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S.Y.B.COM

SEM-III

Subject

Businss Management-I

Chapter 1

Management

Chapter 1st Management

MEANING OF MANAGEMENT -

Management is a very comprehensive process. In which managerial tasks related to business are mainly considered. Organizing, planning, controlling, coordinating and directing are the functions of management. Management is essential to organize, direct and control the efforts of all the means of production in a business. In business there is no confusion if everyone is freed to work according to their habits. Control is needed to maintain speed, discipline, regular and controlled work in work. In order for a business to run well, a business needs to have specific goals and direction and control to achieve them. In the same way that the brain is the most important organ in the human body, management has a high place in business. Business management is in complete control just as the brain is in complete control of the body. A business has no meaning without management, just as a body has no meaning without a brain. So management is very important while doing any business.

DEFINITION OF MANAGEMENT

- 1) "Management is forecasting business events, planning and organizing work, co-ordinating all activities and controlling activities." - Henri Fayol
- 2) "Management is the art of knowing what work you have to do and how to do it better and at the least cost." - F. W. Taylor
- 3) "Management is the process of planning and controlling various activities in an enterprise." – Branch

NEED FOR MANAGEMENT STUDY

1. Utilization of available resources:

The tools available in any business can benefit the business if they are used in a very good way. Dr. According to Taylor, business needs not only capital, employees, land, water, materials but also management. Business has to integrate various tools and use them effectively.

2. Cost of production can be reduced by:

Production costs are high in every business. So their effect is on the profit. Scientific management can also save production costs. Therefore, in the future, if scientific management is used in the business, the cost of production can be reduced.

3. Increasing Profits:

Management is needed to increase profits in business. Management can reduce overspending as well as cost savings. The available resources can be fully utilized. It helps in increasing the profit.

4. Increase in production

The main objective of business is to increase the productivity of the business. Management is very much needed to increase production. Because management can reduce the purchase price of raw materials, transportation costs. Also lower cost of raw material helps you to increase production.

5. Market research:

There is a very close relationship between market research and management. Market research involves researching the actual market, customers and prices of goods (weight, color, size, taste). Market research makes it easy for management to notice the boom-bust cycle of business. So you can avoid future losses in business.

6. Bringing stability to the business:

There are many risks in business. This threat creates instability in trade and business. Business management is needed to avoid this volatility. Management needs to make accurate decisions to stabilize the business.

7. Increase in efficiency:

Business efficiency depends on planning and planning is done by management. According to many authors, administration and management are one concept. Also according to Henri Fayol many times business failure is not due to lack of capital but due to lack of proper coordination of available resources and personnel. For that, management needs to be efficient.

8. Continuity of production:

Management can maintain consistency in the production of the business. For example, management can monitor things like taste, size, color, weight, price, design, etc. of the product.

PROCESS OF MANAGEMENT

1. Planning :

Planning is deciding what to do in the future. Planning is done by thinking. So it is an intellectual process. Objectives set in the future are achieved through planning. Through planning, the available resources can be utilized to the maximum.

2. Control:

Control is also of great importance in the management process. Because after planning, control is also important. Even if the manager motivates the employees by properly planning and organizing all the work, the work is not done properly. Because there is a lack of control.

3. Organization:

After professional planning and control, the work to be done is decided. It is divided among many people in the business to perform a task; that is called organizational structure.

In the organizational structure, each officer is assigned a different task and there is an officer to supervise it.

4. Coordination:

Co-ordination means to bring uniformity in the work of management. The task of bringing uniformity in management work is achieved in coordination. Every function in business is interdependent.

5. Motivating:

After planning, controlling, organizing and co-ordinating the work in the business, after dividing it into employees through organization, employees have to actually perform a specific task. Employees are skilled at working to some extent. They get the job done well.

6. Directions:

This is done at this stage of the management process. Direction is seen as a chain between planning and control. This step includes leadership, messaging and motivation. The directing process includes the following:

- (1) Giving orders and instructions to employees.
- (2) To guide.
- (3) Supervising employees.
- (4) To observe.

7. Appointment of Staff:

Employee recruitment is considered an important step in the management process. Employee recruitment is one of the most important human resource management functions. Selection of the right person at the right place is considered most important in this task.

LEVELS OF MANAGEMENT

(A) TOP MANAGEMENT

Top management is the supreme power in business. The top management has to perform the tasks of deciding the final strategy of the business, planning for the implementation of the strategy, establishing coordination in various departments, planning, controlling etc. The top management structure can be further explained as follows.

1. Shareholders/Owners :

Shareholders provide capital to purchase business building, machinery, electricity, water, labor, equipment. They also play the role of business owners. The shareholder has the highest position in the top management.

2. Board of Directors

The board of directors is appointed by the shareholders. So the board of directors or directors are the trusted allies of the shareholders.

3. Chief Executive Officer

The Chief Executive Officer is selected by the Board of Directors. Chief Executive Officers are known by different names in different professions. For example, Managing Director, General Manager, Director General.

Functions of Top Management:

1. Controlling all business activities
2. Determination of Objectives
3. Planning the Strategy
4. Working as per plan

(B) MIDDLE MANAGEMENT

1. Office Section:

Office department is very important in every business organization. Because in this department, correspondence and maintaining, keeping important documents, preparing reports of various departments, keeping office records etc. are done through the office department.

2. Production Department :

Generally in every business organization the production department is a separate department. This is considered the soul of this business. The production department analyzes the major functions and ancillary costs of production and submits its report to the top management.

3. Sales Department

Sales department is an important department in middle management. The sales department performs the important functions of selling the goods, researching the markets, advertising, sales promotion etc. A business that has a good sales department also has a high profit margin.

4. Purchase Department:

In every business organization the purchasing department is the main one. Purchasing department performs the important functions of purchasing raw materials, spare parts and other necessary goods.

5. Archive Department:

In a business, the storage department stores the goods. The Archives section works under the Content Manager. The purchase department takes care of the goods purchased, inspects them, keeps an account of the goods, keeps the goods safe and so on. Also, this department provides the spare parts and other equipment as required by the production department.

6. Department of Personnel:

'Personnel department' is very important in middle management. The chief personnel manager is the head of the personnel department and is responsible for recruiting, training, paying, and promoting the employees of the business.

7. Department of Finance:

Finance department is a very important department in business. The success of a business depends on finances. Finance section is mainly about buying, selling, money exchange, daily expenses.

Functions of Middle Management:

- (1) To analyze the policies laid down by the top management.
- (2) Coordinating various departments to implement business objectives.
- (3) Appointing the right type of staff (supervisors and inspectors).
- (4) Consolidation of work instructions, forwarding the same to the concerned authorities and directing them.
- (5) Motivating employees in various ways to increase productivity.
- (6) Effective co-ordination in various departments for more efficient functioning of organization in industry and business.
- (7) Preparing reports of various departments and submitting the report to the higher management after collating relevant information and statistics.
- (8) To suggest corrections in the policy of the top management if it is wrong and to guide for proper implementation of the new policy.
- (9) Reporting of employees to superiors.
- (10) Assisting in decision making.

(C) LOWER / SUPERVISORY MANAGEMENT

Lower management is the last level of management. The role of supervisor, foreman, worker, inspector, employee, salesman, senior clerk, junior clerk and salesman is important in junior management. Because they are working directly. The role of inspectors is very important in junior management. In business, inspectors or foremen have a direct relationship with the employees.

Functions of Lower management

Lower management has to perform the tasks given by the middle management. Actual work is done in this department.

The functions of Lower management can be stated as follows.

- (1) To control the work of employees by giving orders and instructions.
- (2) The supervisor has to plan the work of his department and prepare a schedule of work to be assigned to each worker.
- (3) Providing on-the-job training to workers.
- (4) Guiding them to get knowledge of business work.
- (5) To arrange for the supply of machinery, equipment and tools to the workers as required.

- (6) To arrange for training of workers or employees.
- (7) Building good relations between employees and junior management.
- (8) Advising the middle management to improve the working practices of the worker.
- (9) To create an atmosphere of discipline among the employees and to inculcate in them a passion for work.
- (10) To remove the difficulties faced by the employees while doing production.
- (11) To increase the morale of the employees by creating a sense of unity and cooperation among them.

FUNCTIONS OF MANAGEMENT

1. Planning:

Planning is done on the basis of forecast. Planning is not possible without forecasting. A planned effort is needed to cope with the future situation. Planning is the act of planning a specific action in advance in detail. Planning makes the direction and way of work clearer.

2. Organizing:

The system used to carry out planning is called organization. An organization is a group of people working together to implement the decisions taken. Many types of people in business are divided into groups. Different departments are established for different functions.

3. Staffing:

In business, it is necessary to appoint employees after completing the responsibility of forecasting, planning, decision, organization. Because the selection of persons working in different positions must be done thoughtfully and carefully.

4. Directing:

Directing is a very important function. According to Marshall Dimmock, the function of direction is described as 'the heart of administration'. According to him, this function includes setting the course, giving orders and instructions and performing the function of dynamic leadership etc.

5. Forecasting:

Before planning any business, it is necessary to predict the future. Although planning has to consider the past and the present, it is necessary to make accurate predictions about the future.

6. Decision Making:

After planning, many important decisions have to be made before starting the actual work. According to some authors, planning involves decision-making; According to some, the decision-making process is independent and should be considered as a separate function.

7. Motivation:

Motivation means giving motivation to an employee to do a job. As an employee is a living entity, he gets bored in a job or finds a job boring. They need to be constantly motivated to do that work well. The manager has to make special efforts to make the employee perform well.

8. Communication:

Communication is the exchange of information, ideas, thoughts, opinions and feelings between two or more persons. Communication means conveying instructions and orders given by superiors to juniors properly. Communication has a very good place in management.

9. Co-ordination :

Coordination is a function of a manager. All efforts aimed at systematizing the movements of subordinates are called 'Coordination'.

10. Leadership:

Leadership plays a very important role in management. A manager cannot make his subordinates work efficiently and faithfully by constantly issuing orders or imposing disciplinary rules. According to Alford and Beatty, "Leadership is the ability to get a group of followers to do what is expected of them voluntarily without the use of pressure."

CONTRIBUTION IN DEVELOPMENT OF MANAGEMENT THOUGHTS

1. DR. F. W. TAYLOR

Brief Introduction:

Dr. Frederick Taylor was born on March 20, 1856 in America. At the age of eighteen, Taylor began working as an apprentice and turner at the Camp Shipyard Company in Philadelphia. He published 'A Piece Rate System' in 1895; After that, his books 'Shop Management' and 'Principles of Scientific Management' were published in 1903 and 1911 respectively. Frederick Taylor died on March 21, 1915.

He represent as Father of Scientific management.

Taylor's contribution

Taylor's work in the development process of management science is historical. Taylor's study, reflection, experiment, research and persistent promotion of the theory presented in his own book have contributed to the scientific nature of management thought. He gives us a concept of scientific management.

Concept of Scientific Management:

Scientific management is a theory of management that analyzes and synthesizes workflows. Its main objective is improving economic efficiency, especially labor

productivity. It was one of the earliest attempts to apply science to the engineering of processes to management. Scientific management is sometimes known as Taylorism after its pioneer, Frederick Winslow Taylor.

(a) Principles of Scientific Management :

These principles are as follows:

- (1) To develop each individual to his greatest potential and perfection.
- (2) There should be a desire to produce more, limited production may harm the business.
- (3) Adopting scientific approach and scientific methods for work. It is a mistake to rely on speculation and logic for that.
- (4) Maintain amicable relations. Conflict is harmful.
- (5) All should work cooperatively. Employees should not have a personal selfish attitude.

(b) Techniques/Elements of Scientific Management:

Techniques / Elements of Scientific Management are as follows

1. Work Study:

Work practice includes three components namely work-analysis, work-measurement and work-development. In task analysis, the tasks performed in production are analyzed. Taylor describes these classical methods as follows.

- **Time Study**
- **Motion Study**
- **Labor Study**
- **Methods Study**

2. Standardisation:

Certification refers to the certification of equipment and tools used by employees in the course of their work. That is, decisions are made through scientific experiments regarding the size, length, width and weight of the instrument.

3. Adoption of Scientific Selection Method:

Scientific selection method is all about the study of how employees are selected. Before selecting an employee through this department, one should study what kind of work the employee is required for and what qualifications are needed for that.

4. Functional Organization:

Taylor suggested a new functional organization. Under this he has created eight positions of authority. Four of them should be in the planning section and four should be in the implementation section.

Other ideas of Taylor's classical management

Taylor has also discovered some other new ideas along the lines of classical management. Some of the key ideas are as follows:

1. Cost System
2. Instruction Card for the Workmen

3. Discovery and Use of Slide Rule
4. Routing System
5. Taylor's Differential Piece Rate System

Advantages of Scientific Management

1. Increases worker efficiency:

In scientific management, workers are selected in a scientific manner. Also, everyone is given work according to their preferences and qualifications. Work education and training is provided. So he becomes more expert and skilled in his work. As a result, its efficiency increases.

2. It is possible to plan the production program :

Before taking up the actual production work, each activity-sub-activity plan, complete detailed plan of each work, instructions on how to do the production work, which machine to use and when to do it are given to the workers. It makes it easy to plan production programs and sales plans.

3. Customer Benefit :

Scientific management saves production costs. This reduces the prices of goods and consumers get them at a reasonable price.

4. Productivity Increases :

The use of scientific management in business enables workers to increase productivity by using better efficiency.

5. Fair Remuneration :

In classical management workers are paid appropriately according to their merit. Hence workers can get higher wages. Taylor also suggested differential work-wage rates as well as bonus schemes. So there is no injustice to the workers.

6. Good industrial relations are created :

Scientific management leads to mental revolution. This improves the relationship between the employer and the workers. Strikes and layoffs can be avoided. This improves industrial relations.

Disadvantages / Objections of Scientific Management

Various people have objected to Taylor's scientific management as follows:

(a) Objections raised by workers and trade unions:

- Work becomes tedious
- Authoritarian Management
- Fear of unemployment
- Work force of workers is strained
- Unfair Method

(b) Objections to be taken by the manufacturer:

Some of the major reasons are as follows

- Conversion of Factory into Laboratory
- Increase in cost of production
- Question of Authentication
- Large Capital Investment

(c) Objections taken by Industrial Psychologists :

- Mace on Freedom
- Objections to the mode of speeding up the work
- Objections to the best way of working

(d) Objections taken from a theoretical point of view :

- Neglect of other management
- Distinction between planning and implementation
- Human nature is not considered

2. HENRY FAYOL

Brief Introduction:

Henri Fayol was born in France in 1841. In 1860, at the age of nineteen, he completed his engineering degree. He became the Managing Director (M.D.) of his company when its financial condition deteriorated. Henri Fayol's 'General and Industrial Management' brought him world fame with a single book. He wrote this book at the age of seventy. Fayol died in Paris on November 19, 1925

Principles of Management by Henri Fayol

While serving as Managing Director, Fayol followed several principles for managing his company. He used some principles to make management efficient. After studying it in depth, he discovered the principles of observation management, which are as follows:

- | | |
|--|-------------------------------|
| (1) Division of Work | (8) Centralization |
| (2) Powers and Responsibilities | (9) Authority Hierarchy Chain |
| (3) Discipline | (10) Arrangements |
| (4) Consistency in order | (11) Equity |
| (5) Unanimity of direction | (12) Employee stability |
| (6) Importance of common good over individual interest | (13) Motivation or initiative |
| (7) Remuneration of work | (14) A sense of cooperation |

Some Selected Points of Henri Fayol

1. Functions of Management

According to Henri Fayol the functions of management are as follows:

- Foresight
- Organization

- Command
- Co-ordination
- Control

2. Division of Industrial Activities

- Technical action
- Commercial activities
- Financial Actions
- Security Actions
- Accounting actions
- Managerial Actions

3. Qualities of an Effective Manager

- Physical quality
- Mental quality
- Moral quality
- Educational quality
- Technical quality
- Experience

4. Management Training

Fayol was of the clear opinion that for a manager to succeed in his work, he should not only have the above qualities, but he should be trained in managerial work. He believed that a trained manager can perform his tasks efficiently.

A critique of Henri Fayol's theory

Henri Fayol's theory structure, principles, division of functions and activities etc. are not perfect. Also, they have not commented that employees should be motivated and encouraged. Fayol's theory is not unique like Taylor's; however, his contribution to management thought is very important. His thoughts on the principles and functions of management have been a boon to management science.

3. *PETER DRUCKER*

(1909 to 2005, Vienna, Austria)

Peter Drucker is the father of management by objectives. He has added value to management. He wrote a management book "The Practice of Management". He defined 'Industry as customers and knowledge'.

Life and Education

Before studying management thoughts of Peter Drucker, important events in his life are as follows:

- Peter Drucker was born on November 19, 1909 in Vienna (Austria-Hungary).
- Educated in universities in Austria and England.
- Worked as a professor in several educational institutions in 1942
- Served as Professor of Philosophy and Political Science at Bennington College from 1942 to 1949.
- Served as Professor of Management at New York University from 1950 to 1971.
- From 1971 to 2002, he worked as a professor of sociology and management at Claremont Graduate University.
- He was Godkin Lecturer at Howard University in 1994.

- Peter Drucker was awarded 22 honorary doctorate degrees by the governments of Austria and Japan as well as universities in Belgium, Japan, Spain, Switzerland, England and America.
- Drucker was honored as 'Expert of Expert' by Britain.
- Peter Drucker was called 'Father of Management'.
- He wrote a total of 99 books in various fields.
- Peter Drucker died on November 11, 2005 in Claremont, California. He was 95 at the time of death.

Bibliography of Peter Drucker

Considering Peter Drucker's role as a writer, his works are as follows:

- The End of Economic Man
- The Future of Industrial Man
- Concept of the Corporation
- The New Society
- The Practice of Management
- America's Next Twenty Years
- The Landmarks of Tomorrow
- Managing for Results
- The Effective Executive
- The Age of Discontinuity
- Technology, Management and Society
- The New Markets and Other Essays

Peter Drucker's Contribution to Management

According to Peter Drucker

1. Drucker has given profit a secondary place.
2. The broad objective of the business
3. Peter Drucker emphasized innovation and creativity in management.
4. Professional management can make a business more efficient.
5. According to Drucker, decentralization of authority is necessary to bring about good in the organization; therefore, the work will be streamlined.
6. Peter Drucker first introduced the concept of objective management.
7. Future Functions of Managers
8. According to Peter Drucker, character of the manager is very important.
9. To be a successful manager, a manager should work in an organization with thrift and efficiency, focus on goals

4. HENRY MINTZBERG

(Born: September 2, 1939)

Henry Mintzberg was born on September 2, 1939 in Montreal (Canada). He completed his degree in Mechanical Engineering from McGill University in 1961. Master's Degree in Management in 1965 and Ph.D. in 1968 He also published the book 'Managers Not MBAs' in 2004;Which explores what is wrong with management education today.

Books by Henry Minzberg:

- The Nature of Managerial Work (1973)
- The Structuring of Organizations A Synthesis of the Research (1979)
- Power in and Around Organizations (1983)
- Structure in Fives : Designing Effective (1983)
- Rise and Fall of Strategic Planning (1994)
- Why I Hate Flying: Tales for the Tormented Traveler (2001)

The 5 P's of Henry Minzberg

- Plan
- Ploy
- Pattern/Strategy
- Position
- Perspective

Managerial Role of Henry Minzberg:

- ✓ Interpersonal Contact
- ✓ Information Process
- ✓ Decision Making

5. MICHAEL PORTER (Michael Eugene Porter)

(Born: May 23, 1947; Michigan, United States)

Michael Eugene Porter was born on May 23, 1947 in Michigan (U.S.). He is an American writer. He has written in economics, business policy and theory on social causes.

Contributions by Michael Porter:

According to him The origins of competitive strategy are as follows:

- ✓ Production function
- ✓ Research and Development
- ✓ Marketing
- ✓ Finance
- ✓ Human Relations

Michael Porter's Five External Factors of Industry

According to Michael Porter, any industry has to deal with the following five external factors.

1. Supplier
2. Buyer
3. Substitute Goods
4. Competitors in the Industry
5. New Entrants

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- 4) Management Thoery and Practice by J.M.Chandan
- 5) Checklist Manifesto – Atul Gawande
- 6) Business Organisation and Management by Dr.Y.K.Bhushan
- 7) Principles of Management by Reddy Tata
- 8) Principles and Practice of Management by L.M.Prasad and Others