K.T.S.P Mandal's

Hutatma Rajguru Mahavidyalaya,

Rajgurunagar ,Tal-Khed, Dist-Pune 410505

Department Of BBA

CLASS - FY.BBA SEM-I

Subject-Principles of Management

Unit 1 - Nature of Management

By-Prof.Gate S.J.

Management

Meaning and Definition of Management

Management refers to the process of planning, organising, directing and controlling the activities of people and the use of physical resources in order to achieve predetermined objectives of an organisation.

"Management is the process of getting work done through and with people in order to achieve organisational objectives effectively and efficiently."

Management is a broad concept and its meaning differs according to different viewpoints.

Definitions of Management

According to Louis Allen:

"Management is what a manager does."

According to James D. Mooney and Allan C. Reiley:

"Management is the art of directing and inspiring people."

According to Peter Drucker:

"Management is a multipurpose organ that manages a business, manages manager and manages workers and work."

According to Koontz and 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 toward the attainment of group goals. It is the art of getting the work done through and with people in formally organised groups."

Nature of Management

The nature of management can be understood through the following important characteristics:

1. Management is a Continuous Process

Management is a **never-ending and continuous process**. It involves a series of functions such as **planning, organising, staffing, directing and controlling**.

These functions are interdependent, which means one function is closely connected with the others. Management continuously monitors organisational activities, identifies problems and takes corrective action.

Therefore, management continues as long as the organisation exists.

2. Management as a Discipline

Management is considered a **discipline** because it consists of an organised body of knowledge, principles, concepts and techniques.

Management education provides systematic knowledge to students, managers and practitioners. It also encourages the study of new methods and developments in the business world.

3. Management as a Career

Management provides excellent **career opportunities** in different specialised areas.

A person with appropriate education, knowledge and skills can build a career in areas such as:

- Human Resource Management
- Marketing Management
- Financial Management
- Operations Management
- Supply Chain Management
- Business Development
- Project Management

These fields provide opportunities for professional growth and specialisation.

4. Management as a Science as well as an Art

Management is considered both a **science and an art**.

Management as a Science

Management is a science because it has an organised body of knowledge and certain principles that help managers understand and perform managerial activities.

It provides systematic knowledge about planning, organising, directing, controlling and decision-making.

Management as an Art

Management is also an art because managers need **practical skills, experience, creativity and judgement** to apply management principles in real-life situations.

Different situations may require different approaches.

5. Management is Goal-Oriented

Management is always directed towards the achievement of **predetermined organisational goals**.

Every organisation establishes certain objectives, and the success or failure of management depends largely on the extent to which these objectives are achieved.

Managers plan activities and coordinate resources to achieve these goals effectively and efficiently.

6. Management Provides Guidance

Management provides **proper guidance and direction** regarding the effective utilisation of human and material resources.

Resources available to an organisation are limited. Therefore, management suggests suitable methods and techniques for their **efficient and economical utilisation**.

Management also coordinates the activities of employees who perform different types of work.

Thus, management helps employees understand **what to do, how to do it and how their work contributes to organisational objectives**.

7. Management is a Human Activity

Management is essentially a **human activity** because managerial functions are performed by people.Managers plan, organise, direct, motivate, communicate and control the activities of employees.Management is also an **intangible activity**. It cannot be physically seen or touched, but its presence can be experienced through the performance and results of an organisation.

8. Management Denotes Authority

Authority is an important basis of management.

Authority means the right or power given to a manager to give instructions, make decisions and direct the activities of subordinates.

Managers need appropriate authority to:

- Give instructions
- Assign duties
- Make decisions

- Guide employees
- Control activities
- Take corrective action

Without adequate authority, managers may find it difficult to perform their responsibilities effectively.

9. Management is Universal

Management is **universal**, which means it can be applied in all types of organisations and at different levels.Management is required not only in business organisations but also in:

- Government offices
- Educational institutions
- Hospitals
- Clubs
- Charitable organisations
- Religious institutions
- Defence organisations
- Non-profit organisations

The nature and scale of management may differ, but the basic management functions are required everywhere.

10. Management Ensures Coordination

Coordination is one of the most important aspects of management.

An organisation consists of different employees, departments and activities. All of them need to work together towards common objectives. Proper coordination creates **mutual understanding and harmony** among employees and helps the organisation achieve its objectives smoothly.

Management ensures coordination between:

- Employees
- Departments
- Managers
- Different organisational activities
- Human and material resources

11. Management is Dynamic

Management is **dynamic** because the business environment is constantly changing. Management must adapt to these changes and modify its plans, policies and techniques accordingly.Effective management can convert environmental **threats into opportunities** by responding to changes at the right time.

Changes may occur in:

- Technology
- Customer preferences
- Competition
- Government policies
- Economic conditions
- Market conditions
- Social trends

12. Management is Primarily a Leadership Activity

Management is largely concerned with **getting work done through people**. Therefore, leadership is an important part of management.A manager must influence, guide and motivate employees so that they willingly contribute towards organisational objectives. A good leader inspires employees and helps them utilise their potential effectively.

Important qualities of a good manager and leader include:

- Knowledge
- Willpower
- Decisiveness
- Integrity
- Motivation
- Communication skills
- Confidence
- Ability to guide others

13. Management is Decision-Making

Decision-making is an essential activity of management.

Managers have to make decisions regarding various organisational activities. These decisions are generally based on available **facts, information, experience and analysis**.

Managers may use different analytical and technical methods to identify the most suitable alternative.

14. Management is a Profession

Management is regarded as a **profession** because it requires specialised knowledge, education, training and managerial skills.

Managers are not necessarily born with managerial abilities. They can develop managerial skills through:

- Education
- Training
- Experience
- Practice
- Professional development

Since management is a systematic body of knowledge, a properly qualified person can develop the skills required to become an effective manager.

Levels of Management

Meaning of Levels of Management

Every organisation has a chain of command that determines the authority, responsibility and rank of managerial personnel.Based on the level of authority and responsibility, management is generally divided into **three levels**: **Top-Level Management, Middle-Level Management, Supervisory or Operative Management**

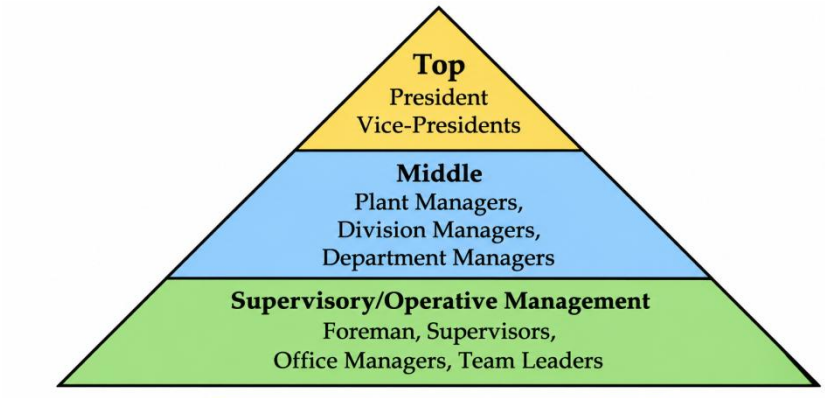


Figure 1.1: Levels of Management

1. Top-Level Management

Top-level management consists of the senior-most authorities in an organisation.
Examples:Board of Directors,Chief Executive Officer (CEO),President,Vice-Presidents,Senior/Sectional Heads.

Main Functions and Responsibilities

1. Long-term Planning:
They prepare long-term plans for the growth and development of the organisation.
2. Formulation of Policies:
They formulate major policies and strategies that guide the organisation.
3. Setting Objectives:
They determine the overall objectives and direction of the organisation.
4. Selection of Methods:
They decide the broad methods and strategies to be adopted for achieving organisational objectives.
5. External Relations:
They maintain relationships with external suppliers, agencies and other important external parties.
6. Leadership:
They provide overall leadership and direction to the organisation.
7. Accountability:
They are ultimately responsible for the success or failure of the organisation.

2. Middle-Level Management

Middle-level management consists mainly of departmental and divisional heads. They work between top management and supervisory management.
Examples:Department Managers,Division Managers,Plant Managers,Branch Managers.

Main Functions and Responsibilities

1. Monitoring Departmental Activities:
They supervise and monitor the activities of different departments.
2. Giving Instructions:
They communicate instructions and decisions received from top management to lower-level managers.
3. Coordination:
They maintain coordination between different departments, units and divisions.
4. Communication Link:
They act as a link between top-level and lower-level management.
5. Explaining Decisions:
They explain the decisions and policies of top management to supervisory managers.
6. Providing Feedback:
They communicate feedback, suggestions and problems received from lower-level managers to top management.
7. Motivation:
They motivate, inspire and encourage operational-level managers to improve their performance.

3. Supervisory or Operative Management

Supervisory or operative management is the first-line level of management. These managers directly supervise workers and ensure that the work is completed properly.
Examples:Foremen,Supervisors,Section Officers,Superintendents,Office Managers,Team Leaders.

Main Functions and Responsibilities

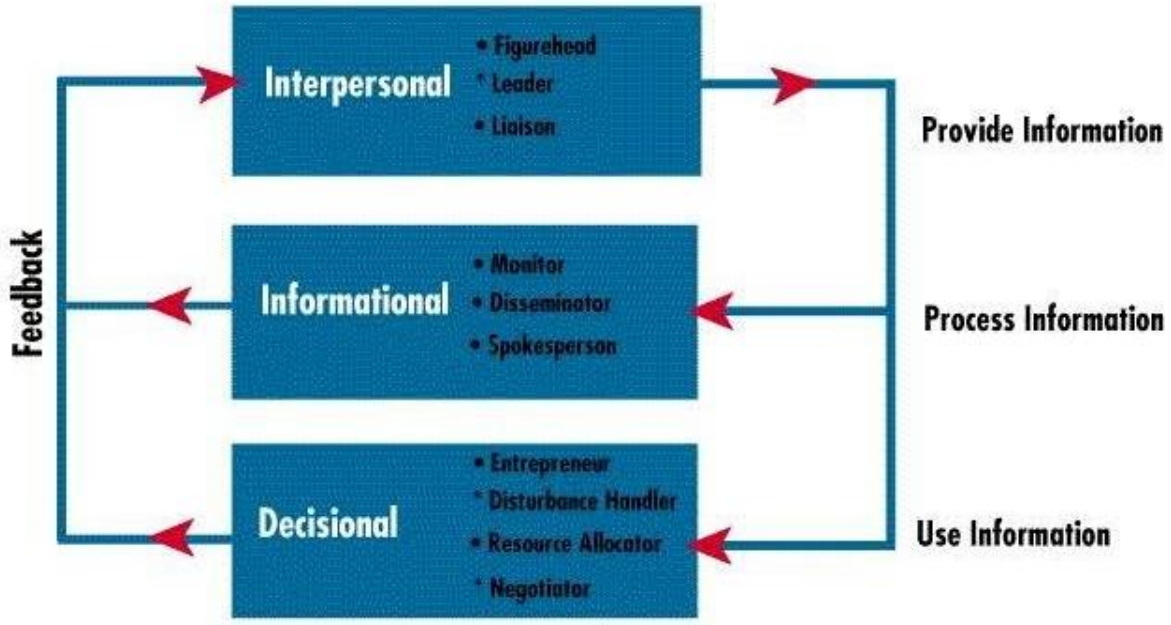
1. Getting Work Done:
They are responsible for getting work completed by workers according to instructions.
2. Assignment of Jobs:
They assign specific jobs and duties to workers.
3. Production Activities:
They directly supervise production and other operational activities.
4. Arrangement of Resources:
They ensure the availability of required machinery, tools, materials and other facilities.
5. Maintaining Quality:
They ensure that work is completed with the required quality.
6. Completing Work on Time:
They ensure that assigned work is completed within the specified time.
7. Technical Assistance:
They provide technical guidance and assistance to workers whenever required.
8. Reporting Problems:
They report operational problems, suggestions and feedback to higher-level management.
9. Daily Planning:
They prepare daily plans of action according to the guidelines provided by senior management.

Roles of Manager

Managers perform different roles to fulfil various responsibilities in an organisation.
According to **Henry Mintzberg**, a manager performs **10 different roles**.
These roles are divided into **three major categories**:

- **Interpersonal Roles**
- **Informational Roles**
- **Decisional Roles**

These roles are interconnected and help managers perform their work effectively.



1. Interpersonal Roles

Interpersonal roles are related to the relationships and interactions of a manager with employees, subordinates, superiors and outsiders.
A manager performs three interpersonal roles:

i) Figurehead

A manager acts as a representative or symbolic head of the organisation or department.
The manager performs various formal and ceremonial activities on behalf of the organisation.

Examples:

1. Welcoming foreign business associates.
2. Attending functions of employees.
3. Hosting lunch or meetings for important customers.
4. Representing the organisation at official events.

ii) Leader

A manager acts as a leader of subordinates. The manager guides, motivates and encourages employees to perform their duties effectively.
The manager tries to satisfy the individual needs of employees while ensuring that organisational objectives are achieved.
Main activities of a manager as a leader:

1. Motivating employees.
2. Giving guidance and instructions.
3. Training and developing employees.
4. Maintaining team spirit.
5. Evaluating employee performance.
6. Encouraging employees to achieve targets.

Example:
A sales manager motivates the sales team to achieve monthly sales targets by providing guidance, appreciation and incentives.

iii) Liaison

A manager acts as a link between different people, departments and external contacts.
The manager communicates with people outside his or her immediate area of authority to collect information and maintain relationships.

Examples:

1. Communicating with managers of other departments.
2. Maintaining relationships with suppliers.
3. Contacting customers.
4. Coordinating with government authorities.
5. Developing professional networks.

2. Informational Roles

Managers require accurate and timely information for effective management. Therefore, collection, processing and distribution of information is an important part of managerial work.A manager performs three informational roles:

i) Monitor

As a monitor, the manager continuously collects and analyses information from both internal and external sources.
The manager develops a network of contacts and keeps track of changes in the business environment. Sources of information may include:

1. Employees and subordinates.
2. Customers.
3. Competitors.

4. Suppliers.
5. Government agencies.
6. Newspapers and business reports.
7. Professional contacts.

Example:

A manager regularly checks customer feedback and competitor activities to understand changes in market demand.

ii) Disseminator

A manager acts as a disseminator by sharing important information with employees and other members of the organisation.Some information received by a manager may not be directly available to subordinates. The manager passes relevant information to the concerned employees.

Examples:

1. Communicating changes in company policies.
2. Sharing information about new targets.
3. Informing employees about changes in customer requirements.
4. Explaining new procedures and instructions.

iii) Spokesperson

A manager acts as a spokesperson for the organisation or department and communicates information to people outside the organisation.

The manager represents the organisation before various stakeholders.

Stakeholders may include:

- Shareholders.
- Investors.
- Customers.
- Government authorities.
- Regulatory authorities.
- Society.

Examples:

1. Communicating financial performance to shareholders.
2. Providing information to government authorities.
3. Explaining organisational activities to external stakeholders.

Communicating the organisation's social responsibility activities.

3. Decisional Roles

A manager is an important person in the decision-making process. Managers collect information, analyse it and use it to make decisions for the organisation.

There are four decisional roles:

i) Entrepreneur

A manager acts as an entrepreneur by identifying opportunities and introducing changes and improvements in the organisation.The business environment is dynamic, so managers must respond to changing market conditions.

Activities include:

- Introducing new products.
- Developing innovative business plans.
- Improving existing products.
- Adopting new technology.
- Finding new business opportunities.

Example:
If customer preferences change, a manager may introduce a new product according to the changing demand.

ii) Disturbance Handler

A manager has to deal with unexpected problems, conflicts and disturbances that arise inside or outside the organisation. Managers must be prepared with contingency plans and quick solutions.

Examples:

1. Employee strikes.
2. Sudden financial problems.
3. Customer complaints.

iii) Resource Allocator

A manager decides how organisational resources should be distributed and utilised. The manager assigns work according to the skills, abilities and capacities of employees.
Resources include:

1. Human resources.
2. Financial resources.
3. Material resources.
4. Time.
5. Technology.
6. Equipment.

Example:
A manager may assign an important project to employees who have the required technical skills and allocate the necessary budget and equipment.

iv) Negotiator

A manager acts as a negotiator when the organisation needs to reach an agreement with other parties.
Managers may negotiate with:

- Employees.
- Trade unions.
- Customers.
- Suppliers.
- Government authorities.
- Business partners.
- Other organisations.

Examples:

1. Negotiating prices with suppliers.
2. Negotiating salary-related matters with employees.

Functions of Management

Meaning of Functions of Management The individual activities performed by managers during the management process are known as **functions of management**.These functions are performed in a **systematic and sequential manner**. A manager first decides what needs to be done, then arranges resources and people, guides employees and finally checks whether the desired results have been achieved.The major functions of management are:**Planning, Organising, Staffing, Directing, Controlling.**



1) Planning

Planning is the first and most basic function of management.Planning means deciding in advance what is to be done, how it is to be done, when it is to be done, where it is to be done and who will do it.It involves determining the desired results and deciding the future course of action required to achieve those results.

According to Henry Fayol, management should prepare a plan which includes the desired results, the future course of action, methods to be followed and stages through which the organisation has to pass.

Planning involves:

- Deciding organisational objectives.
- Determining the activities required to achieve the objectives.
- Deciding the methods to be followed.
- Determining the time required.
- Identifying the people responsible for performing activities.
- Estimating expected results.
- Deciding methods for evaluating the results.

2) Organising

Organising is the second function of management.Organising means arranging and coordinating the work, people and resources required to achieve organisational objectives. It involves dividing the total work into smaller activities, assigning these activities to employees and providing the necessary authority to perform them. Thus, organising ensures that the right work is assigned to the right person with appropriate authority and resources.

Main activities involved in Organising

- Division of work into smaller tasks.
- Grouping similar activities.
- Assigning duties to employees.
- Establishing authority and responsibility.
- Coordinating different activities.

Importance of Organising

1. Improves efficiency.
2. Avoids duplication of work.
3. Reduces unnecessary activities.
4. Prevents confusion regarding duties.
5. Ensures proper utilisation of resources.
6. Reduces operating costs.
7. Establishes clear authority and responsibility.

3) Staffing

Staffing is the process of appointing suitable people for the positions created through organising.It involves recruiting, selecting, appointing, developing, deploying and retaining qualified employees in the organisation.

Employees are one of the most important resources of an organisation. Therefore, management must ensure that suitable employees are available for different jobs.

Main activities of Staffing

- Manpower planning.
- Recruitment.
- Selection.
- Appointment.
- Training and development.
- Placement of employees.
- Performance appraisal.
- Promotion and transfer.
- Employee retention.

Importance of Staffing

1. Right person for the right job.
2. Availability of qualified employees.
3. Better employee performance.
4. Development of employee skills.

4) Directing

Directing is the function of guiding, leading, motivating and supervising employees to achieve organisational objectives.After planning, organising and staffing, employees need proper guidance to perform their responsibilities effectively.

Directing brings the plans and organisational arrangements into action.

Main elements of Directing

- Giving instructions.
- Providing guidance.
- Motivating employees.
- Communicating with employees.

Importance of Directing

1. Motivates employees.
2. Provides proper guidance.
3. Improves employee performance.
4. Creates confidence among employees.
5. Encourages teamwork.
6. Converts plans into actual action.
7. Helps achieve organisational objectives.

5) Controlling

Controlling is the process of reviewing and evaluating organisational activities to ensure that they are being performed according to predetermined plans.Management functions are not complete simply because planning, organising, staffing and directing have been completed. Managers must continuously check whether actual performance is matching the planned performance.

Importance of Management

Management plays a very important role in the **growth, development and welfare of an organisation**. It helps an organisation make proper use of its resources, motivate employees, improve efficiency and achieve its predetermined objectives.
The following points explain the **importance of management**:

1) Motivates Employees to Take Initiative

Initiative means taking action or starting an activity without waiting for someone else to give instructions.Management encourages employees to take initiative and perform activities that are **new, useful and beneficial to the organisation**. When employees are allowed to take initiative, they experience a sense of **satisfaction, confidence and achievement**. This encourages them to continue contributing towards organisational success.

Employees may be encouraged to:

- Develop new plans.
- Suggest new ideas.
- Formulate new strategies.
- Solve problems independently.
- Introduce improvements in their work.
- Take responsibility for new activities.

Example:
If an employee suggests a new method of reducing production time and management supports the idea, the employee becomes more motivated to contribute further.

2) Encourages Innovation

Innovation is essential for an organisation to survive and grow in today's **competitive business environment**.
Management encourages employees to introduce **new ideas, methods, technologies, products and services**.

Management promotes innovation through:

- Introduction of new ideas.
- Use of modern technology.
- Adoption of productive methods.
- Development of innovative products.
- Improvement in existing products and services.
- Introduction of better working methods.

Example:
A company may introduce new technology to manufacture products faster and with better quality.

3) Helps in Expansion and Growth

Effective management ensures the **proper and efficient utilisation of organisational resources**.Managers establish standards and procedures so that activities are performed systematically. This reduces wastage and improves productivity.
Management also motivates employees to perform better, which helps reduce:

- Wastage of resources.
- Spoilage.
- Absenteeism.
- Employee turnover.

- Unnecessary expenses.

Example:
A company that uses its raw materials, employees and finances efficiently can reduce costs and use the savings for opening new branches or entering new markets.

4) Increases the Standard of Living of Employees

Management contributes towards improving the **economic, psychological and social well-being of employees**. Management also tries to create a healthy and favourable working environment.When employees' monetary and non-monetary needs are satisfied, their **job satisfaction and productivity increase**, which ultimately improves their standard of living.
Employees may receive:

Financial benefits

1. Salary increases.
2. Bonus.
3. Profit sharing.
4. Allowances.
5. Incentives.

Non-financial benefits

1. Job security.
2. Promotion opportunities.
3. Career development.
4. Better working conditions.
5. Recognition and appreciation.

5) Improves Corporate Image

Efficient management helps an organisation provide **high-quality products and services at reasonable prices**.When customers receive good quality and value for money, the organisation develops a positive image in the market.
Effective management helps improve:

- Brand image.
- Goodwill.
- Customer satisfaction.
- Reputation.
- Relationship with stakeholders.

Example:
A company known for good-quality products, fair prices and excellent customer service can develop strong goodwill among customers.

6) Empowers Employees

Management can empower employees by providing them with **financial and non-financial incentives**.Management creates a feeling of empowerment among employees and encourages them to perform better.

Financial incentives include:

1. Bonus.
2. Profit sharing.
3. Allowances.
4. Performance incentives.

Non-financial incentives include:

1. Promotion.
2. Career advancement opportunities.

3. Job security.
4. Recognition.
5. Greater responsibility.

7) Reduces Wastage of Resources

Management ensures that these resources are used **efficiently and economically**.
Planning helps determine how resources should be used, while controlling helps identify wastage and deviations. This improves productivity and enables the organisation to provide **quality products at competitive prices**.
Proper management reduces:

- Wastage of raw materials.
- Spoilage.
- Unnecessary expenditure.
- Idle time.
- Misuse of machinery.
- Under-utilisation of employees.

8) Improves Efficiency

Efficiency means achieving the desired results with **minimum possible cost, time and resources**.Management uses different managerial techniques and methods to improve organisational efficiency.
Higher efficiency results in:

- Lower cost.
- Better utilisation of resources.
- Higher productivity.
- Increased returns.
- Better quality.
- Higher profitability.

Example:
If a company can produce the same quantity of goods using less raw material and less time, its efficiency has increased.

9) Enhances Employee Relations

Management plays an important role in maintaining **healthy and cooperative relationships among employees and different levels of management**.
Management establishes proper coordination between different departments and levels.
Good coordination and communication create:

- Team spirit.
- Cooperation.
- Mutual understanding.
- Better communication.
- Reduced conflicts.
- Higher productivity.

10) Decreases Employee Turnover and Absenteeism

Management takes various measures to reduce **employee absenteeism and employee turnover**.
Absenteeism means an employee remains absent from work **without proper prior permission or without an acceptable reason**.

Employee turnover refers to the **rate at which employees leave an organisation and are replaced by new employees**.One important reason for employee turnover can be a lack of motivation or dissatisfaction.
Management can reduce turnover by providing:

- Good working conditions.
- Fair compensation.
- Incentives.
- Job security.
- Promotion opportunities.

11) Fosters Teamwork

Management encourages employees to work together as a **team** to achieve common organisational objectives.Managers create coordination among team members and encourage cooperation rather than individual efforts alone.
Effective teamwork results in:

- Better communication.
- Mutual support.
- Coordination among employees.
- Sharing of knowledge and skills.
- Faster problem-solving.
- Higher productivity.
- Better achievement of organisational goals.

Example:
In a project team, employees from different departments work together. The manager coordinates their activities and ensures that everyone contributes towards completing the project successfully.

Management as an Art

Art means the application of **knowledge, skills and experience** to achieve a particular objective. It involves using practical knowledge and personal abilities to produce the desired results.Management is considered an **art** because a manager has to apply management knowledge, skills, experience and creativity to achieve organisational objectives.
The important characteristics of **Management as an Art** are:

- Practical Knowledge
- Personal Skills
- Result-Oriented Approach
- Creativity
- Improvement through Practice

1) Practical Knowledge

Practical knowledge is an essential element of every art form.
Learning only theories is not sufficient to become successful. An artist must practise what they have learned. Similarly, a manager cannot become successful merely by studying management theories or obtaining a management degree.
A manager must know how to **apply theoretical knowledge to practical business situations**.

2) Personal Skills

Every artist has a **unique style and method** of performing their work. Even when two artists have similar training and qualifications, their final work may differ because of their individual skills and abilities.

Similarly, every manager has a different **personality, leadership style, decision-making ability and approach to solving problems**.

Management is therefore individualistic in nature.

A successful manager uses personal skills such as:

- Leadership skills.
- Communication skills.
- Decision-making skills.
- Problem-solving skills.
- Interpersonal skills.
- Negotiation skills.
- Motivational skills.

Example:

Two managers may face the same employee problem, but they may solve it using different approaches according to their individual experience and skills.

3) Result-Oriented Approach

Every form of art aims to produce a **desired result**. Similarly, management is also result-oriented. The main purpose of management is to achieve the **predetermined objectives of the organisation**.

Managers use their: Knowledge,Skills,Experience,Talent,Resources to achieve organisational goals.They also make effective use of the **factors of production**, such as:

- Land.
- Labour.
- Capital.
- Entrepreneurship.

Example:

If the objective of a company is to increase sales by 20%, the manager uses appropriate strategies, employee efforts and organisational resources to achieve that target.

4) Creativity

Creativity is an important characteristic of art. An artist uses **imagination, intelligence and creativity** to create something unique and original.Management also requires creativity because managers frequently face **new and different business situations**. A manager creatively integrates and coordinates different factors of production to develop **new products and services**.Understanding employees, convincing them, solving their problems and motivating them also requires creativity.

Managers need to develop creative solutions for:

- Business problems.
- Customer requirements.
- Competition.
- Employee issues.
- New products.
- Marketing strategies.
- Production methods.

Example:
If sales of a product are declining, a creative manager may introduce a new promotional strategy or redesign the product according to customer preferences.

5) Improvement through Practice

Practice is essential for achieving **perfection in any art**.An artist improves their skills by repeatedly practising their work. Similarly, managers improve their managerial abilities through **continuous experience and practice**.
Managers learn from:

- Previous experiences.
- Mistakes.
- Successes.
- Business situations.
- Feedback.
- Interaction with employees and customers.

Example:
A newly appointed manager may initially find it difficult to handle employee conflicts. With experience and continuous practice, the manager becomes more confident and effective in resolving such issues.

Management as Science

Management is considered a science because it has a systematic body of knowledge, principles and techniques that help managers perform their functions effectively.
Management principles are developed through research, observation, practical experience and analysis. These principles guide managers while dealing with different organisational situations.
However, management cannot be considered a pure or exact science like Physics or Chemistry because its subject matter involves human beings, whose behaviour may differ from situation to situation.
Therefore, management is generally considered a social science or soft science.

Features Showing That Management is a Science

1. Systematic Body of Knowledge

Management is a systematic body of knowledge because it consists of various principles, concepts, theories, techniques and business strategies.
These principles provide guidelines to managers for handling different organisational situations.Management knowledge covers areas such as:

- Planning
- Organising
- Staffing
- Directing
- Controlling
- Decision-making
- Leadership
- Motivation
- Communication

2. Universal Principles

Science consists of principles that have universal applicability. Similarly, management also has certain principles that can be applied in different organisations and situations.
Examples of management principles include:

- Division of Work
- Unity of Command
- Authority and Responsibility
- Discipline
- Unity of Direction
- Scalar Chain

These principles can be used by managers in different types of organisations.
However, management principles are not rigid. They may need to be modified according to the nature of the organisation, employees, business environment and particular situation.

3. Scientific Enquiry and Experiments

Scientific principles are developed through systematic enquiry, research, observation and experiments.Management principles are also developed through research, analysis, practical experiences and observations of managers.Management researchers and practitioners study various organisational situations to understand:

- Employee behaviour
- Motivation
- Productivity
- Leadership
- Communication
- Decision-making
- Organisational structure
- Workplace relationships

The results of such studies help in developing management principles and techniques.

4. Cause-and-Effect Relationship

Science establishes a cause-and-effect relationship between different factors.
Management also has several cause-and-effect relationships.

5. Tests of Validity and Predictability

Scientific principles are considered reliable because they can be tested and their results can often be predicted.
Management principles also have a certain degree of validity and predictability.

Management as Profession

In recent years, the demand for experienced and professionally competent managers has increased because of various factors such as:

- Increasing business competition
- Expansion in the size of business organisations
- Separation of ownership from management
- Increasing complexity of business activities
- Need for specialised managerial skills

- Changing technology and business environment

As businesses become larger and more complex, organisations require people who can manage their activities in a professional and systematic manner.
Therefore, management is often considered a profession, although it does not completely satisfy all the characteristics of a fully developed profession.

Arguments in Favour of Management as a Profession

Management possesses several characteristics of a profession. The major arguments are as follows:

1. Specialised Body of Knowledge

Every profession has a specialised and systematic body of knowledge. Management knowledge is continuously developing through research, practical experience and new approaches.
Management also has a well-organised body of knowledge consisting of various:

- Principles
- Theories
- Concepts
- Techniques
- Methods
- Strategies

Example:
A student studying management may learn about:
Planning → Organising → Staffing → Directing → Controlling
This specialised knowledge helps a manager perform managerial activities effectively.

2. Restricted Entry and Formal Methods of Training

Most established professions have formal education and training requirements.
Similarly, management education is available through various:

- Universities
- Colleges
- Business schools
- Management institutes
- Professional training institutions

Courses such as BBA, MBA and other management programmes provide students with theoretical and practical knowledge of management.However, unlike some traditional professions, there is no compulsory licence required for every person who becomes a manager.Therefore, management has formal education and training, but its entry is not as strictly restricted as professions such as medicine or law.
For example:

1. A doctor requires medical education and professional registration.
2. A Chartered Accountant needs to complete the prescribed professional requirements.
3. A lawyer requires legal education and the required professional enrolment.

3. Service Motive and Charging of Fees

A profession generally has a service motive along with earning income.
Professionals provide services to individuals, organisations and society and receive remuneration for their services.Managers receive salaries or other forms of remuneration for their services.Thus, management also has an element of service along with monetary reward.
For example, a doctor earns fees but also provides medical services to people.

4. Representative Professional Association

A well-established profession generally has a professional association or representative body. Such associations may:

- Establish professional standards
- Promote professional development
- Provide training
- Conduct seminars and conferences
- Develop ethical guidelines
- Promote professional knowledge

For example, the Institute of Chartered Accountants of India (ICAI) is the professional body associated with Chartered Accountancy in India.

5. Ethical Code of Conduct

A profession generally follows an ethical code of conduct. Managers also need to follow ethical standards while performing their responsibilities.

An ethical code provides guidelines regarding:

- Honesty
- Integrity
- Professional behaviour
- Responsibility
- Fairness
- Confidentiality
- Respect for others

For example, a manager should:

1. Avoid misuse of organisational resources.
2. Treat employees fairly.
3. Provide correct information.
4. Avoid dishonest business practices.
5. Maintain confidentiality of important information.
6. Consider the interests of stakeholders.

Arguments Against Management as a Profession

Although management has many characteristics of a profession, it cannot be considered a fully developed or complete profession because of the following reasons:

1. Basically an Art or Practice

Management is considered both a science and an art.

Academic knowledge alone does not guarantee that a person will become a successful manager. A person may possess excellent academic qualifications but may not necessarily become an effective manager.

A manager also requires:

- Practical experience
- Leadership skills
- Communication skills
- Decision-making ability ,etc

2. Professional Qualification Does Not Guarantee Efficiency and Effectiveness

A manager does not necessarily become successful merely because he or she possesses a management degree or professional certification. There are many successful business organisations that have developed through experience, practical knowledge and family

business backgrounds, even when their managers did not necessarily possess formal management qualifications
Managerial effectiveness depends on factors such as:

- Experience
- Leadership
- Decision-making
- Communication. etc,

3. Lack of Uniform Group of Clients

Many traditional professionals have a clearly identifiable group of clients.
Managers, however, generally work as employees or representatives of an organisation.
Their responsibilities are connected with different stakeholders, such as:

- Owners
- Employees
- Customers
- Suppliers
- Government
- Investors
- Society

4. Underdeveloped Education and Training Facilities

Management education and training facilities have expanded significantly, but practical management training is still important.
A management student may acquire theoretical knowledge through a degree or diploma, but becoming an effective manager also requires practical application.
Management education should therefore provide:

- Theoretical knowledge
- Case studies
- Industrial visits
- Internships
- Projects
- Practical training
- Problem-solving exercises
- Leadership development

Management as a Social System

Meaning of Management as a Social System

Management can be considered a **social system** because it mainly deals with **people, their relationships, communication, coordination and behaviour** within an organisation.
Management is not limited to activities such as purchasing, production, marketing or finance. It involves managing the **human resources** working in different departments and groups.
Managers at every level of the organisation perform social and interpersonal activities. They are responsible for creating a healthy working environment, developing employees, motivating them and maintaining good relationships among different groups.
The main objective is to create **productive and supportive relationships among people** so that organisational goals can be achieved effectively.

Arguments for Management as Social System

Management is considered a social system because business organisations are not only economic institutions but also part of society. Businesses depend on society for customers, employees, resources, infrastructure and other support. Therefore, businesses are expected to fulfil certain **social responsibilities** along with their economic objectives.

The major arguments in favour of management as a social system are as follows:

1. Changed Public Expectations of Business

One of the major arguments in favour of management as a social system is the **change in public expectations from businesses**.In the present situation, society expects businesses to fulfil their social responsibilities because businesses depend on society for their existence and growth.

Businesses receive several benefits from society:

- Society purchases goods and services produced by businesses.
- People provide labour and skills to businesses.
- Businesses use public infrastructure and facilities.
- Society provides a market for business activities.
- Businesses pay taxes, which contribute to government revenue.

Example:

A company may support education, healthcare, environmental protection or community development programmes.

2. Improved Business Environment

Businesses can grow successfully in a **peaceful, stable and supportive social environment**. Social responsibility can also contribute to better **management-labour relationships** and may help reduce labour-related problems.

When businesses fulfil their social responsibilities, they may contribute to:

- Better public facilities
- Social welfare
- Environmental improvement
- Employee welfare
- Community development
- Improved quality of life

Such activities can create an environment of trust and cooperation.

Example:

Providing proper working conditions and employee welfare facilities can improve employee satisfaction and workplace relationships.

3. Enhanced Reputation

A business that sincerely fulfils its social responsibilities can develop a **good reputation and goodwill** in society.

A positive reputation can help an organisation develop:

- Loyal customers
- Committed employees
- Better relationships with stakeholders
- Greater public trust
- Easier access to credit and support

Example:

A company known for environmental protection and ethical business practices may gain greater public trust.

4. Avoidance or Minimisation of Government Regulation

Governments introduce rules and regulations to ensure that businesses operate in the **public interest**.Strict regulations can increase the cost and complexity of business operations.
If businesses voluntarily fulfil their social responsibilities, the need for excessive government intervention may be reduced.

5. Balance between Responsibility and Power

Businesses possess considerable **economic power and resources**.
Their decisions can affect:

- Employees
- Consumers
- Suppliers
- Local communities
- Environment
- Economy

6. Businesses Have the Resources

Businesses possess significant resources that can be used for social welfare.
These resources include:

- Financial resources
- Human resources
- Managerial skills
- Technical knowledge
- Infrastructure
- Organisational capabilities

Thus, businesses are capable of contributing to social welfare because they possess the necessary resources.

7. Give Businesses a Chance

Governments, political organisations, NGOs and social workers have traditionally attempted to solve various social problems. **Corporate Social Responsibility (CSR)** provides a framework through which businesses can participate in social welfare activities.
However, social problems are often large and complex, and different organisations have limitations in terms of:

- Financial resources
- Manpower
- Technology
- Management expertise
- Organisational reach
- Businesses already possess many of these resources.

8. Moral Responsibility

Industrialisation, urbanisation and excessive focus on economic activities have contributed to various social and environmental problems.
These may include:

- Pollution
- Income inequalities
- Health problems
- Stress

- Crime
- Environmental degradation
- Social inequalities

Example:
A manufacturing company can take measures to reduce industrial pollution and protect the surrounding environment.

9. Citizenship Argument

A corporation is an organised entity made up of individuals and operates within society. Just as individual citizens have certain **rights and duties**, businesses are also expected to behave responsibly towards society.Corporate social responsibility can therefore be viewed as an important part of **responsible corporate citizenship**.
A responsible business should:

- Follow laws
- Respect stakeholder interests
- Protect the environment
- Treat employees fairly
- Contribute to society

10. Duty of Gratitude

Businesses receive many benefits from society. The contribution of human labour and social resources cannot always be measured only in monetary terms.
Therefore, businesses should show **gratitude towards society** by contributing to social welfare.
Example:
A successful company may support education or healthcare programmes in the communities where it operates.

11. A Stitch in Time Saves Nine

"A stitch in time saves nine" means that solving a problem at an early stage can prevent a much bigger problem later.This argument suggests that **early action can prevent social problems from becoming larger and more expensive to solve**.
If businesses ignore social problems for a long time, those problems may become deeply rooted and more difficult to solve.
This can require greater:

- Time
- Money
- Human resources
- Organisational effort

Example:
Taking early action to control industrial pollution can prevent serious environmental damage and future costs.

Arguments Against Management as Social System

The major arguments against management as a social system are as follows:

1. Profit as the Sole Motive

According to this argument, the primary purpose of a business is to **earn profits and create economic value**.
Social welfare activities, according to this view, should mainly be handled by:

- Government
- NGOs
- Social organisations
- Charitable institutions
- Paying taxes
- Producing goods and services, etc.

Therefore, according to this argument, managers should primarily focus on achieving business objectives and profitability.

2. Ultimately Society Bears the Cost

Social responsibility programmes involve costs.
Businesses may attempt to recover these costs by increasing the prices of their products or services.As a result, consumers may ultimately bear some or all of the additional costs.
According to this argument, businesses may appear to contribute to society through social activities, but the financial burden may ultimately be transferred to consumers.

3. Lack of Social-Work Skills among Managers

Business managers are generally trained to manage business activities.
They possess expertise in areas such as:

- Finance
- Marketing
- Production
- Human resources ,etc.

However, social welfare activities may require specialised knowledge of social work and community development.

4. Businesses Have Enough Power

Businesses may possess significant financial and economic power.
Large businesses can influence different areas of society through:

- Advertising
- Investments
- Employment
- Educational initiatives
- Media and entertainment support
- Consumer behaviour

5. Social Overhead Cost

Social responsibility activities involve social costs as well as potential social benefits.
The benefits of social programmes may:

- Take a long time to appear.
- Depend on many external factors.
- Be difficult to measure.
- Produce uncertain results.

Example:
Suppose a business provides interest-free loans to farmers to purchase modern agricultural equipment.Even if the business provides the necessary financial support, factors such as:

- Rainfall
- Weather
- Market prices

- Crop diseases
- Availability of water

may affect the final results.
Therefore, the expected social benefits may not always be achieved.
Such social expenditure may become a financial burden, particularly for organisations with limited resources.

6. Lack of Accountability

Another argument against businesses taking major responsibility for social welfare is the lack of proper accountability and measurement.
critics argue that businesses should concentrate primarily on areas where they have clearly defined responsibilities towards their stakeholders and where performance can be measured effectively.

Concepts of Management, Administration and Organisation

There is a clear difference between the terms **Management, Administration and Organisation** in terms of their meaning, functions and application.
Although these three concepts are closely related, each has a different role in the functioning of an organisation.**Administration, Management and Organisation** are closely related but have different roles.
Administration is mainly concerned with determining objectives, policies and major decisions.
Management is mainly concerned with executing these objectives and coordinating people and resources to achieve organisational goals.
Organisation provides the structure and framework through which administration and management function.
Management also acts as a **balancing force** by coordinating different interests, managing changing environmental conditions and maintaining dynamic equilibrium within the organisation.

Management and Administration

The terms Management and Administration are often used interchangeably. However, management experts have different opinions regarding their relationship.

1. Administration is Different from Management

According to this view, Administration determines objectives and policies, whereas Management implements them.Administration is a higher-level activity.Management is an executive activity.This view is supported by American thinkers such as Oliver Sheldon and other management experts.
Administration = Thinking (What to do?)
Management = Doing (How to do?)

2. Administration is a Part of Management

According to this view, Management is a broader concept, and administration is a part of it.
Management includes planning, organising, directing and controlling.
Administration deals with establishing and implementing procedures.

3. Administration and Management are the Same

According to this view, both terms have the same meaning and can be used interchangeably.

Both involve planning, organising, directing and controlling.Both aim to achieve common organisational goals.This view is supported by Henry Fayol, Koontz and O'Donnell, and George Terry.
Two Categories of Management To resolve the difference between management and administration, management can be divided into two categories:
Administrative Management: Formulation of policies and objectives.
Operative Management: Implementation of plans to achieve objectives.
Every manager, regardless of their level, performs both administrative and operative functions.

Management and Organisation

Organisation is closely related to both Management and Administration. It provides the structure and means through which organisational objectives can be achieved.
Relationship between Management and Organisation
Administration decides the objectives, while management works to achieve those objectives.
Organisation provides the medium or framework through which management can execute the objectives determined by administration.
Organisation acts as a coordinating link between administration and management.
According to E.F.L. Brech
Organisation is a part of management that:

- Defines duties and responsibilities.
- Specifies the authority of managers and supervisors.
- Establishes superior-subordinate relationships.
- Clarifies relationships between employees and departments.
- Divides work according to individual abilities.
- Provides authority to employees to perform their duties.

Difference between Administration, Management and Organisation

Basis of Difference	Administration	Management	Organisation
1. Nature of Work	Determines objectives, policies and major plans of the business.	Includes planning, organising, staffing, leading/directing and controlling.	Includes division of work, assigning authority and responsibility, and establishing relationships.
2. Scope	Has the **widest scope** because it determines overall objectives and policies.	Has a **wider scope** and covers various managerial functions.	Has a **limited scope** because it mainly deals with structure, authority, responsibility and relationships.
3. Policies	Formulates policies for the business.	Implements the policies formulated by administration.	Creates groups and relationships necessary for implementing policies.

4. Relation with Administration	It is the highest-level activity concerned with deciding **what should be done**.	Works under the policies and guidelines laid down by administration and decides **how objectives should be achieved**.	Acts as a coordinating framework between administration and management.
5. Importance in Business	It is like the **brain** because it determines objectives and policies.	It is like the **executive system** because it carries out plans and activities.	It is like the **nervous system** because it connects people and departments.
6. Mutual Relationship	Determines objectives and policies.	Executes and manages activities according to objectives and policies.	Establishes relationships among people and departments for smooth functioning.
7. Responsibility	Responsible for determining objectives, policies and major decisions.	Responsible for efficient execution of plans and achievement of objectives.	Responsible for proper division of work, assignment of authority and responsibility, and coordination.

Universality of Management

Meaning of Universality of Management

Universality of Management means that the principles and concepts of management can be applied in different types of organisations, countries and economic systems.
Management knowledge can be transferred:

- From one organisation to another.
- From one industry to another.
- From one country to another.

In different types of organisations such as hospitals, clubs, schools, enterprises, etc.
For example, planning, organising, directing and controlling are required in almost every organisation, although the methods of applying them may differ.

Arguments for Universality of Management

1. Management as a Process

Management can be considered a universal process because its basic functions are required in all organisations.
The basic functions include:

- Planning
- Organising
- Directing/Leading
- Controlling

Regardless of the size or type of organisation, managers perform these basic functions.

Example:
A hospital manager and a factory manager both need to plan activities, organise resources, direct employees and control performance.

2. Difference Between Fundamentals and Techniques

There is a difference between management fundamentals and management techniques. Management fundamentals are the basic theories, concepts and principles of management. Management techniques are the methods used to apply these principles in actual situations. The fundamental principles of management remain generally the same, but their techniques and methods may change according to the situation.

Example:
The principle of motivation is common to all organisations, but the method of motivating employees may differ. One organisation may use monetary rewards, while another may use recognition or promotion.

Therefore, principles and concepts are universal, while practices and techniques may change.

3. Common Problems in Effective Use of Inputs

Although organisations have different objectives, they face some common problems in using their resources effectively.

Every organisation has to manage inputs such as:

- Human resources
- Capital
- Time
- Materials
- Information

Managers need common management skills to allocate these scarce resources efficiently. The fact that managers can change jobs from one organisation or industry to another also indicates that certain management knowledge and skills are transferable.

Example:
A manager who has experience in managing employees in one company can use many of the same managerial skills in another company.

Arguments Against Universality of Management

The opponents of universality argue that management practices depend heavily on the situation, objectives, philosophy and culture of an organisation. Therefore, management practices cannot always be transferred directly from one organisation to another.

Management has a universal character because basic management functions and principles are required in almost every organisation. However, the methods, techniques and practices used to apply these principles may differ according to the organisation's objectives, philosophy, culture and situation.

1. Differences in Objectives

Different organisations have different objectives.

For example:

1. A business organisation may aim at profit.
2. A hospital may focus on patient care.
3. A charitable organisation may focus on social service.

Because objectives are different, the managerial skills, priorities and methods required may also differ.Therefore, a manager may not perform with the same level of effectiveness in every organisation.

2. Differences in Philosophies

Organisations differ in their management philosophies, attitudes and approaches.
One organisation may follow a highly centralised system, while another may encourage employee participation.
These differences affect:

- Span of management
- Communication style
- Delegation of authority
- Organisational structure
- Productivity
- Decision-making

Therefore, the same management technique may not work equally well in every organisation.

3. Differences in Culture

Culture refers to the shared values, beliefs, attitudes and behavioural patterns of people in an organisation or society.
Management practices are influenced by culture. Therefore, a management technique that works well in one cultural environment may not work equally well in another.
Example:
If an organisation has a very traditional and family-oriented culture, employees may resist modernisation or the introduction of new management techniques.
Thus, differences in culture can limit the universal application of management principles.