

Principles Of Management

UNIT-I

Nature Of Management



MANAGEMENT :-

- Management is the **Process** of getting things done with the aim of achieving goal **Effectively** & **Efficiently**.

Process

**Involves series of
inter-related
function**

Effectiveness

**Means Doing the
right task &
achieving goals on
time**

Efficiency

**Doing task correctly
with minimum cost**

Definitions:-

- 1) **Koontz & O'Donnell** : Management is the art of getting things done through and with the people in a formally organized group.
- 2) **F. W. Taylor [Father of Scientific Management]**: Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way.
- 3) **Henry Fayol** : Management is the process of functions. To manage is to forecast and to plan, to organize, to command, to coordinate and to control.
- 4) **Koontz & Weihrich** : Management is the process of designing & maintaining an environment in which individuals, working together in group, efficiently accomplish selected goals.
- 5) **Peter. F. Drucker** : Management is multipurpose organ that manages business, manages managers, manages workers & work.

Nature Of Management :

1. **Multidisciplinary:** Management is basically multidisciplinary because it includes knowledge / information from various disciplines like economics, statistics, sociology, psychology, etc. Management integrates the idea & concepts taken from these discipline & presents newer concepts which can be put into practice for managing the organization.
2. **Dynamic in Nature :** Management is dynamic process because it keeps on changing with the changes that takes place in environment. It is continuous process because it is the act of coordinating the efforts of people to accomplish desired goals and objectives using available resources efficiently & effectively.
3. **Relative not Absolute Principle :**Management principles are relative, not absolute, and they should be applied according to the need of the organization. A particular management principle has different strengths in different conditions. Therefore, principles should be applied according to the prevailing conditions.

4. Management – Science Or Art : Management is both science & an art.

- Management is an Art because it contains the practical use of skills & knowledge to achieve the results.
- Management is a Science because it is a systematic body of knowledge based on certain principles of general application.

5. Management as a Profession : Profession means requiring specialized knowledge, practical training & skills.

Features of profession: - well-defined body of knowledge

- Restricted Entry
- Ethical codes & conducts

6. Management is Universal : Management is universal concept. It is common & essential element in all enterprises. Every group effort requires setting objectives, making plans, handling people, coordinating and controlling activities, achieving goals and evaluating performance directed towards organizational goals.

Importance Of Management :

- 1. Optimum and profitable utilisation of resources :** In every organization 2 types of resources are used i.e. physical resources and human resources. The basic function of management is to make proper balance between these resources by putting them to optimum use & control on wastage of resources. There are 7 M's in business that represents resources : **men, material, money, machines, methods, market and management.**
- 2. Effective leadership and motivation :** Management is the developement of people. It develops people, their talents, skills, vision and more importantly working habits. Management makes group effort more effective. It enables the employees to work co-operatively & acheive goals in co-ordinated manners. Management creates teamwork & motivates employees to work hard and give better result in minimum time and cost by providing necessary guidance.
- 3. Establishing sound industrial relations :** Management prefers quick action & solutions whenever workers express dis-satisfaction over organisational rules, methods, procedures . Management tries to provide happy balance between the demands of employees & organisational requirements.

4. Achievement of goals and objectives : Management plays important role in the achievement of objectives of an organisation. Objectives can be achieved only when the human & non-human resources are combined in proper way. Management is goal oriented. Management plans carefully, organises resources properly, hires right people & provides necessary guidance to achieve predetermined goals & objectives.

5. Change and growth : Change management helps employees to understand their new roles and build a more process-driven culture. Change management also encourages future company growth by enabling it to remain dynamic in the marketplace.

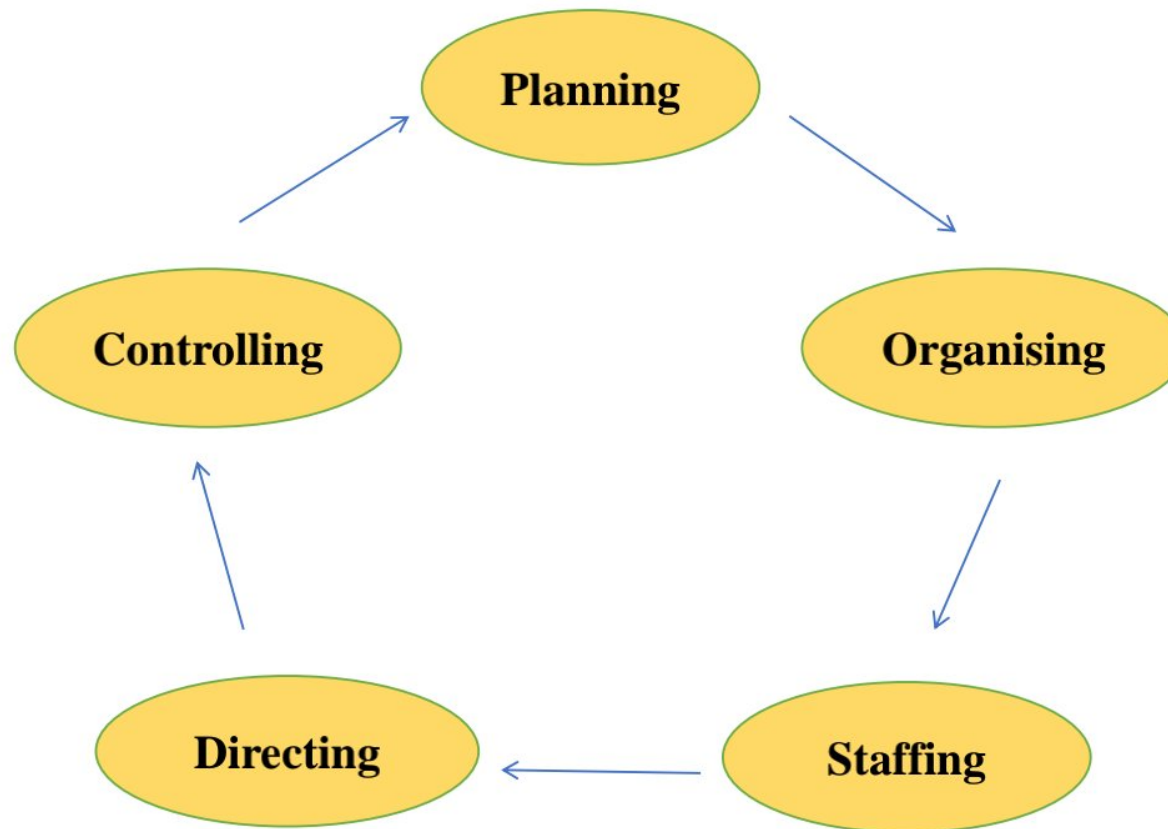
6. Improves standard of living : Management contributes greatly to the standard of living of people by,

- a) Using limited resources & turning out profits
- b) Ensuring survival of the firm in the changing environment.
- c) Exploring new ideas for benefit of the society.
- d) Developing employees talent & capabilities while at work & encourage them to show best performance.

Functions Of Management :

- There are five functions of management :

1. **Planning** [includes forecasting and descision making]
2. **Organising** [includes assigning of work]
3. **Staffing** [includes manpower planning, recruitment & selection, training & developement]
4. **Directing** [includes motivation, leadership, communication & supervision]
5. **Controlling** [includes budgeting & reporting]



1) Planning :-

- Planning is the primary function of management.
- It is a thinking process.
- It is the process about making decisions about future activities of a business.
- It determines the future course of action by deciding what to do(type of work),why to do (Objective), when to do(time), where to do(place or location), how to do(method or procedure),and who are going to do(people).
- Planning mainly includes 2 aspects, Forecasting & Decision-making.

2) Organising :-

- Organising is the second function of management.
- It is mainly Concerned(related) with the arrangement of organisation resources like people, materials, technology & finance in order to achieve objectives of an enterprise.
- Organising creates formal structure in organisation, results into increasing efficiency & effectiveness of work.

3) Staffing :-

- Staffing is the third function of management.
- It is the function of employing suitable persons for the enterprise.
- It may be defined as an activity where people are recruited, selected, trained, developed, motivated for various position.
- Staffing is also known as ‘Personnel Management’ or ‘Human Resource Management’.

4) Directing :-

- Directing is the fourth function of management.
- The directing function is concerned with leadership, communication, motivation & supervision so that employees perform their activities in the most efficient manner, in order to achieve the desired goals.
- **Main Directing Tools :**
 - a) **Leadership** : Concerned with guiding & instructing employees at work.
 - b) **Motivation** : Inspiring & encouraging people at work.
 - c) **Communication** : Providing & receiving necessary information.
 - d) **Supervision** : Observing & Correcting employee's performance.

5) Controlling :-

- It is the last but very critical function of management.
- It contains measuring, comparing & correcting performance.
- Controlling is useful in finding out what is wrong & how it can be rectified.
- A suitable controlling system helps in achieving objectives effectively & efficiently.
- Planning & Controlling are inter-related & interdependent activities.

Types Of Management :

- 1) **Strategic Management** :- It is defined as the set of decisions & actions resulting in formulation, implementation & evaluation of strategies designed to achieve the objectives of an organisation.
- 2) **Sales Management** :- It includes planning, implementation & control of sales programs as well as recruiting, training, motivating & evaluating members of sales force.
- 3) **Marketing Management** :- It is the management of marketing strategies, products, brands & promotions.
- 4) **Supply Chain Management** :- It is the management of the flow of goods & services & includes all processes that transform raw materials into final products.

5) Human Resource Management :- HRM is the strategic approach to the effective management of people in an organisation so that they help the business to gain a competitive advantage.

6) Operations Management :- It is the administration of practices to create the highest level of efficiency possible within an organisation.

7) Materials Management :- It is the process of planning, organizing & controlling the flow of materials from the point of origin to the point of consumption.

8) Stress Management :-

9) Total Quality Management :-

10) Project Management :- It is the process of leading the work of a team to achieve all projects goals within the given time.

Concept of Administration :-

- Process or activity to run the business.
- “ Administration is that phase of a business enterprise which concerns itself with the overall determination of institutional objectives & the policies necessary to be followed in achieving those objectives ”.
- Administrative Activities :
 1. Technical
 2. Commercial
 3. Financial
 4. Security
 5. Accounting
 6. Managerial

Concept of Organisation:-

- It is a group of individual trying independently to achieve specified goals of business.

- **Characteristics Of Organisation :**

1. Ease in flow of work
2. Developing ability
3. Co-ordination between the policy & the programme.
4. Utilisation of means & human labour

(I) Scope Of Management :

Scope of management is very wide. Generally, management includes the following aspects:

- 1. Subject-matter of management:** It consists of various management functions such as planning, organising, staffing, directing and controlling.
- 2. Functional area of Management:** It consists of the following functional areas:
 - (i) Financial management:** Financial management includes cost control, budgetary control, financial planning, management accounting, standard costing etc.
 - (ii) Personnel management:** Personnel management includes aspects such as selection, recruitment, training, transfers, promotions, retirement, industrial relations, social security, labour welfare etc.
 - (iii) Purchasing management:** Purchasing management consists of purchasing of raw materials, maintaining of records, materials control, issuing materials to the departments, etc.
 - (iv) Production management:** Production management deals with aspects such as production planning, quality control and inspection, production control techniques, etc.
 - (v) Marketing management:** Marketing management includes marketing of goods and services, price determination, channel determination, market research, sales promotion, advertisement, publicity etc.
 - (vi) Maintenance management:** Maintenance management relates to the proper care and maintenance of the building, plant and machinery etc.
 - (vii) Office management:** Office management is concerned with the office layout, staffing, equipment of office etc.
 - (viii) Transport management:** Transport management includes packing, handling, warehousing, transportation by rail, road, air etc.

3. **Management is an interdisciplinary approach:** In order to have effective application of the principles of management, a study of various other subjects such as economics, sociology, mathematics, psychology, behavioural science, statistics, etc. becomes necessary.
4. **Principles of management** are of universal application.
5. **Management** also includes scientific methods, quantitative techniques and human relations.

* Characteristics of Management

- 1) Management is an activity :- Management is a process of organised activity which is concerned with the efficient use of resources of production. Resources includes materials, money & people in the organisation.
- 2) Management is a purposeful activity :- Management is concerned with the achievement of an objective or set of objectives through its functions such as planning, organising, staffing, directing & controlling.
- 3) Management is concerned with the efforts of a group :- In the words of Appley, management is concerned with the management of people & not the direction of things. Management motivates workers to work hard.
- 4) Management involves decision-making :- Management is the decision-making process & the decisions are involved in all the functions of management.
- 5) Management is getting things done :- Management is the art of getting things done through & with people in formally organised group.
- 6) Management is an universal activity :- Managers make use of the management principles irrespective of the enterprise in which they are working &

their place in the organisation structure.

- 7) Management is intangible :- Management is abstract & cannot be seen with the eyes.
- 8) Management is an interdisciplinary approach :- Management as a body of disciplines takes the help of other social sciences like psychology, economics, sociology, mathematics, engineering etc.
- 9) Management is a profession :- Management is becoming a profession because there are established principles of management which are being applied in practice.
- 10) Management is both science & an art :- Management has developed certain principles & laws which are applicable to any group activity.
It is also an art, bcoz it is concerned with the application of knowledge for the solution of organisational problems.
- 11) Management is dynamic, not static :- Management adapts itself to the social changes & also introduces innovation in methodology.

* Management as an Art :-

- 1) According to Terry Writes :- "Management is one of the most creative of all arts. It is the art of arts bcoz it is the organiser & utilisation of human talent."
- 2) A manager is also an artist as he applies his personal knowledge & experience to get the work done from his subordinates.
- 3) Arts deals with the application of knowledge & skills to gain the desired result.
- 4) Management is the art of getting things done through others in dynamic & mostly non-repetitive situations.
- 5) The manager has to constantly analyse the existing situation, determine the objectives, seek alternatives, implement, coordinate, control & evaluate information & make decisions.

* Features of Arts :-

- 1) Art requires learning of theory & knowledge.
- 2) It is result oriented.
- 3) It is personal skill.
- 4) It includes creativity & innovation.

* Management as a Science :-

- 1) Management is considered as a science bcoz it has an organised body of knowledge which contains a certain degree of truth.
- 2) The knowledge is obtained through the process

- of observations, experimentation & testing.
- 3) Science provides clarity of concepts. Any Scientific term has clear-cut meaning & exact implication.

* Features of Science :-

- 1) Systematic body of knowledge
- 2) Scientific enquiry & observation
- 3) Experimentation
- 4) Universal truths.

* Management as a profession :-

- 1) Profession has been defined as an occupation based on specialised knowledge, skills, & training.
- 2) According to Hodge & Johnson :- "profession is a vocation requiring of some significant body of knowledge that is applied with high degree of consistency in the service of some relevant segments of society."
- type of work in which person is employed

as features of many Profession :-

- 1) A body of specialised knowledge or technique
- 2) Formal training & experience
- 3) An ethical code for the guidance of conduct
- 4) The license of practice.
- 5) A commitment to service rather than a monetary reward.

financial or official. 6) Dedication & commitment to the profession & society.

(D) Distinction between Administration, Management and Organisation

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Administration	Management	Organisation
<p>1. Definition:</p> <p>B. O. Wheeler : "Administration means directing the way in which work is to be done".</p>	<p>George Terry : "Management is a distinct process consisting of planning, organising, activating, and controlling to determining and accomplish the objectives by the use of people and resources".</p>	<p>Theo Haimann : "Organisation is the process of fixing responsibilities and authorities delegated to executives".</p>
<p>2. Nature :</p> <p>Administration is concerned with determining major policies and objectives of the business enterprises. It refers to owners of the enterprise.</p>	<p>Management is the doing or executive function, the policies and decisions implemented being those laid down by Administration. It refers to employees of the organisation.</p>	<p>An organisation is a body of units, each unit of which has a definite function to perform and all units of which are interdependent.</p>
<p>3. Function :</p> <p>Decision-making is mainly influenced by due force of public opinion, government policies as also special and religious factors.</p>	<p>The main function of management is to lead, guide and direct an organisation for the accomplishment of predetermined objects. The scope for its decision-making is limited to that extent. At most, decisions are influenced by the values, opinions and beliefs of managers.</p>	<p>Organisation puts together the different parts of the business enterprise into working order.</p>

Administration	Management	Organisation
4. Task : Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the progress of activities is evaluated and controlled as per plans.	Management is a generic name for the total process or executive control in industry or commerce. It has responsibility for effective planning and execution of the operations of the business enterprise.	Organisation is the arranging or combining of resources to achieve an economic aim either to obtain a maximum result on profit with available resources or to achieve a given aim with the least possible expenditure and resources. Organisation is thus a blue print for action.
5. Identification : Administration refers to owners of the enterprise who as returns on the capital invested by them receive profits in the form of dividends etc.	Management refers to employees of the enterprise who, by working within the broad policy guidelines laid down by the administration, are paid remuneration in the form of salaries and sometimes, also a share in due profits.	Organisation is accompanied by skillful management. Group individuals trying independently to achieve goals in business.
6. Object : Administration is preoccupied with the planning aspect of work and formulates overall objectives, policies, programmes and other plans.	Management is mostly concerned with the performance aspect of work and keeps itself busy for getting things done by others.	Organisation provides the mechanism for co-operative and integrated action by two or more persons in any business enterprise.
7. Representation : Administration thinks through the future for adopting farsighted planning and enlisted organising and remains busy in the thinking functions of planning and organising.	Management actuates the business and pulsates it with life by undertaking the doing functions of leading, motivating and controlling the personnel.	Organisation indicates the structure of duties, powers, obligations and relationships of all executive positions in the business enterprise.

Administration	Management	Organisation
8. Work method : Administration produces and directs the entire show from behind the scenes.	Management is concerned with the show of work performance by putting the star performers on the stage.	Organisation provides the theatre or forum for displaying managerial performance.
9. Importance : Administration forms the brain of the executive body.	Management represents the mind and respiratory organs of the executive body.	Organisation constitutes the nervous system of the executive body.
10. Set-up Administrative work is kept reserved by the top level executives for their own performance.	Managerial work is delegated to the middle and lower level executives.	Organisation sets-up a machinery for its own for effecting delegation and securing co-ordination at various levels of the organisational structure.
11. Connection or Dealing : Administration deals with the staff aspect of work and operates through a few top executives.	Management is mostly concerned with the line aspect of work and has a large contingent of line men.	Organisation becomes the dull and life less edifice (connection) of all executive personnel, whether they are managers or administrators.