

FUNDAMENTALS OF MANAGEMENT

UNIT-I- NOTES

MANAGEMENT – MEANING:

Management is the science and art of getting people together to accomplish desired goals and objectives by co-coordinating and integrating all available resources efficiently and effectively.

Management is the combined or interchanged process of planning, decision-making, organizing, leading, motivation and controlling the human resources of an organization to reach its goals in an efficient and effective manner.

The term “Management” has been used in different senses:

- ✚ Process of planning, organizing and controlling.
- ✚ As a function of managing people.
- ✚ A body of knowledge, a practice and discipline.
- ✚ A technique of leadership and decision-making.
- ✚ As an economic source, a factor of production or a system of authority.

DEFINITION OF MANAGEMENT:

Management is the coordination of all resources through the process of planning, organizing, directing and controlling in order to attain stated objectives. —**Henry L. Sisk.**

Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way. —**F.W. Taylor**

To manage is to forecast and to plan, to organize to command, to coordinate and to control.—**Henry Fayol**

Donald J. Clough, “Management is the art and science of decision-making and leadership”.

J.N. Schulze, “Management is the force which leads guides and directs an organization in the accomplishment of a pre-determined object”.

J.D. Mooney and A.C. Railey, “Management is the art of directing and inspiring people”.

OBJECTIVES OF MANAGEMENT:

The objectives of management can be broadly categorized into several key areas:

1. **Achieving Organizational Goals:** The primary objective of management is to ensure that the organization's goals and objectives are met efficiently and effectively. This includes setting targets, developing strategies, and implementing plans to achieve these goals.
2. **Efficient Resource Utilization:** Management aims to optimize the use of resources, including human, financial, and material resources. This involves planning, organizing, directing, and controlling resources to maximize efficiency and minimize waste.
3. **Enhancing Employee Performance:** Management seeks to improve the performance and productivity of employees through effective leadership, motivation, training, and development. This ensures that employees are skilled, motivated, and capable of contributing to the organization's success.
4. **Ensuring Sustainability and Growth:** Management focuses on ensuring the long-term sustainability and growth of the organization. This includes adapting to changing market conditions, innovating, and maintaining a competitive edge.
5. **Maintaining Quality and Standards:** Ensuring that products or services meet established quality standards is a key objective of management. This involves implementing quality control measures and continuously improving processes.
6. **Fostering Innovation and Adaptability:** Management aims to create an environment that encourages innovation and adaptability. This involves staying

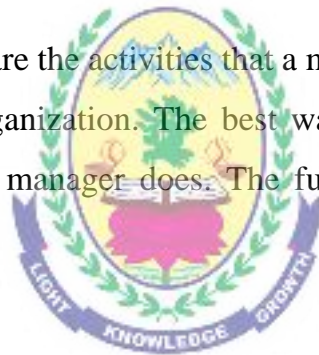
abreast of industry trends, fostering a culture of creativity, and being open to change.

7. **Building and Maintaining Relationships:** Effective management involves building and maintaining good relationships with stakeholders, including customers, suppliers, employees, and the community. This helps in creating a positive organizational image and achieving business objectives.
8. **Ensuring Compliance and Ethical Standards:** Management is responsible for ensuring that the organization adheres to legal and regulatory requirements, as well as maintaining high ethical standards in all business practices.

Thus, these are the objectives of management.

FUNCTIONS OF MANAGEMENT

Management functions are the activities that a manager must perform as a result of the position held in the organization. The best way to analyse the management process is in terms of what a manager does. The functions of management can be divided under three heads:



- I. Basic Functions**
- II. Dynamic Functions**
- III. Challenging Functions**

I. Basic Functions

- ✚ Planning
- ✚ Organizing
- ✚ Staffing
- ✚ Directing
- ✚ Controlling

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.

According to KOONTZ, “Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”.

2. Organizing:

Organizing is the process by which the structure and allocation of jobs are determined. To organize a business is to provide it with everything useful to its functioning.

3. Staffing:

Staffing is the process of planning, recruiting, developing, compensating and maintaining human resources in an organization. In staffing, a manager recruits and selects suitable personnel for manning the jobs.



4. Directing:

The fourth basic function of management is directing. This is also termed leading or actuating. Directing is concerned with guiding and leading people. It consists of supervising and motivating the subordinates towards the achievement of set goals.

- ✓ Communication
- ✓ Command
- ✓ Motivation
- ✓ Leadership
- ✓ Supervision

5. Controlling:

Controlling is evaluating the performance and applying corrective measures so that the performance takes place according to plans. It is reviewing the performance of the employees in the light of the targets and goals.

II. Dynamic Functions

- ✚ Co-ordinating
- ✚ Decision Making
- ✚ Representation
- ✚ Innovation
- ✚ Administration

DYNAMIC FUNCTIONS

1. Co-ordinating:

To co-ordinate is to harmonize all the activities, decisions and efforts of an organization so as to achieve the unity of action. It is blending the efforts of all employees for an efficient running of an organization.



2. Decision Making:

Decision making is the process by which a course of action is consciously chosen from available alternatives. Decision making is inherent in every managerial function.

3. Representation:

The manager's job also includes representing his organization in dealings with outside group-government officials, unions, civic groups, financial institutions, customers, suppliers, and the general.

4. Innovation:

Innovation means developing new ideas, new products, new quality or devising new methods of work. In other words, the real manager is always an innovator.

5. Administration:

This is a new task of manager which is described by peter F. drucker he says, “The manager has to administer. He has to manage and improve what already exists and is already known. He has to redirect resources from areas of low or diminishing results to areas of high or increasing results.

III Challenging Functions:

- ✚ Managing Work
- ✚ Managing People
- ✚ Managing Operations
- ✚ Managing Change
- ✚ Managing Time
- ✚ Strategy Formulation and Action
- ✚ Making Work Productive and the Worker Achieving
- ✚ Managing Social Impacts and Social Responsibilities

Management of Work: In an organization, work must be performed. For example, in a factory, the product must be manufactured; in a retail store, the customer’s need must be satisfied.

Management of People: Recently a lot of attention has been given to the ‘human factor’ in managing the business. Human forces are employed, they need to be unified, coordinated, welded into a team effort and directed towards a given purpose.

Management of Change: Good managers exhibit a rational response to changing environment. Managers who undertake appropriate changes at the right time achieve success.

Management of Time: It can be noted that ‘time dimension’ is ever-present in every management problem, every decision and every action. Thus, managers must make efforts to administer the things within time.

Thus, these are the functions of management.

IMPORTANCE OF MANAGEMENT:

1. **Achievement of Goals:** Management is crucial for setting and achieving organizational goals through effective planning and resource allocation.
2. **Optimal Resource Utilization:** Efficient management ensures that all resources, including human, financial, and material, are used optimally, reducing waste and increasing productivity.
3. **Adaptability to Change:** Management helps organizations adapt to changes in the external environment, including market conditions, technology, and regulations, ensuring long-term sustainability.
4. **Motivation and Leadership:** Effective management motivates employees and provides strong leadership, which is essential for maintaining high morale and productivity.
5. **Decision-Making:** Management involves making informed decisions that guide the organization's direction and strategy, ensuring alignment with its goals and objectives.
6. **Innovation and Growth:** Management fosters a culture of innovation, encouraging new ideas and continuous improvement, which are vital for growth and competitive advantage.
7. **Risk Management:** Management identifies, assesses, and mitigates risks, ensuring the organization's stability and security.
8. **Quality Assurance:** Management ensures that the organization's products and services meet high-quality standards, satisfying customer needs and maintaining a good reputation.

SCOPE OF MANAGEMENT:

1. **Planning:** Establishing objectives, forecasting future conditions, and devising strategies to achieve organizational goals.

2. **Organizing:** Structuring the organization, defining roles, responsibilities, and allocating resources effectively to achieve objectives.
3. **Staffing:** Recruiting, selecting, training, and developing employees to ensure the organization has the right talent.
4. **Directing:** Leading, motivating, and communicating with employees to achieve organizational goals. This includes decision-making and providing guidance.
5. **Controlling:** Monitoring performance, comparing it with established standards, and taking corrective action when necessary to ensure objectives are met.
6. **Coordinating:** Ensuring that all parts of the organization work together harmoniously, aligning activities, resolving conflicts, and facilitating communication.
7. **Budgeting:** Planning and controlling financial resources, preparing budgets, monitoring expenses, and ensuring financial stability.
8. **Decision-Making:** Problem-solving and selecting the best course of action from available alternatives to achieve organizational goals.
9. **Innovation:** Encouraging creativity and implementing new ideas to stay competitive and adapt to market changes.
10. **Risk Management:** Identifying, assessing, and managing risks to minimize their impact on the organization.
11. **Quality Management:** Implementing quality control measures and continuous improvement practices to maintain high standards of performance.
12. **Strategic Management:** Formulating and implementing long-term strategies to achieve organizational goals and maintain a competitive edge.
13. **Communication:** Ensuring effective information flow within the organization to maintain clarity, reduce misunderstandings, and enhance collaboration.



14. **Corporate Social Responsibility (CSR):** Implementing ethical practices and contributing to social and environmental sustainability, reflecting the organization's commitment to societal well-being.

Thus, these are the importance and scope of management.

CHARACTERISTICS OF A MANAGEMENT:



Management is a multifaceted discipline with various characteristics that define its nature and functions. Here are some of the key characteristics of management:

1. Goal-Oriented Process: Management is primarily focused on achieving the organization's goals and objectives. It involves setting targets and ensuring that all efforts are directed towards meeting these goals efficiently and effectively.

2. Pervasive: Management is universal and applicable to all types of organizations, whether they are business enterprises, government agencies, educational institutions, or non-profit organizations. It is required at all levels and in all departments of an organization.

3. Continuous Process: Management is an ongoing process that involves a series of interrelated functions, such as planning, organizing, leading, and controlling. These functions are continuous and cyclic in nature, requiring constant attention and adaptation.

4. Multi-Dimensional: Management is multi-dimensional, involving three main dimensions:

- **Management of Work:** Ensuring that tasks and activities are completed efficiently.
- **Management of People:** Managing human resources, including hiring, training, and motivating employees.
- **Management of Operations:** Overseeing the processes and systems that produce goods or services.

5. Dynamic Function: Management is a dynamic function that must adapt to changes in the external and internal environment. Managers need to be flexible and responsive to new challenges, market conditions, and technological advancements.

6. Group Activity: Management involves coordinating the efforts of people to achieve common objectives. It requires collaboration, communication, and teamwork among various individuals and departments within the organization.

7. Intangible Force: Management is intangible; it cannot be seen or touched but is evidenced through the effectiveness and efficiency of an organization. The impact of good management is visible in the form of high productivity, employee satisfaction, and achievement of goals.

8. Art and Science: Management is both an art and a science. It is a science because it relies on established principles, theories, and methods. It is an art because it requires personal skills, creativity, and experience to apply these principles effectively in real-life situations.

9. Integrative Function: Management integrates human, physical, and financial resources to create a cohesive and efficient organization. It ensures that all parts of the organization work together harmoniously to achieve the desired outcomes.

10. Authority and Responsibility: Management involves the delegation of authority and responsibility. Managers have the authority to make decisions and the responsibility to achieve organizational goals. Effective management requires a balance between authority and accountability.

11. Systematic Approach: Management follows a systematic approach, involving planning, organizing, staffing, directing, and controlling. Each function is interrelated and contributes to the overall management process.

12. Efficiency and Effectiveness: Management aims to achieve both efficiency and effectiveness. Efficiency refers to the optimal use of resources to achieve desired results, while effectiveness refers to the achievement of organizational goals. Successful management balances both to ensure long-term success.

13. Decision-Making: Decision-making is a core characteristic of management. Managers constantly make decisions that affect the organization's direction, resource allocation, and operations. Effective decision-making requires analytical skills, judgment, and the ability to evaluate alternatives.

Conclusion

The characteristics of management highlight its complex and dynamic nature. Understanding these characteristics helps managers to perform their roles more effectively, ensuring that their organizations achieve their goals and adapt to changing environments.

DIFFERENT SCHOOLS OF THOUGHT IN MANAGEMENT:

The different schools of thought in management reflect the evolution of management theories and practices over time. Each school offers unique perspectives and approaches to managing organizations. Here are the main schools of thought in management:

1. Classical School

a. Scientific Management

- **Key Proponents:** Frederick Taylor, Frank and Lillian Gilbreth.
- **Key Concepts:** Focuses on improving efficiency and productivity through scientific analysis of work methods. Emphasizes time and motion studies, standardization, and specialization of tasks.

b. Administrative Management

- **Key Proponents:** Henri Fayol, Max Weber.
- **Key Concepts:** Concentrates on the management process and principles. Fayol introduced 14 principles of management, while Weber developed the concept of bureaucracy, emphasizing formal rules and hierarchical structures.

c. Bureaucratic Management

- **Key Proponent:** Max Weber.
- **Key Concepts:** Emphasizes a structured, formal network of relationships among specialized positions in the organization, characterized by clear authority and rules.

2. Behavioural School

a. Human Relations Movement

- **Key Proponents:** Elton Mayo, Mary Parker Follett.

- **Key Concepts:** Highlights the importance of social factors in the workplace, such as employee morale and relationships. Emphasizes the need for managers to understand human behaviour, motivation, and group dynamics.

b. Organizational Behaviour

- **Key Concepts:** Studies the impact of individuals, groups, and structures on behaviour within organizations. Focuses on improving organizational effectiveness through understanding human behaviour.

3. Quantitative School

a. Management Science

- **Key Concepts:** Utilizes mathematical models, statistical techniques, and simulations to aid in decision-making and problem-solving. Emphasizes quantitative analysis for planning and control.

b. Operations Research

- **Key Concepts:** Applies advanced analytical methods to help make better decisions. Focuses on optimizing processes and improving operational efficiency.



4. Systems School

- **Key Concepts:** Views the organization as an interrelated and interdependent system. Emphasizes the importance of understanding the relationships between different parts of the organization and how changes in one part affect the whole system. Uses a holistic approach to management.

5. Contingency School

- **Key Concepts:** Suggests that there is no one best way to manage an organization. Effective management depends on the specific circumstances or context. Emphasizes the need for managers to adapt their approach based on situational

variables, such as the external environment, technology, and organizational structure.

6. Contemporary School

a. Total Quality Management (TQM)

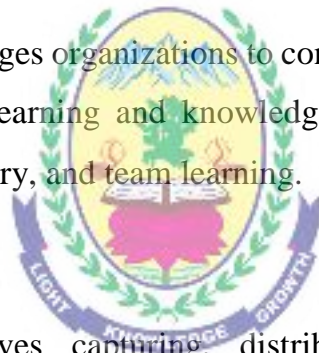
- **Key Proponents:** W. Edwards Deming, Joseph Juran.
- **Key Concepts:** Focuses on continuous improvement in all aspects of the organization. Emphasizes customer satisfaction, employee involvement, and use of quality tools and techniques.

b. Learning Organization

- **Key Proponent:** Peter Senge.
- **Key Concepts:** Encourages organizations to continuously adapt and improve by fostering a culture of learning and knowledge sharing. Emphasizes systems thinking, personal mastery, and team learning.

c. Knowledge Management

- **Key Concepts:** Involves capturing, distributing, and effectively using organizational knowledge. Emphasizes the importance of information technology and collaboration in managing knowledge.



7. Neo-Classical School

- **Key Concepts:** Merges classical and behavioural approaches. Emphasizes formal structure and efficiency from classical theories while incorporating behavioural insights about human motivation and relationships.

Each school of thought has contributed to the development of modern management practices, providing valuable insights and tools for managing organizations effectively.

DIFFERENT LEVELS OF MANAGEMENT:

Management is typically divided into three levels: top-level, middle-level, and lower-level management. Each level has distinct responsibilities and roles within an organization. Here's a detailed explanation of each level:

1. Top-Level Management

a. Roles and Titles:

- Includes executives such as Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), President, and Vice President.

b. Responsibilities:

- **Setting Goals and Strategies:** Responsible for defining the organization's vision, mission, and long-term goals. Develops strategies to achieve these objectives.
- **Decision-Making:** Makes high-level decisions that affect the entire organization, including policies, major financial investments, and mergers or acquisitions.
- **Resource Allocation:** Determines how resources (human, financial, material) are allocated across the organization.
- **External Relationships:** Manages relationships with external stakeholders, such as investors, government agencies, and the public.
- **Organizational Culture:** Establishes and promotes the organizational culture and values.



2. Middle-Level Management

a. Roles and Titles:

- Includes managers such as General Managers, Branch Managers, Department Heads, and Division Managers.

b. Responsibilities:

- **Implementing Strategies:** Translates the strategies and policies set by top management into actionable plans for their departments or divisions.
- **Supervising Lower-Level Management:** Oversees the activities of lower-level managers and ensures alignment with organizational goals.
- **Coordination:** Ensures coordination between different departments or divisions to achieve organizational objectives.
- **Performance Management:** Monitors and evaluates the performance of their departments or divisions, providing feedback and taking corrective actions as needed.
- **Resource Management:** Manages resources within their departments, including budgeting, staffing, and ensuring efficient use of resources.

3. Lower-Level Management

a. Roles and Titles:

- Includes supervisors, team leaders, foremen, and first-line managers.

b. Responsibilities:

- **Direct Supervision:** Directly supervises and manages the day-to-day activities of non-managerial employees.
- **Task Assignment:** Assigns specific tasks and duties to employees, ensuring that work is completed efficiently and effectively.
- **Training and Development:** Provides training, guidance, and support to employees to improve their skills and performance.
- **Monitoring and Feedback:** Monitors employee performance, provides feedback, and addresses any issues or concerns that arise.



- **Operational Efficiency:** Ensures that operations run smoothly on a day-to-day basis, solving any immediate problems and maintaining productivity.

Interaction and Coordination among Levels

- **Communication Flow:** Effective communication is essential for coordination among different levels of management. Top-level management communicates strategic goals to middle management, who then develop plans and convey them to lower management for execution.
- **Feedback Loop:** Information and feedback flow upward from lower management to middle and top management, providing insights into operational issues and employee performance, which informs decision-making at higher levels.
- **Collaborative Decision-Making:** In complex and dynamic environments, collaborative decision-making involving multiple levels of management ensures that diverse perspectives are considered, leading to more robust and effective strategies.

Each level of management plays a crucial role in ensuring that the organization operates efficiently, meets its goals, and adapts to changing environments. The division of responsibilities across these levels allows for specialization, accountability, and effective management of the organization.



ROLE AND FUNCTIONS OF A MANAGER

A manager plays a crucial role in an organization, responsible for planning, organizing, leading, and controlling resources to achieve specific goals. Here are the key roles and functions of a manager:

Different Roles of a Manager

1. Interpersonal Roles:

- **Figurehead:** Represents the organization in ceremonial and symbolic activities.
- **Leader:** Guides, motivates, and manages employees to achieve organizational goals.
- **Liaison:** Maintains a network of contacts outside the organization to gather information and resources.

2. Informational Roles:

- **Monitor:** Gathers and analyses information from both the internal and external environment to stay informed about organizational operations and market conditions.
- **Disseminator:** Communicates relevant information to employees and other stakeholders.
- **Spokesperson:** Represents the organization to external stakeholders, such as the media, investors, and the public.

3. Decisional Roles:

- **Entrepreneur:** Initiates and oversees new projects that will improve the organization's performance.
- **Disturbance Handler:** Resolves conflicts and addresses unexpected issues that arise within the organization.
- **Resource Allocator:** Decides where to allocate resources, including budgeting, personnel, and materials.
- **Negotiator:** Represents the organization in negotiations with other entities, such as suppliers, customers, and labour unions.

FUNCTIONS OF A MANAGER

1. Planning:

- **Setting Objectives:** Establishes short-term and long-term goals for the organization.
- **Developing Strategies:** Creates strategies to achieve these objectives.
- **Formulating Policies:** Develops policies and procedures to guide organizational operations.
- **Forecasting:** Anticipates future trends and prepares the organization to respond effectively.

2. Organizing:

- **Structuring the Organization:** Determines the organizational structure, including the division of labour and delegation of authority.
- **Allocating Resources:** Assigns resources, including personnel, finances, and equipment, to various tasks and departments.
- **Coordinating Activities:** Ensures that different departments and teams work together harmoniously to achieve organizational goals.

3. Leading:

- **Motivating Employees:** Inspires and encourages employees to perform at their best.
- **Communicating:** Clearly conveys information, expectations, and feedback to employees.
- **Building Teams:** Develops and maintains effective teams, fostering collaboration and a positive work environment.
- **Exercising Authority:** Uses authority to make decisions, give directions, and ensure compliance with organizational policies.

4. Controlling:

- **Setting Performance Standards:** Establishes standards and benchmarks for performance.
- **Monitoring Performance:** Tracks and assesses the performance of employees and organizational processes.

- **Evaluating Results:** Compares actual performance with established standards.
- **Taking Corrective Action:** Implements changes and improvements to address any deviations from standards and achieve desired outcomes.

Key Skills of a Manager

1. **Technical Skills:** Knowledge and expertise in a specific field or industry.
2. **Human Skills:** Ability to interact effectively with people, including communication, empathy, and conflict resolution.
3. **Conceptual Skills:** Ability to think strategically, see the big picture, and understand how different parts of the organization fit together.
4. **Decision-Making Skills:** Ability to analyze information, evaluate alternatives, and make sound decisions.
5. **Time Management Skills:** Ability to prioritize tasks, manage time effectively, and meet deadlines.

Conclusion

Managers play a vital role in the success of an organization by performing various functions that ensure effective planning, organizing, leading, and controlling of resources. Their ability to balance interpersonal, informational, and decisional roles, coupled with their technical, human, conceptual, and decision-making skills, determines their effectiveness in achieving organizational goals.



F.W. Taylor's Scientific Management:

- **Science, not Rule of Thumb:** Rule-of-thumb methods are traditional approaches that suited organisations in the past. Under mass production, the volume of work had expanded that required scientific methods to manage and control work easily.
- **Harmony, not Discord** Under this principle, workers and management should work in harmony with mutual cooperation and coordination. Workers should not be overburdened with work, while should not feel dissatisfied with their investment of time and money in an organisation.
- According to Taylor a firm can achieve maximum prosperity if workers and management work with each other leading to development of a cordial relationship with each other and team spirit, and organisational goals can be achieved easily.
- **Cooperation, not Individualism:** In continuation with the earlier point, it is coordination and not individualism that will assist in achieving organisational goals.
- This principle also suggests that management should take workers into confidence in making important decisions which affect workers and there should be almost equal division of work and responsibility between workers and management and both should work side by side.
- **Personal Efficiency Level** : This principle involves development of each and every person to his/her greatest efficiency and prosperity. There should be scientific selection of workers and work assigned to them should suit their physical, mental, and intellectual capabilities

ONE WORD

1. _____ has given the fourteen principles of management.
(A) Peter Drucker (B) F.W. Taylor (C) **Henry Fayol** (D) None of these
2. Job classification such as CEO, President, Vice-President are associated with _____
(A) **Top Level Management** (B) Middle Level Management
(C) Lower Level Management (D) None of these
3. _____ is known as the father of scientific management.
(A) Harlod Koontz (B) Henry Fayol (C) **F.W. Taylor** (D) Max Weber
4. The heart of the management is _____
(A) Planning (B) **Co-ordinating** (C) Organization (D) Controlling
5. The main reason for the existence of an organization?
(A) The vision of an organization (B) **The mission of an organization**
(C) The objectives of an organization (D) The Chief Executive Officer of an organization
6. Henri Fayol is known as _____.
(A) **The father of general management** (B) The father of shop floor management
(C) The father of scientific management (D) All of the above
7. The Practice of Management written by _____.
(A). **Peter F. Drucker.** (B). Terry. (C). Louis Allan. (D). Henry Fayol.
8. Management is what a manger does _____.
(A). Peter F. Drucker (B). Terry. (C). **Louis Allan.** (D). Henry Fayol.

9. To manage is to forecast and plan, to organize, to compound, to co-ordinate and to control. This definition was given by_____.

(A). Peter F. Drucker. (B). Terry. (C). Louis Allan. **(D). Henry Fayol.**

10. Management is_____.

(A) An art. (B) A science (C) **An arts and science** (D) An art not science.

QUESTIONS:

1. What is meant by management? Explain its objectives.
2. Briefly explain the characteristics of management.
3. Describe the different schools of management.
4. Elucidate the different levels of management.
5. Mention the role of a manager.
6. Point out the functions of a manager.
7. State the importance and scope of management.
8. Explain the functions of management.

