

Principles of Management

As per new B Com CBCS syllabus 2017 for CU

REVISED FIRST EDITION

J.K. Mitra

Associate Professor, Durgapur Government College

(Formerly Associate Professor,

Goenka College of Commerce and Business Administration, Kolkata)

OXFORD
UNIVERSITY PRESS

OXFORD
UNIVERSITY PRESS

Oxford University Press is a department of the University of Oxford. It furthers the University's objective of excellence in research, scholarship, and education by publishing worldwide. Oxford is a registered trademark of Oxford University Press in the UK and in certain other countries.

Published in India by
Oxford University Press
Ground Floor, 2/11, Ansari Road, Daryaganj, New Delhi 110002, India

© Oxford University Press 2017, 2018

The moral rights of the author/s have been asserted.

First Edition published in 2017
Revised First Edition published in 2018

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, without the prior permission in writing of Oxford University Press, or as expressly permitted by law, by licence, or under terms agreed with the appropriate reprographics rights organization. Enquiries concerning reproduction outside the scope of the above should be sent to the Rights Department, Oxford University Press, at the address above.

You must not circulate this work in any other form
and you must impose this same condition on any acquirer.

ISBN-13: 978-0-19-949063-9
ISBN-10: 0-19-949063-5

Typeset in Baskerville
by Pee-Gee Graphics, Rohini, New Delhi
Printed in India by Magic International (P) Ltd., Greater Noida

Cover image: bizvector / Shutterstock

Third-party website addresses mentioned in this book are provided
by Oxford University Press in good faith and for information only.
Oxford University Press disclaims any responsibility for the material contained therein.

Preface

Management has emerged as an important discipline of learning in the modern world. Success of an organization depends on its effective and efficient management. Management ensures proper utilization of human and non-human resources of an organization effectively and efficiently. It is regarded as the most crucial factor for the growth and survival of an organization. It is also considered as a strategic factor for the economic growth and well-being of any nation. The task of management is getting more difficult and challenging in the ever-changing world of the 21st century. It is essential for every organized activity in every society as well as nation. Importance of management is growing day by day with the development of technology. *Peter Drucker*, the father of management, states that 'management is the dynamic and life-giving element of every organization'. Today, cut-throat competition is increasing due to globalization of trade and liberalized economic policy of the country. Organizations with good management will have a competitive edge over others to combat this competition. Thus, management plays a crucial role for the development of business, society, and economy as a whole. In the recent past, management theory has undergone radical changes due to rapid and diverse transformation in the business environment. This book attempts to familiarize students with latest development taking place in the theory as well as practice of management.

About the Book

The book *Principles of Management* is especially conceived for students preparing for BCom (Part-I) Honours and general degree courses of University of Calcutta. Besides, students of other universities in West Bengal (such as Kazi Nazrul University, Burdwan University, Kalyani University, Barasat State University, North Bengal University, Vidyasagar University, etc.) and students of professional courses namely, CA, CMA, CS, BBA, etc., may also find this book useful to accomplish their objectives. Therefore, in general, students in the field of business studies are proposed readers of this book.

The aim of this book is to acquaint readers with a conceptual understanding of various functions of management in a logical and systematic manner. This book intends to provide theoretical knowledge on various principles of management and modern tools and techniques widely used in business field. This book will help students in learning the basics of management for acquiring the knowledge they need for taking important decisions. It provides exhaustive treatment of various concepts and principles of management and its application to manage modern organizations effectively. This enables students and professionals to understand and practice management in various real-life situations. This knowledge also helps students in exploring many of the career opportunities available in the field of management and business studies. Students and professionals get benefitted by applying relevant managerial techniques in business decision-making.

Key Features

- This book is written in a simple readable style and offers clarity of presentation so that the readers can easily grasp the subject matter.
- It aims at preparing students effectively by providing them conceptual understanding in a logical and systematic manner.
- It provides an exhaustive treatment of various techniques of management in practical business situations.
- Theoretical portion is substantiated with real-life examples and diagrams for easy understanding.
- This book incorporates current thoughts, latest trends, and balancing theories with practical application.
- Proper emphasis has been laid on conceptual clarity, due explanation of theoretical concepts, and chapter-end assignment for work practice.

- Each chapter ends with a set of theoretical assignments so that the students can reinforce their understanding properly and prepare themselves well for examinations.

Content and Structure

This book has been presented through 9 chapters as follows:

Chapter 1 provides an insight into the basics of management (such as features, importance, objectives, scope, levels, etc., of management) and an overview of various functions.

Chapter 2 deals with classical, neo-classical, and modern approaches to management theories.

Chapter 3 focuses on planning process; its features, types, objectives, importance; and strategic planning.

Chapter 4 covers organizing process; its elements, features, importance; forms of organization, delegation of authority, departmentation, span of management, accountability, etc.

Chapter 5 describes traditional and modern approaches to motivation; its features, importance, and factors.

Chapter 6 discusses features, significance, styles, and theories of leadership; qualities of a leader, etc.

Chapter 7 offers principles and techniques of coordination; its features, importance, and limitations.

Chapter 8 identifies scope of controlling; its features, elements, importance, techniques and limitations.

Chapter 9 covers concepts of directing and staffing and their importance in organizations.

Acknowledgements

I am indebted to my parents for their constant encouragement, support, and motivation that inspired me to write this textbook. I am grateful to my respected teachers from whom I have learnt the basics of this subject. I have relied on authoritative treatises and published books and articles in the field of management in India and abroad. The sources have been duly acknowledged at appropriate places. I express my gratitude to the team at Oxford University Press for inspiring me to instill quality in this book. I also convey my affection to Miss Alankrita Mitra for her efficient secretarial assistance at the time of preparing the manuscript.

There might be certain gaps and deficiencies in my work. I request respected teachers, esteemed professionals, and beloved students to send me your constructive suggestions, comments, and criticisms for further improvement of the book. Any suggestion sent to me at jkm_50@yahoo.co.in will be highly appreciated.

J.K. Mitra

Brief Contents

Preface iii

Detailed Contents vi

Features of the Book x

Road Map to the University of Calcutta Syllabus xii

1. Basics of Management	1
2. Schools of Management Thought	20
3. Planning	32
4. Organizing	50
5. Motivation	87
6. Leadership	103
7. Coordination	116
8. Controlling	127
9. Directing and Staffing	139
Appendix—I: Ready Reckoner with Solution to Assignment	145
Chapters at a Glance	
Assignments	
– MCQs	
– Objective Type Questions	
– Short Essay Type Questions	
Appendix—II: Solved Question Papers (2014 – 2016)	175
C.U. B.Com. (Honours) 2014	175
C.U. B.Com. (General) 2014	176
C.U. B.Com. (Honours) 2015	178
C.U. B.Com. (General) 2015	180
C.U. B.Com. (Honours) 2016	181
C.U. B.Com. (General) 2016	183
Appendix—III: Model Question Papers	185
About the Author	188
Additional Multiple Choice Questions	A-1

Detailed Contents

<i>Preface</i>	<i>iii</i>
<i>Brief Contents</i>	<i>v</i>
<i>Features of the Book</i>	<i>x</i>
<i>Road Map to the University of Calcutta Syllabus</i>	<i>xii</i>

1. Basics of Management	1	2.4.3 Operation Research (or Quantitative) Approach	24
1.1 Concept of Management	1	2.5 Scientific Management	25
1.2 Different Views of Management Thought	2	2.6 Principles of Scientific Management	25
1.3 Management Process	4	2.7 Techniques of Scientific Management	26
1.4 Characteristics (or Features) of Management	4	2.8 Objectives of Scientific Management	26
1.5 Importance (or Significance) of Management	5	2.9 Benefits (or Utility) of Scientific Management	27
1.6 Objectives of Management	6	2.10 Criticisms of Scientific Management	27
1.7 Management as an Art	7	2.11 Modern Management	27
1.8 Management as a Science	8	2.12 Henry Fayol's Principles of Management	28
1.9 Management—Both Science and Art	8	2.13 Points of Similarity between Taylor's Scientific Management and Fayol's Modern Management	29
1.10 Management as a Profession	8	2.14 Points of Dissimilarity between Taylor's Scientific Management and Fayol's Modern Management	29
1.11 Levels and Tasks of Management	10		
1.12 Managerial Skills	11	3. Planning	32
1.13 Scope (or Areas) of Management	12	3.1 Concept of Planning	32
1.14 Administration and Management	12	3.2 Features (or Characteristics) of Planning	33
1.15 Meaning of Functions of Management	13	3.3 Importance (or Significance) of Planning	34
1.16 Classification of Managerial Functions	13	3.4 Types (or Forms) of Business Plans	35
1.16.1 Main Functions of Management	14	3.4.1 Based on Time Span	36
1.16.2 Subsidiary Functions of Management	17	3.4.2 Based on Scope of Operation	36
		3.4.3 Based on Repetitiveness	37
2. Schools of Management Thought	20	Single-use Plan	37
2.1 Different Schools of Management Thought	20	Standing (or Repetitive-use) Plan	38
2.2 Classical Approach	21	3.5 Steps Involved in Planning Process	39
2.2.1 Scientific Management	21	3.6 Planning Premises (or Basic Assumptions of Planning)	40
2.2.2 Administrative (or Process, or Functional) Theory of Management	21	3.7 Barriers (or Limitations) to Effective Planning	40
2.2.3 Bureaucratic Management	22	3.8 Remedial Measures (or Steps) to Overcome Barriers to Planning	41
2.3 Neoclassical (Behavioural) Approach	22	3.9 Concept of Forecasting	42
2.3.1 Human Relation Approach	22	3.10 Features (or Characteristics) of Forecasting	42
2.3.2 Behavioural Science Approach	23		
2.4. Modern Approach to Management	23		
2.4.1 System Approach	23		
2.4.2 Contingency (or Situational) Approach	24		

- 3.11 Importance (or Role) of Forecasting 43
- 3.12 Elements of (or Steps in) Forecasting 44
- 3.13 Techniques of Forecasting 44
- 3.14 Limitations of Forecasting 45
- 3.15 Planning vs Forecasting 46

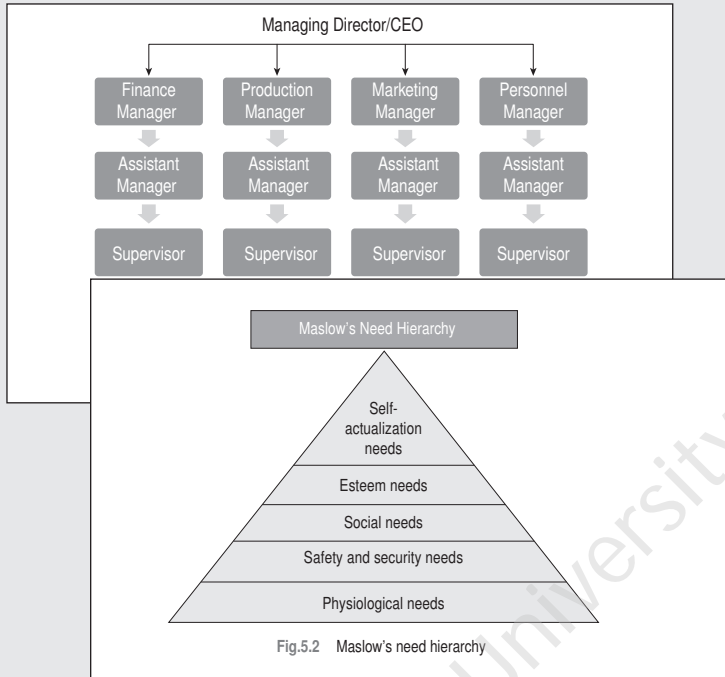
4. Organizing 50

- 4.1 Concept of Organizing 50
- 4.2 Features (or Characteristics) of Organizing 51
- 4.3 Importance of Organizational Structure 51
- 4.4 Principles of Efficient Organizational Structure 52
- 4.5 Steps in Setting up a Proper Organizational Structure 53
- 4.6 Types (or Forms) of Organizational Structure 54
- 4.7 Line (or Scalar, or Vertical, or Military) Organization 54
 - 4.7.1 Scope (or Suitability) of Line Organization 55
 - 4.7.2 Features of Line Organization 55
 - 4.7.3 Types of Line Organization 56
 - 4.7.4 Advantages (or Merits) of Line Organization 56
 - 4.7.5 Disadvantages (or Demerits) of Line Organization 57
- 4.8 Staff (or Functional) Organization 58
 - 4.8.1 Suitability of Staff Organization 58
 - 4.8.2 Features of Staff Organization 58
 - 4.8.3 Advantages (or Merits) of Staff Organization 58
 - 4.8.4 Disadvantages (or Demerits) of Staff Organization 59
- 4.9 Line and Staff Organization Structure 59
 - 4.9.1 Suitability of Line and Staff Organization Structure 60
 - 4.9.2 Features of Line and Staff Organization 60
 - 4.9.3 Advantages (or Merits) of Line and Staff Organization 60
 - 4.9.4 Disadvantages (or Demerits) of Line and Staff Organization 61
- 4.10 Conflict between Line and Staff Organization 62
 - The Line Officers' Viewpoint 62
 - The Staff Officers' Viewpoint 62
- 4.11 Steps to Improve Line and Staff Relationship 63
- 4.12 Distinction between Line Organization, Staff Organization, and Line and Staff Organization 63
- 4.13 Formal and Informal Organizations 64
 - 4.13.1 Formal Organization 64
 - Features (or Characteristics) of Formal Organization 64
 - Benefits (or Advantages) of Formal Organization 64
 - 4.13.2 Informal Organization 65
 - Features (or Characteristics) of Informal Organization 65
 - Benefits (or Advantages) of Informal Organization 65
 - 4.13.3 Difference between Formal and Informal Organizations 65
- 4.14 Concept of Departmentation 66
- 4.15 Importance (or Significance) of Departmentation 66
- 4.16 Bases (or Patterns) of Departmentation 67
- 4.17 Departmentation by Function 67
 - 4.17.1 Advantages of Functional Departmentation 67
 - 4.17.2 Disadvantages of Function-wise Departmentation 68
- 4.18 Departmentation by Products (or Services) 69
 - 4.18.1 Advantages of Product-wise Departmentation 69
 - 4.18.2 Disadvantages of Product-wise Departmentation 70
- 4.19 Departmentation by Territories (or Regions) 70
 - 4.19.1 Advantages of Territorial Departmentation 70
 - 4.19.2 Disadvantages of Territorial Departmentation 71
- 4.20 Departmentation by Customer (or Markets) 71
 - 4.20.1 Advantages of Customer-wise Departmentation 71
 - 4.20.2 Disadvantages of Customer-wise Departmentation 72
- 4.21 Departmentation by Processes (or Equipment) 72
 - 4.21.1 Advantages of Process-wise Departmentation 72
 - 4.21.2 Disadvantages of Process-wise Departmentation 72
- 4.22 Concept of Authority 72
- 4.23 Characteristics of Authority 73
- 4.24 Concept of Responsibility 74

4.25	Characteristics of Responsibility	74	
4.26	Concept of Accountability	75	
4.27	Characteristics of Accountability	75	
4.28	Distinction between Authority, Responsibility, and Accountability	75	
4.29	Inter-relationship between Authority, Responsibility, and Accountability	76	
4.30	Theories Regarding Sources of Authority	76	
4.30.1	Formal (or Traditional, or Top-down) Authority Theory	76	
4.30.2	Acceptance (or Bottom-up) Authority Theory	76	
4.30.3	Competence (or Personal Power) Theory of Authority	77	
4.31	Concept of Delegation of Authority	77	
4.32	Principles (or rules) of Delegation of Authority	77	
4.33	Types (or Forms) of Delegation	78	
4.34	Importance (or Benefits or Advantages) of Delegation of Authority	79	
4.35	Barriers (or problems) in Effective Delegation	79	
4.35.1	Hesitation on the Part of the Superior	79	
4.35.2	Hesitation on the Part of the Subordinate	80	
4.36	Steps to make Delegation more Effective	80	
4.37	Centralization (or Concentration) of Authority	81	
4.38	Decentralization of Authority	81	
4.39	Distinction between Centralization and Decentralization of Authority	82	
4.40	Span of Management (or Span of Control)	82	
4.41	Factors Affecting the Span of Management	83	
5.	Motivation		87
5.1	Concept of Motivation	87	
5.2	Features (or Characteristics) of Motivation	88	
5.3	Importance (or Contribution or Role or Significance) of Motivation	88	
5.4	Motivational Tools (or Factors)	90	
5.5	Motivational Theories	91	
5.5.1	Traditional Theories of Motivation	91	
5.5.2	Modern Theories of Motivation	91	
	Maslow's Need Hierarchy Theory of Motivation	91	
	Herzberg's Motivation-Hygiene Theory	93	
	Comparison of Maslow's and Herzberg's Motivational Theories	96	
	McGregor's Theory-X and Theory-Y	97	
5.6	Steps Involved in the Motivating Process	99	
6.	Leadership		103
6.1	Concept of Leadership	103	
6.2	Characteristics (or Features) of Leadership	104	
6.3	Importance (or Significance) of Leadership in Management	105	
6.4	Leadership Traits (or Qualities)	107	
6.5	Leadership Styles (or Types)	108	
6.6	Leadership Theories	110	
6.6.1	Managerial Grid (Developed by Robert Blake and Jane Mouton)	110	
	Free-rein (or Impoverished) Leadership Style (1,1)	110	
	Democratic (or Country club) Leadership Style (1,9)	110	
	Autocratic (or Task management) Leadership Style (9,1)	111	
	Team Management Leadership Style (9,9)	111	
	Practical (or Middle of the Road) Leadership Style (5,5)	112	
	Conclusion from Managerial Grid Model	112	
6.6.2	Continuum Behaviour of Leadership (Developed by Robert Tannenbaum and Warren Schmidt)	112	
	Conclusion on Leadership Continuum	112	
6.7	Leadership vs Managership	112	
7.	Coordination		116
7.1	Concept of Coordination	116	
7.2	Characteristics (or Features) of Coordination	117	
7.3	Significance (or Importance, or Benefits) of Coordination	117	
7.4	Principles (or Essentials) of Effective Coordination	118	
7.5	Techniques of Achieving Coordination	120	
7.6	Types of Coordination	121	
7.6.1	On the basis of Scope and Flow in an Organization	121	
7.6.2	On the Basis of Relationship	121	
7.7	Steps in the Coordination Process	121	
7.8	Problems of Coordination	122	

7.9 Distinction between Coordination and Cooperation	123	Break-even Analysis	133
7.10 Coordination as an Essence of Management	124	Standard Costing	133
8. Controlling	127	Personal Observation	133
8.1 Concept of Control	127	Statistical Reports	134
8.2 Features (or Characteristics) of Control	128	8.7.2 Modern Control Techniques	134
8.3 Steps in (or Elements of) Controlling Process	129	Responsibility Accounting	134
8.4 Significance (or Importance) of Controlling	130	Management Audit	135
8.5 Scope (or Areas) of Control	131	Management Information System (MIS)	135
8.6 Requirements of an Effective Control System	131	Networking Techniques	135
8.7 Techniques (or Tools) of Controlling	132	8.8 Limitations of Control	136
8.7.1 Traditional Control Techniques	132	9. Directing and Staffing	139
Budgetary Control	132	9.1 Concept of Directing	139
Appendix—I: Ready Reckoner with Solution to Assignment	145	9.2 Elements of Directing	139
Chapter 1 at a Glance	145	9.3 Features (Characteristics) of Directing	140
Assignment	147	9.4 Importance (Necessity) of directing	143
– MCQs	147	9.5 Concept of Staffing	143
– Objective Type Questions	147	9.6 Nature (or Characteristics) of Staffing	142
– Short Essay Type Questions	148	9.7 Importance (or Necessity) of Staffing	142
Chapter 2 at a Glance	148	Chapter 6 at a Glance	167
Assignment	150	Assignment	168
– MCQs	150	– Objective Type Questions	168
– Objective Type Questions	151	– Short Essay Type Questions	169
– Short Essay Type Questions	151	Chapter 7 At a Glance	169
Chapter 3 at a Glance	152	Assignment	170
Assignment	154	– Objective Type Questions	170
– MCQs	154	– Short Essay Type Questions	171
– Objective Type Questions	155	Chapter 8 At a Glance	171
– Short Essay Type Questions	155	Assignment	173
Chapter 4 at a Glance	156	– MCQs	173
Assignment	162	– Objective Type Questions	173
– MCQs	162	– Short Essay Type Questions	174
– Objective Type Questions	162	Chapter 9	174
– Short Essay Type Questions	163	Assignment	174
Chapter 5 at a Glance	164	– MCQs	174
Assignment	163	– Objective Type Questions	174
– MCQs	163	– Short Essay Type Questions	174
– Objective Type Questions	166	Appendix—II: Solved Question Papers (2014 – 2016)	
– Short Essay Type Questions	166	C.U. B.Com. (Honours) 2014	175
Appendix—III: Model Question Papers	185	C.U. B.Com. (General) 2014	176
About the Author	188	C.U. B.Com. (Honours) 2015	178
Additional Multiple Choice Questions	A-1	C.U. B.Com. (General) 2015	180
		C.U. B.Com. (Honours) 2016	181
		C.U. B.Com. (General) 2016	183

Features of



Figures and Charts

Numerous well-labelled figures and charts are provided throughout the book to elucidate the concepts.

Oxford University Press

Tables

Clear and informative tables help to quickly assimilate distinctions between related concepts.

Table 3.1 Planning vs Forecasting

S.No.	Planning	Forecasting
1	Planning is the basis for future course of action.	Forecasting is the basis for planning.
2	Planning is done at the top level management.	Forecasting is done at the middle level management.
3	Planning is not a tool of forecasting.	Forecasting is a tool of planning
4	Planning can be done by any employee of the top management.	Forecasting is done by experts only.
5	Planning helps to reach at certain decisions.	Decisions cannot be taken without forecasting.

Table 1.1 Profession and Its Professional Associations

S.No.	Profession	Professional Association
1	Accounting profession	The Institute of Chartered Accountants of India
2	Legal profession	Bar Council of India
3	Medical profession	Medical Council of India
4	Engineering profession	The Institute of Engineers in India
5	Company secretary profession	The Institute of Company Secretaries of India
6	Cost Accounting profession	The Institute of Cost Accountants of India

the Book

Model Objective Type Questions

Every chapter contains a question bank of short questions with answers to help students prepare for examinations.

Model Objective Type Questions

1. What do you mean by management?

Answer The word 'management' can be scanned as 'manage-men-t' (i.e., manage men tactfully). Therefore, management means managing men tactfully to get things done. The term 'management' may be defined as creating the internal environment of an enterprise where individuals working together in groups towards the attainment of group goals. It is a distinct process consisting of planning, organizing, directing, controlling,

social sciences. It is based on a scientific approach and adheres to a code of ethics.

4. Mention any three features of management.

Answer

Purposive activity The purpose of management is always to achieve certain predetermined objectives. The tasks of management are directed towards effectiveness (i.e., economy in the use

Model Objective Type Questions

1. What do you mean by planning?

Answer Planning is the determination of a future course of action to achieve any desired result. It is the process of thinking before doing. Planning is the first function of management. It is a continuous process that takes place at all levels of management. Today, planning is considered as a strategic area of management in the context of globalization of business operations. It is a process of identifying the strengths and weaknesses of an organization and correlating them with opportunities available in the business world.

4. Mention any four features of planning.

Answer

- (i) Planning is the first function of management. Planning provides the basis for other managerial functions (such as organizing, staffing, directing, coordinating, and controlling).
- (ii) Planning is an intellectual activity. Planning involves foreseeing future developments, making forecasts, and then taking decisions.
- (iii) Planning is futuristic in nature. It is a technique to see the future in the light of the present. Plans are prepared for implementing them in the future.

Exercises

Objective Type Questions (2 marks)

1. What is 'levels of management'?
2. What is social significance of management?
3. Define management.
4. What do you mean by 'universality of management'?
5. Distinguish between management and administration.
6. What are the social objectives of management?
7. State whether management is science or an art.
8. Mention the levels of management with a diagram.
9. State two managerial tasks.

Short Essay Type Questions (4 marks/8 marks)

1. 'Management is a profession.' Justify the statement.
2. Discuss the socioeconomic significance of management.
3. Discuss the important functions of management.
4. Is management an art or a science? Give reasons for your view.
5. State the scope of management.
6. Define management. Mention the important features of management.
7. Explain the importance of management in a modern organization.
8. What are the objectives of management?
9. Is management an art? Discuss.
10. Is management a science? Discuss.
11. Do you consider management as a profession? Discuss.
12. What are the levels and tasks of the management?
13. What are the difference between administration and management?
14. What are the main functions of management?
15. Explain briefly the subsidiary functions of management.
16. What are the skills necessary for rendering the managerial job?

Exercises

All chapters contain exercises to help the student test their understanding of the topics.

Road Map to the University of Calcutta Syllabus

Principles of Management

Module I: Principles of Management

UNIT NO. & NAME	DETAILS	CHAPTER
Unit-1: Introduction	Management—definition, importance, functions, nature—as profession, science and art, universality of management; levels of management; managerial tasks and skills.	1
	Different Schools of Thoughts: Classical School—contributions of Taylor and Henri Fayol; Neo-classical school—Human Relations approach and Behavioural Science Approach; Modern School; System approach and Contingency approach.	2
Unit-2: Planning	Concept, importance, steps, types, premises, barriers to effective planning and remedial measures; strategic planning—concept forecasting—concept, techniques.	3
Unit-3: Organizing	Concept, importance, principles, different organization models—line and staff; Functional; Departmentation—need, basis, principles, Delegation of Authority—elements, steps barriers; Centralization and Decentralization of Authority; Span of Management; concept and determining factors.	4
Unit-4: Directing and Staffing	Leadership: Concept, importance, types, leadership traits, Tannenbaum & Schmidt's Model and Blake & Mouton's Model.	6
	Directing: concepts, importance of directing, Staffing: concepts, importance	9
Unit-5: Motivation, Co-ordination and Control	Motivation: Concept, importance, importance of need theory, and contributions of McGregor, Maslow, Herzberg.	5
	Coordination: concepts, importance, principles and implementation techniques.	7
	Control: concepts, importance and tools of control.	8

Basics of Management

Chapter Outline

- Traditional approach
- Modern approach
- Different senses of management thought
- Characteristics of management
- Importance of management
- Objectives of management
- Management as an art
- Management as a science
- Management as a profession
- Levels of management
- Managerial skills
- Scope of management
- Administration and management
- Meaning of functions of management
- Classification of managerial functions

1.1 CONCEPT OF MANAGEMENT

The concept of management can be categorized according to two broad categories: the traditional approach and the modern approach.

Traditional approach The word ‘management’ can be scanned as ‘*manage-men-t*’ (i.e., manage men tactfully). Therefore, management means managing men tactfully to get things done. In other words, management involves the art of getting things done through people. It is used to manage the ‘group of personnel’ in an organization.

Modern approach The term ‘management’ may be defined as creating the internal environment of an enterprise where individuals working together in groups towards the attainment of group goals. It is a distinct process consisting of planning, organizing, directing, controlling, etc., performed to accomplish the objectives of the organization by the use of human and non-human resources. It is the force that integrates human and non-human resources into an effective operative unit.

The concept of management has been defined by several eminent management experts from different viewpoints as follows:

- ‘Management is the art of getting things done through and with people in formally organised groups. It is the art of creating an environment in which people can perform efficiently and effectively towards the attainment of group goals.’
[Harold Koontz & Cyrill O’Donnell]
- ‘Management is a distinct process consisting of planning, organising, directing and controlling, performed to determine and accomplish the stated objectives by the use of human beings and other resources.’
[George R. Terry]

- ‘Management is the art and science of decision-making and leadership.’ [Donald J. Clough]
- ‘Management is a process of releasing and directing human energies towards attaining a definite goal.’ [C. W. Wilson]
- ‘Management is the art of directing and inspiring people.’ [J. D. Mooney & A. C. Railey]
- ‘Management is the function of executive leadership anywhere.’ [Ralph C. Davis]
- ‘Management is the art of knowing exactly what you want men to do and then seeing that they do it in the best and cheapest way.’ [F. W. Taylor]
- ‘Management is the process of decision-making and control over the actions of human beings for the purpose of attaining predetermined goals.’ [Stanley Vance]
- ‘Management is the process by which managers create, direct, maintain and operate organisations through systematic, coordinated and cooperative human efforts.’ [Dalton E. Mc. Farland]
- ‘Management is the process of getting things done through the agency of a community.’ [Sir Charles Raynold]
- ‘Management is a technique by means of which the purposes and objectives of a particular human group are determined, clarified and effectuated.’ [Elmore Peterson & E.G. Plowman]
- ‘Management is the art of securing maximum prosperity and happiness for both employer and employee with a minimum of effort.’ [John F. Mee]
- ‘Management is the force that integrates human and non-human resources into an effective operative unit.’ [Keith & Gubellini]

Therefore, management is all-pervasive and is concerned with all the aspects of the working of an enterprise. It is considered as a method, a system, a process, a group, a discipline, etc., which adds effectiveness to human activities. The principles of management are dynamic. These principles change with time and are affected by monetary considerations. Principles of management are also affected by human activities. Management principles which are effective in one situation may not be effective in another situation. Management principles and practices vary with the situation in which the organization operates.

1.2 DIFFERENT VIEWS OF MANAGEMENT THOUGHT

Different views of management thought and their interpretations are as follows:

- Management as a process;
- Management as an activity;
- Management as a discipline;
- Management as a system;
- Management as a hierarchy of authority;
- Management as an invisible force;
- Management as a group of individuals;
- Management as a social process;
- Management as an economic resource;
- Contingency approach of management;
- Quantitative approach of management;
- Management as a profession.

Management as a process Management is regarded as a process, because it includes a series of inter-related managerial actions. It is the process of planning, organizing, directing, and controlling the efforts of the members of an organization. These functions are performed to transform resources and information into tangible production and/or services.

Management as an activity Management involves the work of getting things done by others. It includes all activities concerned with the work of directing, regulating, and integrating human efforts in the discharge of different operations of an enterprise.

Management as a discipline Management as a discipline refers to the systematized body of knowledge and is a separate field of study. Management is fast-growing as an independent discipline of study as a part of social sciences. It is based on a scientific approach and adheres to a code of ethics.

Management as a system Management is a total system consisting of interacting and interdependent subsystems. A system is a set of interacting components that go to constitute a united whole. The main function of management is to bring in a harmonious arrangement among the different resources used in an organization.

Management as a hierarchy of authority Management is the authority to make and enforce rules. In other words, it is a rule-making and rule-enforcing body. It is bound together by a web of relationships between superiors and subordinates. It consists of a team of managers who are responsible for making decisions and supervising the work of others. Managers at different levels possess varying degrees of authority.

Management as an invisible force Management is a goal-oriented invisible force. The presence of management can be felt only by its results. When we do not get the desired result, we say it is the result of poor management.

Management as a group of individuals Management refers to all those persons who are concerned with managing the affairs of the business. All the managers from the chief executive to the first line supervisors are collectively addressed as the management. Practically, the term 'Management' is used to indicate only the top management of the organization (e.g., Board of Directors of a company).

Management as a social process Management aims at optimum utilization of scarce resources for the benefit of the community as a whole. In this sense, management is regarded as a social process. It has a social obligation to make optimum utilization of scarce resources for the benefit of the society.

Management as an economic resource As per the version of economists, 'management is a factor of production such as entrepreneurship, capital, and labour.' The managerial resource, to a large extent, determines organizational effectiveness and efficiency.

Contingency approach of management Management techniques which are effective in one situation may not be effective in another situation. In other words, management principles and practices vary with the situation in which the organization operates. A manager should formulate policies and strategies in accordance with the prevailing environmental conditions.

Quantitative approach of management The language of management is heavily oriented to statistics and mathematics. The aim of the quantitative (or mathematical) approach of management is to take rational decision-making through different tools and techniques (e.g., linear programming, game theory, queuing theory, simulation theory, etc.).

Management as a profession Management is a well-defined body of knowledge. It requires formal training for new entrants. It consists of principles, techniques, and laws that can be taught as a separate discipline. Therefore, it is recognized as a profession.

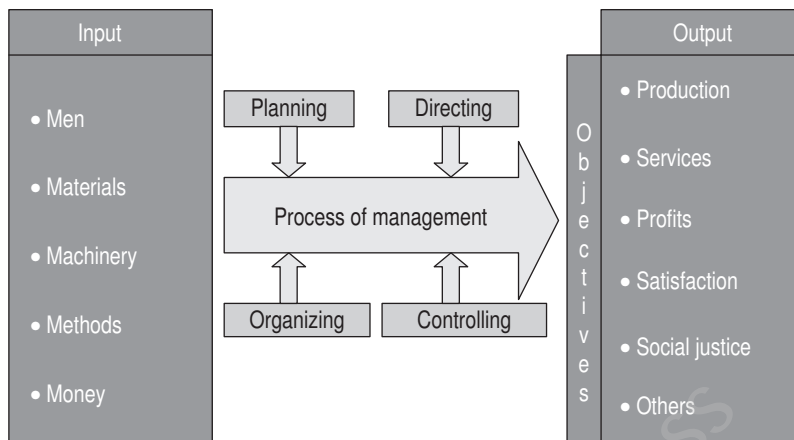


Fig. 1.1 Management process

1.3 MANAGEMENT PROCESS

Figure 1.1 depicts the process of management. Men, materials, machinery, methods, and money are the inputs, which are acted upon by the various managerial functions such as planning, directing, organizing, and controlling to produce the desired outputs such as production, services, profits, satisfaction, social justice, etc.

1.4 CHARACTERISTICS (OR FEATURES) OF MANAGEMENT

The important characteristics of management are as follows:

Purposive activity The purpose of management is always to achieve certain predetermined objectives. The tasks of management are directed towards effectiveness (i.e., economy in the use of resources).

Group activity Management is a group activity. An organized group of people work together towards a common goal. It is a team work. It coordinates the efforts of organizational members to achieve certain predetermined objectives.

Integrating activity Management integrates human efforts with non-human resources (like materials, machines, technology, financial resources, etc.). It seeks to harmonize human and non-human resources to achieve predetermined objectives.

Continuous activity There is always a continuous need of the solution of problems and improvements in the business. The cycle of management continues to operate so long as there is an organization.

Distinct process Management is a distinct process performed to accomplish predetermined objectives. It is quite distinct from its various functional activities, techniques, and procedures. It consists of various functions, such as planning, organizing, staffing, directing, coordinating, motivating, and controlling.

Rational process Management deals with the achievement of some clearly defined objectives. Group efforts are directed to achieve a predetermined objective. Management organizes, plans, directs, and controls an enterprise for the purpose of earning satisfactory profits. Therefore, it is a rational process.

Universal process The principles and techniques of management are universal in character. They are equally applicable in all types of organizations, such as, business, social, religious, educational, cultural, sports, military, etc. Therefore, wherever there is human activity, there is management.

Social process Management aims at the optimum utilization of scarce resources for the benefit of the community as a whole. The effort of human beings have to be directed, coordinated, and regulated by the management in order to achieve the desired results. In this sense, management is regarded as a social process.

Goal-oriented All management activities have to be goal-oriented and result-oriented. Effective management is always 'management by objectives.' Management is concerned with the establishment and accomplishment of some definite goals.

Human activity Management is related with human activities. It is the function of getting things done through people. Managerial techniques are used by human beings as tools to achieve predetermined organizational goals.

Pervasive Management is pervasive in the sense that it is relevant for all organizations, irrespective of the size (small or large), nature (economic, social or political), and location (in rural or urban areas). Moreover, management is applicable at all levels of the organization.

Hierarchy of authority Management is the authority to make and enforce rules. In other words, it is a rule-making and rule-enforcing body. It is bound together by a web of relationships between superiors and subordinates. There is a chain of authority distribution and the responsibility always goes with the authority.

Dynamic function Management is a dynamic function, which is to be performed continuously. Policies and procedures of management are quickly changed to cope with the changing business environment.

Decision-making function Management involves decisions relating to various aspects of an enterprise. All managerial functions are settled by managers with the tool of decision-making.

Management as a profession Management is a well-defined body of knowledge and requires formal training for new entrants. It consists of principles, techniques, and laws that can be taught as a separate discipline. Therefore, it is recognized as a profession.

1.5 IMPORTANCE (OR SIGNIFICANCE) OF MANAGEMENT

The importance of management can be enumerated as follows:

Optimum utilization of resources Management utilizes human and non-human resources productively. As a result, wastage is eliminated and efficiency is increased. It stimulates the forces of economic growth. It is a catalyst without which no organization can survive and grow.

Maximum production at a minimum cost An efficient management helps to reduce cost and increase output through better planning, organizing, and control. In the present age of cut-throat competition, no business can survive until and unless it is able to provide quality goods and services at the lowest possible prices. A good management tries to reduce the cost of production by increasing productivity.

Achievement of group objectives Management helps in achieving group goals by directing the activities of the managers towards attainment of group objectives. Management makes the people realize the objectives of the group and directs their efforts towards the achievement of group objectives.

Sound organizational structure Management establishes a sound organization in accordance with the desired objectives. For this purpose, it divides total work into specific jobs and establishes clear-cut authority and responsibility relationships among the positions held by people. It encourages the spirit of cooperation, fellow-feeling and mutual understanding among workers.

Efficient running of business Management ensures efficient and smooth running of business through better planning, sound organization, effective control, etc. It encourages human forces to put in their best performance by improving their skills.

Generation of employment opportunities Management creates job opportunities by setting up new business houses and by expanding existing business enterprises. Therefore, economic and social needs of the employees can be satisfied.

Increase of profits Increased profits is the result of either increase in sales revenue or decrease in cost. Management by reducing costs increases its profits and provides opportunities for further growth and development.

Improving standards of living Management improves the standard of living of the people by providing quality goods and services at the lowest possible prices. Moreover, it provides new products to people with the use of the latest technology.

Quick adjustment with external environment An efficient management enables an organization to adjust with the complex and ever-changing external environment. Policies and procedures of management are quickly changed to cope with the changing business environment.

Beneficial to society Good management techniques make difficult tasks easier and unprofitable jobs more profitable. The management with its creative nature designs new products, adopts new technology, and gives the maximum satisfaction to the customers and the whole society. Therefore, proper management arranges for the production of socially needed essential goods.

Increasing productivity Management makes possible increase in the productivity of all factors of production. Management can generate a favourable working environment where the workers can increase their productivity and efficiency.

Innovation and expansion Management creates conditions for expansion and development of the business. Innovation of new production techniques and technology makes business dynamic. It provides new ideas, imagination, and vision to the organization.

Maximum satisfaction to workers Management places the right people in the right job. Moreover, it provides proper education and training to the employees. This increases the productivity of the workers and gives maximum satisfaction to the workers.

Right decision at the right time An ideal management takes the right decisions on all matters at the right time. By taking the right decisions, it can remove all the problems and can run the business on right track.

1.6 OBJECTIVES OF MANAGEMENT

The following are the main objectives of management:

Getting maximum results through minimum effort It is the general objective of every management to secure maximum results through minimum effort and resources. The optimum use of men, materials, machines, and money will give maximum returns.

Proper utilization of resources Every management aims at utilizing the factors of production properly. Management must increase the productivity of the enterprise by securing best utilization of its available human and non-human resources. As a result, productivity of resources is increased and wastage of resources is reduced.

Establishing a sound organization Management establishes a sound organization by dividing the functions among the managers. It coordinates the activities of different managers so that their united effort could achieve the objective of the enterprise. It also establishes a clear-cut authority–responsibility relationship among the positions held by people.

Helpful in achieving predetermined objectives Management provides a dynamic force in helping any enterprise to achieve its objectives. It leads an enterprise towards growth and prosperity by proper planning, organizing, directing, etc.

Securing maximum prosperity for employers and employees Management secures maximum prosperity for employers by earning high profits at minimum costs. It also secures maximum prosperity for employees by providing adequate remuneration and other benefits for their services.

Improving productivity and efficiency of the labour force Management creates a favourable environment where workers can increase their productivity and efficiency. It always considers labour force more important than other things. It brings about development of human talent by encouraging initiative, skill, and technical competence.

Improving discipline and morale Management introduces discipline in the conduct of group of individuals through exercise of authority, assignment of responsibility, and employing procedures of evaluation and control. It motivates people and ensures high morale by providing various monetary and non-monetary incentives to them.

Rightful decision-making Rational management takes right decisions on all matters at the right time. By taking the right decision, it can remove all problems and can run the business on the right track. Management as an all-pervasive process should make the right approach towards decision-making.

Better life for human beings Management ensures a better life for human beings by increasing productivity and employment. It improves the standard of living of the workers by increasing their productivity and earnings. It also improves the standard of living of the consumers by producing new varieties of products and thereby creating new tastes, fashions, etc. Therefore, it provides justice for all.

Innovation and expansion Management creates conditions for expansion and development of the business. Innovation of the new production technique and technology makes business dynamic. It provides new ideas, imagination, and vision to the organization.

1.7 MANAGEMENT AS AN ART

Art refers to the application of skill and knowledge to attain the desired result. Art is concerned with the practical application of theoretical knowledge. The function of art is to accomplish concrete ends. It represents the methods of doing specific things and indicates how an objective is to be achieved. Every art is practical and is concerned with the creation of something.

An art has the following five essential features:

- Practical knowledge;
- Personal skill;
- Result-oriented approach;
- Constructive skill (i.e., creativity);
- Regular practice aimed at further improvement.

Now, let us see how far management fulfils these requirements to qualify as an art.

Practical knowledge Art presupposes the existence of theoretical knowledge. Art is concerned with the application of theoretical knowledge. Therefore, every form of art has both theoretical and practical aspects. Management is an art of getting things done through people to accomplish desired results. Management is concerned with putting the available knowledge into practice so as to accomplish predetermined goals.

Personal skill Every manager has his own style of working. The taste of management lies in the skilful use of one's technical knowledge to ensure maximum productivity and profitability. The manager has to use his personal skill and knowledge in solving many complicated problems to accomplish desired results. Therefore, management is a practice and performance.

Result-oriented approach All managerial activities have to be goal-oriented and result-oriented. Management is concerned with the establishment and accomplishment of some definite goals. Management aims at attaining maximum productivity and profitability at the lowest cost.

Constructive skill (i.e., creativity) Art involves practice of basic principles and then infusing creativity to develop own style of doing. Every artist has an element of creativity in him. This requires intelligence and imagination. This is true in management as well. Management is creative in the sense that it is the function of creating situations needed for further improvement.

Regular practice aimed at further improvement Practice makes a man perfect. Art involves practice of basic principles. Getting work done through people is an art of management. This objective is attained

through regular practice. An efficient manager can convert a challenge into an opportunity as he regularly practices the art of decision-making and leadership.

1.8 MANAGEMENT AS A SCIENCE

Science is a systematized body of knowledge, which can be acquired through observations and experimentation. The basis of science is to search for information by means of determining the cause–effect relationship through observations and experimentation.

The essential features of science are as follows:

- Systematized body of knowledge;
- Continued observations;
- Universal validity of principles;
- Principles based on experiments.

Now, let us see how far management fulfils these requirements to qualify as a science.

Systematized body of knowledge Science is a systematized body of knowledge which is based on a cause–effect relationship. Management is viewed as a science as it is also a systematized body of knowledge built up by management practitioners and experts over a period of time. The principles of management make use of scientific methods for observations.

Continued observations Science uses the scientific methods of observations which are unbiased and objective. The knowledge of management has been acquired through continuous efforts of many experts and practitioners over a period of years. The methods of observations followed by management are not completely objective, since management deals with human beings whose behaviour cannot always be predicted.

Universal validity of principles Scientific principles represent basic truths. These principles have universal validity and application. The principles of management can also be verified for their validity. Principles of management are evolved on the basis of repeated experimentation in various types of organizations. The fundamental principles of management are universally applicable. However, other principles have no universal applicability under all situations.

Principles based on experiments Scientific principles are first developed through observations and then tested by repeated experimentation. These principles establish a cause and effect relationship between various factors. When applied to management, the principles of management also establish a cause and effect relationship (e.g., faulty planning causes low productivity, etc.).

Therefore, management being a social science deals with people and their behaviours. Human behaviour cannot be subjected to laboratory experiments as is possible in natural sciences. Management is not an exact (or accurate) science. The principles of management cannot be considered as fundamental truths. Therefore, management may be regarded as a social science, as its principles do not always have a universal application.

1.9 MANAGEMENT—BOTH SCIENCE AND ART

Management can be regarded as both science and an art because it combines the features of both of them. In fact, science and art are not mutually exclusive but complimentary to each other. Science without art is a waste, whereas art without science is misleading. Only the right mixture of the two can make each other complete. Therefore, science and art of management must go hand-in-hand.

1.10 MANAGEMENT AS A PROFESSION

Profession is a specialized occupation. Profession involves rendering of personalized services by the use of specialized knowledge. Services rendered by doctors, lawyers, chartered accountants, tax consultants, engineers,

etc., come under this category. A professional renders specialized services to the general public. This service is based on professional education, knowledge, training, and experience. The activities of professionals are in the nature of intellectual exercise. The services offered by a professional cannot be substituted by another person in the same profession because it involves intellectual exercise. The quality of service offered by different professionals varies from one individual to another.

Professions are studied in specialized institutions and practiced in the real life situations. Any activity recognized as a profession is regulated by a professional association/body. A professional must possess *membership* and *certificate of practice* from the professional association that enforces the code of conduct for its members.

Prominent professional associations/bodies in India are given in Table 1.1.

Table 1.1 Profession and Its Professional Associations

S.No.	Profession	Professional Association
1	Accounting profession	The Institute of Chartered Accountants of India
2	Legal profession	Bar Council of India
3	Medical profession	Medical Council of India
4	Engineering profession	The Institute of Engineers in India
5	Company secretary profession	The Institute of Company Secretaries of India
6	Cost Accounting profession	The Institute of Cost Accountants of India

A profession is called an economic activity only when the service is rendered for some remuneration. Professionals charge fees from their clients for the services rendered to them. When a professional is practiced for pleasure alone, it would be a *hobby*.

Now, let us see how far management fulfils these requirements to qualify as a profession.

Specialized body of knowledge A profession is a specialized body of knowledge related to a particular field. Professionals should have specialized knowledge, technical skill, and experience. They possess special abilities and aptitudes for the work due to their specialized education.

Formal education and training One must possess relevant professional degrees (e.g., CA, LL B, MBBS, B Tech, CS, CMA, etc.) to pursue a profession. Training in the profession is available in specialized institutions. Formal education and training are imparted by professional institutions. Such institutions assist in the technical advancement of professional knowledge and ensure discipline among members.

Code of conduct Professionals are to keep any material information regarding their work a secret. Members of a profession are bound to follow the code of conduct prescribed by their respective association. Every member of a professional association is obliged to follow its code of conduct.

Honesty and morality A professional must possess the qualities of honesty, integrity, morality and hard work. An efficient professional renders valuable service to the society.

Service motive Professional are respected in the society because of their service motive and dedication to jobs. They give top priority to provide services to their clients at reasonable fees. They try to maintain high status of their professions by rendering quality services.

Professional association The existence of a recognized professional association is a must for the development of any profession (like Medical Council of India for doctors, Bar Council of India for lawyers, etc.). The membership to a professional body is compulsory in order to practice a profession.

Management may be regarded as a profession because it meets the following characteristics:

- Management has a specialized body of knowledge;
- It requires formal intellectual training.
- It follows a scientific approach.
- It involves special skills.
- It adheres to a code of ethics.
- It possesses some ethical standards of conduct for its members.
- It has a required discipline.

Although management does not possess all the essential attributes of a profession, it is no doubt emerging as a profession. Management of today is becoming creative rather than adaptive. It is conscious of its ethical and social responsibilities. Management is not outright a profession but it is making giant steps in that direction. Now management is moving in the direction of a profession.

1.11 LEVELS AND TASKS OF MANAGEMENT

On the basis of authority and responsibility, we can identify three levels of management in the organizational hierarchy, namely:

- Top level management;
- Middle level management;
- Lower level management.

Top level management It is the highest level in the managerial hierarchy and the ultimate source of authority in the organization. This level consists of the Board of Directors, the Chief Executive Officer (i.e., Managing Director) and the General Manager. The main tasks of top level management include the following:

- To formulate plan for the entire organization covering all areas of operations;
- To set the organizational goals and decide on the means to achieve those goals;
- To frame policies and make plans to achieve these objectives;
- To set up an organizational structure and creating various positions therein;
- To lay down guidelines for the departmental heads;
- To assemble the resources (men, materials, machines, money, methods etc.);
- To provide overall leadership;
- To review the work of executives and evaluate their performance;
- To exercise control on various activities by reviewing overall operating results;
- To relate the organization to the external environment;
- To decide upon matters for the survival and growth of the organization;
- To make decision regarding distribution of profits and others incomes;
- To coordinate various subsystems of the organization;
- To maintain liaison with external parties.

Middle level management It consists of various functional managers (such as, production manager, purchase manager, marketing manager, public relation officer, research and development officer, etc.) and administrative officer. These executives are mainly concerned with the overall functioning of their respective departments. The main tasks of middle-level management include the following:

- To establish a link between top management and lower management;
- To establish departmental objectives and to decide on the means to achieve goals;
- To prepare departmental plans covering all activities of the departments;
- To transmit orders, suggestions, policy decisions. and instructions to lower level;
- To settle various problems and forward suggestions to the upper level;

- To achieve coordination between the different parts of the organization;
- To build up efficient work force by giving reward according to merit;
- To inspire operating managers towards better performance;
- To motivate subordinates to achieve higher productivity;
- To explain and interpret policy decisions to the lower level;
- To coordinate the activities of various work units at lower level;
- To collect reports on performance to be intimated to the top management.

Lower level management This level consists of superintendent, supervisors and foremen. They directly guide and control the performance of the rank and file workers. This level is also called ‘operating management’. They issue orders and instructions to operative employees and guide them in their day to day activities. The main tasks of lower level management include the following:

- To make a plan for day to day activities and assign jobs to subordinates;
- To arrange materials, machinery and tools for smooth operations;
- To assist the subordinates by explaining the procedures of work;
- To ensure the work of requisite quantity and quality as scheduled;
- To supervise and guide the work of operatives;
- To report the problems faced by workers to the middle level management;
- To maintain close personal contacts with workers for ensuring discipline & teamwork;
- To communicate the grievances and suggestions of workers to higher authorities;
- To evaluate operating performance and send reports to the higher authority.

1.12 MANAGERIAL SKILLS

Skill is the ability in performing a particular task. Several skills are required to manage a large organization successfully in a dynamic environment. An effective manager should possess the following skills:

Conceptual skill Conceptual skill refers to the competence to understand a problem in all aspects and to use original thinking in solving the problem. This skill is needed by all the managers at every level of the organization. This skill helps in visualizing complexities of overall organization and develops a vision to deal with the situations. Such competence is necessary for rational decision-making. This skill helps in understanding the relationship between an organization and its external environment.

Technical skill Technical skill refers to the ability to use tools, equipment, techniques, procedures, etc., in a specialized manner in performing specific tasks. These skills require specialized knowledge, training, and proficiency in performing a particular job or task. Normally, operating (or supervisory) managers require a high degree of technical skill to provide guidance and instructions to their subordinates. Higher the level of management, the need for technical skill decreases.

Human skill Human skill refers to the ability to understand, lead, motivate, and work with other people in the organization. This skill includes interpersonal and behavioural skill of managers to solve problems of their subordinates. This skill requires a sense of feeling for others and capacity to look at things from others point of view. It helps in understanding subordinates and their needs, feelings, and problems. This skill helps in getting cooperation from subordinates and building up effective team work.

Analytical skill Analytical skill refers to the ability to solve any problem by identifying and analysing its nature. This skill is a proper blend of analytical ability, common sense, and basic intelligence. This skill is required by every manager for solving complex problems. Managers having such a skill can quickly get into the depth of the problem.

Administrative skill Administrative skill refers to the ability to get things done through others. This skill includes the abilities to lead, motivate, communicate, cooperate, and coordinate with others in order to get the things done through others. This skill makes managers professionally sound and pragmatic.

1.13 SCOPE (OR AREAS) OF MANAGEMENT

Management covers the following aspects:

Subject matter of management It consists of various management functions, such as (i) planning, (ii) organizing, (iii) directing, (iv) staffing, (v) coordinating, (vi) motivating, (vii) controlling, etc.

Functional areas of management It includes functional areas, such as (i) production management, (ii) marketing management, (iii) financial management, (iv) personnel management, (v) office management, (vi) purchase management, etc.

Production management It relates to production planning, quality control, inspection, production control techniques, research and development, value analysis, etc.

Marketing management It relates to the marketing of goods and services, price determination, channels of distribution, sales-promotion, sales-mix determination, after-sale service, market research, etc.

Financial management It relates to the procurement and utilization of funds for business purposes.

Personnel management It deals with the effective control and use of manpower and relates to the procurement, utilization, maintenance, and development of human resources involved in an enterprise.

Office management It relates to office lay out, staffing, equipment of office, etc. It is the technique of planning, coordinating, and controlling office activities with a view to achieve common business objectives.

Purchase management It relates to purchasing of raw materials, maintenance of records, materials control, issuing materials to the departments, etc.

1.14 ADMINISTRATION AND MANAGEMENT

Administration is a thinking function of the top level management. It sets objectives which management strives to realize. It lays down policies under which management operates. It helps in deciding the field of operation of business activities.

The element of administration increases as one progresses to higher ranks (or positions) and the element of management increases as one proceeds to the lower ranks. This may be observed in Fig. 1.2.



Distinctions between administration and management

Fig. 1.2 Distinction between administration and management

Table 1.2 shows the distinction between administration and management.

Table 1.2 Administration and Management Based on Distinction

S.No.	Basis of Distinction	Administration	Management
1.	Meaning	It means determination of objectives, targets, and policies of an enterprise.	It means creating the internal environment towards the attainment of goals of enterprise.
2.	Nature of work	It is a decision-making function.	It is an executive function.

(Contd)

Table 1.2 (Contd)

3.	Level of authority	It is concerned with top level of management.	It is concerned with middle and lower levels of management.
4.	Scope	It is a wider term than management.	It takes decisions within the framework set up by the administration.
5.	Relative importance	The element of administration increases as one progresses to higher levels of management.	The element of management increases as one descends to lower levels of management.
6.	Use of the term	It is generally used in non-business institutions.	It is generally used in business enterprises.
7.	Factors influencing decision-making	Its decisions are influenced by external factors.	Its decisions are influenced by internal factors.
8.	Determination of limits	It determines those limits within which management has to function.	It functions within the limits determined by the administration.

1.15 MEANING OF FUNCTIONS OF MANAGEMENT

Management is the art of getting things done by the people for the accomplishment of predetermined objectives. For attaining these objectives, a manager has to perform a series of functions. The functions of management refer to those activities which are required to be undertaken for the achievement of organizational goals.

1.16 CLASSIFICATION OF MANAGERIAL FUNCTIONS

The study of the functions of management is an important topic in the theory of management. Different classification of managerial functions has been attempted by different experts in the field. Some of the important classifications of managerial functions are given in Table 1.3.

Table 1.3 Classifications of Managerial Functions

Management Experts	Managerial Functions Specified
Henry Fayol	(i) Planning and forecasting, (ii) Organizing, (iii) Commanding, (iv) Coordinating, (v) Controlling.
Harold Koontz and Cyril O' Donnell	(i) Planning, (ii) Organizing, (iii) Direction and leadership, (iv) Controlling, (v) Staffing.
Luther Gullick	(i) Planning, (ii) Organizing, (iii) Directing, (iv) Staffing, (v) Coordinating, (vi) Reporting, (vii) Budgeting.

Table 1.3 (Contd)

George R. Terry	(i) Planning, (ii) Organizing, (iii) Actuating, (iv) Controlling.
Lyndall Urwick	(i) Planning, (ii) Organizing, (iii) Commanding, (iv) Coordinating, (v) Communicating, (vi) Forecasting, (vii) Investigating.
Ernest Dale	(i) Planning, (ii) Organizing, (iii) Staffing, (iv) Direction, (v) Control, (vi) Innovation, (vii) Representation.

Therefore, the various functions of management may be divided into two categories, namely,

(A) Main functions

- (a) Planning;
- (b) Organizing;
- (c) Directing;
- (d) Staffing;
- (e) Coordinating;
- (f) Motivating;
- (g) Controlling.

(B) Subsidiary functions

- (a) Communication;
- (b) Decision-making;
- (c) Innovation;
- (d) Representation.

1.16.1 Main Functions of Management

Planning Planning is the conscious determination of a future course of action to achieve the desired results. It is the process of thinking before doing. It depicts a framework within which other management functions will operate. It is a continuous process that takes place at all levels of management.

Planning consists of deciding in advance the following aspects:

- What is to be done in future;
- How it is to be done;
- Where it is to be done;
- When it is to be done;
- By whom it is to be done.

Planning involves the functions of decision-making and problem-solving. In other words, planning involves a selection of business objectives and deciding the future course of action for achieving these objectives. The process of planning involves a number of steps, as follows:

- Selection of business objectives;
- Establishment of the planning premises;
- Development of alternative courses of action;

- Evaluation of alternative courses of action;
- Selection of best course of action from available alternatives;
- Formulation of plans (short/medium/long);
- Making arrangements for effective implementation of plans;
- Review of existing plans to determine its limitation.

Organizing This provides the necessary framework for the management. It is the creation of a harmonious structure of authority–responsibility relationship. It involves the assignment of grouped activities to various managerial levels. The functions of organizing are to arrange, guide, coordinate, direct, and control the activities of other factors of production. It is the mechanism through which management directs, coordinates, and controls business operations. The purpose of organizing is to relate organizational people to each other and to work for the achievement of organizational goals. It aims at achieving optimum coordination of business functions. It contributes to the efficiency of the enterprise.

The process of organizing involves the following steps:

- To establish the objectives, policies, and plans of business;
- To identify the activities to be performed;
- To classify those activities into convenient rules;
- To assign such group activities to different individuals;
- To delegate authority and fix responsibility for carrying out these activities;
- To coordinate various activities for goal-achievement.

Directing Directing is the process of instructing, guiding, supervising, motivating, and leading the subordinates for the achievement of organizational objectives. It is concerned with the execution of plans through organized action. It concerns the total manner in which a manager influences the actions of subordinates. The main activities involved in direction are (a) supervising, (b) communicating, (c) motivating, and (d) leading.

According to George R. Terry:

- Direction provides motion to the action;
- It provides instruction to subordinates for doing some work;
- It gives them an order for doing the work;
- It provides motivation to employees;
- It provides stimulating power among employees.

Directing is a continuous function and is performed at all levels of management. It consists of the following steps:

- Issuing orders and instructions by a superior to his subordinates;
- Motivating subordinates to contribute to the best of their capability;
- Providing leadership to subordinates to influence group activities;
- Observing the activities of the subordinates;
- Helping subordinates to resolve their work problems.

Staffing This refers to the managerial function of acquiring, activating, developing, and maintaining human resources for achieving organizational goals. It also involves upgrading the quality and usefulness of existing members of the organization. It is a process of matching the jobs with individuals. The sole aim of staffing is to take the right man for the right job. It involves proper recruitment, selection, training, placement, promotion, demotion, and finally the retirement of employees.

The basic framework of staffing consists of following sequence of functions:

- Man-power planning;
- Selection and recruitment of personnel;

- Placement and orientation of personnel;
- Providing training to personnel;
- Evaluating performance of personnel;
- Development, promotion/demotion, transfer, etc., of personnel;
- Determining a fair remuneration policy;
- Determining retirement policy;
- Determination of remuneration of personnel.

Coordinating This is the art of achieving harmony of individual and group efforts for the accomplishment of organizational goals. It ensures unity of action in the realization of common objectives. It involves synchronization of different actions, so that the planned objectives can be achieved with the minimum of conflict. It develops team spirit and creates an atmosphere of cooperation among the staff. It is a conscious process of assembling and synchronizing various activities with a view to achieve specific objectives. Therefore, coordinating is the orderly arrangement of group efforts for the accomplishment of the organizational goals.

An efficient manager coordinates in the following ways:

- Mutual coordination between different departments;
- Coordination between the efforts of different employees;
- Coordination between the efforts of employees and managers.

The principles of coordination can be described as follows:

- Coordination should be started at an early stage;
- Coordinating parties should meet personally to discuss the matter;
- The principle of reciprocity helps in coordinating the efforts of both parties;
- Coordination secures unity of action;
- It is a continuous and dynamic process;
- It has a common purpose of getting organizational objectives accomplished.
- It involves integrating and harmonizing the activities of different departments and individuals for the accomplishment of the organizational goals.

Motivating This means inspiring the subordinates with a zeal to do work for the accomplishment of organizational objectives. It is an inner impulse causing man to action. It is a means of triggering human desire to action. It is the act of stimulating individuals to get the desired result. It induces workers to contribute their best efforts for the fulfilment of organizational objectives. It minimizes the waste of human and other resources.

The process of motivation involves the following steps:

- Providing effective leadership;
- Inspiring people to cooperate;
- Effective communication;
- Providing a climate for subordinates' development.

Controlling It is a process which enables the management to get its policies implemented and take corrective action if performance is not according to the predetermined standards. It is the process of verifying whether actual performance is in conformity with planned performance. It ensures qualitative and quantitative performance of work in the organization for the achievement of its objective. The main purpose of control is to see whether everything in the organization is being done in accordance with predetermined plans. Control measures the performance, corrects negative deviations, and assures accomplishment of plans by fixing responsibility.

The process of control involves the following steps:

- Establishing standards of performance;
- Measuring actual performance;

- Comparing the actual performance with the standard;
- Finding variances (or deviations), if any;
- Taking corrective measures, where necessary.

1.16.2 Subsidiary Functions of Management

Communication It means exchange of ideas, knowledge, opinions, etc., by speech, writing or signs. It is a process of transmitting information from one person to another. It involves a systematic and continuous process of telling, listening, and understanding. It is the life blood of modern business and industry. It helps the management to keep itself informed of various problems, difficulties, and grievances. It helps in securing the largest possible participation in decision-making, planning, and general administration.

Decision-making The right decision at the right time by the right person is essential for the success of any business. Management has to take numerous decisions in different situations. Right decision helps the management in the growth of a business. Moreover, appropriate decision-making helps in the smooth running of the enterprise.

Innovation It involves preparing people and the organization to face new challenges of fast-changing conditions. The management must try to create new products, new practices, new ideas, and new structures, keeping in mind the needs of the future. The function of innovation involves preparing people and the organization to face new challenges. It enables the management to keep pace with modern techniques and up-to-date demands.

Representation It means representing the business concern in the outside world. It implies an effort to promote the image of the enterprise to the outside world through meetings, seminars, discussions, etc. The management has the responsibility of representing the organization to the various interested groups (e.g., shareholders, Government, customers, employees, suppliers, trade unions, financiers, etc.). The management has to project its own image as well as the image of the organization to the outside world.

Model Objective Type Questions

1. What do you mean by management?

Answer The word 'management' can be scanned as '*man-age-men-t*' (i.e., manage men tactfully). Therefore, management means managing men tactfully to get things done. The term 'management' may be defined as creating the internal environment of an enterprise where individuals working together in groups towards the attainment of group goals. It is a distinct process consisting of planning, organizing, directing, controlling, etc., performed to accomplish the objectives of the organization by the use of human and non-human resources.

2. Do you consider management as a process?

Answer Management is regarded as a process, because it includes a series of interrelated managerial actions. It is the process of planning, organizing, directing, and controlling the efforts of the members of an organization. These functions are performed to transform resources and information into tangible production and/or services.

3. Is management a discipline?

Answer Management as a discipline refers to the systematized body of knowledge and is a separate field of study. Management is fast-growing as an independent discipline of study as a part of

social sciences. It is based on a scientific approach and adheres to a code of ethics.

4. Mention any three features of management.

Answer

Purposive activity The purpose of management is always to achieve certain predetermined objectives. The tasks of management are directed towards effectiveness (i.e., economy in the use of resources).

Group activity Management is a group activity. An organized group of people work together towards a common goal. It is team work. It coordinates the efforts of organizational members to achieve certain predetermined objectives.

Continuous activity There is always a continuous need of the solution of problems and improvements in the business. The cycle of management continues to operate so long as there is an organization.

5. Is management a universal process?

Answer The principles and techniques of management are universal in character. They are equally applicable in all types of

organizations, such as, business, social, religious, educational, cultural, sports, military, etc. Therefore, wherever there is human activity, there is management.

6. What is the social importance of management?

Answer Management aims at the optimum utilization of scarce resources for the benefit of the community as a whole. The effort of human beings have to be directed, coordinated, and regulated by the management in order to achieve the desired results. In this sense, management is regarded as a social process.

7. 'Management is pervasive in nature.' Do you think so?

Answer Management is pervasive in the sense that it is relevant for all organizations, irrespective of the size (small or large), nature (economic, social or political), and location (in rural or urban areas). Moreover, management is applicable at all levels of the organization.

8. Mention any four socioeconomic significance of management.

Answer

- (i) Management stimulates the forces of economic growth. It utilizes human and non-human resources productively.
- (ii) A good management tries to reduce the cost of production by increasing productivity.
- (iii) Management creates job opportunities by setting up new business houses and by expanding existing business enterprises. Therefore, economic and social needs of the employees can be satisfied.
- (iv) The management with its creative nature, designs new products, adopts new technology, gives the maximum satisfaction to the customers and the whole society. Therefore, proper management arranges for the production of socially needed essential goods.

9. Do you consider management as an art?

Answer Art presupposes the existence of theoretical knowledge. Management is concerned with putting the available knowledge into practice. Management is an art of getting things done through people to accomplish desired results. Management is creative in the sense that it is the function of creating situations needed for further improvement. The manager has to use his personal skill and knowledge in solving many complicated problems. Art involves practice of basic principles. This is true in management as well.

10. Do you consider management as a science?

Answer Management is viewed as a science as it is based on systematized body of knowledge. The principles of management make use of scientific methods for observations. Scientific principles represent basic truths. The fundamental principles of

management are universally applicable. Management is not an exact (or accurate) science. The principles of management cannot be considered as fundamental truths. Therefore, management may be regarded as a social science, as its principles do not always have a universal application.

11. 'Management is regarded both science as well as an art.' Do you agree?

Answer Management can be regarded as both science and an art because it combines the features of both of them. In fact, science and art are not mutually exclusive but complimentary to each other. Science without art is a waste, whereas art without science is misleading. Only the right mixture of the two can make each other complete. Therefore, science and art of management must go hand in hand.

12. Is management a profession?

Answer Profession is a specialized occupation. Professional service is based on professional education, knowledge, training, and experience. The activities of professionals are in the nature of intellectual exercise. Professions are studied in specialized institutions and practiced in the real life situations. It is conscious of its ethical and social responsibilities.

However, management does not possess all the essential attributes of a profession—it is no doubt emerging as a profession. Management is not outright a profession but it is making giant steps in that direction. Now, management is moving in the direction of a profession.

13. What are levels of management?

Answer On the basis of authority and responsibility, we can identify three levels of management in the organizational hierarchy, namely:

Top level management This level consists of the Board of Directors, the Chief Executive Officer (i.e., Managing Director) and the General Manager.

Middle level management It consists of various functional managers (such as, production manager, purchase manager, marketing manager, public relation officer, research and development officer, etc.).

Lower level management This consists of superintendent, supervisors, and foremen who are in direct touch with the rank and file of workers.

14. What are the functional areas of management?

Answer Management includes the following functional areas:

- (i) Production management, (ii) marketing management, (iii) financial management, (iv) personnel management, (v) office management, (vi) purchase management, etc.

15. What are the difference between administration and management?

Answer

- (i) Administration is a decision-making function. Management is an executive function.

- (ii) Administration is concerned with top level of management. Management is concerned with middle and lower levels.

16. What are the main functions of management?

Answer The main functions of management are (i) planning, (ii) organizing, (iii) directing, (iv) staffing, (v) coordinating, (vi) motivating, and (vii) controlling.

Exercises

Objective Type Questions (2 marks)

1. What is 'levels of management'?
2. What is social significance of management?
3. Define management.
4. What do you mean by 'universality of management'?
5. Distinguish between management and administration.
6. What are the social objectives of management?
7. State whether management is science or an art.
8. Mention the levels of management with a diagram.
9. State two managerial tasks.

Short Essay Type Questions (4 marks/8 marks)

1. 'Management is a profession.' Justify the statement.
2. Discuss the socioeconomic significance of management.
3. Discuss the important functions of management.
4. Is management an art or a science? Give reasons for your view.
5. State the scope of management.
6. Define management. Mention the important features of management.
7. Explain the importance of management in a modern organization.
8. What are the objectives of management?
9. Is management an art? Discuss.
10. Is management a science? Discuss.
11. Do you consider management as a profession? Discuss.
12. What are the levels and tasks of the management?
13. What are the difference between administration and management?
14. What are the main functions of management?
15. Explain briefly the subsidiary functions of management.
16. What are the skills necessary for rendering the managerial job?