

Introduction to Management

• Mrs. Akansha Misra



SUCCESS PUBLICATIONS

This Reference book is useful for Commerce and Management Students and Other Professional and Competitive Exams.

Introduction to Management

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**2024**

**Price. 250/-**



# SUCCESS PUBLICATIONS

*Published by*  
**Dr. Rajesh M. Patne**  
**Success Publications**

Radha Krishna Apartment, 535, Shaniwar Peth,  
Appa Balwant Chowk, Opp. Prabhat Talkies, Pune - 411 030.  
Mobile : 9325315464, 8390848833

❦❦❦❦❦

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With the Publisher

❦❦❦❦❦

*Printed at*

**Success Publications**

S.No. 30/27, Laxmi Industrial Estate, Near Prabhat News Paper,  
Dhayari, Pune-41.

❦❦❦❦❦

*Edition*

**2024**

❦❦❦❦❦

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**ISBN NO. - 978-93-48016-70-6**

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# Preface

I am happy to place in the hand of readers the reference book of "Introduction to Management". Each chapter includes reasonable amount of information which may give students confidence to solve questions themselves. At the end of each chapter there are few questions to provide self test for the understanding of the matter. This book has been written to meet the requirements of students of Commerce and Management as well as for examinations conducted by various professional bodies.

While attempting to meet the manifold requirement at different levels, it is a unified whole and the discussion flows logically from one chapter to the next chapter. Sufficient material is given under each topic in simple language and in lucid style. The main purpose of this book is to give a balanced Introduction to Management.

This book contains 6 chapters. Each chapter is prepared with full flange material, diagrams, charts and sections. In all the chapters, sections are mention in the heading of the points. I believe that this book will be really helpful not only the students as well as the professors for the knowledge gaining.

I feel extremely happy to extend my sincere thanks to Mr. and Mrs. Rajesh Patne, Director of Success Publications. I am extremely thankful to my colleagues in the Department for their cooperation and encouragement. I will be grateful if the mistakes and deficiencies, if any, are printed out to us by the users of the book, constructive criticism and suggestions for improvement are most welcome.

With best wishes.

**By Author**

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# 1

## **Nature of Management**

### **INTRODUCTION**

People working in organisations need to have their activities co-ordinated, controlled and directed toward the objectives of the organisation. Effective management is essential if the organisation is to succeed in the achievement of its objectives. It is therefore prudent to have knowledge and understanding of the principles, functions and roles of managers so that, they can identify appropriate strategies for the management of their own particular organisation. Management is an individual or a group of individuals that accept responsibilities to run an organisation. They plan, organise, direct and control all the essential activities of the organisation. Management does not do the work themselves. They motivate others to do the work and co-ordinate (i.e. bring together) all the work for achieving the objectives of the organisation.

### **MANAGEMENT**

Management is called as the brain or soul of an enterprise, because it is responsible for planning, organising, directing, staffing and controlling the activities of organisation as a whole. Management means managing men skillfully, systematically and logically. It is also called as, noun process and independent discipline. "The role of management in our society is critical in human progress. It serves to identify a great need of our time; to improve standards of living for all people through effective utilisation of human and material resources. Management is a problem solving process of effectively achievement of organisational goals and objectives through the fullest utilisation of availability of scarce resources.

#### **Meaning and Definitions:**

Management has been described as a social process involving responsibility for economical and effective planning and regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager is irrespective of his level or status.

**Definitions:**

It is very difficult to give a precise definition of the term 'management'. Different scholars from different disciplines view and interpret management from their own angles. The economists consider management as a resource like land, labour, capital and organisation. The bureaucrats look upon it as a system of authority to achieve business goals. The sociologists consider managers as a part of the class elite in the society. The definitions by some of the leading management thinkers and practitioners are given below:

**1) Peter. F. Drucker:**

*"Management is a multi-purpose organ that manages a business and manages the manager and manages worker and work".*

**2) Dalton Mcfarland :**

*"Management is the process by which managers create, direct, control, maintain and operate their organisations through co-ordinated, systematic and co-operative human efforts".*

**3) George R. Terry :**

*"Management is a distinct process consisting of planning organising, actuating and controlling performance to determine and accomplish the objectives by the use of people and resources".*

**4) Henry L. Sisk:**

*"Management is the coordination of all resources through the process of planning, organising, directing and controlling in order to attain stated objectives."*

**5) James L. Lundy:**

*"Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective."*

**6) American Society of Mechanical Engineers:**

*"Management is the art and science of organising and directing human efforts applied to control the forces and utilise the materials of nature for the benefit of man."*

**7) Theo Haimann :**

*"Management is the sum total of all processes including planning, direction, control and organisation."*

**8) Harold Koontz and Cyril O'Donnell:**

*"Management is the creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals."*

**9) 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."*

**10) Henry Fayol:**

*"To manage is to forecast and to plan, to organise to command, to coordinate and to control."*

**11) Ralph C. Davis:**

*"Management is the function of executive leadership anywhere."*

**12) E.F.L. Breach:**

*"Management is concerned with seeing that the job gets done; its tasks all centre on planning and guiding the operations that are going on in the enterprise."*

**13) American Management Association:**

*"Management is guiding human and physical resources into dynamic organisational units which attain their objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering service."*

**Concepts of Management:**

The term management has been interpreted in several ways; some of which are given below:

**1) Management as an Activity:**

Management is an activity just like playing, studying, teaching etc. As an activity management has been defined as the art of getting things done through the efforts of other people. Management is a group activity wherein managers do to achieve the objectives of the group. The activities of management are:

- a) Interpersonal activities.
- b) Decisional activities.
- c) Informative activities.

**2) Management as a Process:**

Management is considered a process because it involves a series of interrelated functions. It consists of getting the objectives of an organisation and taking steps to achieve objectives. The management process includes planning organising, staffing, directing and controlling functions. Management as a process has the following implications:

**a) Social Process:**

Management involves interactions among people. Goals can be achieved only when relations between people are productive. Human factor is the most important part of the management.

**b) Integrated Process:**

Management brings human, physical and financial resources together to put into effort. Management also integrates human efforts so as to maintain harmony among them.

**c) Continuous Process:**

Management involves continuous identifying and solving problems. It is repeated every now and then till the goal is achieved.

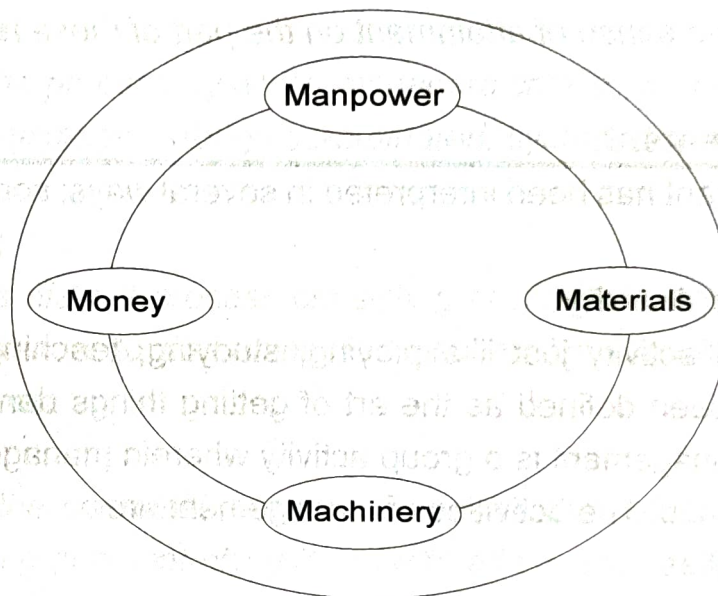
**d) Interactive Process:**

Managerial functions are contained within each other.

**Example:** When a manager prepares plans, he is also laying down standards for control.

**3) Management as an Economic Resource:**

Like land, labour and capital, management is an important factor of production. Management occupies the central place among productive factors as it combines and co-ordinates all other resources. This is shown in Fig. 1.1.



**Fig. 1.1 Management as resource**

**4) Management as a Team:**

As a group of persons, management consists of all those who have the responsibility of guiding and co-ordinating the efforts of other persons. These persons are called managers who operate at different levels of authority (top, middle, operating). Some of these managers have ownership stake in their firms while others have become managers by virtue of their training and experience. Civil servants and defense personnel who manage public sector undertakings are also part of the management team. As a group managers have become an elite class in society occupying positions with enormous power and prestige.

**5) Management as an Academic Discipline:**

Management has emerged as a specialised branch of knowledge. It comprises principles and practices for effective management of organisations. Management has become as very popular field of study as is evident from the great rush for admission

into institutes of management. Management offers a very rewarding and challenging career.

### 6) Management as a Group:

Management means the group of persons occupying managerial positions. It refers to all those individuals who perform managerial functions. All the managers, e.g., chief executive (managing director), departmental heads, supervisors and so on are collectively known as management.

**Example:** When one remarks that the management of Reliance Industries Ltd. is good, he is referring to the persons who are managing the company. There are several types of managers, which are listed as under.

- a) Family managers who have become managers by virtue of their being owners or relatives of the owners of a company.
- b) Professional managers who have been appointed on account of their degree or diploma in management.
- c) Civil Servants who manage public sector undertakings.

Managers have become a very powerful and respected group in modern society. This is because the senior managers of companies take decisions that affect the lives of a large number of people.

**Example:** If the managers of Reliance Industries Limited decide to expand production it will create job for thousands of people. Managers also help to improve the social life of the public and the economic progress of the country. Senior managers also enjoy a high standard of living in society. They have, therefore, become an elite group in the society.

### Purpose / Objectives of Management:

Managing an organisation effectively requires the formulation of clear objectives. The objective is well defined and the objective points (question) of making necessary efforts to achieve it. Objects and aims direct a man to proceed in a certain way for achieving organisational aims. These are following:

#### 1) Getting Maximum Results with Minimum Efforts:

The main objective of management is to secure maximum outputs with minimum efforts and resources. Management is basically concerned with thinking and utilising human, material and financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.

#### 2) Increasing the Efficiency of Factors of Production:

Through proper utilisation of various factors of production, their efficiency can be increased to a great extent, which can be obtained by reducing spoilage, wastages and breakage of all kinds. This in turn leads to saving of time, effort and money which is essential for the growth and prosperity of the enterprise.

**3) Maximum Prosperity for Employer and Employees:**

Management ensures smooth and co-ordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and high profits to the employer on the other hand.

**4) Human Betterment and Social Justice:**

Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity and employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

**5) Customer Satisfaction:**

Making customers happy is another key management objective. Whether work directly with clients regularly in a service field or sell products in an online store, achieving a fruitful relationship with the customer is an extremely important goal for the manager. According to quality service consultant Dianne S. Ward, setting high standards for the customer service not only can act as a marketing tool, but it also can lead to incremental sales.

**Nature of Management:**

Various contributions to the field of management have changed its nature. The nature of management can be described as follows:

**1) Multidisciplinary:**

Management is multidisciplinary because it includes knowledge/information from various disciplines economics, statistics, maths, psychology, sociology, ecology, operations research, history, etc. Management integrates the ideas and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organisations.

**2) Management is Dynamic:**

Management has framed certain principles, which are flexible in nature and change with the changes in the environment in which an organisation exists.

**3) Relative, not Absolute Principles:**

Management principles are relative, not absolute and they should be applied according to the need of the organisation. A particular management principle has different strengths in different conditions. Therefore, principles should be applied according to the prevailing conditions.

**4) Management as Science or Art:**

Management like other practices- whether medicine, music composition or even accountancy is an art. It is know-how. Yet managers can work better by using the organised knowledge about management. It is this knowledge that constitutes science.

Thus, managing as practice is an art; the organized knowledge underlying the practice may be referred to as science.

### 5) Management as Profession:

Management has been regarded as a profession by many while many have suggested that it has not achieved the status of a profession. Schein concluded that by some criteria management is indeed a profession, but by other criteria it is not. Today we can see many signs that management is working towards increased professionalism.

### 6) Management is Universal:

Management is a universal phenomenon. However, management principles are not universally applicable but are to be modified according to the needs of the situation.

### 7) Management is Goal-oriented:

Management is not an end in itself. It is a means to achieve certain goals. Management has no justification to exist without goals. Management goals are called group goals or organisational goals. The basic goal of management is to ensure efficiency and economy in the utilisation of human, physical and financial resources. The success of management is measured by the extent to which the established goals are achieved. Thus, management is purposeful.

### 8) Management is an Integrative Force:

The essence of management lies in the coordination of individual efforts into a team. Management reconciles the individual goals with organisational goals. As unifying force, management creates a whole that is more than the sum of individual parts. It integrates human and other resources.

### 9) Management is a Social Process:

Management is done by people, through people and for people. It is a social process because it is concerned with interpersonal relations. Human factor is the most important element in management. According to Appley, "Management is the development of people not the direction of things. A good manager is a leader not a boss. It is the pervasiveness of human element which gives management its special character as a social process".

### 10) Management is a Continuous Process:

Management is a dynamic and an on-going process. The cycle of management continues to operate so long as there is organised action for the achievement of group goals.

### 11) Management is Intangible:

Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.

**Importance of Management:**

The significance or importance of management is as follows:

**1) It Helps in Achieving Group Goals:**

It arranges the factors of production, assembles and organizes the resources integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organisation clearly, there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are co-ordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

**2) Optimum Utilisation of Resources:**

Management utilizes all the physical and human resources productively. This leads to efficacy in management. Management provides maximum utilisation of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge and proper utilisation and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

**3) Reduces Costs:**

It gets maximum results through minimum input by proper planning and by using minimum input and getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

**4) Establishes Sound Organisation:**

No overlapping of efforts (smooth and co-ordinated functions). To establish sound organisational structure is one of the objective of management which is in tune with objective of organisation and for fulfillment of this, it establishes effective authority and responsibility relationship i.e. who is accountable to whom, who can give instruction to whom, who are superiors and who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All job should be cleared to everyone.

**5) Establishes Equilibrium:**

It enables the organisation to survive in changing environment. It keeps in touch with the changing environment. With the change in external environment, the initial coordination of organisation must be changed. So it adapts organisation to changing demand of market / changing needs of societies. It is responsible for growth and survival of organisation.

**6) Essentials for Prosperity of Society:**

Efficient management leads to better economical production, which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organisation comes with new products and researches beneficial for society.

**7) Encourages Initiative:**

Management encourages initiative. Initiative means to do the right thing at the right time without being told or influenced by the superior. The employees should be encouraged to make their own plans and also to implement these plans. Initiative gives satisfaction to employees and success to organisation.

**8) Encourages Innovation:**

Management also encourages innovation in the organisation. Innovation brings new ideas, new technology, new methods, new products, new services, etc. This makes the organisation more competitive and efficient.

**9) Motivates Employees:**

Management motivates employees by providing financial and non-financial incentives. These incentives increase the willingness and efficiency of the employees. This results in boosting productivity and profitability of the organisation.

**10) Reduces Absenteeism and Labour Turnover:**

Absenteeism means the employee is absent without permission. Labour Turnover means the employee leaves the organisation. Labour absenteeism and turnover increases the cost and causes many problems in the smooth functioning of the organisation. Management uses different techniques to reduce absenteeism and labour turnover in the organisation.

**11) Encourages Team Work:**

Management encourages employees to work as a team. It develops a team spirit in the organisation. This unity brings success to the organisation.

**Scope of Management:**

The scope of management includes all the functions performed by managers to get things done. It also includes the various branches or functional areas of management. The field of management is very wide. The operational areas of management may be classified into the following categories:

**1) Production Management:**

Production management implies planning organising, directing and controlling the

production function, so as to produce the right goods, in right quantity, at the right time and at the right cost. It includes the following activities:

- a) Designing the product.
- b) Location and layout of plant and building.
- c) Planning and control of factory operations.
- d) Operation of purchase and storage of materials.
- e) Repairs and maintenance.
- f) Inventory cost and quality control.
- g) Research and development etc.

**2) Marketing Management:**

Marketing management refers to the identification of consumer's needs and supplying them the goods and services which can satisfy these wants. It involves the following activities:

- a) Marketing research to determine the needs and expectation of consumers.
- b) Planning and developing suitable products.
- c) Setting appropriate prices.
- d) Selecting the right channel of distribution.
- e) Promotional activities like advertising and salesmanship to communicate with the customers.

**3) Financial Management:**

Financial management seeks to ensure the right amount and type of funds to business at the right time and at reasonable cost. It comprises the following activities:

- a) Estimating the volume of funds required for both long-term and short-term needs of business.
- b) Selecting the appropriate source of funds.
- c) Raising the required funds at the right time.
- d) Ensuring proper utilisation and allocation of raised funds so as to maintain safety and liquidity of funds and the credit-worthiness and profitability of business.
- e) Administration of earnings.

Thus, financial management involves the planning organising and controlling of financial resources.

**4) Personnel Management:**

Personnel management involves planning organising and controlling the procurement, development, compensation, maintenance and integration of human resources of organisation. It consists of the following activities:

- a) Manpower planning.
- b) Recruitments.

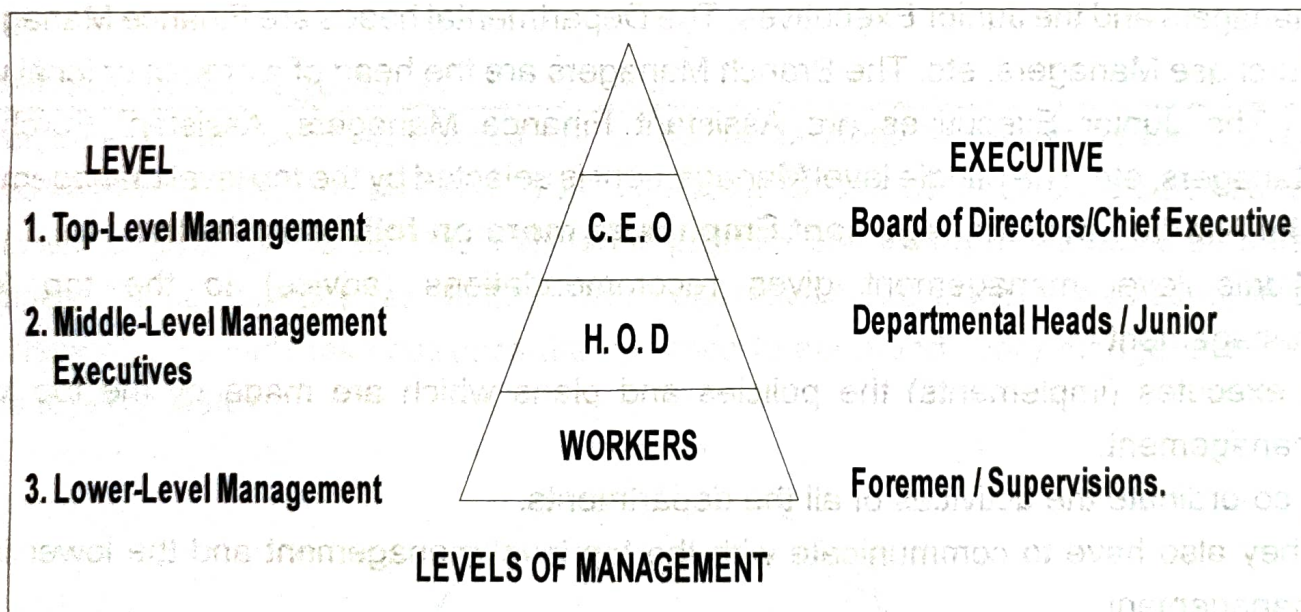
- c) Selection.
- d) Training.
- e) Appraisal.
- f) Promotions and transfers.
- g) Compensation.
- h) Employee welfare services.
- i) Personnel records and research, etc.

**Different Levels of Management:**

Many managers work in an organisation. However, these managers do not work at the same level. They work and operate at different positions. Hierarchy of these managerial positions is called 'Levels of Management'. Generally, there are Three Levels of Management they are as follows.

- 1) Administrative or Top Level of Management.
- 2) Executive or Middle Level of Management.
- 3) Supervisory or Lower Level of Management.

At each level, individual manager has to carry out different roles and functions, diagrammatically the levels of management are represented as follows:



**Fig. 1.2: Levels of Management**

**Different Levels of Management:**

The different levels of management are as follows:

**1) Top Level of Management:**

The Top Level Management consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO). The Chief Executive Officer is also called General Manager (GM) or Managing Director (MD) or President. The Board of Directors is the representatives of the Shareholders, i.e. they are selected by the shareholders of the

company. Similarly, the Chief Executive Officer is selected by the Board of Directors of an organisation.

The Main Role of the Top Level Management is Summarised as follows:

- a) The top level management determines the objectives, policies and plans of the organisation.
- b) They mobilise (assemble and bring together) available resources.
- c) The top level management does mostly the work of thinking, planning and deciding. Therefore, they are also called as the Administrators and the Brain of the organisation.
- d) They spend more time in planning and organising.
- e) They prepare long-term plans of the organisation which are generally made for 5 to 20 years.
- f) The top level management has maximum authority and responsibility. They are the top or final authority in the organisation. They are directly responsible to the Shareholders, Government and the General Public. The success or failure of the organisation largely depends on their efficiency and decision making.
- g) They require more conceptual skills and less technical skills.

## 2) Middle Level of Management:

The Middle Level Management consists of the Departmental Heads (HOD), Branch Managers and the Junior Executives. The Departmental heads are Finance Managers, Purchase Managers, etc. The Branch Managers are the head of a branch or local unit.

The Junior Executives are Assistant Finance Managers, Assistant Purchase Managers, etc. The Middle level Management is selected by the top level management.

**The Middle Level Management Emphasize more on following Tasks:**

- a) Middle level management gives recommendations (advice) to the top level management.
- b) It executes (implements) the policies and plans which are made by the top level management.
- c) It co-ordinate the activities of all the departments.
- d) They also have to communicate with the top level management and the lower level management.
- e) They spend more time in co-ordinating and communicating.
- f) They prepare short-term plans of their departments which are generally made for 1 to 5 years.
- g) The middle level management has limited authority and responsibility. They are intermediary between top and lower management. They are directly responsible to the chief executive officer and board of directors.
- h) Require more managerial and technical skills and less conceptual skills.

**3) Lower Level of Management:**

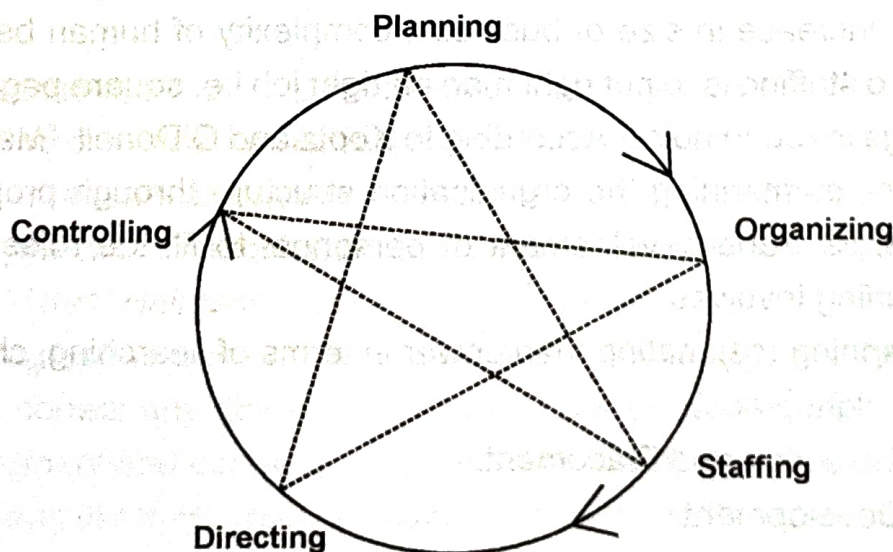
The lower level management consists of the Foremen and the Supervisors. They are selected by the middle level management. It is also called Operative / Supervisory level or First Line of Management.

The Lower Level Management Performs following Activities:

- a) Lower level management directs the workers / employees.
- b) They develop morale in the workers.
- c) It maintains a link between workers and the middle level management.
- d) The lower level management informs the workers about the decisions which are taken by the management. They also inform the management about the performance, difficulties, feelings, demands, etc., of the workers.
- e) They spend more time in directing and controlling.
- f) The lower level managers make daily, weekly and monthly plans.
- g) They have limited authority, but important responsibility of getting the work done from the workers. They regularly report and are directly responsible to the middle level management.
- h) Along with the experience and basic management skills, they also require more technical and communication skills.

**Functions of Management:**

Management has been described as a social process involving responsibility for economical and effective planning and regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status.



**Fig. 1.3: Functions of Management**

**1) Planning:**

It is the basic function of management. It deals with chalking out a future course of action and deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to Koontz, "Planning is deciding in advance what to do, when to do and how to do. It bridges the gap from where we are at where we want to be". A plan is a future course of actions. It is an exercise in problem solving and decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways and means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilisation of human and non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

**2) Organising:**

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organisational goals. According to Henry Fayol, "To organise a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organise a business involves determining and providing human and non-human resources to the organisational structure. Organising as a process involves:

- a) Identification of activities.
- b) Classification of grouping of activities.
- c) Assignment of duties.
- d) Delegation of authority and creation of responsibility.
- e) Co-ordinating authority and responsibility relationships.

**3) Staffing:**

It is the function of operating the organisation structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behaviour etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Koontz and O'Donnell, "Managerial function of staffing involves manning the organisation structure through proper and effective selection; appraisal and development of personnel to fill the roles designed in the structure". Staffing involves:

- a) Manpower Planning (estimating man power in terms of searching, choose the persons and giving the right place).
- b) Recruitment, Selection and Placement.
- c) Training and Development.
- d) Remuneration.

- e) Performance appraisal.
- f) Promotions and Transfer.

**4) Directing:**

It is that part of managerial function which actuates the organisational methods to work efficiently for achievement of organisational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning organising and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organisational goals. Direction has following elements:

- a) Supervision.
- b) Motivation.
- c) Leadership.
- d) Communication.

**a) Supervision:**

It implies overseeing the work of sub-ordinates by their superiors. It is the act of watching and directing work and workers.

**b) Motivation:**

It means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

**c) Leadership:**

It may be defined as a process by which manager guides and influences the work of sub-ordinates in desired direction.

**d) Communications:**

It is the process of passing information, experience, opinion etc. from one person to another. It is a bridge of understanding.

**5) Controlling:**

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organisational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. 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 acting if necessary, to correct any deviation". According to *Koontz and O'Donell*, "Controlling is the measurement and correction of performance activities of sub-ordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

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## MANAGEMENT AN ART, SCIENCE AND PROFESSION

Management is an art, science or a profession. The concept of management is universal and very old. Management is the oldest of arts and the youngest of sciences. It is also a profession. A question is often raised on our mind that whether management is an art, a science, a profession or all the three. Well according to the nature of management, management is an art, science or profession. This is discussed below

### A) Management as an Art:

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#### 1) Practical Knowledge:

Every art requires practical knowledge therefore learning of theory is not sufficient. It is very important to know practical application of theoretical principles.

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own way of managing things based on his knowledge, experience and personality, that is why some managers are known as good managers (like Aditya Birla, Rahul Bajaj) whereas others as bad.

### 3) Creativity:

Every artist has an element of creativity in line. That is why he aims at producing something that has never existed before which requires combination of intelligence and imagination. Management is also creative in nature like any other art. It combines human and non-human resources in useful way so as to achieve desired results. It tries to produce sweet music by combining chords in an efficient manner.

### 4) Perfection through Practice:

Practice makes a man perfect. Every artist becomes more and more proficient through constant practice. Similarly, managers learn through an art of trial and error initially but application of management principles over the years makes them perfect in the job of managing.

### 5) Goal-Oriented:

Every art is result oriented as it seeks to achieve concrete results. In the same manner, management is also directed towards accomplishment of pre-determined goals. Managers use various resources like men, money, material, machinery and methods to promote growth of an organisation.

Thus, we can say that management is an art therefore it requires application of certain principles rather it is an art of highest order because it deals with moldings the attitude and behavior of people at work towards desired goals.

## B) Management as Science:

It is important to understand the meaning of science before accepting management as a science. Science means a systematic body of knowledge pertaining to a specific field of study. It contains general principles and facts which explains a phenomenon. These principles and theories help to explain past events and may be used to predict the outcome of actions. Management can be learnt and taught in a well organised manner, just like any other subject of science; management also has certain principles which are developed over a period of time through observation and experiments. Physical science has universal application. Similarly subject of management has universal applications. Management is a science because the subject of management has become well organised and has a systematic body of knowledge just like any other subject of physical science. Science has following characteristics:

### 1) Universally Accepted Principles:

Scientific principles represent basic truth about a particular field of enquiry. These principles may be applied in all situations at all time and at all places.

**Example:** Law of gravitation which can be applied in all countries irrespective of time. Management also contains some fundamental principles, which can be applied universally like the Principle of Unity of Command i.e. one man, one boss. This principle is applicable to all type of organisation – business or non business.

## 2) Experimentation and Observation:

Scientific principles are derived through scientific investigation and researching; they are based on logic.

**Example:** The principle that earth goes round the sun has been scientifically proved. Management principles are also based on scientific enquiry and observation and not only on the opinion of Henry Fayol. They have been developed through experimentation and practical experiences of large no. of managers.

## 3) Cause and Effect Relationship:

Principles of science lay down cause and effect relationship between various variables.

**Example:** When metals are heated, they are expanded. The cause is heating and the result is expansion. The same is true for management; therefore it also establishes a cause and effect relationship. Lack of parity (balance) between authority and responsibility will lead to ineffectiveness. If the cause i.e. lack of balance, the effect can be ascertained easily, i.e. ineffectiveness. Similarly if workers are given bonuses, fair wages they will work hard but when not treated in fair and just manner reduces productivity of organisation.

## 4) Test of Validity and Predictability:

Validity of scientific principles can be tested at any time or any number of times; they stand the time of test. Each time these tests will give same result. Moreover, future events can be predicted with reasonable accuracy by using scientific principles. The main reason for the inexactness of science of management is that it deals with human beings and it is very difficult to predict their behaviour accurately. Since it is a social process, therefore it falls in the area of social sciences. It is a flexible science and that is why its theories and principles may produce different results at different times and therefore it is a behaviour science.

## C) Management as Profession:

Management is also a profession. In former days only the occupation of advocates, doctors, priests and were taken as the profession. But now-a-days the management is also taken as profession. The persons having knowledge, ability and skills can be profession. So the management is getting recognition as a profession. As the characteristics of profession like formal education and training, social sanction, self control, acquisition of knowledge etc are found in management, it is taken

profession. Whether management is profession or not will be known by the application of the essentials of profession in management. The essentials of a profession are:

### 1) Specialised Knowledge:

A profession must have a systematic body of knowledge that can be used for development of professionals. Every professional must make deliberate efforts to acquire expertise in the principles and techniques. Similarly a manager must have devotion and involvement to acquire expertise in the science of management.

### 2) Formal Education and Training:

There are no. of institutes and universities to impart education and training for a profession. No one can practice a profession without going through a prescribed course. Many institutes of management have been set up for imparting education and training.

**Example:** A CA cannot audit the A/C's unless he has acquired a degree or diploma for the same but no minimum qualifications and a course of study has been prescribed for managers by law.

**Example:** MBA may be preferred but not necessary.

### 3) Social Obligations:

Profession is a source of livelihood but professionals are primarily motivated by the desire to serve the society. Their actions are influenced by social norms and values. Similarly a manager is responsible not only to its owners but also to the society and therefore he is expected to provide quality goods at reasonable prices to the society.

### 4) Code of Conduct:

Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. A code of conduct is enforced by a representative association to ensure self discipline among its members. Any member violating the code of conduct can be punished and his membership can be withdrawn. The AIMA has prescribed a code of conduct for managers but it has no right to take legal action against any manager who violates it.

### 5) Representative Association:

For the regulation of profession, existence of a representative body is a must.

**Example:** An institute of Chartered Accountants of India establishes and administers standards of competence for the auditors but the AIMA however does not have any statutory powers to regulate the activities of managers.

Thus management is a distinct profession backed up by specialisation. As a professional activity, all management efficient people should have academic qualification and personal qualification from anybody.

# MANAGEMENT AS SOCIAL SYSTEM

Organisation is essentially a cultural system composed of people who work in operation. For achieving organisation goals, a co-operative system of management can be developed only by understanding the behaviour of people in groups. Social system can refer to the structure of social network ties between individuals or organisations. Management is a dynamic science. According to need, time and circumstances it undergoes significant changes time and again. It has real significance to the practical manager in the sense that managers operate in social system and the organisation is likely to succeed if the demands of the society in which it operates are fully recognised. Management has become a social system. It can be explained with the following points:

## 1) Management : A Social Problem:

Management is more a social problem than economic. Recent trends in management thinking indicate that the social responsibility of management is becoming heavier and heavier with the passage of every day. Today an industrial unit is not the problem of management but it is now viewed and discussed and also solved as a social problem.

## 2) Management Calls for a Study of Social Problem:

In order to view, discuss and solve today's complex industrial and commercial problems it is necessary to adopt a realistic view in relation to human psychology. Management today is a study of human mind vis-a-vis his attitude to his assigned work and the enterprise in which he is asked to work. For this, effective leadership and efficient direction is to be provided by the management. Thus, the management can provide easily and with success if it is equipped with the problems the society is facing today is expected to face tomorrow. A clear vision and unbiased approach helps management in studying the social problems. After a study the management should try to find out the solutions in order to play its assigned role effectively and that too with success.

## 3) Socialisation of Industry:

In industrial sector the management is usually exercised over two important questions. One, what are the expectations of the society and two, how to accomplish them. Apparently the industries are not expected to work only for its own profit but modern management thinking is that it has to see and strive for social - gain as well. Today profitability as a concept follows the social - gain, concept. There is a demand from influential quarters that the industries should not remain in the hands of only a few but it should be the society's trust. Trusteeship concept is gaining momentum these days.

## VARIOUS CONCEPTS OF MANAGEMENT

Management, Administration and Organisation are the basic terms of management literature. At the very outset it should be made clear that the three terms are neither synonymous nor interchangeable. They have their own field of operation. All the three convey three different meanings. Their respective roles are also different. Though in common language they are taken as one and the same, in practice, however, they have different sense to convey. Administration means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programmes of higher level. It lays down basic principles of the enterprise. Organisation means two or more people who work together in a structured way to achieve a specific goal or set of goals. The purpose that an organisation strives to achieve or organisations often have more than one goal. Goals are fundamental elements of organisations. Management is the process of planning organising, leading and controlling the work of organisation members and of using all available organisational resources to reach stated organisational goals.

### The Three Terms are not Synonymous:

A few definitions of these three concepts given by those authorities who consider them absolutely distinct from each other's are given below:

#### 1) View of Oliver Sheldon:

Oliver Sheldon has summarized the difference between these three terms as follows:

##### **Administration:**

"Administration is the function in industry concerned in the determination of the corporate policy, the co-ordination of finance, production and distribution, the settlement of the compass of the organisation and the ultimate control of the executive."

##### **Management:**

"Management proper is the function in industry concerned in the execution of policy, within the limits set up by the administration and the employment of the organisation for the particular objects set before it."

##### **Organisation:**

"Organisation is the formation of an effective machine, management of an effective executive; administration of an effective direction. Administration determines the organisation; management uses it. Administration defines the goals; management strives towards it. Organisation is the machine of management in its achievement of the ends determined by administration."

**2) View of Mr. J. N. Schulze:**

Mr. J. N. Schulze has differentiated between these three terms in the following words:

**Administration:**

"Administration is the force which lays down the object for which and organisation and its management are to strive and the broad policies under which they are to operate."

**Management:**

"Management is the force which leads, guides and directs an organisation in the accomplishment of a predetermined object."

**Organisation:**

"Organisation is the combination of necessary human beings, materials, tools, equipments, working space and appurtenances, brought together in systematic and effective correlation, to accomplish some desired object."

**3) View of G. E. Milward:**

G. E. Milward has brought out the difference as follows:

**Administration:**

"Administration is primarily the process and the agency used to establish the object, purpose which an undertaking and its staff are to achieve; secondarily, administration has to plan and to stabilize the broad lines or principles which will govern action. These broad lines are in their turn usually called policies."

**Management:**

"Management is the process and the agency through which the execution of policy is planned and supervised."

**Organisation:**

"Organisation is the process of dividing work into convenient tasks or duties, grouping such duties in the form of posts, of delegating authority to each post and appointing qualified staff to be responsible that the work is carried out as planned."

**Distinction between Administration and Management:**

The detailed study of the American concept, the English concept and the Modern Concept has made the difference between Administration and Management abundantly clear. An effort is being made to clarify the difference with the help of the following facts:

| Basis of Difference | Administration                                                                                                        | Management                                                                                                 |
|---------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Nature of Work      | It is primarily related to the determination of objectives and laying down of policies and it is a thinking function. | This is an executive function to give practical shape to the policies to achieve predetermined objectives. |

|                                                |                                                                                                                                               |                                                                                                                                    |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>Scope</b>                                   | Under it important decisions are taken and are wider than management.                                                                         | Under it decisions are taken within the limits laid down by the administration.                                                    |
| <b>Level of Function</b>                       | Administrative functions are performed by top-level managers.                                                                                 | Managerial functions are performed by middle level and lower level managers.                                                       |
| <b>Effect of External and Internal Factors</b> | Administrative decisions are affected by outside factors-like social, political and legal.                                                    | Management process is affected by internal factors like pre-determined objectives, policies, ideas of the managers concerned, etc. |
| <b>Nature of Organisation</b>                  | The word administration is often used in connection with govt., educational and religious institutions where the object is not to earn money. | The work management is used in business organisation where the objective is to earn money.                                         |
| <b>Nature of Status</b>                        | Under it owners are included.                                                                                                                 | Under it specially qualified managers and other employees are included.                                                            |
| <b>Consideration</b>                           | Owners who are called administrations are given profits.                                                                                      | Managers are given salary for their services and sometimes they get a part of the profits.                                         |
| <b>Administration and Technical Ability</b>    | Administrative qualifications are more desirable for the administrators. Technical qualification enhances their worth.                        | A manager needs technical qualifications along with administrative ability.                                                        |
| <b>Quickness in Execution of Work</b>          | In the process of administration bureaucratic superiority and red-tapism are important. Unnecessary delay is caused in work performance.      | The process of management is free from the bureaucratic wrangles. Work performance can be achieved quickly.                        |
| <b>Employer-Employees Relationship</b>         | Administrative functions are performed by the owner of the enterprise who provides capital.                                                   | The persons performing managerial functions work as sub-ordinates of the administrators.                                           |

**Difference between Management and Organisation:**

The following are the difference between management and organisation:

| <b>Basis of Difference</b>          | <b>Management</b>                                                                                       | <b>Organisation</b>                                                                                                                                                 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nature of Work</b>               | Management includes Planning organising, Staffing, Leading, Controlling, etc.                           | Organisation includes division of work among different people, giving authority to perform their duty, establishing mutual relationship, fixing responsibility etc. |
| <b>Scope</b>                        | Organisation is only a part of management. The sphere of management is wider.                           | The sphere of organisation is limited because it falls under management.                                                                                            |
| <b>Policies</b>                     | Management Implement Policies.                                                                          | It creates human groups for the implementation of policies.                                                                                                         |
| <b>Relation with Administration</b> | It works under administration.                                                                          | Organisation works for co-ordination between the two.                                                                                                               |
| <b>Importance in business</b>       | It is like brain in a human body with relation to business.                                             | It is like nerves in a human bod with relation to business.                                                                                                         |
| <b>Mutual Relation</b>              | Management works within limits laid down by administration and does not explain any mutual relationship | Organisation explains the relationship between people and departments keeping itself confined to the limit of authority prescribed by administration.               |
| <b>Responsibility</b>               | Its responsibility is to provide clean administration to the whole business.                            | The responsibility of the organisation is to establish co-ordination among various levels                                                                           |



# REVIEW QUESTIONS

- Q.1. Define the term 'management'. State the various functions of management.
- Q.2. Explain the importance of management.
- Q.3. Comment "management is an art, science and profession."
- Q.4. Explain the nature and objectives of management.
- Q.5. What is level of management?
- Q.6. Explain the scope of management.
- Q.7. Discuss the concepts of management, administration and organisation.
- Q.8. Write Short Notes on Following:

- 1) Features of management.
- 2) Importance of management.
- 3) Management as social system.
- 4) Management as an art

## EVOLUTION OF MANAGEMENT THOUGHT



The evolution of management thought is a story that has unfolded over centuries. It has been shaped by the changing needs of societies, the growth of organisations, and the insights of thinkers from various disciplines. The evolution of management thought can be divided into three broad stages: the classical stage, the behavioural stage, and the modern stage. The classical stage is characterised by the work of management theorists like Taylor, Fayol, and Weber, who focused on the scientific management and the structure of organisations. The behavioural stage, on the other hand, is marked by the work of psychologists and sociologists like Lippitt, Likierman, and Maslow, who emphasised the human element in management. The modern stage is a synthesis of the classical and behavioural approaches, focusing on the integration of scientific management with the humanistic approach.