

UNIT – I

General Management: Management definition, Functions of Management and Principles of Management. Scientific Management Definition, Principles of Scientific Management

Forms of Business Organization: Choice of form of organization, Salient features of Sole Proprietorship, Partnership, Joint Stock Company: Private Limited and Public Limited companies; Merits and demerits.

Organization: Definition, Line, line and staff, functional and matrix organization

Introduction to Strategic Management: Definition and scope

General Management

Resources and Objectives of Business organization

4 M's

Men, Machine, Material, Money

Resources

Human Resources - Men, Women

Material Resources-Machine, Material, Money

Objectives of Business organization

- Profit maximization
- Continuous growth
- Survival in the market

Manufacturing Industry consists of

Materials Management,
Production,
Marketing,
Finance,
HRM

Managers

Individual who achieve goals through other people

Managerial Activities

- Make Decisions
- Allocate resources
- Direct activities of others to attain goals

MANAGEMENT:

“Management is an art of getting things done through the efforts of other people”

“Management is an art of directing and inspiring people”

“Management is knowing exactly what you want men to do, and then seeing that they do it the best and cheap - F.W.Taylor

“Management is a multipurpose organ that manages a business, manages a manager and manages workers and work” - Peter Drucker

Management is that function of an organization which organizes, controls and co-ordinates various activities and facilities (such as man, machine, material and finance).

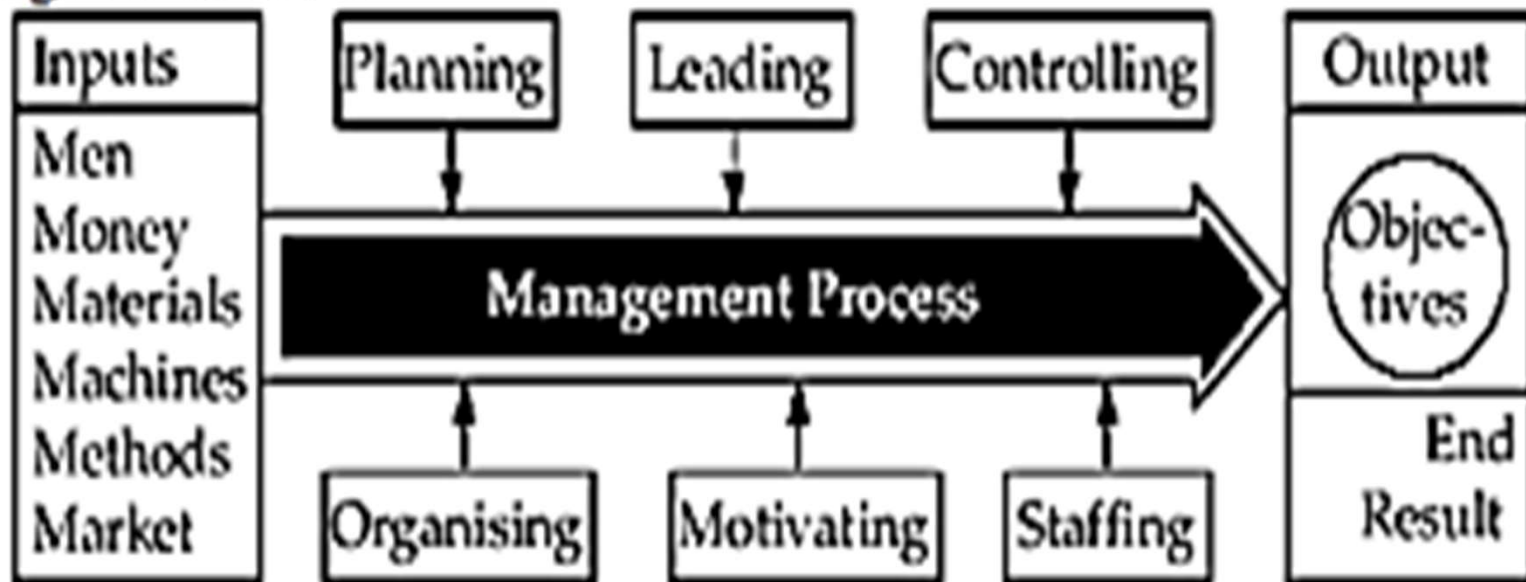
“Management is principally a task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective” -James Lundy

- According to **Henri Fayol**: father of modern management thought, “Management is to forecast and to plan, to organize, to command, to co-ordinate and to control”
- Management brings the human and material resources (machines, materials and money) together and motivates the people in the organization in use of material resources for the achievement of the objectives of the organization.
- An organization cannot survive without management. Management makes the people to realize the objectives of the organization and directs their efforts towards their achievement.
- It ensures smooth flow of work in the organization by strengthening weak links, overcoming difficulties and establishing team spirit among the personnel.
- Management is what a manager does.

- The manager decides what is to be done and then motivate people to do it.
- Thus job of management involves training, communicating, coordinating, managing, organizing, motivating and leading others.
- For getting the work done (of an enterprise) through the efforts of other people, it is necessary to guide, direct, co-ordinate and control human efforts towards the fulfillment of the goals of the enterprise
- It is only efficient management which helps in achieving these objectives economically by effective utilization of the resources.

Process of Management

Management Process:



Management Vs Administration

Management	Administration
1. It means getting things done through and with people	1. It is concerned with the formation of objectives, plans and policies
2. It is a doing function	2. It is a Thinking function
3. It is a lower level management function	3. It is a top level management function
4. The following are usually designate as Managers	4.The following are designated as Administrators
General Managers, managing directors, Heads of departments	collectors, commissioners, registrars, vice chancellors

COMPARISON OF TAYLOR AND FAYOL

F.W.TAYLOR

1. He is known as the father of scientific management
2. He worked from bottom to top level
3. He gave more emphasis to shop and management
4. His main concern was to increase the efficiency of workers and managers.

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HENRI FAYOL

- 1.He is known as the father of functional management
- 2.He worked from top to bottom level
3. He gave more emphasis to the office Factory and the management process as a whole
4. His main concern was to evolve principles of general management and the functions of managers

MANAGERIAL SKILLS

Skill is an ability or proficiency in specific area or field

- The skills required of a successful manager, whether he is working in a business organization, an educational institute or a hospital can be classified as under

1. Technical skills

The ability to apply specialized knowledge or expertise

2. Conceptual skills

The mental ability to analyze and diagnose complex situations

These involve the skills managers present in terms of the knowledge and ability for abstract thinking and formulating ideas.

The manager is able to see an entire concept, analyze and diagnose a problem, and find creative solutions.

This helps the manager to effectively predict hurdles their department or the business as a whole may face.

a) Decision making skills

It is the ability of a person to take timely and accurate decisions.

This requires mental ability, sound knowledge and presence of mind.

b) organizational skills

This helps in manpower planning i.e. for selecting people for different type of activities.

It means placing right men for the right job.

3. Human relation skills

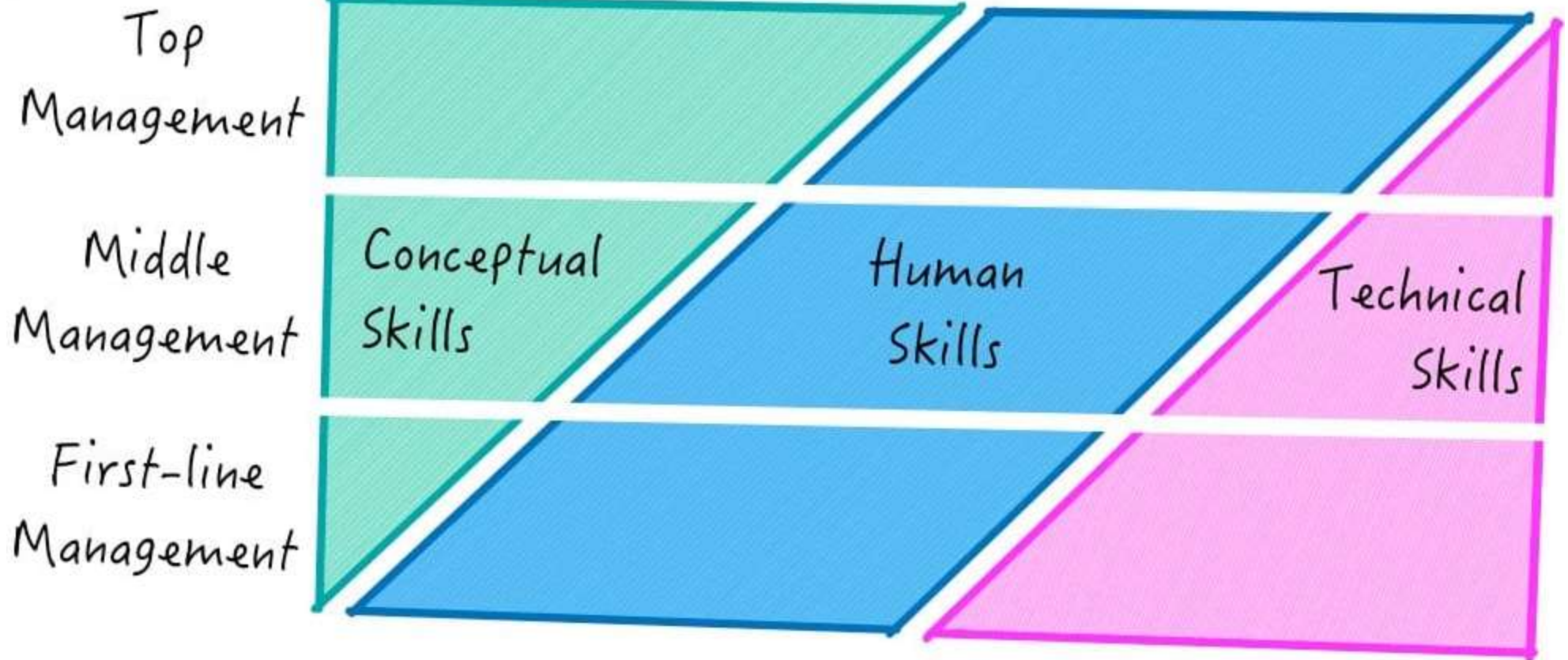
The ability to work with, understand, and motivate other people, both individually and in groups

a) Communication skills

b) Motivating skills

c) Leadership skills

Managerial Skills according to Robert Katz



LEVELS OF MANAGEMENT

The term level means arrangement of persons in a series.

Thus the term level of management refers to the arrangement of managerial positions in an organization.

There is no fixed number of management levels for a particular organization.

It all depends on the size, technology and the range of production of the organization. Moreover, the number of management levels cannot be increased to an unlimited extent as:

- i) it makes coordination and control difficult
- ii) it increases the gap between the top management and the rank
- iii) it complicates the communication problem.

Management levels determine the authority relationship in an organization.

There are three levels of management in view of authority and responsibility relationship. They are

1. Top level management.
2. Middle level management
3. Lower level management

Levels of Management



TOP LEVEL MANAGEMENT

Top management is the head of an organization. It consists of the board of directors and the chief executive or the managing director. In the operation of an organization, top management is the final source of authority. It establishes policies, plans and objectives. Thus, the various functions of top management may be enumerated as follows.

1. Determining objectives of the enterprise
2. Preparing policies and plans for the enterprise
3. Issuing instructions for the preparation of departmental budgets, schedules, procedures and so on
4. Appointing executives for the middle level
5. Providing overall leadership
6. Building and maintaining relations with the outside public

MIDDLE LEVEL MANAGEMENT

Middle level management generally consists of heads of functional departments. It is concerned with the task of implementing the policies and plans laid down by the top management. It is also a link between the top management and the lower level management. Thus, the various functions of middle management may be defined as follows:

1. Executing plans in accordance with the policies and directives of the top management
2. Selecting suitable operative and supervisory personnel
3. Assigning duties and responsibilities for timely execution of plans
4. Evaluating the performance of the junior managers
5. Achieving coordination between different departments
6. Motivating personnel to achieve higher productivity
7. Collecting information on performance
8. Making recommendations to top management

LOWER LEVEL MANAGEMENT

Supervisory management is the lowest level in the hierarchy of management. **It consists of supervisors, foremen, account officers, sales officers,** and so on. They are directly concerned with the control of the performance of the operative employees. **They assign specific jobs to the workers, evaluate their performance and report to the middle level management.** Thus, the various functions of a supervisor may be defined as follows:

1. To plan the activities of his section
2. To issue orders and instructions to the workers
3. To provide training to the workers
4. To solve the problems of workers
5. To maintain good human relations
6. To maintain discipline among the workers
7. To act as liaison between the middle level management and the rank and file workers
8. To send periodical performance reports to the middle management

CHARACTERISTICS OF LEADERS Vs MANAGERS

LEADERS	MANAGERS
Innovates	administers
Develops	Maintains
Focuses on people	Focuses on systems and structure
Long range perspective	short range view
Asks what and why	Asks how and when
Does the right thing	does things right

FUNCTIONS OF MANAGEMENT



FUNCTIONS OF MANAGEMENT

1. Forecasting
2. Planning
3. Organizing
4. Staffing
5. Directing
6. Co-ordination
7. Controlling
8. Decision making

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1. Forecasting

- It determines estimate of future requirement of the business in regard to products and quantities for sale, materials, manpower, machines capacity for production or any other aspect of business activities.
- Forecasting is a pre-requisite to planning.
- Forecast are of two types i) short term forecast and
 - ii) Long-term forecast.
- Forecast covering periods less than one year ahead are called short term forecasts and forecasts covering periods over 1 year to 15 years are termed as long term forecasts.

2. Planning

It is the basic function of management.

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”.

-It is a rational, economic and systematic way of making decisions today that will affect the future of the company.

- 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.
- 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 an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.
- Without planning the activities of an enterprise may become confused and ineffective.

Advantages of Planning

- Maximum utilization of resources
- Minimization of unproductive work
- Reduces uncertainty
- Avoids bottlenecks in production
- It improves motivation
- Facilitates effective delegation of authority

Principles of Planning

- Take Time to Plan
- Planning can be Top to Down or Bottom to Top
- Involve and Communicate with all those Concerned
- Plans must be Flexible and Dynamic
- Evaluate and Revise

3. Organizing

According to Henry Fayol, “To organize a business is to provide it with everything required for its functioning i.e. raw material, tools, capital and personnel’s”.

The function of organizing is concerned with:

- Identifying the tasks that must be performed and grouping them whenever necessary
- Assigning these tasks to the personnel while defining their authority and responsibility.
- Delegating this authority to these employees
- Establishing a relationship between authority and responsibility
- Coordinating these activities

4. Staffing

According to Kootz & O'Donnell, “Managerial function of staffing involves manning the organization structure through the proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”.

- Staffing is the function of hiring and retaining a suitable work-force for the enterprise both at managerial as well as non-managerial levels.
- It involves the process of recruiting, training, developing, compensating and evaluating employees and maintaining this workforce with proper incentives and motivations.
- Since the human element is the most vital factor in the process of management, it is important to recruit the right personnel.

5. Directing

- The directing function is concerned with **leadership, communication, motivation, and supervision** so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals.
- The **Leadership** element involves issuing of instructions and guiding the subordinates about procedures and methods.
- The **communication** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.
- Methods of Communication
 - a) Verbal or written Communication
 - b) Formal or informal Communication
 - c) Upward, Downward, Horizontal Communication

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

- i) Internal Motivation
- ii) External Motivation

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

6. Coordination

- Co-ordination is integrating or synchronizing the work performed by various individuals for attainment of company's objectives.
- Co-ordination means working or acting together for a common purpose with an understanding.
- Co-ordination is required at every stage of the management process.

Ineffective Coordination between different functions of a business enterprise (such as production, sales, administration) can ruin the enterprise.

Types of Coordination:

- a) Internal Coordination
- b) External Coordination
- c) Vertical Coordination

7. Controlling

“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”.

- It measures performance against goals and plans, indicates where deviations exist and helps accomplishment of objectives.

The controlling function involves:

- Establishment of standard performance.
 - Measurement of actual performance.
 - Measuring actual performance with the pre-determined standard and finding out the deviations.
 - Taking corrective action.
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- 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.

8. Decision Making

- Decision making means to decide the future course of action for the organization, over short or long terms.
- It is necessary to take decisions throughout the business cycle, for achieving maximum returns on the assets of the business enterprise.
- As managers are required to take decisions very frequently and the efficiency of the concern, loss or profit are affected by these decisions great amount of attention is required to be paid to this function.

Taylor's Scientific Management

Taylor's Scientific Management

F.W. Taylor (1856-1915) was an American, who joined Midvale Steelworks, Philadelphia (U.S.A.) as a machinist; and gradually rose to the position of the Chief Engineer.

Taylor's Scientific Management was, in fact, a movement known as the 'Scientific Management Movement' pioneered by Taylor and carried on by his followers.

The important publications of Taylor are all combined into one book titled 'Scientific Management'



Frederick Taylor (1856–1915) is called the Father of Scientific Management.

MEANING OF SCIENTIFIC MANAGEMENT

- The term scientific management contains two words- scientific and management. Scientific means **systematic, analytical and objective approach**, but management means **getting things done through others**.
- Hence scientific management means the management based on careful observation, objective analysis and innovative outlook.
- In other words, scientific management is the art of knowing exactly what is to be done and the best way of doing it.
- It implies the application of science to the management of a business concern.
- In the words of F.W.Taylor “scientific management means knowing exactly what you want men to do and seeing that they do it in the best and the cheapest way”

PRINCIPLES OF SCIENTIFIC MANAGEMENT (F.W.TAYLOR PRINCIPLES)

1. Development of science for each element of work
2. Scientific selection, placement and training of workers
3. Division of labor (separation of planning function from doing function)
4. Standardization of methods, procedures, tools and equipment
5. Use of time and motion study
6. Differential wage system
7. Co-operation between labour and management
8. Principle of management by exception

1. Development of science for each element of work

- Analyze the work scientifically, rather than using thumb rule.
- It means that an attempt is made to find out what is to be done by a particular worker, how he is to do it, what equipment will be necessary to do it.
- This information is provided to the worker so as to reduce wastage of time, material etc and improves the quality of work.



2. Scientific selection, placement and training of workers

- This principle states that select the workers best suited to perform the specific tasks, and then train them within the industry in order to attain the objectives of the enterprise.
- This eliminates the possibility of misfits in the organization and ensures better working.
- Workers should also be trained from time to time to keep them informed of latest development in the techniques of production.

3. Division of labour (Separation of planning function from doing function)

- Division of work in smaller tasks and separation of thinking element of job from doing element of the job. This is the principle of specialization.
- It is essential for efficiency in all spheres of activities as well as in supervision work.
- To be more effective and efficient, Taylor, the founder of scientific management introduced functional organization, in which one foreman is made in charge for each function.

4. Standardization of methods, procedures, tools and equipment

- Standardization helps in reducing time, labour and cost of production.
- The success of scientific management largely depends upon standardization of system, tools, equipments, and techniques of production.

5. Use of time and motion study

- Taylor introduced time and motion study to determine standard work.
- Taylor undertook studies on fatigue incurred to the workers and the time necessary to complete the task.
- Taylor suggested that for increasing production rate, the work of each person should be planned in advance and he shall be allotted a definite work to complete by a given time by using a predetermined method.

6. Differential wage system

- Taylor's differential piece rate scheme provides an incentive for a worker to achieve high level of optimum output.
- It distinguishes the more productive workers from less productive workers and motivates them to produce more.
- Taylor believed that if labour is suitably rewarded and is satisfied with job, he will work whole heartedly to achieve the objectives of the enterprise.

7. Co-operation between labour and management

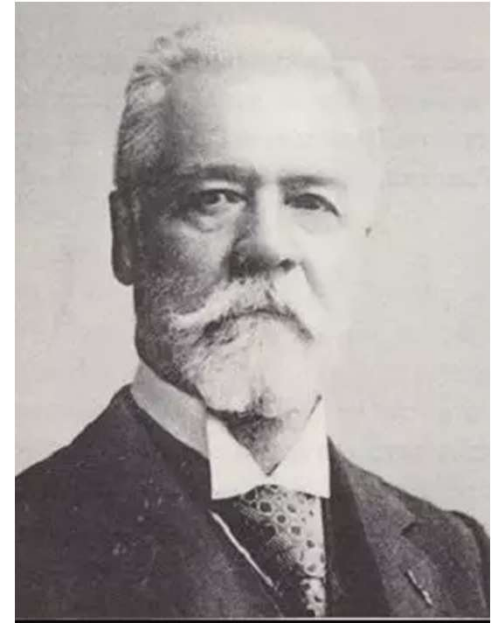
- Scientific management also strives to get the thinking of management changed so as to make the management feel that mutual respect and co-operation between the workers and the management helps in providing proper and effective leadership.
- The labour starts thinking that it is their work and they must put their heart and soul in the work assigned to them.
- In fact the main job of scientific management is to revolutionize the mind of both workers and management for mutual benefit and also for the benefit of the enterprise.

8. Principle of management by exception

- In order to make effective utilization of time of top managers, Taylor suggested that only major or significant deviations between the actual performance and standard performance should be brought to the notice of top management.
- Top management should pay more attention to those areas of work where standards and procedures could not be established and where there is a significant variation between standard performance and actual performance.

PRINCIPLES OF MANAGEMENT (HENRI FAYOL PRINCIPLES)

1. Division of work
2. Authority and Responsibility
3. Discipline
4. Unity of command
5. Unity of direction
6. Subordination of individual to general interest
7. Remuneration of personnel
8. Centralization
9. Scalar chain
10. Stability of tenure of personnel
11. Equity
12. Order
13. Initiative
14. Esprit de corpse (Team spirit)



Henri Fayol (1841 – 1925)

1. Division of work

- Dividing the full work of the organisation among individuals and creating departments is called the division of work.
- According to Henry Fayol specialization promotes efficiency of the workforce and increases productivity.
- In addition, the specialization of the workforce increases their accuracy and speed.

2. Authority and Responsibility

- Authority means the right of a superior to give order to his subordinates; responsibility means obligation for performance.
- In other words, authority and responsibility go together and they are two sides of the same coin.

3. Discipline

- Discipline refers to obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.
- Without discipline, nothing can be accomplished. It is the core value for any project or any management.
- Employees good behavior also helps them smoothly build and progress in their professional careers.

4. Unity of Command

- The management principle 'Unity of command' means that an individual employee should receive orders from one manager and that the employee is answerable to that manager.
- If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees. By using this principle, the responsibility for mistakes can be established more easily.

5. Unity of Direction

- Whoever is engaged in the same activity should have a unified goal. This means all the persons working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

6. Subordination of Individual Interest

- There are always all kinds of interests in an organization.
- In order to have an organization function well, Henri Fayol indicated that personal interests are subordinate to the interests of the organization (ethics).
- The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization, including the managers.

7. Remuneration of personnel

- This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary, however, it should be according to an individual's efforts they have made.
- Fayol perceives that remuneration and methods of payment should be fair and also should be able to afford the maximum satisfaction to employee and employer.

8. Centralization

- Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy.
- Centralization implies the concentration of decision making authority at the top management (executive board). Sharing of authorities for the decision-making process with lower levels (middle and lower management), is referred to as decentralization by Henri Fayol.
- Henri Fayol indicated that an organization should strive for a good balance in this.

9. Scalar Chain

- The principle highlights that the hierarchy steps should be from top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any if needed.

10. Stability of tenure of personnel

- An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

11. Equity

- The management principle of equity often occurs in the core values of an organization. According to Henri Fayol, employees must be treated kindly and equally.
- Employees must be in the right place in the organization to do things right.
- Managers should supervise and monitor this process and they should treat employees fairly and impartially.

12. order

- This refers to the arrangement of things and persons in an organization.
- Breaking this principle into material order and social order, Fayol thinks of it as a simple edge for everything.

13. Initiative

- The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make them worth
- Initiative is conceived as the process of thinking out and executing a plan. Since it is one of the keenest satisfactions for an intelligent man to experience, Fayol exhorts managers to sacrifice personal vanity in order to permit subordinates to exercise it.

14. Esprit de Corps

- This principle implies that union is strength and an extension of the principle of unity of command. Henry here emphasizes the need for teamwork and the importance of communication in obtaining it.
- It is the responsibility of the management to regularly motivate their employees and be supportive of each other. Developing trust and mutual understanding will lead to a positive outcome and work environment.

Summary

- General Management
- Functions of Management
- Levels of Management
- Principles of Scientific Management (F. E. Taylor principles)
- Principles of functional management (Henri Fayol principles)