



UNIT-1

Basics of Management

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Explain what is meant by “management”
- ✓ Examine the various characteristics of good management
- ✓ Analyse the levels of management and the key responsibilities that fall under each level

Unit 1

Basics of Management

"Management is what a manager does". – Louis Allen.

Management is the process by which one individual gets a group of people to work together within a certain timeframe, with limited resources, to accomplish a set goal or objective.

One who manages is known as a manager. In a business firm, as in any other form of office, there is a hierarchy of superiority in the working order. A manager generally has a team of people working under her/him, who specialise in the same department and are brought together to work in the long or short term to achieve a previously designated objective.

"Administration is the determined action taken in pursuit of a common purpose. It is a systematic ordering of affairs and the calculated use of resources aimed at making those things happen which we want to happen". – Marx Morestein.

In a business sense, administration involves taking decisions and making the right choices in order for the organisation to progress. It is essential for every business to employ people with an area of specialisation and deep knowledge in their field, who have the skills to lead a team to achieve the goals of the business.

Administrative management is about managing information through people. Administration is actually a part of management. In any organisation, it is essential to the working of the business to maintain and manage a written or computerised set of information relating to the activities of the company and the decisions taken by it, be they minor or major.

It is the job of a good administrative manager to maintain these data in good order and review them from time to time to ensure that the company isn't incurring losses in any areas, spending too much on resources or wasting them, or using outdated technologies. Essentially, he/she must monitor any areas where the organisation has scope for improvement.

What is meant by Management?

Consider a business enterprise: it may be an industry or it may be a trading concern. In either case, a certain amount of money is needed to start up and run the business; materials, machines and labour are required, and certain processes are involved. All of these are considered the inputs of a business, resulting in outputs in terms of products or services. However, assuming the same amount of money, raw materials, machines and labour, and following the same processes, the output may not be the same in all cases. For example, with the same amount of money, labour, machines and materials, two persons starting similar businesses independently may not achieve the same results. One may do well, while the other may not. This is because the inputs do not become outputs by themselves. Various activities are

required and these need to be properly directed, coordinated and integrated if the inputs are to produce good results.

This process of using various resources (inputs) to produce certain results (outputs) is known as management, and the degree of success varies according to the efficiency with which the resources are managed. **Thus, management refers to the process of using labour, money, machines, materials and processes through proper direction, coordination and integration of several activities in order to produce the desired results and achieve predetermined goals. In other words, management consists of a series of activities classified into various functions such as planning, organising, staffing, directing and controlling.**

Characteristics of Management

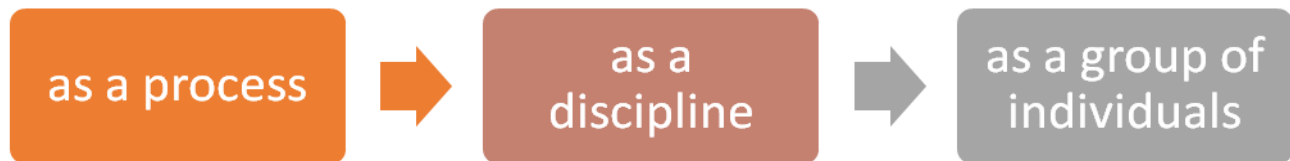
The various characteristics of management are as follows:

- 1. Management is Universal:** Every type of organisation requires management. It may be a business organisation or a social or political one. It may be a small firm or a large business. Management is required by a school, college or university, a hospital, a big firm or a small grocery store. Thus, it is a universal phenomenon and is a common and essential element in all types of organisations.
- 2. Management is a Continuous Process:** Management is an on-going process. It continues as long as the organisation exists. No activity can take place without management. To perform all activities such as production, sales, storage, operations, etc., management is required. As long as these activities continue, the process of management also continues in the organisation.
- 3. Management is Goal-Directed:** Every organisation is created to achieve certain goals. For example, a business firm may seek to make maximum profits and/or to provide quality products and services. The success of the management is determined by the extent to which these goals are achieved.
- 4. Management is an Integrating Process:** All the functions, activities, processes and operations are inter-related. It is the task of management to bring them together and manage them in an organised manner to achieve the desired result. In fact, without the integration of labour, machines, materials and coordination of individual efforts to contribute successfully as a team, it will be difficult to achieve organisational goals.
- 5. Management is Multi-Disciplinary:** Management of an organisation requires wide knowledge about various disciplines as it involves handling people, machines and materials, and overseeing production, distribution, accounting, and many other functions. Thus, we find that the principles and techniques of management are drawn from almost all fields of study, such as Engineering, Economics, Sociology, Psychology, Anthropology, Mathematics, Statistics, etc.

6. **Management is Intangible:** Management is not a place, such as a graphic showing a Board meeting or a graphic showing a school Principal at his/her office desk, both of which can be seen. It is an unseen force and you can feel its presence in the form of rules, regulations, output, work climate, etc.
7. **Management is a Social Process:** The most important aspect of management is the handling of people organised in work groups. This involves developing and motivating people at work and taking care of their satisfaction as social beings. All managerial actions are primarily concerned with relations between people; thus, it is treated as a social process.
8. **Management is Situational:** The success of management depends on, and varies from, situation to situation. There is no single best way of managing. The techniques and principles of management are relative and do not hold good for all situations to come.

Nature of Management

The nature of management can be better understood by looking at it



1. Management as a Process

Management consists of a series of inter-related activities of planning, organising and controlling. All activities are undertaken in a proper sequence with a systematic approach in order to ensure that all actions are directed towards the achievement of common goals. Thus, it is regarded as a process of organising and employing resources to accomplish the predetermined objectives.

2. Management as a Discipline

Management is a systematised body of knowledge that has developed, grown and evolved over the years through practice and research. The knowledge so cumulated is circulated to successive generations of managers and used by them in the performance of their jobs. Thus, it has become a separate field of study with its own principles and practices and has evolved as an independent discipline with its own techniques and approaches.

3. Management as a Group

Management normally refers to a group of managers working in an organisation. It includes the top executive as well as the first-line supervisors. These managers perform their functions jointly as a group. The success of business depends on the efficiency of not one but of all managers taken together. Managers work as a team to achieve the objectives of the business.

Levels of Management

There are certain levels of management with varying degrees of authority and responsibilities. Some managers decide on the objectives of the business as a whole, some managers perform functions to achieve these objectives in different departments, such as production, sales, etc, and some managers are concerned with the supervision of the day-to-day activities of workers. Managers performing different types of duties can thus be divided into three categories:

- Top-Level Management
- Middle-Level Management
- Lower-Level Management

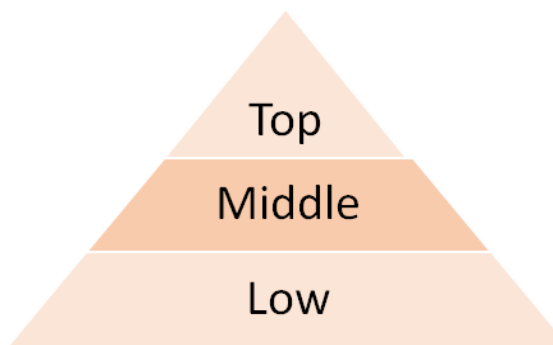


Fig: 1.1

The top-level management includes the Board of Directors and the Chief Executive. The Chief Executive may have the designation of Chairman, Managing Director, President, Executive Director or General Manager. This level determines the objectives of the business as a whole and lays down policies to achieve these objectives (making policy means providing guidelines for actions and decisions). The top management also exercises overall control over the organisation.

The middle-level management includes heads of various departments, e.g., production, sales, etc., and other departmental managers. Sometimes, senior departmental heads are included in the top management team. The objectives of the business as a whole are translated into departmental objectives for the middle-level management. The heads of the departments then work out their own strategies in order to achieve these objectives. Middle-level managers are particularly concerned with the activities of their respective departments.

The lower-level management consists of foremen and supervisors who look after the operative workers, and ensure that the work is carried out properly and on time. Thus, they have the primary responsibility for the actual production of goods and services in the organisation.

These three levels of management taken together form the 'hierarchy of management'. This indicates the ranks and positions of managers in the hierarchy. It shows that the middle-level management is subordinate to the top-level and that the lower-level is subordinate to the middle-level management.

Another important point to note is that the number of people at each level increases from the top downwards. Workers including craftspeople, manual labourers, engineers, scientists, etc. form the bulk of the organisation's membership. Within the managerial ranks, the number of managers at each level decreases from lower-level to top-level management. There is usually just one person at the top of the organisation.

Functions of Management

This field of management has been thoroughly researched by experts in the field, and many have devised theories and principles that help people work with efficiency and understand their jobs better.

Henri Fayol, who is considered the Father of Modern Management, was a French management consultant and industrialist. Other experts in the field have also contributed to the subject but Fayol's management principles are taken as a guideline to management.

He divided the functions of management into five categories, as shown in the diagram below:

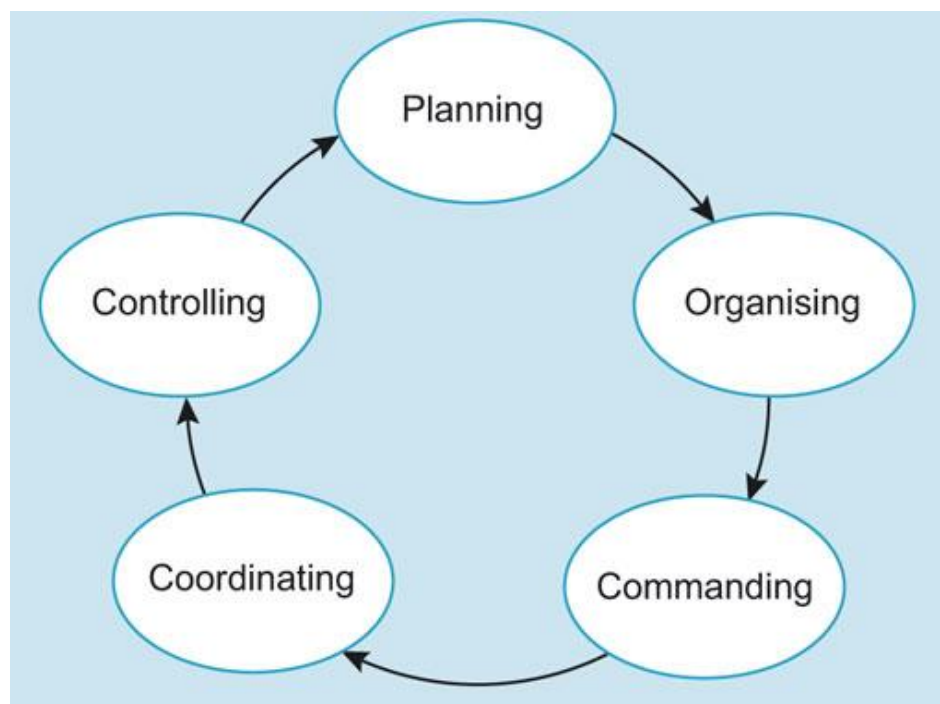


Fig: 1.2

- **Planning** requires the ability to see into the future and picture the goals that the organisation would like to achieve. It is then up to the manager to set a specific timeframe within which the

team will work to accomplish the task, work out a budget, and determine the amount of resources required and the way to go about achieving these goals.

- **Organising** is important in order to stay on track and to avoid mistakes. After determining the objectives, the manager then organises his/her team and distributes the work amongst the team members. He/she will then be able to control and oversee the work of every member of the team and check that everything is going according to plan.
- **Commanding** involves the manager communicating his/her expectations to all subordinates and ensuring their involvement in the work. A manager must delegate the work amongst his/her subordinates and then instruct and inspire them to work to their best of their abilities. It is important for the manager to treat his/her subordinates with respect and not overburden them with work.
- **Coordinating** is essential for any organisation. It is the job of a manager to ensure that two subordinates aren't working at cross-purposes and to avoid the duplication of assigned tasks. All departments should complement one another and work in harmony to achieve their goals.
- **Controlling** is an important task in the manager's workload. He/she must ensure that the work meets the company's standards and that every member of the team is following the company's work policy.

These management techniques are not limited to business organisations; they are also applicable to any team of people working together to attain a certain objective, such as the maintenance of schools and buildings, or even political parties.

However, these too have certain flaws due to the broad generalisation. Still, Fayol's management functions are widely used around the world and learned and taught in management institutions.

As Fayol notes, a manager needs to be physically and mentally fit in order to accomplish the task at hand and manage his/her team with efficiency. He/she must have a good general education and a specialisation in his/her area of management with several years' work experience in that field. **Managers must also be fair and just persons who will not use their position to bully their subordinates.**

Henry Fayol was dedicated to developing a science of administrative management, a kind of textbook guideline that would help future generations to lead. According to him, managers at higher levels would surely possess the talent to forgo the technical knowledge and solutions to various situations, thinking more along the lines of their knowledge based on administration.

General Principles of Management

Henry Fayol carved out fourteen principles of management, as follows:

- **Division of Work** – To divide work evenly amongst the team, keeping in mind the capabilities and functions of each member.
- **Discipline** – To maintain a team that shows respect to seniors and follows company policies.
- **Authority and Responsibility** – To maintain a balance between the two and not get carried away by the power in one's hands.
- **Subordination of Individual Interest to General Interest** – To look at the bigger picture and promote an organisation that advances the team rather than the self.
- **Remuneration** – To make sure that the workers receive fair remuneration in order to promote a healthy work environment and give maximum satisfaction to both employees and the organisation.
- **Centralisation** – To maintain a balance between centralisation and decentralisation of power among the manager and the subordinates.
- **Order** – To have the right person working in the right place, and the right material at the proper place, at the right time and in the right amount.
- **Equity** – To motivate the workers to perform their duties by maintaining a proper mix of fairness, justice and kindness.
- **Initiative** – To encourage subordinates to think and execute plans and propose improvement strategies. To give the individuals in the team an opportunity to improve themselves.
- **Esprit De Corps** – To foster a feeling of loyalty and devotion to the team. A manager must promote a friendly atmosphere and ensure that the team is working in harmony and with respect for every member and the organisation.
- **Stability of Tenure** – A stable staff, i.e., fewer changes in personnel will assure the employees of the safety of their position and increase their morale.
- **Unity of Direction** – There should be one head for a similar set of plans, one technique to tackle them, and one method of working, etc.
- **Scalar Chain** – A chain or hierarchy of order should be maintained where subordinates report to one manager, who in turn reports to one higher-level manager and so on.
- **Unity of Command** – If a subordinate is receiving instructions from more than one superior, there will be confusion and conflicts in authority. In order to avoid this, it is essential for every subordinate to report to only one head or authority.

Mentioned above are the management fundamentals as stated by Henry Fayol. Other experts have also researched this field but Henry Fayol was the first to present a theory of Administrative Management.

Other notable experts who have contributed to the field of administrative management include Mary Parker Follett, Luther Gulick, Lyndall Urwick, James Mooney, Alan Reiley, Oliver Sheldon, Ernest Dale etc.

Further Reading:

- ✓ *Public Management and Administration: An Introduction*, Hughes, Owen E.
- ✓ *Administrative Office Management: An Introduction*, by Zane Quible