

# MG8591- Principles of Management

## Part 1- Introduction to management

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# COURSE OBJECTIVES

- **The student should be made to:**
  - ✓ To study the evolution of Management,
  - ✓ To study the functions and principles of management

# COURSE OUTCOMES

- **Upon successful completion of this course, students will be able to:**
  - ✓ Have clear understanding of managerial functions like planning, organizing, staffing, leading & controlling
  - ✓ Have same basic knowledge on international aspect of management
    - What Is Management?
    - Define management.
    - Explain why efficiency and effectiveness are important to management.

# OVERVIEW

- Introduction.
- Characteristics of Management.
- Importance of Management Principles.
- Manager vs. Entrepreneur.
- Classical Approaches.
- Principles of management.

# INTRODUCTION – WHAT IS MANAGEMENT?

- Management is:
  - Process of dealing with things or people.
  - Process of controlling things or people.



***“Management is the art of getting things done through others and with the people in formally organized groups.”***

***“Management is the process of Designing & Maintaining an environment in which individuals, working together in groups efficiently to accomplish selected aims.”***

- ***Harold Koontz (1909-1984) was professor of business management at University of California, Los Angeles. He was a consultant for US largest business organizations.***

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# INTRODUCTION – WHAT IS MANAGEMENT?

**Geroge Terry :**

*“Management is the process of Planning, Organizing, Staffing, Directing and Controlling to accomplish organizational objectives through the coordinated use of human and material resources”*

*“Management is not people ; It is an activity like walking ,reading, swimming or running. People who perform management can be designated as managers ,members of management or Executive Leaders.*

**Ross Moore :** *“ Management means Decision Making ”*

**Donald J.Clough :** *“Management is the art & science of Decision Making and Leadership*

**Joseph L.Massie :** *“ Management is the process by which a co-operative group directs actions towards common goals”*

**Peter F.Drucker :** *“ Management is an organ; organs can be described and defined only through their functions.”*

# INTRODUCTION – WHAT IS MANAGEMENT?

- Managerial Concerns

- **Efficiency:**

- ❖ Doing things right”

- Getting the most output for the least inputs

- **Effectiveness:**

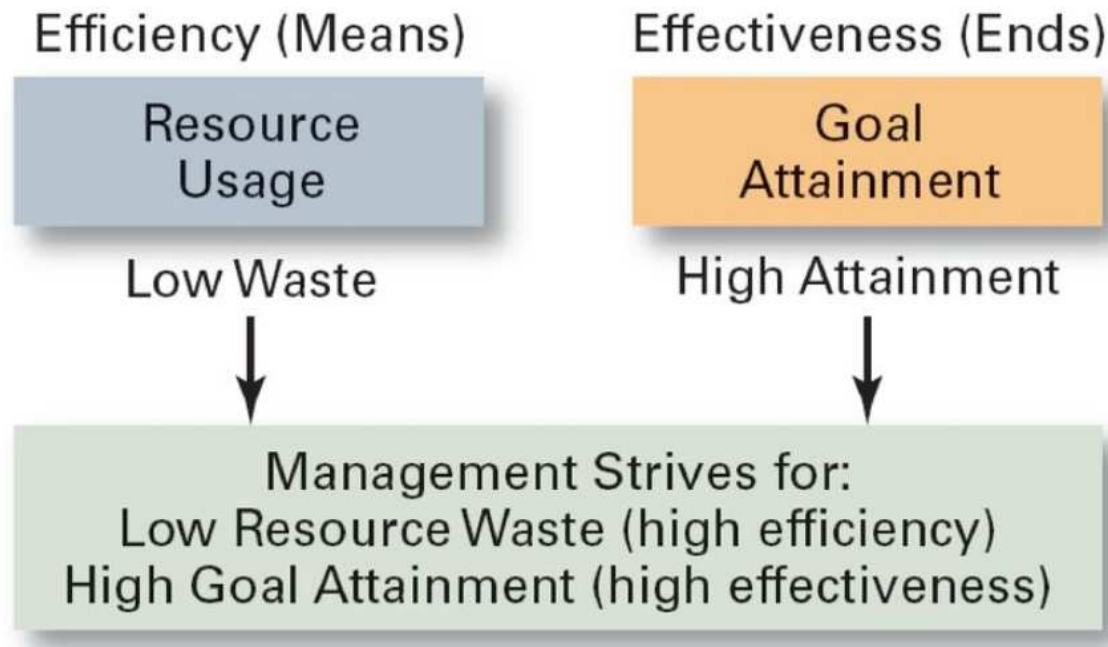
- ❖ “Doing the right things”

- Attaining organizational goals



# INTRODUCTION – WHAT IS MANAGEMENT?

- Effectiveness and Efficiency in Management



**Productivity = Outputs / Inputs  
(within a Time Period Quality Considered)**

# CHARACTERISTICS

- **It is a separate/Social process.**  
(Management is done by people, through people & for people. It is social process because it is concerned with interpersonal relations.)
- **It is an organized activity/Group activity.**  
(Efficient use of Resources-Men, Money, Material)
- **It is an Integrating process.**
- **It aims at the accomplishment of predetermined objectives.**  
(Integrates Human, Machine, Materials and other resources for out the operations and for achieving the stated objective)
- **It applies Economic Principles.**  
(Art of control of Human & Materials)
- **Universality of Management.**  
(Management are universal, these can be applied in different situations Ex : Business, Government, Education Military, Hospitals).

# CHARACTERISTICS

- **It is Interdisciplinary/Multidisciplinary.**  
(It depends from several disciplines like Engineering, Sociology, Psychology, Economics etc.)
- **It is intangible.**  
(It is abstract & cannot seen. It is evidenced by the quality & result)
- **It is Dynamic not Static.**  
(It adapts itself to social changes & also introduces innovation in methodology )
- **It is Science as well as an Art.**  
(It contains a systematic body of theoretical Knowledge as well as the practical application of such knowledge.)
- **It is a profession.** ( Work,Job,Career ,Business etc)

# OBJECTIVES

- Getting maximum results with minimum efforts
- Increasing the efficiency of factors of production
- Maximum prosperity for employer and employees
- Human betterment & social justice
- Reduce costs
- Establishes Equilibrium
- Establishes sound organizations

# SCOPE

- Financial Management
- Production Management
- Marketing Management
- Maintenance Management
- Transport Management

# WHY STUDY MANAGEMENT?

## ■ Universality of Management:

- Management is needed in all types & sizes of organizations at all levels and all work areas & in all organizations.
- This is known as “**Universality of Management**”

## ■ Reality of work:

- Another reason for studying management is the reality that for most of you:  
“**You will eventually either manage or be managed**”

## ■ Rewards and challenges of being a manager:

- Management offers challenging, exciting and creative opportunities for meaningful and fulfilling work.
- Successful managers receive significant monetary rewards for their efforts.



# WHY STUDY MANAGEMENT?

- Universal Need for Management





# IMPORTANCE OF MANAGEMENT PRINCIPLES

- Improve understanding.  
(How to manage in organization/Given task & make managers more efficient)
- Direction for Training of Managers.  
(understand process & existing /future managers should be trained)
- Role of Management.
- Utilization of Resources effectively.
- Guide to Research in Management.
- Fulfillment of Social responsibility/commitment.
- Stability.
- Human Development.
- Achievement of Group Goals.

# RESOURCES

- People
- Money
- Time
- Work Procedures
- Energy
- Materials
- Equipment

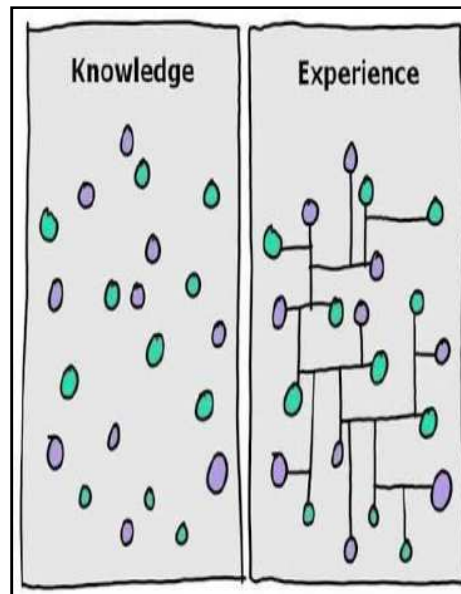
# SCIENCE OR AN ART

- Management is a process/an activity/an profession/a discipline/a group.
- Management is the oldest of arts and youngest of science.
  - *Concept of management is universal & very old*
  - *Lot of controversy arises whether management is science or art or both.*
  - *It changes time to time*
  - *Continuous & rapid (Fast) development of management principles & practices in organization has changed nature of management.*

# SCIENCE OR AN ART

## ■ Management as an art.

- *Art is bridging about of a desired result through the application of skill*
- *It is learned from practice and experience*
- *Certainly an art as manager uses this skill, knowledge and experience in solving various problems*
- *Both complicated & non complicated that arise in the working of his enterprise successful*



# SCIENCE OR AN ART

- Management as a science
  - *Science may be described as systematized body of knowledge based on proper findings and exact principles and is capable of verification*
  - *Science is organized knowledge*
- Management is not as exact science as other Physical science like physics, chemistry, maths ,biology, astronomy etc
  - *Maths ? →Cause and effect relationship between two or more variables*
  - *Physics ? →Observation & verification through testing, It also developed some systemized knowledge*
  - *Social science ? →It falls in the area of 'social science (Process) '*
  - *Flexible science ? →May produce different results at different times, It is behavior science*



# SCIENCE OR AN ART - BOTH

- Science provides the knowledge
- Art deals with the application of knowledge and skills
- Thus, it has now been accepted that management is an art as well as science. It has the elements of both arts and science.
- 80 % Art Teaches to Do
- 20 % Science Teaches to Know
- Manager are not Born, Manager are made

# MANAGERS

- A manager is someone who coordinates and oversees the work of other people in order to accomplish organizational goals.
- Manager job is not about personal achievements.
- Its about helping others do their work. i.e Coordinating the work of a departmental group.
- Organization need managers or Good Managers? NO, Not just Good Managers. They need Great Managers





# ENTREPRENEUR

- An entrepreneur (Owner of organization) is a person , who is motivated to satisfy a high need for achievement in innovative and creative activities.
- He is a great motivator to start his new business and manage it successfully.
- Taking on financial risks in the hope of profit.

# MANAGERS VS. ENTREPRENEUR - SIMILARITIES

- To produce results
- To produce results through people
- To take decisions
- To cooperate under constraints
- To follow sound principles of management

# MANAGERS VS. ENTREPRENEUR - DIFFERENCE

## **Professional Manager (Executor or Servant)**

1. Setting of objectives
2. Policy formulation
3. Strategic Planning
4. Formal communication
5. Organizing
6. Motivating
7. Controlling
8. Administrator
9. Skilled, knowledgeable
10. Confident
11. Specialist
12. Loyal
13. Planner
14. Implementer

## **Entrepreneur (Owner or Innovator)**

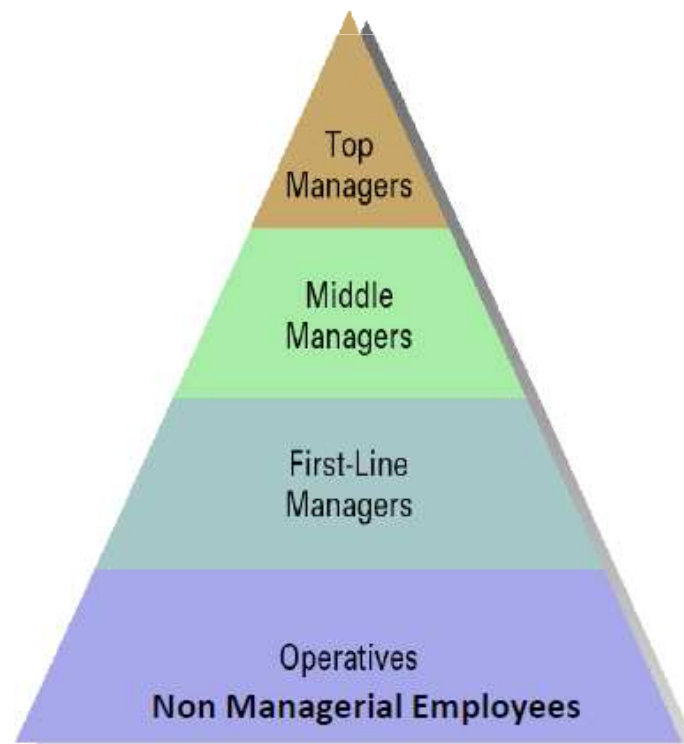
1. Perception of an/opportunity
2. Risk-taking
3. Tactical Planning
4. Interpersonal communication
5. Negotiating
6. Troubleshooting
7. Making it a growing concern
8. Innovator
9. Motivator
10. Determined
11. Idealist
12. Committed
13. Visionary
14. Planner

***“A successful organization needs both entrepreneurship and management. The entrepreneur may be a manager but a paid manager cannot acquire the position of an entrepreneur. “***

# TYPES OF MANAGERS

## ■ Levels of Management.

- *Top Level Management – Executive coaching, change management, leadership, delegations employment, etc.*
- *Middle Level Management – Problem solving, team building, talent development, performance management, etc.*
- *Low Level Management – Emotional intelligence and coaching for performance etc.*



# TOP LEVEL MANAGERS

- Chief Executive Officer
- President/Vice President
- Managing Director
- Middle managers
- Sales manager
- Branch manager
- Department Head
- First-line managers
- Crew leader
- Supervisor/foreman
- Head Nurse/office manager

# MANAGERS SUCCESSFUL

- Hard work
- Smart work
- Patience
- Out of box thinking
- Reading and acquiring knowledge
- Ethical consciousness
- Collaborative relationship
- Perseverance





# MANAGER ROLES

- Management functional approach.
- Management roles approach (Mintzberg).
- Skills approach.



# MANAGER ROLES – FUNCTIONAL APPROACH

- Functional approach.

- **Planning**

- Defining goals, establishing strategies to achieve goals, developing plans to integrate and coordinate activities.*

- **Organizing**

- Arranging and structuring work to accomplish organizational goals.*

- **Leading**

- Working with and through people to accomplish goals.*

- **Controlling**

- Monitoring, comparing, and correcting work.*

# MANAGER ROLES – MANAGEMENT ROLE APPROACH

- Responsible to integrates all the activities which are performed in an organization.



# MANAGER ROLES – MANAGEMENT ROLE APPROACH

- Management roles approach (Mintzberg).

- **Interpersonal roles**

- *Figurehead, leader, liaison*

- **Informational roles**

- *Monitor, disseminator, spokesperson*

- **Decisional roles**

- *Disturbance handler, resource allocator, negotiator*

- What Managers Actually Do (Mintzberg)

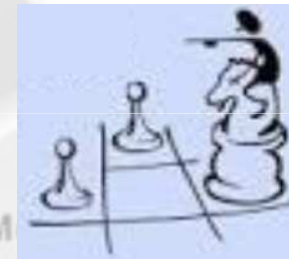
- **Interaction** → with others/with the organization/with the external context of the organization
  - **Reflection** → thoughtful thinking
  - **Action** → practical doing



# MANAGER ROLES – MANAGEMENT ROLE APPROACH

## ■ Interpersonal roles

- *Figurehead*: → you perform symbolic tasks that represents the organization
- *Leader*: → Leadership role: your leadership is expressed in your decisions about training, motivating and discipline people.
- *Liaison*: → You act like a politician, forming outside alliances that will help you achieve your organization's goals.





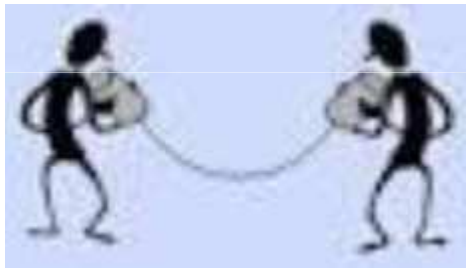
# MANAGER ROLES – MANAGEMENT ROLE APPROACH

## ■ Informational roles



### →Monitor:

*You should constantly alert for the useful information*



### → disseminator:

*Need to constantly disseminate important information to employees via email and meetings*



### →Spokesperson:

*To act as diplomat and put the best face on the activities of your work unit or organization to people outside it.*



# MANAGER ROLES – MANAGEMENT ROLE APPROACH

## ■ Decisional roles.

→ **Entrepreneur**: *Initiate and encourage changes and innovation*

→ **Disturbance handler**: *Unforeseen problems require you to be a disturbance handler, fixing problems*

→ **Resource allocator**: *You will never have enough time, money and so on, so you will have to set priorities about the use of resources*

→ **Negotiator**: *Working with others outside the organization to accomplish your goals*



# MANAGER ROLES – OTHER ROLLS

- **Director** : Gives direction or instruction to people working under
- **Motivator** : Motivation stimulates the performance of job
- **Human Being**: All are equally treated & no personal bias
- **Guide** : Well aware of using equipment techniques & producers
- **Friend** : Come forward voluntarily & eliminate the misunderstanding
- **Planner** : Plan the work & assign to executives
- **Supervisor** : Supervise ,control & executives performance
- **Reporter** : communicated between top management & subordinate, Reported to top authorities

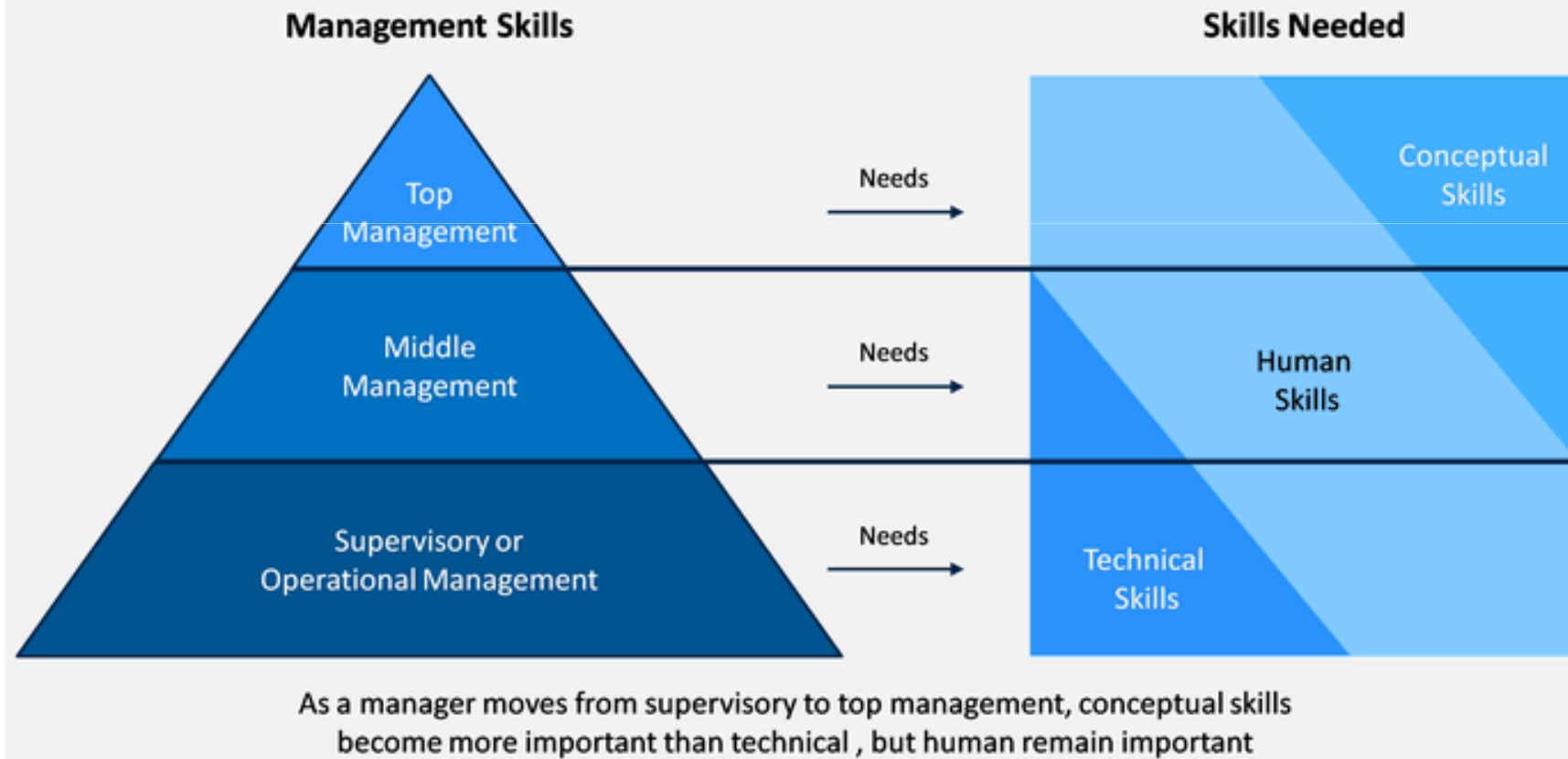




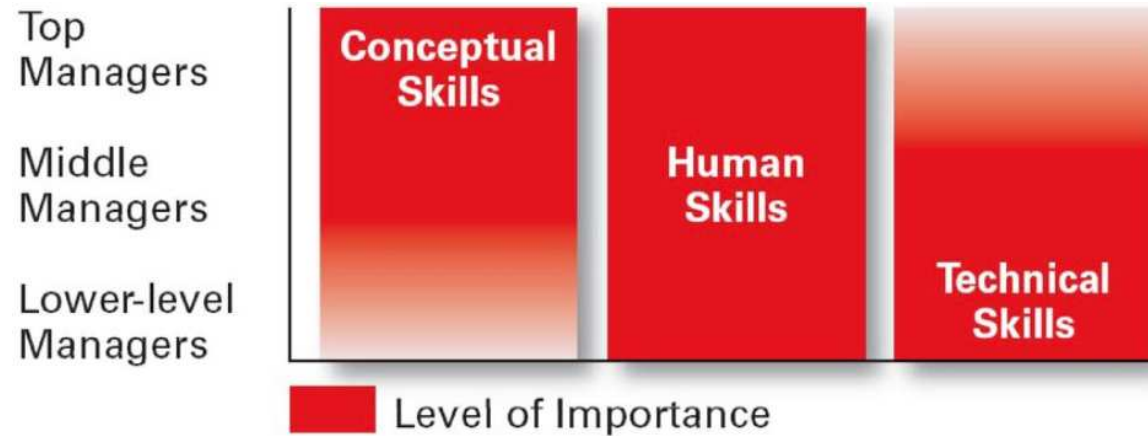
# MANAGER SKILLS

## MANAGEMENT SKILLS PYRAMID

Management Skills Continuum



# SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS

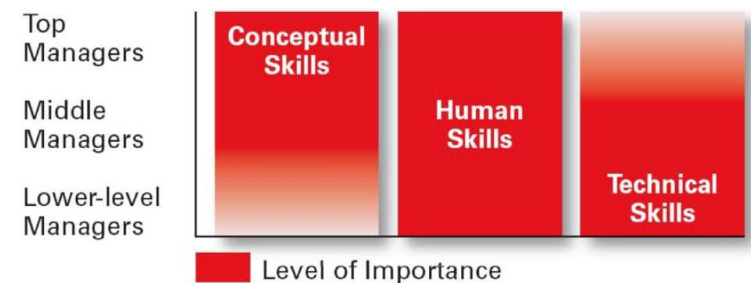


- Conceptual Skills
- Communication Skills
- Technical Skills

# SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS

## ■ Conceptual Skills

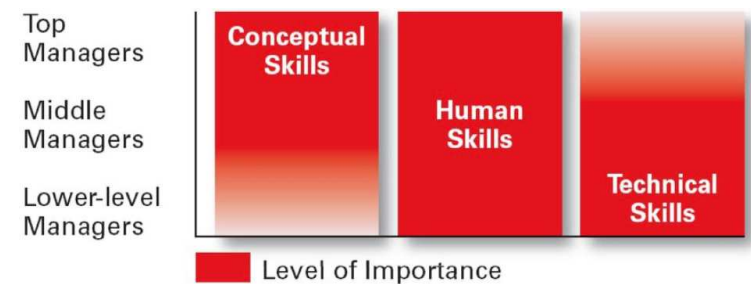
- Using information to solve business problems
- Identifying of opportunities for innovation
- Recognizing problem areas and implementing solutions
- Selecting critical information from masses of data
- Understanding of business uses of technology
- Understanding of organization's business model
- Source: Based on American Management Association Survey of Managerial Skills and Competencies, March/April 2000, found on AMA Web site ( October 30, 2002).



# SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS

## ■ Communication Skills

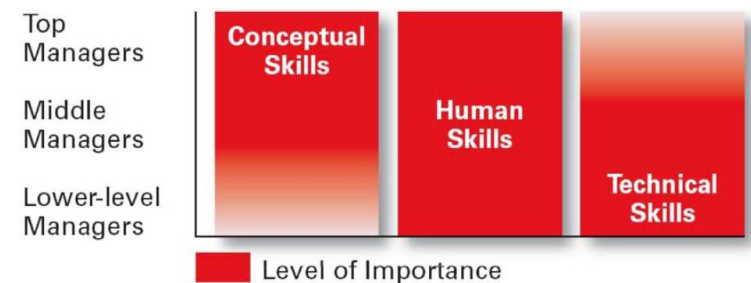
- Ability to transform ideas into words and actions
- Credibility among colleagues, peers, and subordinates
- Listening and asking questions
- Presentation skills; spoken format
- Presentation skills; written and/or graphic formats



# SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS

## ■ Technical Skills

- Ability to use tools, procedures & techniques in a specialized area.
- Political Skills : A manager's ability to build a power base and establish the right connections
- Leaders who can build that strong relationship with frontline employees



# SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS

## ■ Effectiveness skills

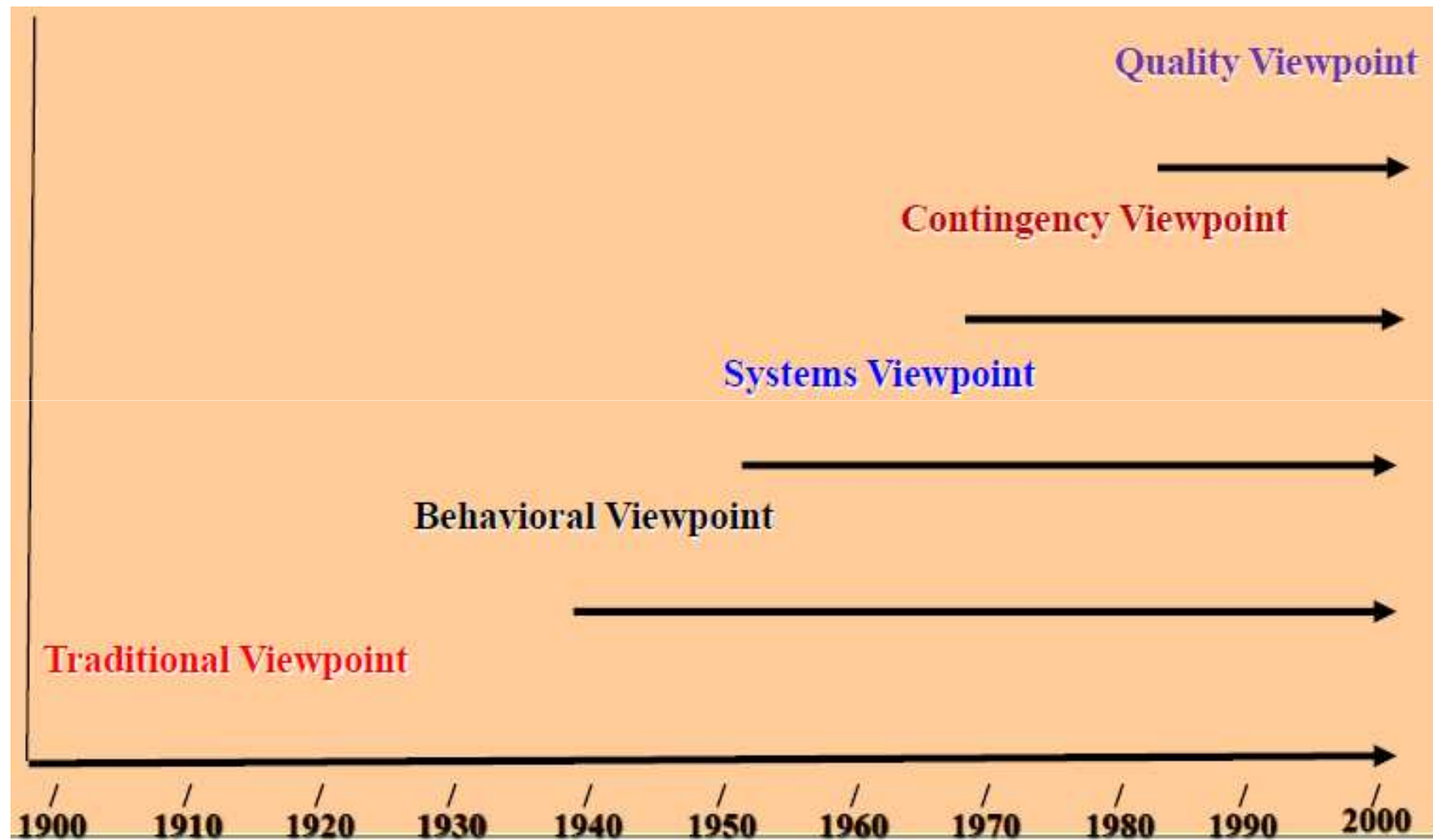
- Contributing to corporate mission/departmental objectives
- Customer focus
- Multitasking: working at multiple tasks in parallel
- Negotiating skills
- Project management
- Reviewing operations and implementing improvements
- Setting and maintaining performance standards internally and externally
- Setting priorities for attention and activity
- Time management



# SKILLS NEEDED AT DIFFERENT MANAGEMENT LEVELS

- Interpersonal skills
  - Coaching and mentoring skills
  - Diversity skills: working with diverse people and cultures
  - Networking within the organization
  - Networking outside the organization
  - Working in teams; cooperation and commitment

# EVOLUTION OF MANAGEMENT



# SIGNIFICANT OF MANAGEMENT

- Division of Labor

- The breakdown of jobs into narrow and Repetitive Tasks

- Industrial Revolution

- Machine power was substituted for Human Power

- Lead to mass production of economical goods

- Created larger markets for goods.

# CLASSICAL MANAGEMENT APPROACH

- Scientific management theorists
  - Fredrick W. Taylor ( Father of Scientific Management)
  - Frank and Lillian Gilbreth, and Henry Gantt
- General administrative theorist
  - Henri Fayol and Max Weber

# CLASSICAL MANAGEMENT APPROACH

## ■ Scientific management theorists

### → Fredrick W. **Taylor** ( Father of Scientific Management) - **4 Principles**

1. *Develop a science for each element of an individual's work, which replaces the old rule-of-thumb method.*
2. *Scientifically select and then train, teach, and develop the worker. (Previously, workers chose their own work )*
3. *Heartily cooperation between management & workers*
4. *Divide work and responsibility almost equally between management and workers.*

### → **Frank and Lillian Gilbreth: Techniques**

1. *Time Study [ Standard Time \* working Hours = Fair Day's work]*
2. *Motion Study*
3. *Standardization*
4. *Differential piece wage (Pay) plan*

### → Henry Gantt

1. *Incentive compensation systems*
2. *Gantt chart for scheduling work operations Differential piece wage (Pay) plan*

# CLASSICAL MANAGEMENT APPROACH

- General administrative theorist
  - General administrative theorists
    - *The subject of management from the perspective of the entire organization .*
    - *This approach known as General Administrative theory , it is focused more on what managers do and what constitutes good management practice*
  - Henri Fayol (France)
    - *Fourteen Principles of Management: Fundamental or universal principles of management practice*
  - Max Weber (Germany)
    - *Bureaucracy ( Government ): Ideal type of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships*



# FOURTEEN PRINCIPLES OF MANAGEMENT BY HENRI FAYOL

1. Division of work
2. Authority
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of the individual
7. Remuneration
8. Centralization
9. Scalar chain
10. Order
11. Equity
12. Stability of tenure of personnel
13. Initiative
14. Esprit de corps

# FOURTEEN PRINCIPLES OF MANAGEMENT BY HENRI FAYOL

## 1. Division of work

- Allows for job specialization.
- Should not be overloaded , Avoid same work to many people
- Same targeted work ( 1. Specialist 2. Mistakes overcome)

**#1: DIVISION OF WORK:** Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task.

# FOURTEEN PRINCIPLES OF MANAGEMENT BY HENRI FAYOL

## 2. Authority and Responsibility [ POWER – DUTY ]

- Authority right to give orders.
- Only few or selected people (Many people creating conflicts)
- Responsibility involves being answerable (Ownership of that Fail )

→ These two are closely related.

→ Fayol defined as the right to give orders and the power to exact obedience.

→ Responsibility involves being accountable and is therefore naturally associated with authority.

→ Whoever assumes authority also assumes responsibility.

## TEST YOUR SKILLS

- Explain what is meant by the term management.
- Differentiate between efficiency and effectiveness.
- Describe the difference between managers & operative employees.
- Classify the three levels of managers and identify the primary responsibility of each group.
- Describe the four primary processes of management.
- Summarize the essential roles performed by managers.
- Discuss whether the manager's job is generic.

## TEST YOUR SKILLS

- Four general skills necessary for becoming a successful manager.
- Describe the value of studying management.
- Identify the relevance of popular humanities and social science courses to management practices.