

*Principles
of
Management*

What is Management

- Can we think of some examples from our daily routine ?

Management

- In simple words, management means managing an activity.
- When we talk of managing an activity, we really mean to make the activity a success.
- In other words, we have in mind some goal and we decide about the ways of carrying out the activity so as to achieve the goal.
- A manager's job involves
 - planning for the future by anticipating changes in the external environment,
 - organizing people into groups,
 - allocating resources to them and
 - motivating them to attain organizational goals.

Definition of Management in an Organizational context

- Achieving organizational goals in an efficient and effective manner through
 - planning,
 - organizing,
 - leading and
 - controllingorganisational resources.

Definition of by different authors

- Art of knowing what you want to do and then seeing that it is done the best and cheapest way. **(F W Taylor)**
- To Manage is to forecast, to plan, to organise, to command, to co-ordinate and to control. **(Henry Fayol)**
- Management is work and as such it has its own skills, its own tools and its own techniques. **(Peter F Drucker)**

Scope of Management

According to Herbison and Myers, management may be understood as --

- **An Economic Resource** -- According to Newman, management is required to convert the disorganised resources of men, materials, money and machines into a productive, useful, on-going concern.
- **Management as a system of authority** -- **Top management** determines objectives and provides direction to enterprise activities. **Middle management** interprets and explains the policies framed by the top management. They transmit orders, instructions and decisions downward and carry the problems and suggestions upward. **Lower management** is concerned with routine, day-to-day works.
- **Management as a class or elite** -- This refers to the group of individuals occupying managerial positions. This has become very important in modern organisations owing to its contribution to business success.

Characteristics of Management

- **Management is intangible** -- Is intangible. Cannot be seen. Unseen force. Management presence can be felt by the results of its efforts in the form of production, sales and profits.
- **Management is goal oriented** -- Seeks to achieve goals. Goals may be economic or non-economic. The primary goal is to produce and distribute goods with a view to earn profit.
- **Management is universal** -- Is an all-pervasive activity and it is needed in all types of organisations.
- **Management is a social process** -- Is a social process because it deals with people and make the best use of human efforts. Managers have to create close cooperation among employees in an organisation.
- **Management is a group activity** -- Is concerned with getting things done through people. People join groups in order to achieve results collectively
- **Management is a system of authority** -- A manager is supposed to get things done, rather than doing things himself, by using authority.

Characteristics of Management (Contd..)

- **Management is an activity** -- is a distinct activity in itself (like playing, teaching, studying). It can be studied, knowledge on this can be gained, and skills can be acquired on management.
- **Management is dynamic** -- It tries to visualise problems before they turn into emergencies and takes suitable steps. Tries to adapt itself to the environmental changes quickly. Proposes to take actions to make the desired results are achieved.
- **Management is a science as well as an art** -- Is a systematised body of knowledge based on certain principles capable of general application. Management is an art because it involves the use of know how and skills like any other art such as music, painting etc.
- **Management is multidisciplinary** -- Managers utilise the scarce resources at their disposal in a **rational way**. They make things happen in a desired manner. They convert the disorganised resources of men, materials and machines into a useful, productive enterprise.

Importance of Management

- **Optimum use of resources** -- Ensures optimum utilisation of resources to avoid wastage.
- **Effective leadership and motivation** -- Enables employees to move with cooperation and achieve goals in a coordinated manner. Creates team work and motivates employees to work harder and better by providing necessary guidance, counselling and effective leadership.
- **Establishes sound industrial relations** -- Minimising industrial disputes and contributes to sound industrial relations in an undertaking. Managers try to strike a happy balance between the demands of employees and organisational requirements.
- **Achievement of goals** -- Since management is goal-oriented, Managers plan carefully, organise the resources properly, hire competent people and provide necessary guidance to achieve the goals.

Management & Administration

1. Administration is above management
2. Administration is part of management
3. Management and administration are identical

Distinction between Administration and Management

Point of distinction	Administration	Management
Nature	Thinking function (What is to be done and when)	Doing function (Who should do it and how)
Scope	Determines broad objectives and policies	Implements plans and achieves goals through people
Level	Top level functions	Middle and lower level functions
Skills needed	Conceptual and human skills	Technical and human skills
Represents	Owners who invest capital and receive profits	Paid individuals who work for remuneration
Usage	Mostly in government, military, educational, social and cultural organizations	Mostly in business organisations

Principles of Management

Henry Fayol's has suggested the following 14 principles of management:



- **Division of work:** This is the specialization that economists consider necessary for efficiency in the use of labor. Fayol's applies the principle to all kinds of work, managerial as well as technical.
- **Authority & responsibility:** Here Fayol finds authority and responsibility to be related, with the later arising from the former. He sees authority as a combination of official factors, deriving from the manager' position.

Principles of Management (Contd..)

- **Discipline:** Seeing discipline as “respect for agreements which are directed at achieving obedience, application, energy, and the outward marks of respect. Fayol declares that discipline requires good superiors at all levels.
- **Unity of command:** This means that employees should receive orders from one superior only.
- **Unity of direction:** According to this principle, each group of acts with the same objective; must have one head and one plan.
- **Subordination of individual to general interest:** This is self explanatory when the two are found to differ, management must reconcile them.

Principles of Management (Contd..)

- **Remuneration and methods:** Employees should be paid fairly in accordance with their contribution.
- **Centralization:** The relationship between centralisation and decentralisation is a matter of proportion; the optimum balance must be found for each organisation
- **Scalar chain:** subordinates should observe the formal chain of command unless expressly authorised by their respective superiors to communicate with each other
- **Order:** Both material things and people should be in their proper places.

Principles of Management (Contd..)

- **Equity:** Loyalty and devotion should be elicited from personnel by a combination of kindness and justice on the part of managers when dealing with subordinates.
- **Stability of tenure:** People need time to learn their jobs
- **Initiative:** One of the greatest satisfactions is formulating and carrying out a plan.
- **Esprit de corps:** This is principle that “in union there is strength” as well as an extension of the principle of unity of command, emphasizing the need for teamwork and the importance of communication in obtaining it.

MANAGERIAL ROLES, FUNCTIONS AND SKILLS

Introduction

- Managers perform a 'tight rope walk' almost every day.
- They switch gears, change hats and undertake a wide variety of activities in the race to stay ahead of others.
- Processing bundles of data, achieving goals, coping with changes, keeping employees happy etc., are all part of the same game.
- A Manager is effective if he reaches a stated objective and efficient if the limited resources entrusted to him are not wasted in the process.

Managerial Roles

To meet so many demands to performing their functions, managers assume multiple roles.

A role is an organized set of behaviors. Henry Mintzberg has identified ten roles common to the work of all managers.

The 10 roles of managers are divided into 3 groups

- 1. Interpersonal Roles**
- 2. Informational Roles and**
- 3. Decisional Roles**

Interpersonal Roles

Primarily concerned with interpersonal relationships --

- **Figure Head** -- The manager performs ceremonial and symbolic duties as head of the organization
- **Leadership role** -- Fosters a proper work atmosphere and motivates and develops subordinates
- **Liaison role** -- Managers serves as a connecting link between their organisation and other organisational units.

Informational Role

Informational roles are primarily concerned with the information aspects of managerial work.

- **Disseminator Role** -- transmits factual and value based information to subordinates
- **Spokesperson** -- communicates to the outside world on performance and policies
- **Monitor** -- gathers internal and external information relevant to the organization

Decision Role

Managerial roles that revolve around making choices. There are four decision roles --

- **Entrepreneur** -- designs and initiates change in the organization
- **Disturbance Handlers** -- deals with unexpected events and operational breakdowns
- **Allocator** -- controls and authorizes the use of organizational resources
- **Negotiators** -- participates in negotiation activities with other organizations and individuals

Functions of Management

POLC Framework

1. Planning
2. Organizing
3. Leading
4. Controlling

[A small video Clip](#)

1. Planning

This is an activity of Deciding in advance : What to do; How to do; When to do; and Who is going to do it

- It is the basic function of management to chalk out a future course of action . It is a
 - Systematic thinking about ways & means for accomplishment of pre-determined goals.
 - Necessary to ensure proper utilization of human & non-human resources.
 - An intellectual activity in avoiding confusion, and uncertainties

Functions of Management (Contd..)

2. Organizing

- It is the process of bringing together physical, financial and human resources and developing productive relationship among them
- According to Henry Fayol, “To organize a business is to provide everything useful or its functioning i.e. raw material, tools, capital and personnel’s”.
- **Organizing involves**
 - Identification of activities, and classifying them into groups
 - Assigning of duties.
 - Delegation of authority and creation of responsibility
 - Coordinating the relationships of authority and responsibility
- Establishing the framework of working. This involves deciding :
 - How many units or sub-units or departments are needed.
 - How many posts or designations are needed in each department.
 - How to distribute authority and responsibility among employees

Once these decisions are taken, organizational structure gets set up.

Functions of Management (Contd..)

3. Staffing

It is the function of providing Human Resources to the organization structure

Staffing involves:

- Manpower Planning
- Recruitment, selection & placement.
- Training & development.
- Remuneration.
- Performance appraisal.
- Promotions & transfer.

Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc.

The main purpose of staffing is to put right man on right job

Functions of Management (Contd..)

4. Directing

It is the inert-personnel aspect of management for the achievement of organizational goals.

Direction involves :

- **Supervision** - overseeing the work of subordinates by their superiors. It is the act of watching & directing the work & the workers.
- **Motivation**- inspiring, stimulating or encouraging the sub-ordinates with zeal to work.
- **Leadership**- guiding and influencing the work of subordinates in a desired direction.
- **Communication** - is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding

FUNCTIONS OF MANAGEMENT (Contd..)

5. Controlling

- The purpose of controlling is to ensure that everything occurs in conformity with the standards.

Controlling involves:

- Establishing standards (a Benchmark)
 - Measuring the actual performance.
 - Comparison of actual performance with the standards for finding out deviations if any.
 - Corrective action.
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- An efficient system of control helps to predict deviations before they actually occur.
 - According to Theo Haimann, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and if necessary, to correct any deviation”.

LEVELS OF MANAGEMENT

This refers to a line of demarcation between various managerial positions. In a large organisation, three levels of management are usually identified.

1. Top level management

- Determines objectives and policies
- Designs the basic operating and financial structure of an organisation
- Provides guidance and direction
- Lays down standards of performance
- Maintains good public relations

2. Middle level Management

- Interprets and explains the policies formed by the top
- Issues detailed instructions
- Participates in operating decisions
- Trains other managers

3. Lower Level Management

- Plans day-to-day operations
- Assigns jobs to workers
- Provides supervision and control over work
- Arranges material tools and equipment
- Maintains discipline

[A small Video Clip](#)

Differences in the levels of Management

Point of distinction	Top Level Management	Middle Level Management	Lower Level Management
Action focus	A small <u>group of policy makers</u> deciding the fate of an organisation	Acts as a connecting link between top and lower level people and manage the activities of other managers	These managers are in direct contact with employees and workers
Representation	CEO, President, Chairman, Managing Director etc	Managers and immediate subordinates	Section Head, Supervisor, First-line managers
Nature of work	Spend more time with peers & outsiders and to a lesser extent with subordinates	Less active physically more involved in paper work and meetings	Physically active, spend most of their time with subordinates and peers caring for them

Managerial Skills

Robert L. Katz has identified three basic types of skills - technical, human and conceptual – They are essentially required for all the managers

1. Conceptual skills

- The ability to analyze and diagnose a situation and distinguish between cause and effect.

2. Human skills

- The ability to understand, alter, lead, and control the behavior of other individuals and groups.

3. Technical skills

- The specific knowledge and techniques required to perform an organizational specific role.

Top level executives Build the institution

Top level executives make major decisions in an organization. They utilize all the resources to meet the organizational goals and build the institution.

Skills Required for Managers : [a small video clip](#)

What Is Human Resource
Management (HRM) ?

Definition

- Human Resource Management is the function performed in organizations that facilitates the most effective use of employees to achieve organizational and individual goals
- It is a process that consists of functions namely
 - Acquiring (Planning and staffing)
 - Developing (Training and Development and Career Development)
 - Motivation (Identifying motivational needs and motivating the employees)
 - Retention (Providing conducive work environment and nurturing them to feel committed)

History of HRM

HRM is dated back to 18th and 19th century and evolved over a period of time with different approaches :

- Scientific Management Approach
- Human relations Approach
- Human Resources Approach

Scientific Management Approach

Scientific Management approach believes in conducting the business or affairs of an organization by following the standards established by facts or truths gained through systematic observation, experiment or reasoning of work methods to improve the efficiency of workers.

The steps involved in this approach are:

- Develop a scientific method for each element of the job to replace old rule of thumb methods
- Scientifically select employees using a proper methodology and then train them to do the job
- Supervise those employees to make sure that they follow the prescribed methods for performing their jobs
- Continue to plan the work and use workers to actually get the work done effectively

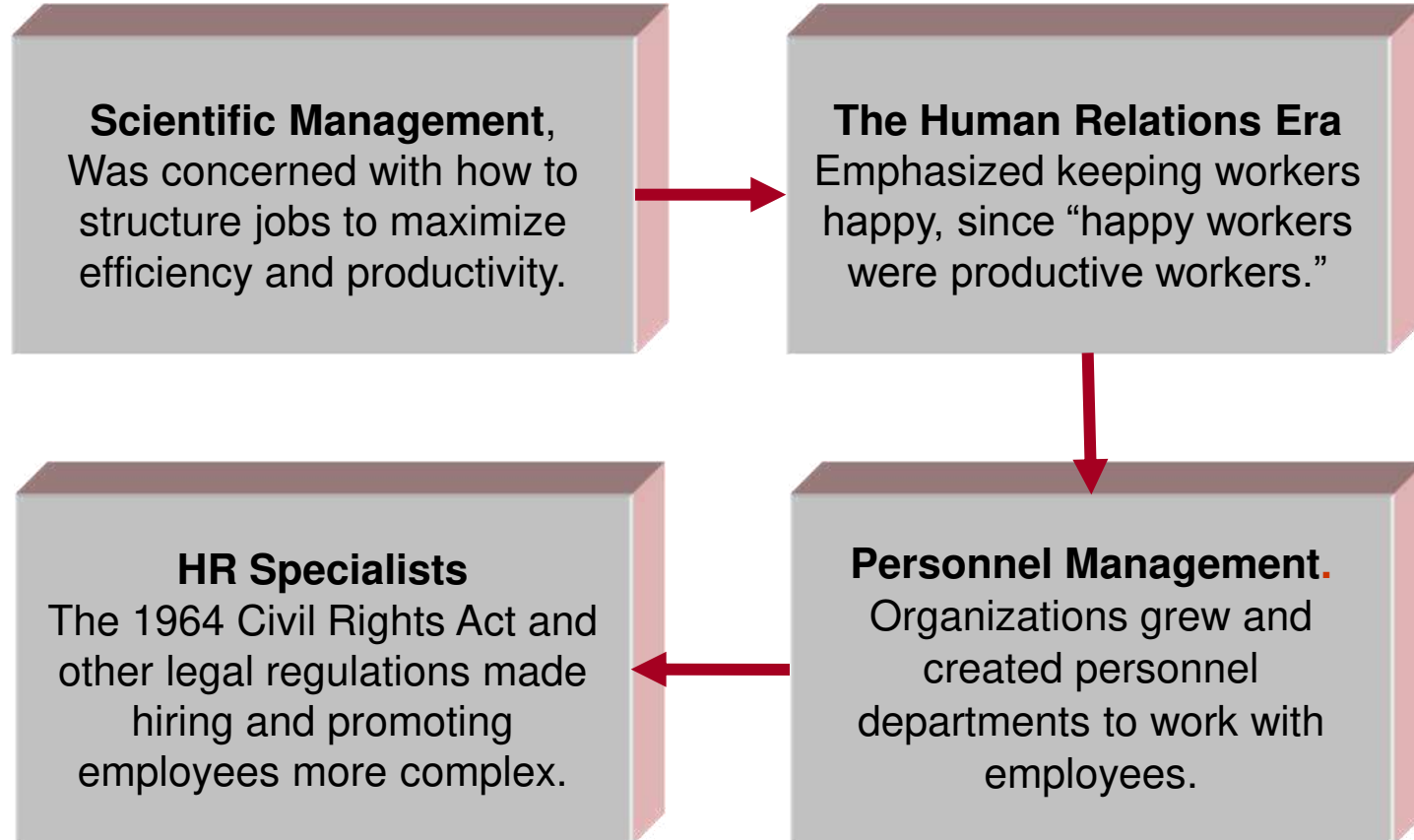
Human Relations Approach

- Feelings, emotions and sentiments of employees were greatly influenced by **work conditions such as group relationships and management support** and in turn affect productivity
- **Treating employees with respect would improve employee satisfaction** and help in achieving higher productivity
- This approach was **proved to be highly instrumental in improving the work environment** for many workers

Human Resources Approach

- This approach believes “ **Employees are assets to an organization** “
- The time and resources employed in managing and developing the employees is perceived as an investment that the organization makes for better returns in the present and in the future
- **Policies, programs and practices must cater to the needs of employees** and should help them in their work and also in their personal development
- It is felt necessary to create and **maintain a conducive work environment to encourage the employees to develop and harness their knowledge and skills** for the benefit of the organization

Evolution of the Human Resource Function



Basic Functions of Human Resource Management



Strategic HRM

It is the **optimum utilization** of human resources **to achieve the set goals and objectives** in the business environment **in alignment with organizational strategies** and other functional areas.

[Changing Role of HR in 21st Century](#)

End of this Module