



# UNIT I

## MANAGEMENT PROCESS



# 1

## CHAPTER

# PRINCIPLES OF MANAGEMENT

எப்பொருள் யார்யார்வாய்க் கேட்பினும் அப்பொருள்  
மெய்ப்பொருள் காண்ப தறிவு.

—குறள் 423



### COUPLET

To discern the truth in every thing, by whomsoever spoken,  
is wisdom.



## Learning Objectives

To enable the students to understand the

- Concept of Management
- Definitions of Management
- Management an Art or Science
- Management Vs. Administration
- Management Process or Functions
- Principles of Scientific Management
- Principles of Modern Management
- Span of Management

## Chapter Synopsis

- 1.01 Concept of Management
- 1.02 Definitions of Management
- 1.03 Management Vs. Administration
- 1.04 Management Process
- 1.05 Principles of Scientific Management
- 1.06 Principles of Modern Management
- 1.07 Span of Management

Management is part and parcel of our day to day life. The practice of management could be found in our entire endeavour whether we are in a play ground or library or class room or hostel and so on wherein we plan many of our actions and execute them in a systematic manner to arrive at the desired results. So management is goal oriented and it is an art of getting things done with and through others. The practice of management helps to achieve the organizational mission and determines the future of the business enterprises. In a way the success or otherwise of an organization or an individual is more decided by the way they manage their functions, duties and responsibilities. So it goes without saying that management is all the more important in organizational life in any part of the world. It is a global and universal concept.

## 1.01 Concept of Management

The management concept can be understood from its profound characteristic features as follows:

### 1. Body of Knowledge:

Management has now developed into a specialised body of management theory and philosophy. Management literature is growing in all countries. In fact, management knowledge is the best passport to enter the world of employment either in business world or government or private.

### 2. Management Tools:

Tools of management have been developed such as, accounting, business law, psychology, statistics, econometrics, data processing, etc. These branches of management profession have enhanced the practical utility of the science of management.

### 3. Separate Discipline:

Management studies in many universities and institutions of higher learning are recognised as a separate discipline. Since 1951, many specialised schools of management offering master's degree in business management and administration.

Seminars, special courses, training programmes are becoming fashionable and popular for orientation and retraining in management areas, e.g., export management, personnel management, general management, production management, marketing management, financial management, etc.

### 4. Specialisation:

There is a growing tendency to select and appoint highly qualified, trained and experienced persons to manage the business in each functional areas of management. Thus we have today an increasing tendency in favour of management by experts or professionals.

### 5. Code of Conduct:

Enlightened businessmen have recognised that business management is a social institution and it has social responsibilities to be fulfilled — towards customers, employees, and the public

or community. Corporations have now social conscience and awareness.

Consumer-oriented marketing concept is the reflection of a corporate code of conduct. Pressure of consumerism, trade unionism, public opinion, and legislation are definitely inducing the management to evolve a code of ethics. No longer 'buyer beware' is ruling the exchange relations in the market. At present 'seller beware' in place of 'buyer beware' influencing market practices.

### 6. Professional Association:

The Business Management Associations in many countries to promote the spread of knowledge in all management areas and to build up the bright public image of managerial profession.

## 1.02 Definitions of Management

Management is a distinct ongoing process of allocating inputs of an organisation (human and economic resources) by typical managerial functions (planning, organising, directing and controlling) for the purpose of achieving stated objectives, viz., output of goods and services desired by its customers (environment).

In the process, work is performed with and through personnel of the organisation in an ever-changing business environment.

1. **“To manage is to forecast, to plan, to organise, to command, to co-ordinate and to control.”** —Henry Fayol.
2. **“Management is a multipurpose organ that manages a business and manages manager, and manages worker and work.”** — Peter F. Drucker:

### Drucker stresses three jobs of management:

- (i) Managing a business;
- (ii) Managing manager; and
- (iii) Managing workers and work.



Even if one is omitted, It would not have management anymore and it also would not have a business enterprise or an industrial society. According to P. Drucker, the manager has to balance and integrate three major jobs of a business enterprise as mentioned above.

Hence, a manager is a dynamic and life-giving element in every business. Without efficient management it cannot be secure the best allocation and utilisation of human, material and financial resources.

### Management is an Art or Science

There is always a discussion about the nature of management whether it is an Art of doing things or it is a pure Science of getting things done. It would be useful to explain the nature of management in brief as under:

Management is an in-exact science, because in pure science, the principles are put into test in a laboratory and they are either proved or disproved exactly and precisely. For example, plant leaves have starch in them which can be proved or disproved in a Botany lab. Similarly the management principles can be put to test in an organization where men, machine, money and materials (4 Ms) are practically integrated towards achieving some chosen organizational goals. These principles cannot be exactly proved or disproved either as they tend to be flexible to changing environment, policies and practical difficulties while synchronizing them together. So, management can be described as an inexact science.

Everyone believes that management is an art. No, it is not an art in Toto. Because, the concept of art denotes the learning of skills and practicing them in the day to day life like a mason or carpenter or mechanic or a musician being able to perform their respective art they learnt by way of skill display before anybody under any circumstances.

But the concept of management involves a set of required skills for any one designated as a manager, but the level or span of their

managerial skills would vary from person to person and individual to individual irrespective of the countries they belonged to. The nature of the administrative and managerial skills of our former Prime Minister Pt. Jawaharlal Nehru cannot be compared to his counterpart and his own daughter Mrs. Indira Gandhi. So management is not an exact art of doing things.

The art of management is fully reflected in the decision making capacity of a manager. Judgement and imagination are essential even in a computerised economy. A computer cannot replace a manager in decision making.

**“A professional manager is one who specialises in the work of planning, organising, leading and controlling the efforts of others and does so through systematic use of classified knowledge, a common vocabulary and principles and who subscribes to the standards of practice and code of ethics established by recognised body.”** — Louis A. Allen.

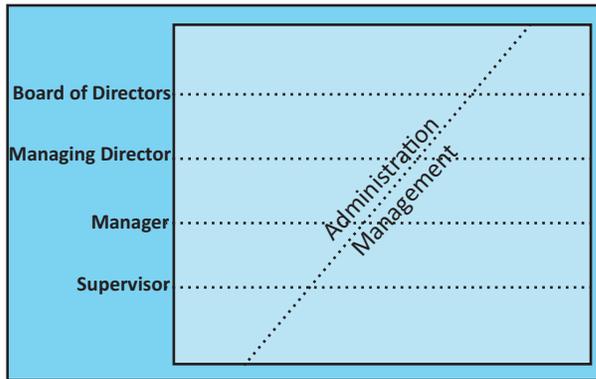
To conclude, Management is neither a science nor an art, but a combination of both requiring people holding managerial positions to apply the scientific management principles and displaying popular managerial skills to accomplish the organizational goals as efficiently and as quickly as possible so as to be competitive in the globalised environment of business.

### 1.03 Management is differ from Administration

One should be able to distinguish between management and administration as the concepts are interchangeably used in the world of business today. While management is more ‘executive’ in nature the concept of administration denotes the art of ‘decision making’ at the top and ‘evolving policies’ of the business undertakings either by the governments of various countries or the respective promoters of such business enterprises. **Management** is all about plans and actions, but the **administration** is concerned with framing policies and setting objectives.



The manager looks after the **management** of the organization, whereas **administrator** is responsible for the **administration** of the organization. **Management** focuses on **managing** people and their work.



So it is concluded that the administration is ought to take business decisions while the management need to execute them to get things done with and through other functional staff working under them who are called employees of the same organization(s). For example, the Board of Directors with the CEO/MD may be called Administration, while the Managers of various units like Production, Marketing, Finance, Accounting, Distribution and Research & Development may be called Management of the said organization.

Theoretically, it can be said that both are different terms, but practically, it is found that the terms are more or less same. A manager performs both administrative and functional activities. Although the managers who are working on the top most level are said to be the part of administration, the managers working on the middle or lower level represents management. So, it could be concluded that administration is above management.

### 1.04 Management Process

The substance of management should be identified as a process. A process is something that what a person does in the context of his individual duties and responsibilities assigned by his or her immediate higher authority.

A process also implies ongoing and unceasing cyclical operations. In management

there is planning-action-control cycle. Defining the concept must incorporate this management cycle. A process indicates the dynamic nature of management.

It also implies that change is a constant reality of organisational life and management is the management of change. Lastly, management is regarded as a social process because it is directly concerned with management of human resources in order to secure cooperation and teamwork from the people in their performance.

### There are twin purposes of the management process:

- (1) **Maximum productivity or profitability and**
- (2) **Maximum human welfare and satisfaction.**

There are five parts of management as a process: first, the co-ordination of resources; second, the performance of managerial functions as a means of achieving co-ordination; the third, establishing the objective or purpose of management process, i.e., it must be purposeful managerial activity; the fourth aspect is that management is a social process, and the fifth is its cyclical nature.

#### 1. Management is Co-Ordination:

The manager of an enterprise must effectively coordinate all activities and resources of the organisation, namely, men, machines, materials and money the four M's of management.

#### 2. Management is a Process:

The manager achieves proper co-ordination of resources by means of the managerial functions of planning, organising, staffing, directing (or leading and motivating) and controlling.

#### 3. Management is a Purposive Process:

It is directed toward the achievement of predetermined goals or objectives. Without an objective, we have no destination to reach or

a path to follow to arrive at our destination, i.e., a goal, both management and organisation must be purposive or goal-oriented.

#### 4. Management is a Social Process:

It is the art of getting things done through other people.

#### 5. Management is a Cyclical Process:

It represents planning-action-control-re-planning cycle, i.e., an ongoing process to attain the planned goals.

### 1.05 Principles of Scientific Management

In the last century, organizations already had to deal with management in practice. In the early 1900s, large organizations, such as production factories, had to be managed too. At the time there were only few external management tools, models and methods available.

At this juncture, Mr. Frederick Winslow Taylor (F.W. Taylor) brought about a scientific

#### Differences between Management Vs Administration

BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
<b>Meaning</b>	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
<b>Authority</b>	Middle and Lower Level	Top level
<b>Role</b>	Executive	Decisive
<b>Concerned with</b>	Policy Implementation	Policy Formulation
<b>Area of operation</b>	It works under administration.	It has full control over the activities of the organization.
<b>Applicable to</b>	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
<b>Decides</b>	Who will do the work? And How will it be done?	What should be done? And When is should be done?
<b>Work</b>	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
<b>Focus on</b>	Managing work	Making best possible allocation of limited resources.
<b>Key person</b>	Manager	Administrator
<b>Represents</b>	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.
<b>Function</b>	Executive and Governing	Legislative and Determinative

approach to managing the workforce after his experiments with the African and South American slaves employed in a coal field in England. His aim was absolute harmony in work place for overall productivity of the organization

Principles of scientific management propounded by Taylor are

1. Science, Not Rule of Thumb
2. Harmony, Not Discord
3. Mental Revolution
4. Cooperation, Not Individualism
5. Development of each and every person to his or her greatest efficiency and prosperity.

They are explained in brief as follows:

### 1. Science, Not Rule of Thumb:

In order to increase organisational efficiency, the 'Rule of Thumb' method should be substituted by the methods developed through scientific analysis of work.

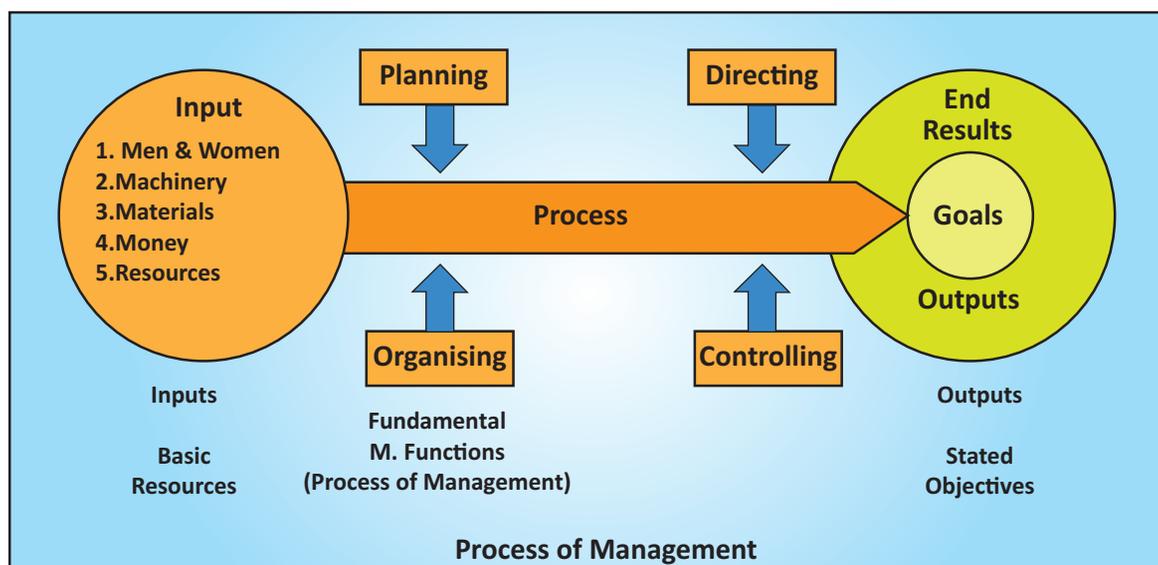
Rule of Thumb means decisions taken by manager as per their personal judgments. According to Taylor, even a small production activity like loading iron sheets into box cars can be scientifically planned. This will help in saving time as well as human energy. Decisions should be based on scientific enquiry with cause and effect relationships.

This principle is concerned with selecting the best way of performing a job through the application of scientific analysis and not by intuition or hit and trial methods. The work assigned to any employee should be observed and analyzed with respect to each element or part thereof and the time involved therein so as to decide the best way of performing that work and to determine the standard output for same.

### 2. Harmony, Not Discord:

Taylor emphasized that there should be complete harmony between the workers and the management since if there is any conflict between the two, it will not be beneficial either for the workers or the management. Both the management and the workers should realize the importance of each other. In order to achieve this state, Taylor suggested complete mental revolution on the part of both management and workers.

It means that there should be complete change in the attitude and outlook of workers and management towards each other. It should always be kept in mind that prosperity for an employer cannot exist for a long time unless it is accompanied by the prosperity of the employees of that organisation and vice versa. It becomes possible by (a) sharing a part of surplus with workers (b) training of employees, (c) division of work (d) team spirit (e) positive



attitude (f) sense of discipline (g) sincerity etc. Management should always be ready to share the gains of the company with the workers and the latter should provide their full cooperation and hard work for achieving organizational goals. Group action with mutual-trust and understanding should be perfect understanding the focus of working. This principle requires that there should be perfect understanding between the management and workers and both should feel that they are part of same family. It helps to produce synergy effect since both management and workers work in unison.

For example, in most of the Japanese companies, paternalistic style of management is in practice and there is complete openness between workers and the management. Usually, workers don't go on strike but, if at all they do so, they just wear a black badge and work even more than the normal hours just to impress upon the management that their focus is on their demands as well as organisational objectives.

### **3. Mental Revolution:**

The technique of Mental Revolution involves a change in the attitude of workers and management towards each other. Both should realize the importance of each other and should work with full cooperation. Management as well as the workers should aim to increase the profits of the organisation. For this, the workers should put in their best efforts so that the company makes profit and on the other hand management should share part of profits with the workers. Thus, mental revolution requires a complete change in the outlook of both management and workers. There should be a spirit of togetherness between workers and management.

### **4. Cooperation, Not Individualism:**

This principle is an extension of principle of 'Harmony, not discord' and lays stress on mutual cooperation between workers and the management. Cooperation, mutual confidence, sense of goodwill should prevail among both, managers as well as workers. The intention is to

replace internal competition with cooperation. Both 'Management' and 'Workers' should realize the importance of each other. Workers should be considered as part of management and should be allowed to take part in decision making process of the management. Management should always welcome their suggestions and should also reward them if their suggestions prove to be beneficial for the organisation viz. reduction of costs or increase in production etc. At the same time, workers should also resist from going on strike or making unnecessary demands from management. Workers should be treated as integral part of organisation and all important decisions should be taken after due consultation with workers. Both of them should visualize themselves as two pillars whose soundness alone can ensure achievement of common goals of the organisation. Taylor also suggested that there should be proper division of work and responsibility between the two. Management should always guide, encourage and help the workers.

### **5. Development of each and every person to his or her greatest efficiency and prosperity:**

Efficiency of any organisation also depends on the skills and capabilities of its employees to a great extent. Thus, providing training to the workers was considered essential in order to learn the best method developed through the use of scientific approach. To attain the efficiency, steps should be taken right from the process of selection of employees. Employees should be scientifically selected. The work assigned to each employee should suit his/her physical, mental and intellectual capabilities. Efficient employees produce more to earn more. This ultimately helps to attain efficiency and prosperity for both organisation and the employees.

The Principles of Taylor's Scientific Management Theory became widely practiced, and the resulting cooperation between workers and managers eventually developed into the

teamwork we enjoy today. While Taylorism in a pure sense isn't practiced much today, scientific management did provide many significant contributions to the advancement of management practice. It introduced systematic selection and training procedures, it provided a way to study workplace efficiency, and it encouraged the idea of systematic organizational design.

## 1.06 Principles of Modern Management

The Father of Modern Management is Mr. Henry Fayol, and according to him there are 14 major principles of management which every manager has to practice for the success of the organization.

- 1. Division of Work:** According to this principle the whole work is divided into small tasks. The specialization of the workforce according to the skills of a person, creating specific personal and professional development within the labour force and therefore increasing productivity; leads to specialization which increases the efficiency of labour.
- 2. Authority and Responsibility:** This is the issue of commands followed by responsibility for their consequences. Authority means the right of a superior to give the order to his subordinates whereas responsibility means obligation for performance.
- 3. Discipline:** It is obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.
- 4. Unity of Command:** This principle states that each subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict.
- 5. Unity of Direction:** All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.
- 6. Subordination of Individual Interest to Mutual Interest:** The management must put aside personal considerations and put company objectives firstly. Therefore the interests of goals of the organization must prevail over the personal interests of individuals.
- 7. Remuneration:** Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity. The quantum and methods of remuneration payable should be fair, reasonable and rewarding of effort.
- 8. The Degree of Centralization:** The amount of power wielded with the central management depends on company size. Centralization implies the concentration of decision making authority at the top management.
- 9. Line of Authority/Scalar Chain:** This refers to the chain of superiors ranging from top management to the lowest rank. The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels.
- 10. Order:** Social order ensures the fluid operation of a company through authoritative procedure. Material order ensures safety and efficiency in the workplace. Order should be acceptable and under the rules of the company.
- 11. Equity:** Employees must be treated kindly, and justice must be enacted to ensure a just workplace. Managers should be fair and impartial when dealing with employees, giving equal attention towards all employees.
- 12. Stability of Tenure of Personnel:** Stability of tenure of personnel is a principle stating that in order for an organization to run smoothly, personnel (especially managerial personnel) must not frequently enter and exit the organization.



**13. Initiative:** Using the initiative of employees can add strength and new ideas to an organization. Initiative on the part of employees is a source of strength for organization because it provides new and better ideas. Employees are likely to take greater interest in the functioning of the organization.

**14. Esprit de Corps/Team Spirit:** This refers to the need of managers to ensure and develop morale in the workplace; individually and communally. Team spirit helps develop an atmosphere of mutual trust and understanding. Team spirit helps to finish the task on time

3. With more levels in the hierarchy, the communication suffers drastically. It takes a lot of time to reach the appropriate points, and hence the actions get delayed.

4. Lack of coordination and control because the operating staff is far away from the top management.

The major advantage of using this structure is that the cross communication gets facilitated, i.e., operative staff communicating with the top management. Also, the chance of promotion increases with the availability of several job positions.

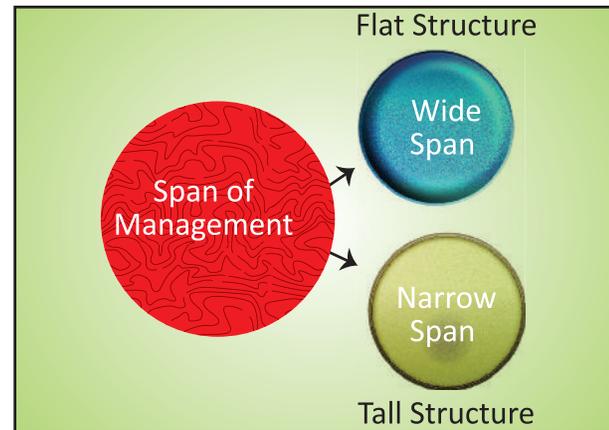
### 1.07 Span of management

The Span of Management refers to the number of subordinates who can be managed efficiently by a superior. Simply, the manager having the group of subordinates who report him directly is called as the span of management. The Span of Management has two implications:

1. Influences the complexities of the individual manager's job
2. Determine the shape or configuration of the Organization

The span of management is related to the horizontal levels of the organization structure. There is a wide and a narrow span of management. With the wider span, there will be less hierarchical levels, and thus, the organizational structure would be flatter. Whereas, with the narrow span, the hierarchical levels increases, hence the organizational structure would be tall.

1. Both these organizational structures have their advantages and the disadvantages. But however the tall organizational structure imposes more challenges
2. Since the span is narrow, which means less number of subordinates under one superior, requires more managers to be employed in the organization. Thus, it would be very expensive in terms of the salaries to be paid to each senior.



In the case of a flatter organizational structure, where the span is wide leads to a more complex supervisory relationship between the manager and the subordinate. It will be very difficult for a superior to manage a large number of subordinates at a time and also may not listen to all efficiently.

However, the benefit of using the wider span of management is that the number of managers gets reduced in the hierarchy, and thus, the expense in terms of remuneration is saved. Also, the subordinates feel relaxed and develop their independent spirits in a free work environment, where the strict supervision is absent.

#### Key Words

Management	Administration
Span	Scalar chain



### For Own Thinking

1. Imagine yourself to be a manager and chart down the functions to be performed.
2. Formulate a new policy relating to timing of employees.



### For Future Learning

1. The changes in management and administration of a school growing into a college.
2. Application of management process in accomplishing work life balance.



### TOP RANKED INDIAN MANAGEMENT THINKERS:

Nirmalya kumar, Professor, London Business school  
 Vijay Govindarajan, Professor, Tuck School of Business @ Dart mouth college, New Hampshire.  
 Pankaj ghemawat, Professor, IESE Business school, Spain.



### Exercise



#### I. Choose the Correct answers:

1. Management is what a \_\_\_\_\_ does?
  - a) Manager
  - b) Subordinate
  - c) Supervisor
  - d) Superior
2. Management is an \_\_\_\_\_
  - a) Art
  - b) Science
  - c) Art and Science
  - d) Art or Science
3. Scientific management is developed by
  - a) Fayol
  - b) Taylor
  - c) Mayo
  - d) Jacob

#### 4. Dividing the work into small tasks is known as

- a) Discipline
- b) Unity
- c) Division of work
- d) Equity

#### 5. With a wider span, there will be \_\_\_\_\_ hierarchical levels.

- a) More
- b) Less
- c) Multiple
- d) Additional

#### Answers:

1	a	2	c	3	b	4	c	5	b
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#### II. Very short answer questions:

1. What is Management?
2. List out the management tools.
3. State the meaning of Authority.
4. What do you mean by Span of management?

#### III. Short answer questions:

1. Define the term management.
2. Differentiate management from Administration. (any 3)
3. What are the principles of Taylor?
4. What determines the span of management?

#### IV. Long answer questions:

1. Explain the concept of management. (any 5)
2. Explain the principles of modern management. (any 5)

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Management - Koontz O'Donnel  
 Principles of management - S S Chatterjee  
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