

**Course Code: B.Com.**  
**Management Principles and Applications**

**Module No. 1: Introduction to Management**

Introduction-Meaning and importance of Management-Managerial Functions- Essence of Managership - Evolution of the Management thoughts: Classical organizational theories- NeoClassical theories-Modern organizational theories.

**Module No. 2: Planning**

Introduction-Meaning-Nature-Purpose-Types of plans-Planning process; Strategic planning: Concept-Process-Importance and Limitations; Environmental Analysis and diagnosis: Meaning-importance and Techniques (SWOT/TOWS/WOTS-UP-BCG Matrix Competitor Analysis); Decision-making-Concept-Importance-Committee and Group decision making Process.

**Module No. 3: Organizing**

Introduction-Meaning-Concept and Process of Organizing – An overview-Span of management-Different types of authority (line, staff and functional)-Decentralization Delegation of authority; Formal and Informal Structure-Principles of Organizing; Network Organisation Structure.

**Module No. 4: Staffing and Leading**

Introduction-**Staffing:** Concept of Staffing-Staffing Process;

**Motivation:** Concept-Importance-extrinsic and intrinsic motivation-Major Motivation theories: Maslow's Need Hierarchy Theory-Hertzberg's Two-factor Theory-Vroom's Expectation Theory;

**Leadership:** Concept- Importance-Major theories of Leadership (Likert's scale theory, Blake and Mouten's Managerial Grid theory, House's Path Goal theory, Fred Fielder's situational Leadership), Transactional leadership, Transformational Leadership, Transforming Leadership;

**Communication:** Concept-purpose-process-Oral and written communication

Formal and informal communication networks-Barriers to communication-Overcoming barriers to communication.

**Module No. 5: Controlling and Coordination**

**Control:** Concept-Process-Limitations-Principles of Effective Control-Major Techniques of control – Ratio Analysis, ROI, Budgetary Control, EVA, PERT/CPM, Emerging issues in Management;

**Coordination:** Meaning-Nature-Importance-Principles of Coordination. **Skill**

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## **Module No. 1: Introduction to Management**

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### **Meaning of Management:**

Management is a process of getting the work or the task done that is required for achieving the goals of an organisation in an efficient and effective manner.

Definition of Management:

According to Mary Parker Follet, "Management is the art of getting of things through people."

According to Harold Koontz, "Management is art of getting things done through and with the people in formally organised groups".

### **Importance of Management:**

#### **(1) Management Helps in Achieving Group Goals:**

Management is a goal- oriented activity. To achieve group goals a manager gives proper direction to the efforts of all his subordinates.

#### **(2) Management Increases Efficiency:**

A manager increases efficiency through the optimum utilisation of all the resources such as man, machine, material and money.

#### **(3) Management Creates a Dynamic Organisation:**

Every organisation works in an ever changing environment. To face the changing environment, many changes need to be made in the organization. Manager creates a favourable environment through introducing employees to the benefits of adapting to changes.

#### **(4) Management Helps in Achieving Personal Objectives:**

Every employee wants to get suitable remuneration, a share in profit, participation in management, promotion, etc. in the form of his personal objectives. This objective can only be achieved, if they work while using their full abilities. Managers through motivation, good leadership and open communication make employees to attain their individual objectives.

#### **(5) Management Helps in the Development of Society:**

Management has some responsibility towards society. Managers by fulfilling their social responsibilities help in the development of society. These responsibilities include providing

employment opportunities, preventing environment from getting polluted, making available good quality products at a reasonable price, etc.

## **Functions of Management**

### **1. Planning:**

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals.

Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

### **2. Organizing:**

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals.

To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

### **3. Staffing:**

Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right person on right job.

Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.
- Remuneration.
- Performance Appraisal.
- Promotions & Transfer.

### **4. Directing:**

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes.

It is considered life-spark of the enterprise which sets it action of people, because planning, organizing and staffing are the mere preparations for doing the work.

Direction is that inter-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

**Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

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

**Leadership-** may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

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

## 5. Controlling:

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals.

The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur.

Controlling has following steps:

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Comparison of actual performance with the standards and finding out deviation if any.
- d. Corrective action.

## ESSENCE OF MANGERSHIP-

Coordination is considered as the essence of Managership because of the following reasons:

**1. Coordination is needed in all management functions:** In **planning**, coordination is needed between the plan of the enterprise and the plans of the various departments. The enterprise should always have coordination between the main objective and the resources available. During **organizing**, coordination is required between the authority and responsibility of every

individual. In **staffing**, coordination is gained by assigning the employees, the right job by seeing their skills and abilities. In **directing**, coordination is needed among orders, instructions and suggestions, and between superiors and subordinates. Whereas during **controlling**, coordination is achieved by confirming that the results are close to the planned results.

**2. Coordination is needed at all levels of management:** The top-level needs coordination so that all the activities are integrated. The middle level needs coordination for integration efforts at different sections and sub-sections, and the lower level needs coordination in various activities of workers, and to ensure that plans are properly executed. So, coordination is essential at all levels in order to achieve the goals on time, Therefore, Coordination is the essence of management, which works carrying along all the other functions and activities affecting an organization to achieve the required goal.

## **Organisation Theories:**

### **Classical, Neo-Classical and Modern Organisation Theory**

#### **1. Classical Organisation Theory:**

The classical writers viewed organisation as a machine and human beings as components of that machine. They were of the view that efficiency of the organisation can be increased by making human beings efficient. Their emphasis was on specialisation and co-ordination of activities. Most of the writers gave emphasis on efficiency at the top level and few at lower levels of organisation. That is why this theory has given streams; scientific management and administrative management. The scientific management group was mainly concerned with the tasks to be performed at operative levels.

According to classical writers, the organisation theory is built around four key pillars division of work, scalar and functional processes, structure and span of control.

#### **(i) Division of Labour:**

Division of labour implies that work must be divided to obtain specialisation with a view to improve the performance of workers. The classical theory rests on the assumption that more a particular job is broken into its simplest component parts, the more specialised a worker can become in carrying out his part of the job.

The specialisation in workers will make the organisation efficient. Various activities of a job are specified and subdivided into different components so that these may be assigned to different persons. The workers will go on repeating their work under division of labour. The performance of same work will help workers to improve their efficiency and the organisation as a whole is benefitted by this exercise.

#### **(ii) Scalar and Functional Process:**

The scalar process refers to the growth of chain of command, delegation of authority, unity of command and obligation to report. It is called scalar process because it provides a scale or grading of duties according to the degree of authority and responsibility. It generates superior-

subordinate relationship in the organisation. The functional process deals with the division of organisation into specialised parts or departments and regrouping of the parts into compatible units.

**(ii) Structure:**

It is the framework of formal relationships among various tasks, activities and people in the organisation. The basic structural element in the classical theory is position. Each position is assigned a specific task and authority is delegated for its accomplishment. The efficiency with which these tasks will be accomplished will determine the effectiveness of the organisation. The classical writers emphasised line and staff organisations.

**(iv) Span of Control:**

The span of control means the number of subordinates a manager can control. Classical thinkers specified numbers at different levels which can be effectively supervised by a superior. A manager cannot exercise proper control if the number of subordinates increases beyond a certain figure, on the other hand if the number is less than his capacity and knowledge cannot be fully utilised.

**2. Neo-Classical Organisation Theory:**

The classical theory of organisation focussed main attention on physiological and mechanical variables of organisational functioning. The testing of these variables did not show positive results. The Hawthorne Studies conducted by George Elton Mayo and associates discovered that real cause of human behaviour was somewhat more than mere physiological variables. These studies focused attention on human beings in the organisation.

**Neo-Classical approach is contained in two points:**

- (i) Organisational situation should be viewed in social, economic and technical terms, and
- (ii) the social process of group behaviour can be understood in terms of clinical method analogous to the doctor's diagnosis of human organism.

This theory views formal and informal forms of organisation as important. The behavioural approach followed in this theory is the other contribution of new-classical thinkers. The pillars of classical theory viz. division of work, departmentation, co-ordination and human behaviour were taken as given but these postulates were regarded as modified by people acting independently or within the context of the informal organisation.

**The main propositions of neo-classical theory are given as follows:**

1. The organisation in general is a social system composed of numerous interacting parts.
2. Informal organisations exist within the formal organisation. Both are affected by and affect each other.

3. Human being is independent and his behaviour can be predicted in terms of social factors at work.
4. Motivation is a complex process. Many socio- psychological factors operate to motivate human beings at work.
5. A conflict between organisational and individual goals often exists. There is a need to reconcile the goals of the individual with those of the organisation.
6. Team-work is essential for higher productivity.

### **3. Modern Organisation Theory:**

Modern organisation theory is of recent origin, having developed in early 1960's. This theory has tried to overcome the drawbacks of earlier theories. This theory may be understood in two approaches: systems approach and contingency approach.

#### **Systems Approach:**

This approach studies the organisation in its totality. The mutually dependent variables are properly analysed. Both internal and external variables are studied in analysing the nature of organisation. Though this theory passes a much higher conceptual level as compared to earlier theories but different writers have given varied views of the system.

Organisation as a system can well be understood by identifying various sub-systems within it. Each sub-system may be identified by certain processes, roles, structures and norms of conduct.

#### **Contingency Approach:**

Even though systems approach presents a better understanding of organisational and managerial functioning but it does not provide solution for all types of organisational structures. Systems approach offers models which may not suit every type of organisation. A structure suitable for one unit may not be suitable for another. Contingency approach suggests an organisational design which suits a particular unit. A structure will be suitable only if it is tailor made for an enterprise.

The influence of both internal and external factors should be considered while framing a suitable organisational structure. This approach suggests that needs, requirements, situations of a particular concern should be considered while designing an organisational structure.

#### **The factors which influence an organisation may be described as:**

- (i) Environment
- (ii) Technology
- (iii) Size of operations
- (iv) People.

These factors greatly influence a decision for the selection of an appropriate organisation for an enterprise.

## **Henry Fayol's 14 Principles of Management::**

Henry Fayol, also known as the Father of Modern Management Theory, gave a new perception on the concept of management. He introduced a general theory that can be applied to all levels of management and every department. He envisioned maximising managerial efficiency. Today, Fayol's theory is practised by the management to organise and regulate the internal activities of an organisation.

The fourteen principles of management created by Henri Fayol are explained below.

### **1. Division of Work-**

Henri believed that segregating work in the workforce amongst the worker will enhance the quality of the product. Similarly, he also concluded that the division of work improves the productivity, efficiency, accuracy and speed of the workers. This principle is appropriate for both the managerial as well as a technical work level.

### **2. Authority and Responsibility-**

These are the two key aspects of management. Authority facilitates the management to work efficiently and responsibility makes them responsible for the work done under their guidance or leadership.

### **3. Discipline-**

Without discipline, nothing can be accomplished. It is the core value for any project or any management. Good performance and sensible interrelation make the management job easy and comprehensive. Employees good behaviour also helps them smoothly build and progress in their professional careers.

### **4. Unity of Command-**

This means an employee should have only one boss and follow his command. If an employee has to follow more than one boss, there begins a conflict of interest and can create confusion.

### **5. Unity of Direction-**

Whoever is engaged in the same activity should have a unified goal. This means all the person working in a company should have one goal and motive which will make the work easier and achieve the set goal easily.

### **6. Subordination of Individual Interest-**

This indicates a company should work unitedly towards the interest of a company rather than personal interest. Be subordinate to the purposes of an organization. This refers to the whole chain of command in a company.

### **7. Remuneration-**

This plays an important role in motivating the workers of a company. Remuneration can be monetary or non-monetary. However, it should be according to an individual's efforts they have made.



## **8. Centralization-**

In any company, the management or any authority responsible for the decision-making process should be neutral. However, this depends on the size of an organization. Henri Fayol stressed on the point that there should be a balance between the hierarchy and division of power.

## **9. Scalar Chain-**

Fayol on this principle highlights that the hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.

## **10. Order-**

A company should maintain a well-defined work order to have a favourable work culture. The positive atmosphere in the workplace will boost more positive productivity.

## **11. Equity-**

All employees should be treated equally and respectfully. It's the responsibility of a manager that no employees face discrimination.

## **12. Stability-**

An employee delivers the best if they feel secure in their job. It is the duty of the management to offer job security to their employees.

## **13. Initiative-**

The management should support and encourage the employees to take initiatives in an organization. It will help them to increase their interest and make them worth.

## **14. Esprit de Corps-**

It is the responsibility of the management to motivate their employees and be supportive of each other regularly. Developing trust and mutual understanding will lead to a positive outcome and work environment.

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