

Principles of Management

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Define Management

“Management is the process of designing & maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”

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- As managers, people carry out the managerial functions of planning, organizing, staffing, leading, & controlling.
- Management applies to any kind of organization.
- It applies to managers at all organizational levels.
- The aim of all managers is the same: to create a surplus.
- Managing is concerned with productivity, this implies effectiveness & efficiency.

Define Organizations :

“Organizations which can be defined as group of people working together to create a surplus.”

- In business organizations, this surplus is profit.
- In nonprofit organizations, such as charitable organizations, it may be the satisfaction of needs.

Features of Management :

- **Organized activities**
- **Existence of objectives**
- **Relationship among resources**
- **Working with & Through people**
- **Decision- Making**

Management & Administration :

- **Administration is above management**
- **Administration is part of management**
- **Management & administration are same**

Administration is above management :

- **“administration is that phase of business enterprise that concerns itself with the overall determination of institutional objectives & the policies necessary to be followed in achieving those objectives.”**
- **“Management on the other hand, is an executive function which is primarily concerned with carrying out broad policies laid down by the administration.”**

Difference between administration & management :

	Basis of difference	Administration	Management
1	Level in organization	Top level	Middle & lower
2	Major focus	Policy formulation & objective determination	Policy execution for objective achievement
3	Nature of functions	Determinative	Executive
4	Scope of functions	Broad & conceptual	Narrow & operational
5	Factors affecting decisions	Mostly external	Mostly internal
6	Employer-employee	Entrepreneurs &	Employees

Administration is a part of management :

- Management is a generic name for the total process of executive control in industry or commerce.
- It is a social process entailing responsibility for the executive & economic planning & regulation of the operation of an enterprise, in the fulfillment of a given purpose or task.
- Administration is that part of management which is concerned with the installation & carrying out the procedures by which it is laid down & communicated, & the process of activities regulated & checked against plans.

Management & Administration are same

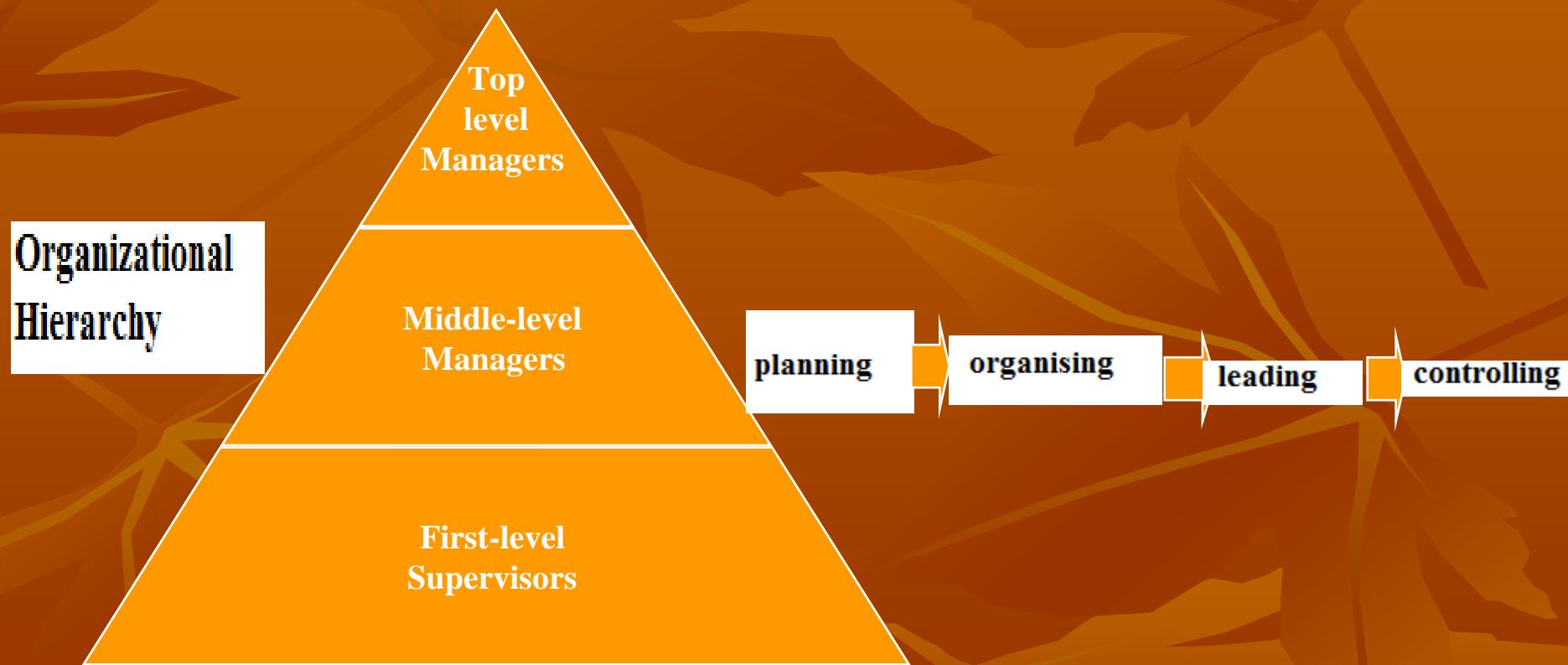
- **Management & administration are synonymous; the difference between the two terms lies mostly in their usage in different countries or different fields of human organizations.**
- **The distinction between the two terms may be drawn by analyzing the origin of the word “administration”.**
- **The government often uses the word administrator, instead of manager, to handle & manage its affairs**

The functions of management :

- **Management can be break down into 5 managerial functions : planning, organizing, staffing, leading & controlling**

- **Management as an essential for any organization**

Managerial functions as at different organizational levels .



Functions of Top Management :

- To analyze, evaluate & deal with the external environmental forces
- To establish overall long-term goals strategy & policies of the company including the master budget to allocate resources.
- To create an organizational framework consisting of authority responsibility relationships.
- To appoint departmental & other key executives.
- To provide overall leadership to the company.

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- To represent the company to the outside world, e.g. ; trade associations, government, trade unions, etc.
- To exercise overall review & control on the company's operations &
- To coordinate the activities & efforts of different departments.

Functions of Middle Management :

- To interpret & explain the policies framed by top management .
- To compile & issue detailed instructions regarding operations.
- To maintain close contacts with operating results so as to evaluate performance.
- To participate in operating decisions
- To cooperate among themselves so as to integrate or coordinate various parts of a division or a department

Functions of Supervisory Management :

- To plan day-to-day production within the goals laid down by higher authorities.
- To assign jobs to workers to make arrangements for their training & development.
- To supervise & control workers & maintain personal contact with charge hands.
- To arrange materials & tools & to maintain machinery.
- To advise & assist workers by explaining work procedures, solving their problems, etc

Importance of Management :

- **Effective Utilization of Resources**
- **Development of Resources**
- **To Incorporate Innovations**
- **Integrating Various Interest Groups**
- **Stability in the Society**

Skills of Management :

- **Technical skills**
- **Human skills**
- **Conceptual skills**
- **Design skills**

Nature of Management :

- Management as an activity (or a process)
 - I. Planning
 - II. Organizing
 - III. Staffing
 - IV. Directing &
 - V. Controlling

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- **Management as a discipline**
- i. **Management education is gaining popularity in the present –day-times.**
- ii. **Scholars are interested in study of management discipline, for purposes of conducting research studies & making new & valuable contributions to this discipline**
- iii. **Practitioners of management are much interested in a study of management discipline**
- iv. **Management discipline is growing into specialized branches of management like production, marketing, personnel, finance & several others**

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- **Management as a group (class or team or society)**
- I. **Micro-level : the economic results, in terms of the attainment of common objectives, of the group-endeavor**
- II. **Macro-level : the survival, growth & prosperity of the economy would be determined by the integrity, competence & efforts of the total management class**

- **Management as an economic resource (or a factor of production) . The economist has been all the time been speaking of 4 factors viz , land, labour, capital & enterprise.**

Management science or Art :

Management science or art differ in the following ways :

- **Commonsense is vague as compared to scientific knowledge**
- **Flagrant inconsistency often appears in commonsense whereas logical consistency is the basic of science**
- **Science systematically seeks to explain the events with which it deals, commonsense ignores the need for explanation**
- **The scientific method deliberately exposes claims to the critical evaluation of experimental analysis, commonsense method fails to test conclusions in any scientific fashion**

Management as profession :

“Profession is an occupation for which specialized knowledge, skills & training are required & the use of these skills is not meant for self-satisfaction but these are used for larger interests of the society & the success of the use of these skills is measured not in terms of money alone.”

Characteristics of profession :

- **Existence of knowledge**
- **Acquisition of knowledge**
- **Professional association**
- **Ethical codes**
- **Service motive**

Objectives/ Advantages OR Significance of Management :

- Micro level
- Macro level

Micro level

Enterprise level

- **Maximum results with minimum inputs**
- i. **Securing results in terms of production, sales, employee satisfaction**
- ii. **Maintaining a balance between the internal environment of the enterprise & the external environment**

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- Ensuring maximum prosperity for both employers & employees
 - I. Stability of employment
 - II. Satisfactory working conditions
 - III. Fair remuneration
 - IV. Job-satisfaction
 - V. Justice & human treatment
- Ensuring survival, growth & prestige of the enterprise

Macro level

- To further the process of economic growth
- To ensure social welfare
- Generation of employment opportunities
- Helping maintain healthy industrial relations
- Conversion of challenges into opportunities

Role of Management Principles :

- **To increase efficiency**
- **To crystallize the nature of Management**
- **To carry on Researches**
- **To attain social objectives**

Evolution of Management Thought :

- Many different contributors of writers & practitioners have resulted in different approaches to management, & these make up a “management theory jungle”

Taylor & scientific management :

- The concept of scientific management was introduced by Frederick Taylor in USA in the beginning of 20th century.
- Scientific management was concerned essentially with improving the operational efficiency at the shop floor level

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- “scientific management is concerned with knowing exactly what you want men to do & then see in that they do in the best & cheapest way”

Elements & Tools of scientific Management :

- Separation of planning & doing
 - Functional Foremanship
 - Job analysis
1. Time study involves the determination of time a movement takes to complete
 2. Motion study involves the study of movements in parts which are involved in doing a job & thereby eliminating the wasteful movements & performing only necessary movements

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3. Fatigue study shows the amount & frequency of rest required in completing the work.

- Standardization
- Scientific selection & training of workers
- Financial Incentives
- Economy
- Mental Revolution

Principles of scientific management :

- Replacing rule of Thumb with science
- Harmony in Group Action
- Co-operation
- Maximum output
- Development of workers
- A more equal division of responsibility between management & workers

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- Mental revolution on the part of management & workers

Merits of scientific Management :

- **More production & higher profits**
- **Job-satisfaction**
- **Personality development**
- **Higher standard of living**

Fayol's Administrative management :

- Henry Fayol was a french mining engineer who turned a leading industrialist & a successful manager
- Perhaps the real father of modern operational management theory is the French industrialist Henry Fayol.

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Fayol found that activities of an industrial organization could be divided into 6 groups such as :

1. Technical (relating to production)
2. Commercial (buying, selling & exchange)
3. Financial (search for capital & its optimum use)
4. Security (protection of property & person)
5. Accounting (including statistics) &
6. Managerial (planning, organization, command, coordination, & control)

Managerial qualities & training :

- **Physical** (health, vigour , & address)
- **Mental** (ability to understand & learn, judgment, mental vigour, & capability)
- **Moral** (energy, firmness, initiative, loyalty, tact, & dignity)
- **Educational** (general acquaintance with matters not belonging exclusively to the function performed)
- **Technical** (peculiar to the function being performed) &
- **Experience** (arising from the work)

General Principles of Management :

- **Division of work**
- **Authority & Responsibility**
- **Discipline**
- **Unity of Command**
- **Unity of Direction**
- **Subordination of Individual to General Interest**
- **Remuneration of Personnel**

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- **Centralization**
- **Scalar chain**
- **Order**
- **Equity**
- **Stability of Tenure**
- **Initiative**
- **Esprit de corps**

Role & Functions of a manager & activities of management

Functions of Manager :

- **Planning**
- **Organizing**
- **Staffing**
- **Directing**
- **Controlling**

Nature Management Functions :

- **Management functions are universal**
- **Management functions have interactive quality**
- **Although management process suggests a sequential arrangement of functions its not always possible in the performance of managerial functions strictly in a sequence**
- **Since there are many managerial functions often a question arises which management function is more important so that managers devote more time to that**

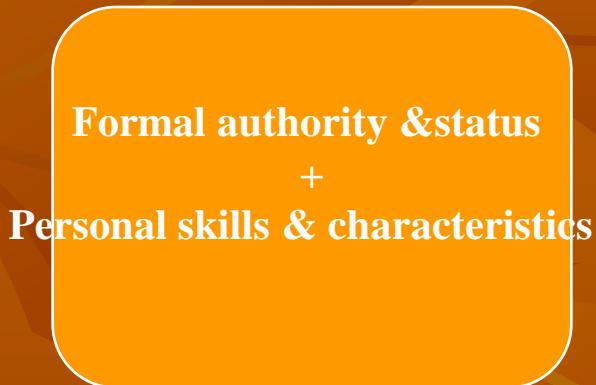
Diagram



Roles Of Manager :

- **Interpersonal Role**
- **Informational Role**
- **Decisional Role**

Management Role :



Interpersonal roles
✓ Figurehead
✓ Leader
✓ Liaison

International roles
✓ Monitor
✓ Disseminator
✓ spokesperson

Decision roles
✓ Entrepreneur
✓ Disturbance
✓ Handler
✓ Resource allocator
✓ Negotiator

Functions at Various Levels of Management :



Top Management :

- **Top management of an organization consists of board of directors, chairman & chief executive officer**

Functions of Board of Directors :

- A board is elected by the owners (shareholders) & is responsible to them as their agent for managing the affairs of the organization.
- Board has authority to manage subject to the limitations imposed by the Memorandum of Association & Articles of Association of the company as well as the provisions of the Companies Act

Board of Directors

Divided into 6 categories :

- **trusteeship, function implying that board must use the property of the company**
- **Determination of basic objectives & policies of the organization**
- **Selection of top executives & determination of overall organization structure**
- **Approval of financial matters like**