
11

INTRODUCTION TO MANAGEMENT

11.1 INTRODUCTION

In the lessons that you have gone through earlier, you have learnt about the nature and scope of business, forms of business organisation, business as a career and the details of trade and service activities. Whatever be the activities, one or more persons have to carry out the various tasks involved. Every organisation has goals to achieve. It is, therefore, necessary that steps should be taken to ensure that the goals are achieved as efficiently as possible. People who are responsible for taking these steps are known as managers, and their functions taken together may be called management. In this lesson, we shall discuss various aspects of management, describe the nature and characteristics of management and related matters.

11.2 OBJECTIVES

After studying this lesson, you will be able to :

- explain what is meant by ‘management’;
 - describe the characteristics of management;
 - recognise the three levels of management;
 - list the functions of management;
 - outline the basic principles of scientific management, and
 - enumerate Fayol’s general principles of management.
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11.3 MEANING OF 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.

Consider a situation. When a person goes for shopping, his primary aim is to buy what he requires at a reasonable price. He has a number of questions in his mind—what should he buy? From where to buy? How will he reach there? Will he be able to come back at the right time? And so on. To make his shopping a success, he should think of these questions in advance.

Take another example of a housewife. When she gets up in the morning, she has in her mind a number of activities to be performed, e.g., house is to be cleaned, clothes are to be washed, young children are to be helped in getting ready for the school, breakfast is to be prepared, food is to be cooked and packed and handed over to the children while they leave for school and so on. In the family, she may have three persons to help her—her servant, her eldest daughter and her mother-in-law. Her aim is to divide the work in such a way that all the work gets completed in the right way at the appropriate time. What the housewife does in this example, taken together, to achieve her aim, means management.

From the above two examples, we can conclude that management is very useful in our day-to-day activities—it is important while preparing for examination, planning for holidays, studies, preparing home budget, celebrating social functions and so on.

Management is equally important in business. In olden days, many individuals used to operate small firms or business which didn't require much planning. But now a days business employ hundreds of people, use costly machines, sell products throughout the world. How can they afford running their business without planning in advance? Suppose a factory manager proposes to start a sugar mill which can manufacture 100 tons of sugar per day. His objective is to earn profits through the production and sale of sugar. He has to make a number of decisions in advance e.g. how much space is required for the factory premises, how many crusher machines are required and from where these will be bought? How much sugarcane will be required and how will that be procured from the farmers, how many workers would be required and what wages should be paid to them, how the crushed

sugarcane fibers will be disposed of and so on. Management helps him in taking every action or decision with due care.

You must have noted in these examples that in performing the activities, it is necessary for the person concerned to decide about what is to be done, how it is to be done, when it is to be done and by whom it is to be done. Since management is so important in our lives, why shouldn't we start learning about it right now?

You have now got an idea as to what management means. Let us discuss it further.

All organisations whether commercial, social or political are essentially formed by groups of individuals with a common purpose. Different organisations have different objectives. For example, a business enterprise aims at earning profits. There are several employees on various jobs. If they are left to them-selves, they may work for sometime and then sit idle. A part of the work may be started by some but not be properly supported by the work of other. If on the other hand, there is someone who tells them what the objectives are and directs their efforts towards the objectives, good results can be achieved. Management is getting things done through and with the active cooperation of people.

In other words we can say, management is needed wherever people work together and strive to achieve a common goal. In any work place, we find workers of different skills and capabilities. People who are senior and experienced are generally given the responsibility of directing the efforts of other people at work. Such persons are called managers. Efficient management depends upon the skill and judgement of managers.

Managerial work should be differentiated from non-managerial work. Those who perform non-managerial work are known as operatives. Managers have to achieve certain goals with the co-operation of their subordinates, fellow-managers and outsiders like suppliers. Operatives have to perform their work only in co-operation with fellow operatives, if any. They have no subordinates.

Managers are responsible for getting tasks accomplished well. They are also responsible for the performance of their subordinates. But operatives are only responsible for the particular tasks assigned to them. Also, managers can achieve more than operatives. This is because managers have sub-ordinates, and operatives have to depend only on their own efforts. In short, managerial work involves creating an environment in which non-

managerial work can be performed efficiently. Those who are engaged in doing particular tasks assigned to them are operatives and they perform non-managerial work.

11.4 CHARACTERISTICS OF MANAGEMENT

You have just read about the meaning of management. Now let us discuss its characteristics:

- (i) There is always a definite objective of management and managers help in achieving that objective successfully. Management, thus, is a **goal directed activity**.
- (ii) In a group activity, the manager alone cannot achieve the objectives. He has to take the help of others. He has to see that different employees perform their activities in such a manner that there is no conflict, that work is performed in an orderly manner and completed at the right time. Besides, different activities should support each other. This is called **co-ordination**. It shows that management is concerned with arranging group activity in a co-ordinated manner.
- (iii) Managers have to make a number of decisions to manage the activities properly. Suppose a factory manager aims at increasing the profits through increased production and sales. Then he will first have to take steps to increase the level of production and then try to sell the goods produced. To increase production there may be a few alternatives, e.g. increase in working hours, installing another machine, hiring more workers, improvement in the methods of work and so on. He has to choose the most suitable alternative to achieve his objective. This is known as **decision making**. Managers are involved in decision making, that is, choosing between alternative courses of action at all stages of management.
- (iv) Management aims at securing maximum results with minimum of effort and cost. Managers use various methods to reduce wastes and increase the efficiency of work. Management, in this sense, is an **economic-activity**.
- (v) Managers have to get work done in different types of situations with the help of people having different types of skills. Managers have, therefore, to think of different ways of getting things done. In this sense management is a **creative activity**.

INTEXT QUESTIONS 11.1

- A. Fill in the blanks:
- i) _____ is essential wherever there is group activity.
 - ii) One who gets things done through the efforts of others is known as _____
 - iii) Management aims at getting _____ results with minimum efforts and cost.
 - iv) Since management aims at achieving a definite objective, it is called a _____ activity.
 - (v) When manager selects a course of action from a number of alternatives, it is known as _____.
- B. Given is a list of certain activities. Write the letter 'M' if the activity is managerial task and 'N' if it is a non-managerial task.
- () i) Taking an interview of flood victims for the news.
 - () ii) Taking stock of goods lying unsold at the year end.
 - () iii) Deciding to attach a tailoring unit in the cloth store.
 - () iv) Sending a clerk to attend Staff Development Workshop.
 - () v) Inspecting a restaurant to find whether it complies with State Health Laws.
 - () vi) Deciding to hire sales girls in a boutique.
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11.5 DIFFERENT INTERPRETATIONS OF THE WORD 'MANAGEMENT'

Though management is a commonly used word, it has been interpreted differently for different purposes. The word 'Management' is interpreted as :

- A discipline
 - A body of individuals
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- A process
- A profession

We shall examine them in detail.

(a) Management as a Discipline

Ordinarily the word ‘discipline’ is understood to mean orderly behaviour in day to day life. This word also means an independent branch of knowledge. For instance, history, geography, economics, physics, chemistry, etc. are regarded as disciplines. Management is also recognised as a discipline in the same sense. Like other disciplines, it also consists of certain principles, theories and methods. The body of knowledge in management has been developed on the basis of thinking of experts and practitioners in the field of management. For instance, Henry Fayol and F.W.Taylor have suggested various principles of management to make management more systematic and scientific in practice. Talyor’s principles of Scientific Management suggest that instead of traditional methods, managers should adopt scientific methods for the solution of business problems. Henry Fayol has given fourteen principles of management. We shall explain them in other sections of this lesson. Management, as a discipline, will be more scientific as knowledge of management expands and there is systematic thinking on management.

(b) Management as a body of individuals

As managers perform their functions jointly in a group, they are often collectively known as ‘Management’. The success of a business depends upon the efficiency of not one but more than one manager. They have to work as a team so that the objectives of the business as a whole may be fully achieved. Hence, it is proper that the word ‘management’ should not be related to any single manager but to the team of managers. To run any business successfully, the group of managers must work with a team spirit. Also there are certain levels of management divided on the basis of the nature of duties and responsibilities. The managers at different levels should work in co-operation to make sure that their joint efforts lead to the best possible result. We have discussed it in detail later in this lesson under ‘Levels of Managment’.

(c) Management as a Process

By ‘process’ we mean a series of steps which have to be taken in sequence to perform any activity. When activities are

continuously performed, the process also continues. Management is also a process in the sense that the work of a manager is performed by taking different steps in proper sequence. For example, **planning** must be done first of all before carrying out any activity. This is the first stage in the management process. This stage should be followed by deciding on the manner in which the work is to be arranged and distributed among the people. This is known as **organising**. The next step should consist of selecting the right type of persons for the jobs to be performed. This is **staffing**. This is followed by **directing** which comprises arranging for the supervision of work. The last stage is to check that the actual work is in accordance with plans. This is known as **controlling**. Thus, planning, organising, staffing, directing and controlling are the steps to be taken, together in sequence and known as the 'process of management'.

Business activities use men, materials, machines and money to produce goods and services. The value of goods and services produced is greater than the value of resources used. Thus planning, organising, staffing, etc. are steps taken by management which really mean a transformation process whereby material resources are converted into valuable goods and services.

(d) Management as a Profession

In the company form of organisation, it is not possible for all the shareholders to take part in the management of the company. The management of company is entrusted to the elected representatives of the shareholders called the **directors**. These directors appoint managers to manage the day-do-day activities. Thus, there is a separation between ownership and management. Managers of a company should, therefore, possess expert knowledge and skill in management which can be acquired through education and training. Managers of other types of organisations are also expected to possess expert knowledge. They are expected to observe some principles in the conduct of business affairs. They are also expected to take care of the responsibilities of the company towards the society. They should not do anything which is unethical and illegal, eg. avoiding payment of taxes, earning profits through improper means, etc. Any occupation is known as a profession if it fulfills the following requirements:

- i) There is a systematised body of knowledge.
- ii) Specialized knowledge is acquired through education and training.
- iii) Service is considered to be more important than earning

profits.

- iv) Those engaged in the occupation observe certain standards in the conduct of affairs. (These standards are embodied in 'Code of Conduct', which differ from profession to profession).
- v) There should be an association of the persons in the profession to regulate their occupational behavior.

Management is the occupation of managers and it fulfils some of the requirements of profession e.g. there is a systematised body of knowledge; there are institutes for the education and training of managers; there are associations of managers which have developed 'Codes of Conduct' for managers. However, management has not yet developed fully as a profession like the professions of law, medicine, etc. This is because there is no uniformity regarding the formal qualifications of managers. Moreover, the 'Code of Conduct' is not a legal binding on managers.

11.6 NATURE OF MANAGEMENT : Is it a SCIENCE or an ART?

We have discussed the various interpretations of the term 'Management'. When a manager performs his functions or takes decisions, the systematised body of knowledge helps him to apply one or more principles or methods in the course of his activities. Adoption of principles and methods already known to him during his education and training may be regarded as the application of science in management. In this sense management is a science.

However, there may be situations in the day-to-day activities where a manager may not find it useful to apply the known methods and principles. He may have to understand the nature of the situation and of the problem and then act or take a decision after careful thinking of the nature of the situation. He has to apply his skill and judgement rather than simply use the methods and principles known to him. In this sense, management may be regarded as an art. Managers sometimes may apply methods and principles in their day-do-day activities as well as use their mind and skill where necessary. Therefore, management may be regarded as both a science as well as an art.

Let us take the example of a lady who wants to be a good cook. First of all, she should have the knowledge about the types of food she has to make and the materials that will be required for these preparations. She may know the method of cooking from a book. But mere reading of the book does not make her a good

cook. She has to know how and in what proportion different materials have to be used in preparing a particular type of dish. She has to understand the taste of people who will eat the food. Therefore, she has to combine her knowledge of cooking with the practice of it. In this way cooking involves the use of science as well as the use of art.

INTEXT QUESTIONS 11.2

Match the expression given in column (I) with those given in column (II) by putting their number in the blank boxes:

Column I

Column II

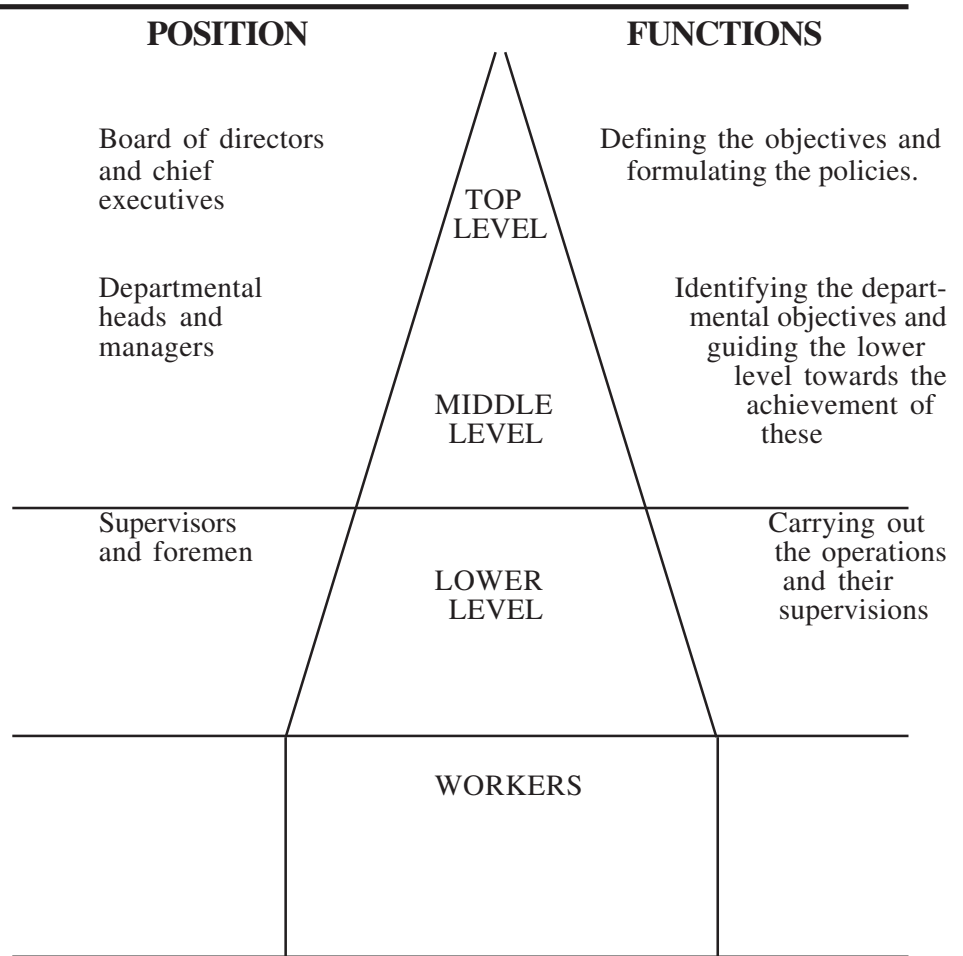
- | | |
|--|---|
| a) Management as discipline () | i) Transformation of human and materials resources. |
| b) Management as a process () | ii) Team of managers |
| c) Management as a body of individuals () | iii) Systematised body of knowledge and code of conduct. |
| d) Management as profession () | iv) An independent branch of knowledge in the subject of management |
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11.7 LEVELS OF MANAGEMENT

We have already stated how managers jointly perform the various functions. Different managers perform different types of duties. Some managers decide about the objectives of the business as a whole; some managers perform functions to achieve these objectives in different departments, like production, sales, etc, and some of the managers are concerned with the supervision of day-do-day activities of workers. Managers performing different types of duties may, thus, be divided into three categories:

- Top-Level Management
- Middle-Level Management
- Lower-Level Management

The following diagram will give you an idea about the functions, positions and relations of different levels of management.



The diagram shows that the top level management includes Board of Directors and the Chief Executive. The chief executive may have the designation of Chairman, Managing Director, President, or General Manager. This level determines the objectives of the business as a whole and lays down policies to achieve these objectives (making of policy means providing guidelines for actions and decision). The top management also exercises an overall control over the organisation.

The middle-level management includes heads of various departments, e.g, production, sales, etc., and other departmental managers. Sometimes senior departmental heads are included in the top management team. The objectives of the business as a whole are translated into departmental objectives for the middle level management. The heads of the departments then issue instructions to subordinates so as to achieve these objectives. Middle-level managers are particularly concerned with the activities of their respective departments.

The lower-level management consists of foremen and supervisors. When the work is assigned to workers, then these people see that the work is carried out properly and at the right time. So their functions are supervisory in nature.

These three levels of management taken together form the 'hierarchy of management'. It indicates the ranks and positions of managers in the hierarchy. It shows that the middle-level management is subordinate to the top-level and that the lower-level is subordinate to the middle-level management.

Carefully see the figure shown above once again. You will see that the number of people at each level increases as one moves from top to bottom. Workers including crafts persons, manual labourers, engineers, scientists, etc. form the bulk of the organisation membership. Within the managerial ranks, the number of managers at each level decreases as one moves from lower-level to top-level management. At the top of the organisation, there is usually one person.

INTEXT QUESTIONS 11.3

Choose the appropriate words from those given below and fill up the blanks:

Increased production, objectives, middle, lower, reduced wastage, three, top, hierarchy.
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- i) The contribution of management in business consists of and
 - ii) There are levels of management.
 - iii) The top-level management decides about the for the organisation as a whole.
 - iv) Middle-level management is subordinate to level management and lower-level management is subordinate to level management.
 - v) The ranks and positions of managers are indicated by management
 - vi) level of management includes foremen and supervisors
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11.8 FUNCTIONS OF MANAGEMENT

We have already discussed that management is a process. It comprises different stages. These stages in the process are known as the functions of management. Each of these functions are described below:

(a) Planning

Planning is deciding in advance *what is to be done, when it is to be done, how it is to be done* and *why it is to be done*. It emphasises the fact that if one knows where he is going, he is more likely to get there. Planning involves (i) problem-solving and (ii) decision-making. Whenever there is a problem, the manager should know what alternatives are there to solve it. Out of the alternative courses of action he has to choose the most suitable one. This process of making choice is known as **decision making**.

Planning requires decisions to be made *on what should be done, how it should be done, who will do it, where it will be done, and why it is to be done*. The essential part of the planning consists of setting goals and programmes of activities.

(b) Organising

After plans have been drawn, the management has to organise the activities. Managers determine what activities are necessary to achieve the objectives and how these activities should be divided among the departments and employees.

The performance of any activity requires different type of work. Suppose the manager of a sugar mill decides to produce 100 tons of sugar. This is his objectives. Now to achieve this, he has to divide the activities and operations into certain departments. The production work is given to the production department; finance department is assigned the work of arranging funds; personnel department is to procure people with required skills and the sales department is to take care of sales. The organising function of management involves creating departments and defining the duties and responsibilities of people in different positions within each department.

(c) Staffing

Staffing is concerned with employing people for the various activities to be performed. The objectives of staffing is to ensure

that right type of people have been recruited for different positions. It includes the function of recruitment, selection, and placement of employees.

(d) Directing

The directing function of management includes guiding the subordinates, supervising their performance, communicating information and motivating. A manager should be a good leader. He should be able to instruct and guide his subordinates in the work assigned to them. He should keep a watch on the performance of his subordinates and help them out whenever they come across any difficulty. The communication system, i.e., exchange of information should take place in clearly understandable words and without delay. Information should flow from managers to workers and from workers to managers at the right time. Managers should also understand the needs of subordinates and accordingly inspire them in their work.

(e) Controlling

This function of management consists of the steps taken to ensure that the performance of work is in accordance with the plans. Controlling means measuring the actual performance with the planned one. If differences are noticed, corrective steps are taken which may include revision of plans, improvement in the division of work and providing better guidance.

(f) Co-ordination

We have discussed each of the five vital functions of management separately. But it is important to note that all the activities should contribute to the achievement of the objectives of the business as a whole. The heads of different departments should not treat each other as competitors but should work as organs of one body. As the proper functioning of every organ of a human body is important for a healthy body, the work of every department is important for the organisation as a whole. Managers should, therefore, see that everybody in the organisation understands its objectives and works in co-operation with others to achieve these objectives. This function of management is called **co-ordination**. It consists of harmonising group effort so as to achieve common objectives.

11.9 SCIENTIFIC MANAGEMENT : WHAT IT MEANS

F.W.Taylor, well-known management expert, worked as an apprentice, machinist, foreman and ultimately as the chief engineer of a steel company in U.S.A. Taylor suggested a new approach to management early in the twentieth century. This is known as 'Scientific Management'. The basic principles developed by Taylor as principles of scientific management were:

1. Development of a true science of management replacing the old rule of thumb method, which would enable managers among other things, to determine the best method of performing each task;
2. Scientific selection of workers so that each worker could be assigned the task for which he is best suited;
3. Scientific training and development of workers so as to achieve the highest level of efficiency;
4. Close cooperation between management and labour to ensure that work is carried out in accordance with the scientific principles which are developed.

General Principles of Management

Henry Fayol strongly felt that managers should be guided by certain principles. He evolved 14 general principles of management which are still considered important in management. These are:

1. **Division of work:** This principle suggests that work should be assigned to a person for which he is best suited. Work should be divided upto that stage where it is optimum and just.
2. **Authority and responsibility:** Responsibility means the work assigned to any person, and authority means rights that are given to him to perform that work. It is necessary that adequate authority should be given to discharge the responsibility.
3. **Discipline:** This principle emphasises that subordinates should respect their superiors and obey their orders. On the other hand, superiors' behaviour should be such that they make subordinates obedient. If such discipline is observed, there will be no problem of industrial disputes.
4. **Unity of command:** subordinates should receive orders

from one superior only. If he receives orders from more than one person, he can satisfy none.

5. **Unity of Direction:** Each group of activities having the same objective must have one head and one plan. In the absence of this principle, there may be wastage, over expenditure and useless rivalry in the same organisation.
6. **Subordination of individual to general interest:** While taking any decision, the general interest, i.e., the interest of the organisation as a whole should be preferred to individual interests.
7. **Remuneration :** Management should try to give fair wages to the employees and employees should have the satisfaction of being rightly paid.
8. **Centralisation:** When a single person controls the affairs of an organisation, it is said to be complete centralisation. In small concerns, a single manager can supervise the work of the subordinates easily, while in a big organisation, control is divided among a number of persons. Thus centralisation is more in small concerns and it is less in big concerns. Fayol's opinion was that the degree of centralisation should be fixed on the basis of capabilities of the persons.
9. **Scalar Chain :** This is the chain of superiors from the highest to the lowest ranks. The order of this chain should be maintained when some instructions are to be passed on or enquiries are to be made.
10. **Order :** Placement of men and materials should be properly made. Proper space should be made available where materials can be kept safely. Each man should be provided the work for which he is best suited.
11. **Equity :** This principle requires the managers to be kind and just so that loyalty can be won from the subordinates.
12. **Stability of Tenure :** Employees should be selected on the principles of stability of employment. They should be given necessary training so that they become perfect. There should not be frequent termination of employees.
13. **Initiative :** This principle emphasises the necessity of chalking out a plan and then implementing it. When the plan is ready, managers should take the initiative of getting it done through people.
14. **Esprit de Corps :** These French words mean **team spirit**.

Managers should infuse the spirit of team work in their subordinates.

Fayol made it clear that these principles can be applied to most organisations, but these are not absolute principles. Organisations are at liberty to adopt those which suit them or to delete a few according to their needs.

INTEXT QUESTIONS 11.4

Match the terms given in column (I) with the phrases under column (II):

<i>Column I</i>	<i>Column II</i>
i) Planning is ()	(a) to bring about harmony in group
ii) Organising is ()	(b) ensuring that right type of persons are in the right positions
iii) Directing is ()	(c) deciding in advance the future course of action
iv) Controlling is ()	(d) identification of the total activities and their distribution among departments.
(v) Staffing is ()	(e) guiding and supervising the subordinates towards work.
(vi) Co-ordination is ()	(f) to confirm that plans are properly carried out.

WHAT YOU HAVE LEARNT

1. Management means getting things done with the active co-operation of others. Managers have to take series of decisions to manage the activities properly. Besides, management is a goal-directed activity and is concerned with the co-ordination of work of different groups. It is also an economic activity and involves creative thinking.
2. The term 'management' may be interpreted as a discipline, as a body of individuals, as a process, and also as a profession. Management is a science as well as an art.
3. There are three levels of management, viz., top management, middle-level managers, and lower-level or supervisory level managers. The levels of management

form the management hierarchy.

4. Planning, organising, staffing, directing and controlling are the five functions of management. Above all, co-ordination is a vital function of management which consists of harmonising group effort.
5. The basic principles of scientific management suggested by Taylor were : (i) Development of true science of management ; (ii) Scientific selection, training and development of workers; and (iii) Close co-operation between management and labour.
6. Henry Fayol suggested 14 general principles of management including the principles of Division of Labour, Authority and responsibility, Discipline, Unity of command, Unity of direction, Subordination of individual to general interest, Remuneration, Centralisation, Scalar Chain, Order, Equity, Stability of tenure, Initiative, and Esprit de corps.

TERMINAL EXERCISE

1. Explain the meaning of the word 'Management'.
2. Can Management be treated as a profession? Give reasons for your answer.
3. Explain through a diagram the nature of work at different levels of management.
4. "To Manage is to plan, to organise, to command, to coordinate and to control". Comment.
5. "Planning is looking ahead; whereas controlling is looking back". Explain the statement.
6. "Though management is a science, it is not an exact science like physics, chemistry etc. It is a social science". Do you agree with this statement? Give your opinion in detail.
7. To which level do the following belong:
(a) Managing Director, (b) Production Manager, (c) Foreman, (d) Supervisor, (e) Vice-president, (f) Head of sales department (g) General Manager.
8. Which of the following statements are correct and which are wrong?
 - (i) The manager's job is to give orders and get work done by his subordinates.

- (ii) Management is a science as well as an art.
 - (iii) Planning simply means thinking in advance what should be done.
 - (iv) The staffing function of management includes selection, placement and training of people who are employed.
 - (v) Communication is a part of the directing function of management.
 - (vi) Every manager is not responsible for co-ordination of activities
 - (vii) Management is not a profession because managers cannot depend only on knowledge to succeed in their work.
 - (viii) Managers are needed only in business firms.
9. State the four basic principles of scientific management.
10. State briefly what the following principles suggest:
Unity of command, Esprit de Corps, Equity, Scalar Chain.

ANSWERS TO INTEXT QUESTIONS

- 11.1 A. (a) Management, (ii) Manager, (iii) Maximum, (iv) Goal directed, (v) Decision making.
B. (iii) , (iv) and (vi) are managerial tasks.
- 11.2 (a) (iv), (b) (i), (c) (ii), (d) (iii)
- 11.3 (i) Increased production, reduced wastages, (ii) Three, (iii) Objectives, (iv) Top, middle, (v) hierarchy, (vi) Lower.
- 11.4 (i) (c), (ii) (d), (iii) (e), (iv) (f),
(v) (b), (vi) (a)

ANSWERS TO TERMINAL EXERCISE

8. (ii), (iii), (iv) and (v) are correct statement; others are wrong.