

III B.COM., - BUSINESS MANAGEMENT

SYLLABUS: Unit-1:

Management – Meaning – definition – Nature – Importance – Distinction between administration and management – Scope – Principles and Functions of Management.

MANAGEMENT: MEANING:

Management is what management does. It is the art of getting things done through and with people in formally organized groups. We manage an organisation to achieve certain objectives and goals.

DEFINITION-MANAGEMENT:

According to “Henry Fayol”, “to manage is to forecast and plan, to organize, to command, to co-ordinate, and to control”.

NATURE AND SCOPE OF MANAGEMENT:

1. **Universality:** It is a universal phenomenon in the sense that it is common and essential in all enterprises. The principles of management can be applied in all managed situations regardless of size, nature and locations of organisation. Universality also implies that managerial skills are transferable and managers can be trained and developed.
2. **Purposeful:** it is always aimed at achieving organisation goals and purposes. The success of management is measured by the extent to which desired objectives are attained. The tasks of management are directed towards effectiveness and efficiency.
3. **Social Process:** It involves managing people organized in work groups. It involves retaining, developing and motivating people at work as well as taking care of their satisfaction as social beings.
4. **Coordinating Force:** It coordinates the efforts of organizational members through orderly arrangement of inter-related activities to avoid duplication of efforts.
5. **Intangible:** It is intangible. Its presence can be felt by outcomes of its efforts in the form of orderly, adequate, work output, employee satisfactions etc.
6. **Continuous Process:** It is an ongoing process. The cycle of management continues as long as there is existence of organisation.
7. **Composite Process:** Management is a composite process made up of individual components. All the functions are performed by several components in orderly fashion.
8. **Creative Organ:** Management creates synergy by producing results which are more than the sum of individual efforts of group members. It provides creative ideas, new imagination and vision to group efforts.

IMPORTANCE OF MANAGEMENT:

According to Drucker, Management is a dynamic and life-giving element of every business. In its absence the means of production remain merely the means and can never be the producers.

The following facts clearly highlight the importance of management:

1. Achieving Pre-Determined Objectives:

Each organisation is established with certain aims. Management is the only medium and power which can help in the successful attainment of these aims. A manager with the help of his expertise and cleverness makes an assessment of the future events.

He makes plans, creates an organisation, distributes work, grants requisite authority, directs the employees & controls them. By a critical assessment or appraisal he tries to find out deviations and finally by his corrective action makes the impossible look simple.

2. Ensuring Maximum Utilization of Resources of Production:

Management is that power which by establishing an effective coordination between the various resources of production makes an optimum use of these resources. According to Herbert N. Bayson, in every big enterprise a train-load of gold is provided. It can be achieved by making a better use of resources and putting an end to useless or meaningless expenses.

3. Overcoming Competition:

These days business is not localised but it has assumed national or even international dimensions. Competition is increasing with the widening of area and larger dimension of business. A modern producer faces competition not only from a local producer or competition at the national level but international competition is also getting sharper.

In such a competitive atmosphere only that organisation can survive which can make available to its customers the best quality of goods at the cheapest rates. Only an efficient and clever manager can make it a reality and save the reputation of an organisation.

4. Ensuring Integration with Changing Environment:

Management is not only limited to various internal functions of an organisation but it has to compromise with the outer atmosphere also. On the one hand technical experts are devising new ways of production and, while on the other hand progressive organisations are applying modern marketing techniques. Even customers do not easily accept the produced goods because they are now wide awake and their standard of living has also improved and their tastes have also undergone a change.

Thus, only an efficient manager can coordinate his work with the fast changing atmosphere. With the help of efficient and effective management coordination between the new and prevalent work system and methods can be established to save the reputation of an organisation.

5. Ensuring Smooth Running of Large Scale Business:

Keeping in view the profits of large scale production, it has started getting preference. In view of the large scale production the means of production (Men, Money, Material, Machine, etc.) will also be required on a large scale. Apart from this, business shall have to face various legal formalities.

To perform these functions efficiently and in a controlled manner, the need of an efficient manager is paramount. Therefore, without an efficient manager smooth running of large scale business is not possible.

6. Maintaining a Sound Organisational Structure:

A sound organisational structure is needed for the success of any enterprise. A sound organisational structure means defining a clear relationship between the superiors and their subordinates. It has to be decided what work will be done by various persons and what rights and duties they enjoy.

It will lead to the creation of a team spirit and keep the work atmosphere clean and healthy. All the superiors and subordinates will work without any tension. A sound organisational structure can be created by an efficient manager.

7. Establishing Good Labour-Owner Relationship:

Labour and capital are the two main resources of production. The owners invest capital and determine objectives while the labour tries to transform those objectives into reality. Therefore, existence of a sweet relationship between the two is of paramount importance. There was a time when there were no labour unions and the owners thought it fit to exploit the labour to the maximum possible extent.

An efficient manager, with the help of his knowledge and experience, understands the feelings of labour and tries to remove their grievances. He makes arrangements for their training to increase their efficiency. He offers them an opportunity to be partners in the process of management. He also establishes a system of sharing the profits, establishing their individual identity and making timely efforts to solve their problems.

8. Giving Importance to Research and Investigation:

A recent research has brought out the fact that only those companies or business enterprises which are constantly taking interest in research activities are developing fast. In the context of business, research and investigation mean finding out new products and new markets for the extension of business field, new methods of distribution and adopting the use of new techniques to solve financial problems and using new techniques in the field of communication.

It is thus abundantly clear that research is needed to develop business at a rapid pace and this job can be accomplished by an efficient manager. Efficient managers invariably establish research and investigation department to achieve this important purpose.

9. Fulfilling the Social Responsibility:

A business establishment starts its activities in society, prospers and reaches the climax of development in the same social surroundings. Thus, no organisation can remain aloof from

society and yet survive. That is why every enterprise is considered as an integral part of society. When an enterprise is so much indebted to society, it should also realise its responsibilities towards society.

The social responsibilities of a business organisation include ensuring the safety of the capital and sufficient profit, proper remuneration and work conditions for the employees, making available to the consumers goods of good quality at the right time and proper prices, making available the opportunities of employment to the people and making efforts to raise their standard of living.

10. Aiming at Increased Profits:

In order to increase the profits of any organisation it is the basic principle either to increase the sales revenue or reduce costs. Increasing the sales revenue is beyond the control of an organisation to some extent but to affect a reduction in costs is primarily an internal affair of the organisation and it can certainly be accomplished with the help of good quality raw material, modern machinery and trained employees.

By reducing costs the profits of an organisation can be achieved by the management and future development can be expected.

DISTINCTION BETWEEN ADMINISTRATION AND MANAGEMENT:

Definition of Management:

Management is defined as an act of managing people and their work, for achieving a common goal by using the organization's resources. It creates an environment under which the manager and his subordinates can work together for the attainment of group objective.

It is a group of people who use their skills and talent in running the complete system of the organization. It is an activity, a function, a process, a discipline and much more.

Definition of Administration:

The administration is a systematic process of administering the management of a business organization, an educational institution like school or college, government office or any nonprofit organization. The main function of administration is the formation of plans, policies, and procedures, setting up of goals and objectives, enforcing rules and regulations, etc.

Administration lays down the fundamental framework of an organization, within which the management of the organization functions.



Basis for Comparison	Management	Administration
Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?
Work	Putting plans and policies into actions.	Formulation of plans, framing policies and setting objectives
Focus on	Managing work	Making best possible allocation of limited resources.
Key person	Manager	Administrator
Represents	Employees, who work for remuneration	Owners, who get a return on the capital invested by them.
Function	Executive and Governing	Legislative and Determinative

PRINCIPLES OF MANAGEMENT:

Henry Fayol also is known as ‘father of modern management theory’ gave a new perception of the concept of management. He introduced a general theory that can be applied to all levels of management and every department.

The Fayol theory is practiced by the managers to organize and regulate the internal activities of an organization. He concentrated on accomplishing managerial efficiency.

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 behavior 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 one the principles highlights that the hierarchy steps should be from 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 favorable work culture. The positive atmosphere in the workplace will boost more positive productivity.

11. Equity:

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

This 14 principles of management are used to manage an organization and are beneficial for prediction, planning, decision-making, organization and process management, control, and coordination.

FUNCTIONS OF MANAGEMENT:

The functions of management are:-

1. Planning
2. Organising
3. Staffing
4. Directing
5. Co-Ordination and
7. Controlling.

1. Planning:

Planning is concerned with the determination of the objectives to be achieved and the course of action to be followed to achieve them. Before starting any action, one has to decide how the work will be performed and where and how it has to be performed. Thus, planning implies decision-making as to 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. Planning helps in achieving the objectives efficiently and effectively. Planning involves selecting of objectives and strategies, policies and programmes and procedures for achieving them.

The entire planning function revolves round the following:

- i. Determination of objectives for the organization.
- ii. Formulation of policies, budgets, programmes and schedules.
- iii. Formulation of plans of action both strategic and operational.
- iv. Forecasting.
- v. Decision making.

2. Organising:

According to Fayol, “to organise a business is to provide it with everything useful to its functioning — raw materials, tools, capital and personnel.” Thus, organising involves bringing together the manpower and material resources for the achievement, of objectives laid down by the enterprise.

Organising involves the following process:

- (a) Determining and defining the activities involved in achieving the objectives laid down by the management;
- (b) Grouping the activities in a logical pattern;
- (c) Assigning the activities to specific positions and people; and
- (d) Delegating authority to their positions and people so as to enable them to perform the activities assigned to them.
- (e) Organising function helps in increasing the efficiency of the enterprise. Further, by avoiding repetition and duplication of activities, it reduces the operation cost of the enterprise.

3. Staffing:

According to Harold Koontz and Cyril O’ Donell, “the managerial function of staffing involves manning the organisational structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure.”

Thus, the staffing functions involve:

- (a) Proper selection of candidates for positions;
- (b) Proper remuneration;
- (c) Proper training and development so as to enable them to discharge their organisational functions effectively; and
- (d) Proper evaluation of personnel.

4. Directing:

According to Joseph Massie, “Directing concerns the total manner in which a manager influences the action of his subordinates. It is the final action of a manager in getting others to act after all preparations have been completed.”

Directing consists of the following four sub-functions:

- a. Communication or issuing of orders and instructions to subordinates. A manager has to instruct the subordinates what to do, how to do it and when to do it.
- b. Guiding, energising and leading the subordinates to perform the work systematically and also building up among workers confidence and zeal in the work to be performed.
- c. Inspiring the subordinates to do work with interest and enthusiasm for the accomplishment of the enterprise’s objectives.
- d. Exercising supervision over the subordinates to ensure that the work done by them is in conformity with the objectives that are determined.

5. Co-Ordination:

Coordination is the process of synchronising the diverse functions of domains and securing unity of action. It is compared to chariot driven by multiple horses. The charioteer has to drive all die horses in one direction. Similar is the case of an organization.

It is left to the management to see that the work of different segments is going according to pre-determined targets and corrective measures have to be taken if there is any deviation. Co-ordination creates a team spirit and helps in achieving goals through collective efforts. It is the orderly arrangement of group effort to provide unity of action in the pursuit of common objectives.

Dalton McFarland defines co-ordination as the, “process whereby an executive develops an orderly pattern of group effort among his subordinates and secures unity of action in the pursuit of common purposes.”

6. Controlling:

Controlling is related to all other management functions. It is concerned with seeing whether the activities have been or being performed in conformity with the plans. According to Haimann, “Control is the process of checking to determine whether or not, proper progress is being made towards the objectives and goals and acting if necessary to correct any deviation.”

Koontz and O’Donnell have defined controlling “as the measurement and correction of the performance of activities of subordinates in order to make sure that enterprise’s objectives and the plans devised to attain them are being accomplished.”

Thus, controlling involves the following sub-functions:

- (a) Determination of standards for measuring work performance.
- (b) Measurement of actual performance.
- (c) Comparing actual performance with the standards.
- (d) Finding variances between the two and reasons for variances.
- (e) Taking corrective actions to ensure attainment of objectives.

Books of reference:

1. Dr. C.B. Gupta, Business Management- Sultan Chand & Sons.
2. Jayashankar, Business Management- Margham Publications, Chennai.
3. Dr.N.Premavathy, Principles of Management, Sri Vishnu Publications, Chennai.