

PRINCIPLES OF MANAGEMENT - ABB31003

MANAGEMENT

“Management is the process of planning, organizing, leading and controlling the efforts of organization members and of using all other organizational resources to achieve stated organizational goals”.

NATURE OF MANAGEMENT

Universal process: - Management is universal in nature; it is applied in all types of process like commercial, social or political. Management exists everywhere in universe. The basic principles of management can be applied everywhere, whether they are business or nonbusiness organization.

Continuous Process: - Management is a never ending process. Management is a continuous process because it always carries the past decisions for the future course of action to achieve organization goals.

Multi-disciplinary method: - Management is basically multi-disciplinary; it depends on the proper knowledge and skill of various disciplines such as economics statistics, anthropology, psychology, sociology etc.

Group activity: - Management requires the use of group-efforts to achieve their goal. Management is a vital part of group activities. Management unites with their goal what they cannot achieve individually.

Social Management: - Management is a social process in nature, it essentially involves managing people, it concern to developing, retaining and motivating people at work place and also care of their satisfaction.

Coordinating force: - Management cannot do anything by them. They should get their work done by organization's member. In the any organization, management coordinates the efforts of human recourse through orderly.

Goal oriented: - Management is a goal oriented in nature. It works only to achieve particular goal which decide by the organization.

An integrative method: - Management integrated the living and non-living resources to achieve the desired goal.

IMPORTANCE OF MANAGEMENT

The importance of management in business is universally accepted. It acts as a driving force in business. Modern business is highly competitive and need efficient and capable management.

It is through management that business activities are organized and conducted efficiently and objectives are achieved.

The following points will suggest the importance of management

- 1) Optimum use of resources: management facilitates optimum utilization of available human and physical resources, which leads to progress and prosperity of a business enterprise. Even wastage of all types are eliminated or minimized.
- 2) Competitive strength: Management develops competitive strength in an enterprise. This enables an enterprise to develop and expand its assets and profits.
- 3) Cordial industrial relations: Management develops cordial industrial relation, ensures better life and welfare to employees and raises their morale through suitable incentives.
- 4) Motivates employees: It motivates employees to take more interest and initiative in the work assigned and contributes for raising productivity and profitability of the enterprise.
- 5) New techniques: Management facilitates the introduction of new machines and new methods in the conduct of business activities. It also brings useful technologies developments and innovation in the management of business activities.
- 6) Effective management: Society gets the benefits of efficient management in terms of industrial development, justice to different social groups, consumer's satisfaction and welfare and proper discharge of social responsibilities.
- 7) Expansion of business: Expansion growth and diversification of a business unit are possible through efficient management. It creates good corporate image to a business enterprise.
- 8) Stability and prosperity: Efficient management brings success stability and prosperity to a business enterprise through cooperation and team spirit among employees.
- 9) Team spirit: Management develops team spirit and raises overall efficiency of a business enterprise.
- 10) Effective use of managers: Management ensures effective use of managers so that the benefits of their experience, skills and maturity are available to enterprise.
- 11) Smooth functioning: Management ensures smooth, orderly and continuous functioning of an enterprise over a long period. It also raises the efficiency, productivity and profitability of an enterprise.
- 12) Reduces turnover and absenteeism: It reduces Labour turnover and absenteeism and ensures continuity in the business activities and operations.

Management as an art:

- 1) Creative: Managers have to come with creative ideas or solutions to handle unique business problems.
- 2) Individual approach: Every manager need to adopt his individual approach of managing to handle situations.
- 3) Application and dedication: Management requires not only skills and knowledge but there is also a need for discipline, dedication and commitment.
- 4) Initiative: Managers are like artists take the initiative in doing the right things at tight time. This helps to achieve objectives more effectively and efficiently.
- 5) Intelligence: Managers should possess mental intelligence, social intelligence, inter personal intelligence and emotional intelligence.

Management as a science:

- 1) Systematic decision making: management stars with the process of systematic decisions. Before taking any right decisions right information from right source and at right source and at right time is to be collected. This process has to be followed systematically.
- 2) Situational output: the output of management process may vary without change in input. This is possible by providing some resource, tolls, incentive and by motivation.
- 3) Universal management process: in all management organizations whether large or small, and at all levels, follows the same management process. The management process includes – planning, organizing, directing and controlling activities.
- 4) Universally accepted management principles: like science, the principles of management are universally accepted. These principles are accepted by all successful organizations. Management principles include – division of work, unity of command, discipline, scalar chain etc.

LEVELSOFMANAGEMENT

1. The Top Management

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

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

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

2. Middle Level Management

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

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

3. Lower Level Management

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

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.

- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers. 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.

1. 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 predetermined 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 predetermined goals. Planning is necessary to ensure proper utilization of human & nonhuman resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. 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:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.

- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. 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'Donnell, —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:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, selection & placement.
- Training & development.
- Remuneration.
- Performance appraisal.
- Promotions & transfer.

4. 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 sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

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

(ii) 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.

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

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

5. 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'Donnell —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:

- (i) Establishment of standard performance.
- (ii) Measurement of actual performance.
- (iii) Comparison of actual performance with the standards and finding out deviation if any.
- (iv) Corrective action.

MANAGERIAL ROLES

To meet the many demands of performing their functions, managers assume multiple roles. A role is an organized set of behaviors. Henry Mintzberg (1973) has identified ten Sub roles common to the work of all managers. The ten roles are divided into three groups: interpersonal, informational, and decisional.

According to Mintzberg (1973), managerial roles are as follows:

- 1. Informational roles
- 2. Decisional role
- 3. Interpersonal role

1. Informational roles: This involves the role of assimilating and disseminating information as and when required. Following are the main sub-roles, which managers often perform:

- a. Monitor-collecting information from organizations, both from inside and outside of the organization.
- b. Disseminator-communicating information to organizational members
- c. Spokesperson-representing the organization to outsiders

2. **Decisional roles:** It involves decision making. Again, this role can be subdivided into the following:

- a. Entrepreneur-initiating new ideas to improve organizational performance
- b. Disturbance handlers-taking corrective action to cope with adverse situation
- c. Resource allocators-allocating human, physical, and monetary resources
- d. Negotiator - negotiating with trade unions, or any other stakeholders

3. **Interpersonal roles:** This role involves activities with people working in the organization. This is a supportive role for informational and decisional roles. Interpersonal roles can be categorized under three subheadings:

- a. Figurehead-Ceremonial and symbolic role
- b. Leadership-leading organization in terms of recruiting, motivating etc.
- c. Liaison-liaisoning with external bodies and public relations activities.

HENRI FAYOL'S UNIVERSAL MANAGEMENT PROCESS

The 14 principles of management:

1. **Division of work:** Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.
2. **Authority and Responsibility:** The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.
3. **Discipline:** The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline – preferably voluntary discipline.
4. **Unity of Command:** In order to avoid any possible confusion and conflict, each member of an organization must receive orders and instructions only from one superior (boss).
5. **Unity of Direction:** All members of an organization must work together to accomplish common objectives.

6. **Emphasis on Subordination of Personal Interest to General or Common Interest:** This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.
7. **Remuneration:** Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and nonfinancial incentives.
8. **Centralization:** There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.
9. **Scalar Chain:** The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.
10. **Order:** Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.
11. **Equity:** An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.
12. **Stability of Tenure:** A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.
13. **Esprit of Co-operation:** Esprit de corps is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.
14. **Initiative:** Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

TIPS FOR EFFECTIVE MANAGEMENT

- Now that you're aware of the nature of business management, let's look at the different ways in which you can enhance your managerial skills.
- Communication Is The Key To Successful Management; If You Want To Successfully Achieve An Organization's Targets, You Must Communicate The Overall Needs And Expectations With Your Team

- Management Is A Continuous Process; There Will Be Times When You Need To Assess Your Team's Skills And Train Them To Foster Growth And Professional Development
- Everyone Should Be On The Same Page When It Comes To Accomplishing Common Objectives; You Need To Delegate Responsibilities And Trust Your Team To Do The Job—Hold Them Accountable And Guide Them Wherever Necessary
- The Primary Objective Of Management Is To Achieve Goals; You Need To Be GoalOriented, Have Measures In Place To Track Progress And Get Involved In Strategic Planning And Development
- Management Isn't Easy And There Will Be Plenty Of Roadblocks And Setbacks That May Obstruct Your Progress; A Positive Mindset Helps Deal With Challenges More Effectively

SCOPE OF MANAGEMENT

Clearly defined responsibilities, concepts, theories and principles related to managerial functions define the scope of management. Let's look at the various aspects of this.

- Financial Management

Every enterprise prioritizes financial management because finances can get extremely tricky if not managed properly. Effective financial management ensures there are fair returns to stakeholders, proper estimation of capital requirements and laying down optimal capital. It includes preparation and examination of financial statements, creating proper dividend policies and negotiations with external stakeholders.

- Marketing Management

The scope of management in marketing extends to planning, organizing, directing and controlling activities in the marketing department. Identifying customer requirements is crucial for providing business solutions. When a manager is fully aware of the benefits of the products and/or services the organization provides, they achieve better results. Marketing management ensures that available resources are properly utilized and the best possible outcomes are achieved.

- Personnel Management

Personnel management—as the name suggests—deals with personnel or individuals in a business environment. It includes the recruitment, transfer, termination, welfare and social security of employees. This aspect of management is extremely important as employees form teams and teams drive an organization's goals. Individual productivity also contributes to

overall efficiency. Without attending to employee needs and wants, an organization is likely to struggle.

- [Production Management](#)

This type of management refers to the process of creating utilities. When you convert raw materials to finished products and oversee the planning and regulation, you're engaging in production management. Without production, there isn't any finished good or service and without it, organizations can't generate interest or profits. The final product must fulfill customer requirements. The process includes quality control, research and development, plan layout and simplification.

- [Office Management](#)

This includes controlling and coordinating all office activities to achieve an organization's goals and targets. For example, an administration's efficiency impacts a business significantly. The more organized the departments and responsibilities are, the more effective an organization is.