks is known as \_\_\_\_\_**  
 a) Discipline                      b) Unity  
 c) Division of Work              d) Equity
5. **With a wider span, there will be \_\_\_\_\_ hierarchical levels.**  
 a) More                              b) Less  
 c) Multiple                          d) Additional

**ANSWERS**

1	a)	2	c)	3	b)	4	c)	5	b)
---	----	---	----	---	----	---	----	---	----

**II. VERY SHORT ANSWER QUESTIONS:**

1. **What is Management?**  
 ❖ Management is the art of getting things done with and through others.

- ❖ It is the function of guiding, directing and unifying human efforts and for activities for the achievement of given jobs.
2. **List out the management tools.**  
 ❖ Bench Marking  
 ❖ Strategic Planning and  
 ❖ Mission Statement are the most commonly used Management Tools
3. **Who is a manager?**  
 In the words of Louis A.Allen, "A Professional manager is one who specializes in the work of planning, organizing, leading and controlling the efforts of others and does so through systematic use of classified knowledge, a common vocabulary and principles and who subscribes to the standards of practice and code of ethics established by recognized body.
4. **State the meaning of Authority.**  
 The power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives.  
 Authority always flows from top to bottom.
5. **What do you mean by Span of Management?**  
 ❖ The number of subordinates that a superior can effectively supervise is known as span of management.  
 ❖ It is also called as span of control  
 ❖ It is of two types viz, Tall Structure and Flat Structure.

### III. SHORT ANSWER QUESTIONS:

#### 1. Define the term management.

- ❖ According to Peter F. Drucker, "Management is a multipurpose organ that manages a business and manages manager, and manages worker and work.
- ❖ According to Henry Fayol, "To manage is to forecast, to organize, to command, to co-ordinate and to control."

#### 2. Is management an Art or Science?

- ❖ Management is a science because it has developed certain principles which are of universal application.
- ❖ The results of management depend upon the personal skill of managers and in this sense management is an art.
- ❖ The principles of management are applied to get things done through others.
- ❖ To conclude Management is a combination of both requiring people holding managerial positions to apply the scientific management principles and displaying popular managerial skills to accomplish the organizational goals.

#### 3. Differentiate management from Administration.

Basis of Comparison	Management	Administration
Meaning	An organized way of managing people and things of a business organization is called the management	The process of administering an organization by a group of people is known as the administration
Authority	Middle and Lower level	Top Level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area or operation	It works under administration	It has full control over the activities of the organization

Applicable to	Profit making organizations, i.e business organizations	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations
Decides	Who will do the work? And How will it be done?	What should be done? And When is it should be done?
Work	Putting plans and policies into actions	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources
Key person	Manager	Administrator
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them
Function	Executive and Governing	Legislative and Determinative

#### 4. What are the principles of Taylor?

Principles of Scientific Management propounded by Taylor are:

- ❖ Science, Not Rule of Thumb
- ❖ Harmony, Not Discord
- ❖ Mental Revolution
- ❖ Cooperation, Not Individualism
- ❖ Development of each and every person to his or her greatest efficiency and prosperity.

#### 5. What determines the span of management?

The span of management can be determined on the basis of a number of relationships that a manager can manage. The following are the factors determine the span of management:

- ❖ Capacity of superior
- ❖ Capacity of subordinate

- ❖ Nature of work
- ❖ Degree of decentralization
- ❖ Planning
- ❖ Use of staff assistance
- ❖ Supervision from others
- ❖ Communication Technique

#### IV. LONG ANSWER QUESTIONS:

#### 1. Write about the contribution of Drucker to management.

**Definition:** According to Peter F. Drucker, "Management is a multipurpose organ that manages a business and manages manager, and manages worker and work".

##### Drucker stresses three jobs of management:

- ❖ Managing a business
- ❖ Managing manager and
- ❖ Managing workers and work

##### Peter Drucker's Contribution to Management Theory:

- ❖ Drucker taught that management is a liberal art and is about much more than productivity.
- ❖ To be an effective manager, he/she must understand things like psychology, science, religion and the other things that go into the subject
- ❖ Drucker observed that often managers would try to take charge of everything. Managers needed to delegate tasks to empower their employees.
- ❖ His theories reflect how important business environments are and the opportunity that managers have to create positive change and progress in the workplace.

#### 2. Explain the management process in detail.

- ❖ A process is something that what a person does in the context of his individual duties and responsibilities assigned by her/his immediate higher authority.
- ❖ A process also implies ongoing and unceasing cyclical operations.
- ❖ In management there is planning – action-control cycle
- ❖ A process indicates the dynamic nature of management.

- ❖ Management is regarded as a social process because it is directly concerned with management of human resources
- ❖ There are twin purposes of the management process
  - Maximum productivity or profitability
  - Maximum human welfare and satisfaction
- ❖ There are five process of management. They are:
  - Management is Co-ordination
  - Management is a process
  - Management is a purposive process
  - Management is a social process
  - Management is a cyclical process

#### 3. Describe the principles of scientific management.

Principles of scientific management propounded by Taylor are :

##### 1) Science, Not Rule of Thumb:

- ❖ Rule of Thumb means decision taken by manager as per their personal judgments.
- ❖ A small production activity like loading iron sheets into box cars can be scientifically planned.
- ❖ Decisions should be based on scientific enquire with cause and effect relationships.

##### 2) Harmony, Not Discord:

- ❖ Taylor emphasized that there should be complete harmony between the workers and the management since if there is any conflict between the two; it will not be beneficial either for the workers or the management.
- ❖ It means that there should be complete change in the attitude and outlook of workers and management towards each other.

##### 3) Mental Revolution:

- ❖ Mental Revolution involves a change in the attitude of workers and the management towards each other.
- ❖ Management as well as the workers should aim to increase the profits of the organization.
- ❖ There should be spirit of togetherness between workers and management.

##### 4) Cooperation, Not Individualism:

- ❖ It is the extension of principle of 'Harmony, not discord'.
- ❖ It lays stress on mutual cooperation between

workers and the management.

- ❖ The intention is to replace the internal competition with cooperation.
- ❖ Workers should be treated as integral part of organization and all important decisions should be taken after due consultation with workers.
- ❖ Taylor suggested that there should be proper division of work and responsibility between the two.
- ❖ Management should always guide, encourage and help the workers.

#### **5) Development of each and every person to his or her greatest efficiency and prosperity:**

- ❖ Providing training to the workers was considered essential in order to learn the best method developed through the use of scientific approach.
- ❖ The employees should be scientifically selected.
- ❖ The work assigned to each employee should suit his/her physical, mental and intellectual capabilities.
- ❖ Efficient employees produce more to earn more.
- ❖ This helps to attain efficiency and prosperity for both organization and the employees.

### **4. Explain the principles of modern management.**

The Father of Modern Management is Mr. Henry Fayol, and according to him there are 14 major principles of management which every manager has to practice for the success of the organization.

#### **1) Division of Work:**

- ❖ According to this principle the whole work is divided into small tasks.
- ❖ The specialization of the workforce according to the skills of a person, leads to specialization which increases the efficiency of labour.

#### **2) Authority and Responsibility:**

- ❖ Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.

#### **3) Discipline:**

- ❖ It is obedience, proper conduct in relation to others, respect of authority, etc.
- ❖ It is essential for the smooth functioning of all organizations.

#### **4) Unity of Command:**

- ❖ Each subordinate should receive orders and be accountable to one and only one superior.
- ❖ If an employee receives orders from more than one superior, it is likely to create confusion and conflict.

#### **5) Unity of Direction:**

- ❖ All related activities should be put under one group.
- ❖ There should be one plan of action for them.
- ❖ They should be under the control of one manager.

#### **6) Subordination of Individual Interest to Mutual Interest:**

- ❖ The management must put aside personal considerations and put company objectives firstly.
- ❖ Therefore the interests of goals of the organization must prevail over the personal interests of individuals.

#### **7) Remuneration:**

- ❖ Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity.
- ❖ The quantum and methods of remuneration payable should be fair, reasonable and rewarding of effort.

#### **8) The Degree of Centralization:**

- ❖ The amount of power wielded with the central management depends on company size.
- ❖ Centralization implies the concentration of decision making authority at the top management.

#### **9) Line of Authority/Scalar Chain:**

- ❖ This refers to the chain of superiors ranging from top management to the lowest rank.
- ❖ The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels.

**10) Order:**

- ❖ Social order ensures the fluid operation of a company through authoritative procedure.
- ❖ Material order ensures safety and efficiency in the workplace.
- ❖ Order should be acceptable and under the rules of the company.

**11) Equity:**

- ❖ Employees must be treated kindly, and justice must be enacted to ensure a just workplace.
- ❖ Managers should be fair and impartial when dealing with employees, giving equal attention towards all employees.

**12) Stability of Tenure of Personnel:**

- ❖ Stability of tenure of personnel is a principle stating that in order for an organization to run smoothly, personnel (especially managerial personnel) must not frequently enter and exit the organization.

**13) Initiative:**

- ❖ Using the initiative of employee can add strength and new ideas to an organization.
- ❖ Initiative on the part of employees is a source of strength for organization because it provides new and better ideas.
- ❖ Employees are likely to take greater interest in the functioning of the organization.

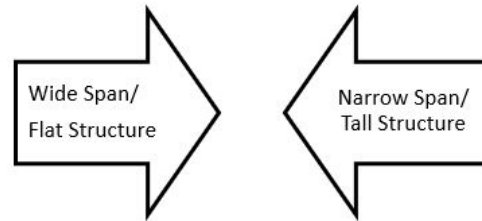
**14) Esprit de Corps/Team Spirit:**

- ❖ This refers to the need of managers to ensure and develop morale in the workplace; individually and communally.
- ❖ Team spirit helps develop an atmosphere of mutual trust and understanding.
- ❖ Team spirit helps to finish the task on time

**5. Discuss the implications of span of management.**

- ❖ The Span of Management refers to the number of subordinates who can be managed efficiently by a superior.
- ❖ The manager having the group of subordinates who report him directly is called as span of management.
- ❖ It has two implications:

- ✓ Influences the complexities of the individual manager's job.
- ✓ Determine the shape or configuration of the organization.



**ADDITIONAL QUESTIONS:**

**I. CHOOSE THE CORRECT ANSWERS:**

**1. The father of Scientific Management is \_\_\_\_\_.**

- a) F.W.Taylor                      b) Henry Fayol
- c). Luther Gullick              d) Urwick

**2. The father of Modern Management is \_\_\_\_\_.**

- a) F.W.Taylor                      b) Henry Fayol
- c). Luther Gullick              d) Urwick

**3. Henry Fayol has developed \_\_\_\_\_ principles of management.**

- a) 10              b) 12              c) 14              d) 16

**4. The Scientific Management was confined to \_\_\_\_\_ function only.**

- a) Sales                              b) Accounting
- c) Production                      d) Finance

**5. The most misinterpreted word in management is \_\_\_\_\_.**

- a) Planning                              b) Controlling
- c) Delegating                              d) Organizing

**6. Under Scientific Management Scientific task setting includes \_\_\_\_\_.**

- a) Time Study                              b) Motion Study
- c) Method Study                              d) All the above

**7. "Management is a multiple purpose organ that manages a business, manages a manager and manages workers and work" – Who said this?**

- a) Harold Konntz                              b) Peter Drucker
- c) Kenneth O' Donell                              d) Henry Fayol

- 8. Authority, discipline, unity of command and unity of direction are \_\_\_\_\_.**  
 a) Taylor's four principles of management  
 b) Principles of human relations movement  
 c) Elements of Weber's ideal bureaucratic structure  
 d) Four of Fayol's fourteen principles of management.
- 9. Which one of the following is not a basic function of the management process?**  
 a) Controlling                      b) Organising  
 c) Motivating                      d) Working
- 10. The recent emerged type of managerial job is \_\_\_\_\_.**  
 a) Top Manager                      b) Middle Manager  
 c) First Line Manager                      d) None of the above
- 11. Which one of the following is not included in the 4 M's of Management Principles?**  
 a) Men                                      b) Machine  
 c) Method                                      d) Material
- 12. Which of the following approach emphasizes dynamic nature of management process in an ever changing business environment?**  
 a) Contingency approach  
 b) Systems approach  
 c) Behavioral approach  
 d) None
- 13. "Management is the art of getting things done through other people" – This statement comes under which part of Management process?**  
 a) Co-ordination Process  
 b) Purposive Process  
 c) Social Process  
 d) All the above
- 14. A change in the attitude of workers and management towards each other is known as \_\_\_\_\_.**  
 a) Mental Revolution                      b) Co-operation  
 c) Both a & b                                      d) None
- 15. Which of the following feature does not form one of Fayol's 14 principles of management?**  
 a) Esprit de Corps                      b) Individualism  
 c) Initiative                                      d) Order
- 16. Assertion (A): Management is a continuous process.**  
**Reason (R): Managers first plan, then organise and finally perform the function of controlling.**  
**Codes:**  
 (A) Both (A) and (R) are correct and (R) is correct explanation of (A).  
 (B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).  
 (C) (A) is correct, but (R) is incorrect.  
 (D) (A) is incorrect, but (R) is correct.
- 17. Assertion (A) : One can be sure about future course of actions by making good plans.**  
**Reasoning (R) : Planning brings certainty in future course of actions of an organisation.**  
 (A) (R) is correct but (A) is not correct.  
 (B) (A) is correct but (R) is not correct.  
 (C) Both (A) and (R) are correct.  
 (D) Both (A) and (R) are not correct.
- 18. Statement (A): Sales promotion has a strong impact on consumer behaviour in rural India.**  
**Reason (R): Rural people in India give utmost significance to sales promotion schemes.**  
**Codes:**  
 (A) Statement (A) is correct but Reason (R) is incorrect.  
 (B) Statement (A) is incorrect, but Reason (R) is correct.  
 (C) Both Statement (A) and Reason (R) are correct.  
 (D) Both Statement (A) and Reason (R) are incorrect.
- 19. Assertion(A): Development of each and every person to his or her greatest efficiency and prosperity is given importance.**  
**Reason(R) Taylors Scientific Management propounds individual prosperity.**  
 (A) Both A and R are true and R is the correct explanation of A  
 (B) Both A and R are true but R is not the correct explanation of A  
 (C) A is true, but R is false  
 (D) A is false, but R is true



**20. Statement (A): Business environments and the opportunities that managers have to create positive change and progress in the workplace.**

**Statement(B): Management is a liberal art and is about much more than productivity**

- (A) Both A and R are true and R is the correct explanation of A  
 (B) Both A and R are true but R is not the correct explanation of A  
 (C) A is true, but R is false  
 (D) A is false, but R is true

ANSWERS									
1	a)	2	b)	3	c)	4	c)	5	d)
6	d)	7	b)	8	d)	9	d)	10	c)
11	c)	12	a)	13	c)	14	a)	15	b)
16	a)	17	a)	18	a)	19	a)	20	a)

## II. VERY SHORT ANSWER QUESTIONS:

### 1. What are the management tools?

The following are the management tools :

- ❖ Accounting
- ❖ Business law
- ❖ Psychology
- ❖ Statistics
- ❖ Econometrics
- ❖ Data processing

### 2. What are the three jobs of Management according to Drucker?

- ❖ Management a business
- ❖ Managing manager
- ❖ Managing workers and work

### 3. What are the twin purposes of the management process?

- ❖ Maximum productivity or profitability
- ❖ Maximum human welfare and satisfaction.

### 4. What is meant by Scalar Chain?

- ❖ It refers to the chain of superiors ranging from top management to the lowest rank.
- ❖ There should be a clear line of authority from top to bottom linking all managers at all levels.

### 5. What is meant by Esprit de Corps?

- ❖ It means a feeling of loyalty and pride that is shared by the members of a group who consider themselves to be different from other people in some special way.
- ❖ It refers to the need of managers to ensure and develop morale in the workplace; individually and communally.
- ❖ Team spirit helps develop an atmosphere of mutual trust and understanding
- ❖ Team spirit helps to finish the task on time.

## III. SHORT ANSWER QUESTIONS:

### 1. Explain the term 'Code of Conduct' in management.

- ❖ The code of conduct is a set of rules outlining the social norms, religious rules and responsibilities of and or proper practices for an individual.
- ❖ Consumer- oriented marketing concept is the reflection of a corporate code of conduct.
- ❖ Pressure of consumerism, trade unionism, public opinion, and legislation are definitely inducing the management to evolve a code of ethics.
- ❖ No longer 'buyers beware' is ruling the exchange relation in the market.
- ❖ At present 'sellers beware' in place of 'buyers beware' influencing market practices.

### 2. What are the two implications of the Span of Management?

- ❖ Influences the complexities of the individual manager's job.
- ❖ Determine the shape or configuration of the organization.

## IV. LONG ANSWER QUESTIONS:

### 1. What are the principal ideas of any school of management thought?

- ❖ Functional school sees management as a process of planning, organising, directing and controlling.
- ❖ Behavioural school is not interested in the process only but rather in the way the process affects the organisation, i.e., with and through personnel or human resources.
- ❖ Quantitative school wants to improve the quality

of decision making, i.e., fulfilling the stated objectives of the enterprise.

- ❖ Systems approach concentrates on the entire organisation, i.e., inputs-process- outputs.
- ❖ Contingency approach emphasises dynamic nature of management process in an ever-changing business environment.

## 2. Explain the parts of Management as a Process:

There are five parts of management as a process. They are:

### 1) Management is Co-Ordination:

The manager of an enterprise must effectively coordinate all activities and resources of the organisation, namely, men, machines, materials and money the four M's of management.

### 2) Management is a Process:

The manager achieves proper co-ordination of resources by means of the managerial functions of planning, organising, staffing, directing (or leading and motivating) and controlling.

### 3) Management is a Purposive Process:

It is directed toward the achievement of predetermined goals or objectives. Without an objective, we have no destination to reach or a path to follow to arrive at our destination, i.e., a goal, both management and organisation must be purposive or goal-oriented.

### 4) Management is a Social Process:

It is the art of getting things done through other people.

### 5) Management is a Cyclical Process:

It represents planning-action-control-re-planning cycle, i.e., an ongoing process to attain the planned goals.

## 3. How to identify the right span of management for your organization?

- ❖ The span of management is related to the horizontal levels of the organization structure.
- ❖ There is a wide and a narrow span of management.
- ❖ With the wider span, there will be less hierarchical levels, and thus, the organizational structure would be flatter.
- ❖ Whereas, with the narrow span, the hierarchical levels increases, hence the organizational structure would be tall.
- ❖ Both these organizational structures have their advantages and the disadvantages. But however the tall organizational structure imposes more challenges.
- ❖ With more levels in the hierarchy, the communication suffers drastically.
- ❖ It takes a lot of time to reach the appropriate points, and hence the actions get delayed.
- ❖ The major advantage of using this structure is that the cross communication gets facilitated.
- ❖ It will be very difficult for a superior to manage a large number of subordinates at a time and also may not listen to all efficiently.
- ❖ However, the benefit of using the wider span of management is that the number of managers gets reduced in the hierarchy, and thus, the expense in terms of remuneration is saved.
- ❖ The organisation has to identify the right span of management having the above points into consideration.