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Principles of Management

Sub Code- 1T1

Unit I

For Internal Circulation and Academic Purpose Only

PROGRAMME EDUCATIONAL OBJECTIVES: PEO

Our program will create graduates who:

1. Will be recognized as a creative and an enterprising team leader.
2. Will be a flexible, adaptable and an ethical individual.
3. Will have a holistic approach to problem solving in the dynamic business environment.

Course Objectives Of Principles of Management

- **CO1-** Student manager will be able to **identify** application of various management theories in the organization/establishment under study.
- **CO2-** For a given profile, student manager will be able to **map** the desired skill set with available skills through interaction with the employees of the organization / establishment under study
- **CO3-** Given the task / event, student manager will be able to **formulate** plan, **design** the team structure with authority and responsibility, and **devise** a control mechanism for effective management.

- **CO4-** In the organization/establishment under study, student manager will be able to **calculate** Span of Control and **analyze** Scalar Chain.
- **CO5-** Student manager will be able **compare** the motivational practices and its suitability in in the organization/establishment under study.
- **CO6-** Student manager will be able **determine** sources of recruitment and comment on its suitability in the organization/establishment under study.

Unit I: Introduction

- Concept, Nature, Process and Significance of Management; Managerial Roles;
- An Overview of Functional Areas of Management – Marketing, Finance, Production, HRM, IT, R and
- D; Development of Management Thought – Classical, Neo-Classical, system and contingency
- Approaches – An Overview.

Concept of Management

- Fast Internalization of Business Forces the companies to go Global.
- Unless the companies are effectively managed, they cannot survive in fast changing international business environment.
- So Management helps in doing and getting things done through others.
- In short it is the process that optimizes human, material and financial resources of the organization for effective achievement of goals.
- This process involves various actions (functions) for the managers to get maximum output (Goods & Services) with minimum inputs (men materials, money, machine, etc.)
- Goals are the final results which managers along with the all stakeholders wish to achieve.

Various definitions for Management

- Terry & Franklin: It is a process consisting of activities for planning, organizing, actuating, and controlling, performed to determine and accomplish stated objectives, with the use of human beings, and other resources.
- Koontz & Weihrich: It is a process for designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.
- F. W. Taylor: It is an art of knowing what is to be done and seeing that it is done in the best possible manner.
- Henri Fayol: Management is to forecast, to plan, to organize, to command, to co-ordinate and control activities of others.

Nature of Management

Management is normally viewed as:

- i) Science
- ii) Art
- iii) Profession

Management is Science: Its knowledge that involves systematic observation and experiments with phenomena.

It also involves testing of theories based on observation of behaviour.

Testing of hypothesis evolves principles which establish cause and effect relationship amongst variables.

Some features of Science are: a) clarity of concept, b) Scientific methods, c) Clarity about theory, d) Causal relationship, & e) Universal application.

(Observation, Particulars, concepts. Principles, theories.)

Management as Science:

- What is science ?
- It is a branch of knowledge where systematized observation & experiments with phenomena are involved.
- Testing of hypothesis based on observation of behaviour.
- Testing of hypothesis develop principles which establish cause and effect relationship amongst variables.
- Clarity of concept, Scientific methods, clarity of theory, causal relationship, universal application are few features of Science.

Is Management a Science:

- **Clarity of concept** : It's a mental perception of anything formed out of generalization of particulars.
- Management as a discipline has several concepts like, management administration, Level of Management, functional areas etc., which develops through the experience of managers while working in different organizations.
- So we can rightly termed as management science. Concepts like organization chart, manuals, managerial planning gains popularity.
- So Management thus called as Science.
- **Scientific methods**: Study of scientific problems always done through systematic multistep procedure of observation, formulation of hypothesis, experiments, development of theories. (In short A scientific method involves the determination of facts through observation).
- Repeated observation of similar facts and situation leads to certain generalization which help in making predication about what will happen in similar situation.

- While dealing with people, managers repeatedly observe the human behaviour, analyze their psychological and physiological needs thus frame policies to satisfy those needs.
- For example financial incentives can satisfy physiological needs non-financial needs satisfy psychological needs of human beings. This aspect can be monitored through constant observation of human beings.
- Thus we say Management is Science.
- **Clarity of Theory:** Theory is a systematic grouping of interdependent concepts and principles that give a framework to a significant area of knowledge.
- Over a period of years Management also evolved as a theory with generalized set of principles and concepts that support organization structure.
- On other hand principles of management are universally accepted set of knowledge which have grown up through constant observation and experimentation.
- While dealing with managerial resources, for e.g. unity command, scalar chain, unity of direction have made management universally accepted science or theory. Thus management is Science.

contd;

- **Causal Relationship:** Primarily principles of science explain relationship between cause and effect. Similarly in Management, managerial practices and end results has a causal relationship.
- For e.g. In Financial management invests in assets (Long term or short term) for wealth maximization. Managements thus satisfied this principles of science so—
- **Universal Application:** Though not always true, management principles are universally applicable.
The principles of “Esprit de Corps”- unity of strength is applied in almost every organization and every situation on this basis Management can be termed as science.
- Finally one can say is not a “**physical science**” since it has no direct practical application in understanding human behaviour, whereas it deals with problems and finds solutions to these problems it maximize human welfare.
- Thus it is termed as applied science or social science based on accumulation of data, past experience and reasoning.

Management as Art :

- What is Art?
- Art is know-how. It is knowledge that gives personal expression to feelings, thoughts, & Ideas.
- Does have not have any relevance with scientific experiments and testing.
- Where as it applies personal aptitude and skill in assessing how best can one utilize resources to get maximum benefit out of them.
- Few features of Art are : Vision, knowledge, Communication, Creativity, Skilled performance, Practice.

Is Management an Art

- **Vision:** Like an Artist, management theorist also as to envision the future and frame the objectives and plans.
- Management art involves envisioning an orderly whole from chaotic parts, communicating the vision and achieving the goal. Thus it is “art of arts” since it organizes and uses human talent.
- **Knowledge:** Managers must clearly know their objectives and how they wish to achieve them. This result in optimum allocation of scarce resources over varied organizational objectives.
- **Communication:** Successful Managers need to effectively communicate to the subordinate (Top-down) listen to their grievances and complaints patiently. It helps in achieving objectives.
- **Creativity:** Art is basically creative, Management is basically behavioural science. Managers therefore must know the art of knowing human needs and devise motivational plane to address them.

- **Skilled Performance:** Art applies to skills for different artistic situation, similarly managers also possess managerial skills to deal with different problems-solving situation.
- **Practice:** Managers expertise in the art of management through constant practice.
- Thus one can say management is an art of applying skill, knowledge, creativity to understand the behaviour of subordinates and application of suitable devices to allocate scarce resources over organizational objectives.

Management – Both A Science & Art

- Management is both, but cannot clearly defined as to when it is science and when art.
- As Science it has principles and theories on the basis of which managers act, and as Art, it deals with decision-making processes through application of practical & personal skills.
- The art part begins when science part ends.
- Science provide knowledge & Art helps in application of knowledge.
- Science provides the knowledge of management principles and art helps in skillfully applying those principles to solve managerial problems.
- While science explains “Why” of a situation, art explains “How” of it.
- Art explains how the problem can be solved once it is known, why it has occurred.
- The power of management lies in application of management science. Success in management comes not from knowledge of management but from how well that knowledge is applied in business situation.

Process of Management

Following are the elements of Management Process.

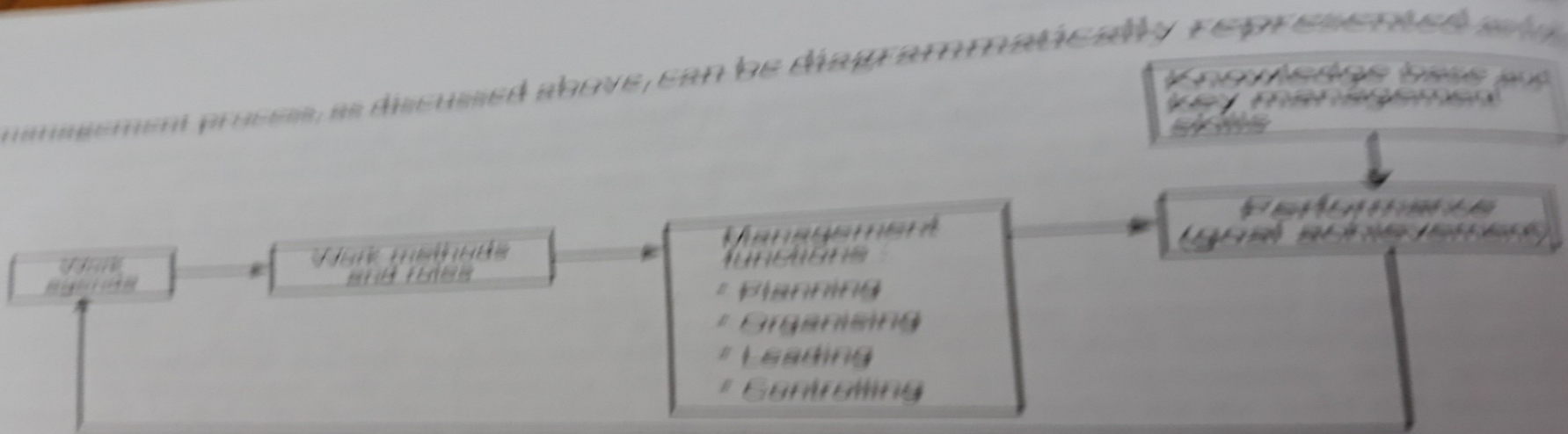
Work agenda

Work methods & managerial roles

Management functions

Knowledge base & key management skills

Performance (Goal achievement)



Source: Stephen J. Carroll and Dennis J. Gillen, "Are Classical Management Functions Describing Managerial Work?" *Academy of Management Review*, Vol. 12, 1987, Pp. 38-51.

However, when one talks of management process, it largely refers to management functions.

Management process

- Management is the coordination of all the resources through the process of planning, organizing, directing, and controlling in order to attain stated objectives.
- In other words Management is principally the task of Planning, coordinating, directive and controlling the efforts of others towards specific objectives.
- Management as a process has the following suggestions
- Management as a social process: It involves interaction with people goals can be active on the basis of productive relationship with people.
- Management as a integrated process: Management process brings together human, physical and financial resources.
- Management as interactive process: All managerial function are contained within each other for eg. When a manager prepares plans, he is also making standards for control.
- Management is continuous process: It involves continuously identifying and solving problems.

Basic Functions of Managers

1. Planning
2. Organizing
3. Staffing
4. Directing, &
5. Controlling

Managerial Roles

Roles depends on functions. The functions describe what Managers should do while roles describe what they actually do.

Henry Mintzberg during 1973 conducted a study on managerial work and identified 10 basic roles which were broadly classified in 3 different categories

Interpersonal Roles	Informational Roles	Decisional Roles
<ul style="list-style-type: none">a) Manager as a Figureheadb) Manager as a leaderc) Manager as a Liaison (An integrating force between different groups)	<ul style="list-style-type: none">a) Manager as a Monitorsb) Manager as a Disseminators (Proper translators or communicators)c) Managers as a Spokespersons	<ul style="list-style-type: none">a) Managers as Enterpruners (Idea creators)b) Managers as a disturbance handlersc) Managers as a a Resource allocators

Functional Areas of Management

- Organization structure can be designed on the basis of functions which they performed.
- Broadly major functional areas of Management are:
 - Marketing Management
 - Production Management
 - Financial Management
 - Personnel/Human Resource Management
 - IT &
 - R & D

Development of Management thought

Management theories can be classified mainly into 4 thoughts :

Pre-scientific management Theory

Classical Theory :

- a) Taylor's Scientific Management Theory
- b) Fayol's Administrative Management Theory
- c) Weber's Bureaucracy Theory

Behavioural Theory

- d) Human relations Theory or Neo-classical Theory
- e) Behavioural Science Theory.

Modern Management Theory

- f) Quantitative Theory
- g) Systems Theory
- h) Contingency Theory
- i) Operational Theory

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3. Harold Koontz, Heinz Weihrich, Essentials of Management, Eighth Edition, Tata MaGraw Hill Education Private Limited.