



Introduction to Management

LEARNING OBJECTIVE

Through this chapter the students can learn about the following:

- To study the meaning of management & definition
- To Learn the nature of management and its purpose
- To study about the levels of management
- To understand the difference between administration and management
- To acquire knowledge about Planning, Organizing, Staffing, Directing, and Controlling.



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1.1 Introduction

Management is as old as man himself. It is concerned with human beings whose behavior cannot be predictable. Management is essential for business, banks, schools, college, charitable trust

etc. Every business organisation has its own objectives and the objectives are attained by the effort of several personnel. Management is an act of getting things done through people.



1.2 Meaning of Management

Management functions include, planning, organising, staffing, directing, and controlling an organisation. Management in all business is the art of getting people together, to accomplish desired goals using available resources. Individual or group of individual working in the organisation want to accept their responsibilities to run the organisation. Management does not do the work themselves, they motivate all the worker to attain the organisational goal. Management brings together all six M's (i.e.) Men, Material, Machines, Methods and Markets to attain the objectives.

1.3 Definition of Management

George T. Terry, “**Management is a distinct process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and resources**”.

F.W.Taylor, “**Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way**”.

Henry Fayol , “**To manage is to forecast and to plan, to organize, to command, to coordinate and to control**”.

1.4 Characteristics of Management

1. It is continuous and never ending process.
2. Management is an art of getting things done through people.
3. It is a group activity and not an individual activity.
4. It follows Principles or rules.

5. Management is both science and an art.
6. Management is all pervasive.
7. It is intangible.
8. Dynamic in nature

1.5 Importance of Management

1. **Management helps in achieving Group Goals:** Management integrates the resources and directs group towards achievement of pre determined goals. By defining the objectives of the organisation clearly and allocating the resources, it ensures to attain the goal.
2. **Establishes sound Organisation:** To establish sound organisation structure the authority and responsibility relationship should be defined clearly. Management helps to fill positions with right persons at right job.
3. **Encourages innovation:** Management encourages the innovation in the organisation. Innovation brings new ideas, new technology, new methods, new products, new services etc. This makes the organisation to face the competitive world.
4. **Management facilitates growth and expansion:** Management reduces waste and increases efficiency and helps to utilize the available resources to the maximum. It motivates the employees and reduce absenteeism and helps for the growth of the organisation.
5. **Improves life of workers:** Management helps the workers to work in a good environment. Management shares some of the profit to workers. Workers may get financial and non financial incentives which helps to improve their efficiency.

6. Management helps in the development of the society:

Efficient management improves the economic condition of the employee by paying good remuneration and incentives. It improves the standard of living of the employee and helps to develop the society.

7. Increase Efficiency:

Efficiency is the relationship between returns and cost, management uses many techniques to increase the return and reduce the cost. Increasing the efficiency brings many benefits to the organisation.

8. Optimum use of resources:

Management brings together the resources such as men, material, machinery and money in organisation. Management plans to utilize the resources without any wastage and increase the profit of the organisation.

9. Encourages teamwork:

Employees work are integrated together and encourage to work as a team. Management develops the team spirit in the organisation. Unity of the employees on working together as team brings success to the organisation.

1.6 Levels of Management

The term “Levels of Management” refers to a line of demarcation between various managerial positions in an organisation. The number of levels in management is based on the size of business. The levels of management can be classified in three broad categories:



Figure 1.1 Levels of Management

Top Level of Management : It consists of board of directors, chief executive or managing director, president, vice president and all top level managers. Top level management is responsible for controlling and overseeing the whole organisation. They develop goals, company policies take major decisions which affects the whole organisation. They are answerable to shareholders and public.

Following are the role of top level management:

1. Determination of objectives
2. Formulation of policies
3. Preparing long range planning and strategy
4. Organising for action
5. Keeping communication between the organisation and outside world
6. Ensure Co-ordination and effective control of activities.

Middle Level Management: Middle level management is also known as executory level management. They are subordinate to top level management and responsible for the direction of lower level management. It consists of branch managers and departmental managers. The middle level managers are in charge for training of lower level employees.

Their role can be emphasized as

1. They execute the plans of top management
2. They make plans for sub-units of the organisation
3. They interpret and explain policies from top level management to lower level
4. They motivate the lower level management workers towards better performance

5. They have to evaluate the performance of the employees
6. They have to coordinate the activities of the organisation

Lower level of management: Lower level is also known as Supervisory/Operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. They focus on controlling and direction.

Their activities include

1. Assigning job to various workers.
2. They instruct workers for day to day activities.
3. They communicate workers problems, suggestions etc., to top level management.
4. They help to solve the grievances.
5. They motivate workers to attain goal.
6. They ensure discipline in the enterprise.
7. They give periodic report about workers to their superiors.

1.7 Distinction between Administration and Management

Administration and management may seem the same but actually there is some difference. In our daily life we use these two terms interchangeably.

The administration is defined as a systematic process of administering the management of a business organisation (i.e.) non – profit organisation. It is a broad term and involves planning, decision-making, organising and forecasting functions of the higher level of the enterprise.

Management is an act of managing people and their work to attain the organisational goals. The functions of

management are planning, organising, staffing, directing, controlling.

Difference between Administration and Management are tabulated as follows:

Administration	Management
Administration is concerned with formulation of broad objectives, plans and policies.	Management is an art of getting things done through others by directing their efforts towards achievement of predetermined goals.
Administration is a decision making function.	Management is an executive function.
Administration decides what has to be done and when it has to be done.	Management decides who should do it and how.
Administration is thinking function because plans and policies are determined.	Management is doing function because manager get work done through others.
It is a top level function.	Middle and lower level function.
It is applicable to non-profit making organisation.	It is applicable to profit making organisation.

1.8 Functions of Management

Different experts have classified functions of management in different manner

According to George and Jerry, **“There are four fundamental functions of management, (i.e.) Planning, Organising, Actuating and Controlling”.**

According to Henry Fayol, **“To manage is to forecast and plan, to organise, to command and to control”.**

Luther Gullick has given a keyword, 'POSDCORB' where

P for Planning
O for Organising
S for Staffing
D for Directing
Co for Coordination
R for Reporting
B for Budgeting

Most widely accepted functions of management given by Koontz and O Donnel (i.e.) Planning, Organising, Staffing, Directing and Controlling.



Figure 1.2 Functions of Management

Functions of management are overlapping in nature. Each function affects the performance of other.

1.Planning

It includes determination of objectives, setting rules, procedure, policies, strategies, budgeting etc., Planning may be short term or long term. Manager at all levels want to prepare plans, so it is considered as a pervasive function. Planning looks into future without planning organization cannot achieve anything in future. Planning is deciding in advance what has to done, and how and when it has to be done. It bridges the gap between the present and the future.

Harold Koontz says that planning has the following four important objectives:

1. To offset uncertainty and change,
2. To focus attention of objectives,
3. To gain economical operation, and
4. To facilitate control.

Planning is the basic function of management and all other functions of management are greatly influenced by the planning process. Planning is an inevitable function of management at levels of an organisation.



Figure 1.3 Professional way of Planning

2.Organising

Organising involves establishment of the formal structure of authority through which work subdivisions are arranged, defined and coordinated to accomplish the defined objective of the organization. Designing and maintaining these systems

of roles is basically the managerial function of organising.

Organising is:

- i. Identification and classification of required activities.
- ii. Grouping of activities necessary to attain objectives
- iii. Assignment of each grouping to a manager with the authority (delegation) necessary to supervise it, and
- iv. Provision for coordination horizontally (same organisation) and vertically (headquarters and departments) in the organisation structure.

3. Staffing

Staffing involves the process of filling positions in the organisation structure. The staffing function relates to the recruitment, selection, training, promotion and transfer of employees at all levels of management. The staffing function is different from other functions because it deals only with people.



Figure 1.4 Staffing

4. Directing

Direction is process by which the employees are guided to contribute towards organisational objectives. The term directing refers to that the managerial function which initiates organised action. Formulating the

policies and plans which will be useful if it is converted into action. According to Earnest Dale, "Direction is telling people what to do and seeing that they do it to their abilities. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, providing on the job instructions and of course, issuing orders". It includes the following sub function. 1. Motivation 2. Leadership 3. Supervision 4. Communication and 5. Coordination.

5. Controlling

Controlling is an important element in the management process. Controlling involves setting standards measuring the performance comparing the actual with the standards and find out the deviations and taking corrective actions. Hence business enterprises can accomplish the goals only by establishing a proper control system. Control activities generally relate to the measurement and achievement. Each measures shows whether plans are working out or not.



Figure 1.5 Controlling

DO YOU KNOW? Peter Drucker first used the term "management by objectives" in his 1954 book "The Practice of Management". While the basic ideas of MBO were not original to Drucker, they pulled from other management practices to create a complete "system". The ideas draws on the many ideas presented in Mary Parker Follett's 1926 essay, "The Giving of Orders".

1.9 Manager

A manager is a person who performs the functions of management. Manager is a person who is responsible for a part of organisation or for the whole organisation. In large companies management is divided into three categories upper management, middle management and lower management. The lower management includes managers who operate at basic levels. Middle level management oversees lower management and submit reports to senior manager. Upper management consists of board of directors, share holders who are the owners of the company. There are various types of managers such as Top Managers, Functional Managers, Team Managers, Line Managers, General Managers etc.

A manager is an expert in his/her field and support employees to work together as a team to attain the goal. He is responsible for Controlling or administering a group of staff.

According to the young Entrepreneur Council, a good manager should have the following qualities:

Accountability

Character

Cultural affinity

Warmth

Patience

Honesty

Decisiveness

Empathy

Positive attitude

Competence and

Flexibility

Business conditions are not same always, it keeps on changing, according to the external activities and internal stability. A manager can be innovative by developing new thoughts and ideas, adapting ideas from fields other than his own, combining old ideas with new ones, or motivate his own subordinates with their new ideas. In olden days they believed that a manager acts as convenient subordinates to the masters of industry in achieving their goal for profit maximization.

The manager is expected to move with their sub-ordinates on day to day basis, to improve their working efficiency, skill, knowledge and interest shown on the work allotted to them. A managerial position of any kind holds more responsibility than a simple employee and generally pays a higher wage. Advanced managerial positions normally require a degree and experience, though companies differ in structure and in requirements.

Important Functions of Manager

The following are the important functions of a Professional Managers:

1. Providing direction to the firm.
2. Managing Survival and constant development.
3. Maintaining & improving firms efficiency.
4. To face the competitors challenges.
5. Innovation of Technology.
6. To update the new processes and resources.
7. To build Human relations.
8. Quality of Leadership.
9. To introduce change management.
10. Uses of the Best Information Technology.

1.10 Role of Manager

Manager performs different roles in the organisation are stated below.

1. To have figure- head role:

Managers have to maintain contact with many people and welcome official visitors and sign legal document as the head of the organisation or department for smooth functioning.

2. To act as a leader:

All managers have a leadership role. They have to Co-ordinate the works of the departments and integrate them to attain the goal. As a leader he has to hire, motivate, give training and maintain discipline. As a leader he should be a role model to his employees.

3. To act as a Liaison officer:

As a liaison officer he has to act as a bridge between top management and lower level management. He has to communicate and encourage the team and to give orders and instructions given by top level executives and communicate the grievances of lower level worker to top management.

4. To supervise:

Every manager has to supervise the work done by their subordinates and help them to do it effectively and efficiently. He has to motivate the employees to avoid absenteeism and to work without waste of time and resources.

5. To attain targets:

Task will be assigned to each departments as well as to the organisation. On attaining the fixed targets only, the organisation can earn profit. He has to encourage the

workers to attain the target , because manager is answerable.

6. To delegate authority:

Manager can't do all the work as his own, so he has to delegate the authority to his employees or to perform the work. There should be a parity of authority and responsibility, so that the employees can carry out their duties efficiently.

7. To resolve Conflicts:

There may be conflicts in the organisation between employer and employee, employee and employee or between employer and employee. It is the duty of the manager to solve the problems between the employee and employee and he wants to give amicable solution.

8. To make decision:

Manager should take a rational decision in connection to his job, for that he wants to understand the situation. Usually he will take routine decision to run his department.

9. To handle crisis:

Managers are to handle the crisis period wisely, he cannot ignore such situation for example, employee's strike, natural calamities etc.

1.11 The Millennium Manager

The profile of a millennium manager should be drastically different from that of a conventional manager. A manager must

- make use of technology to the maximum advantage.
- take every decision that maximises the shareholder value.
- predict uncertain events more accurately.



Henry Fayol (29 July 1841-19 November 1925) was a French mining engineer, mining executive, author and director of mines who developed 14 Principles of Management

- use the speed of response to the advantage.
- be aware of the global trends in the business procedures, culture and so on.
- continue to be patient and committed to the cause of the organisation.
- be unconventional and creative.
- maintain competitive edge.
- conduct the affairs of the organisation in a transparent manner.
- fulfil his responsibility towards the society in general and the under privileged in particular.

1.12 Managerial Skills

A skill is an individual ability to translate knowledge into action. Skill is not necessarily inborn. It can be developed through practises and learning. To be a successful manager he should possess three major skills Technical Skills, Human Relation Skills and Conceptual Skills.

Technical Skills

Technical skills are concerned with What is done. This includes proficiency in Process, Procedures, Methods and Techniques which are used in doing a work. These skills can be visible in person and can be developed by actual practise in job

Human Relation Skills

Human relation skills are one's ability to work effectively with others and to build up a group relations to attain the goal. Management is a process of getting things done through others. So the managers can attain the goal only with the help of employees.

Conceptual Skills

Conceptual skills are related to concepts and mental conception – conceptual framework intended to development of new product and/or idea. Since conceptual skills are in the form of imagination – chimerical, fantasy, national, or vision.

Points to be Remembered

- The word 'management' has its origin in the Greek word 'nomos' which means 'management'.
- Management can be described as a science, why? Because as it is in variable nature,
- Management as an Art, why? Because which has the characteristics of use of knowhow and skills, the realistic results, further developments etc.,
- Functions of Managers – A true manager cannot continue to manage his duty as he has been doing in the previous years. He can be innovative by developing new thoughts and ideas.
- Importance of Management.

- Levels of Management.
- Difference between Administration and Management.
- Functions of Management- Planning, Organising, Staffing, Leading, Co-Ordination.
- Manager.
- Role of Manager - To have figure head role, To act as a leader, To act as a Liaison officer, To supervise.
- The Millennium Manager.

A-Z GLOSSARY

Nomos	It is a Greek word which means management.
Conversant	It means to be familiar by use or study.
Rationale	A statement of reasons or a reasoned exposition of principles.
Pervasive	Spread throughout or widespread.
Pre-disposition	The fact or condition of being predisposed.
Contingency	A chance, accident or possibility conditional on something uncertain.
Whims	An odd or capricious notion or desire or a sudden or freakish fancy.
Perennially	Lasting for an indefinitely long time.
Echelons	A level of worthiness, achievement or reputation.
Objectives	a thing aimed at or sought, a goal.
Policies	a course or principle of action adopted.
Procedures	an established or official way of doing something.
Rules	one of a set of explicit.
Programmes	a planned series of future events or performances.
Budget	an estimate of income and expenditure for a set period time.
Strategies	a plan of action designed to achieve a long term or overall aim.

QUESTIONS

PART A

Objective Types

Choose the correct answer:

1. _____ is an art of getting things done through others.
 - a. Administration
 - b. Management
 - c. Orientation
 - d. Profession
2. Management is a _____ activity.
 - a. Individual
 - b. Group
 - c. Employer
 - d. Employee
3. _____ is the basic function of management.
 - a. Planning
 - b. Controlling
 - c. Directing
 - d. Staffing
4. The role of the lower level management _____.
 - a. Executing
 - b. Formulating
 - c. Deriving
 - d. Supervision
5. The term POSDCORD is coined by _____.
 - a. Henry Fayol
 - b. Koontz and O Donnell
 - c. Luther Gullick
 - d. Urwick



6. Administration is concerned with_____, whereas management is concerned with_____.
 - a. Planning, Doing
 - b. Doing, Planning
 - c. Staffing, Organising
 - d. Motivating, Controlling.
7. Middle level management is also known as_____.
 - a. Executory Management
 - b. Top level management
 - c. Lower level management
 - d. Efficient management

PART – B

II. Very short Answers

Answer in Five Lines:

1. Write any two Characteristics of management.
2. Define Management.
3. What is administration?
4. What are the three Levels of Management?
5. What are the functions of Management?
6. Who is a Manager?
7. Write any two Roles of Manager.
8. How Luther Gullick classifies the functions of management?

PART - C

III. Short Answers

Answer in One page:

1. Define Management. Explain the importance of Management.



2. Write the Importance of Management.
3. Write the difference between Administration and Management.
4. What are the functions of Top Level Management?
5. Write the functions of the Millennium Manager.
6. Write the skills which are necessary to be a good Manager.

PART – D

IV. Essay Type questions

1. Explain the various functions of Management.
2. Explain the Levels of Management with their functions.
3. Explain the role of Manager.

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2. Business Management Ethics and Communication, Study Material, Paper-II, Foundation Programme, ICSI.
3. Principles of Management by J. JAYASANKAR.
4. Principles of Management by KATHIRESEN AND Dr. RADHA.
5. Principles of Management by P.C. TRIPATHI AND P.N. REDDY .
6. Principles of Management by L.M. PRASAD.

V. Activity

Teacher's Activity:

1. Teacher can prepare a chart regarding the functions of Management.
2. Teacher can give a role play regarding Roles of Management.

Students Activity:

1. Students can prepare chart regarding Difference between Administration and Management.
2. An assignment on Roles of Manager can be given to the students.