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SEMESTER - V

# Business Management–BCM53

Study Material – Power Point

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# Business Management - BCM53

## Syllabus: Unit-1

Management – Meaning – Definition – Nature – Importance – Distinction between Administration and Management – Scope – Principles and Functions of Management.

**Key Words:** Entrepreneurs Business, Administration, Principles, Division of Labour , Scientific Management



# LEARNING OBJECTIVE

After reading this chapter, you should be able to:

- 1. Describe the nature of management and identify the four basic functions that constitute the management process.**
- 2. Identify different types of managers likely to be found in an organization by level and area.**
- 3. Describe the basic skills required of managers.**
- 4. Distinction between Administration and Management**
- 5. Management Principles and Functions of Management.**

# Introduction to Management

- Management is essential to any organization that wishes to be efficient and achieve its aims
- **Entrepreneurs** who start and run their own business do not have to manage themselves but once they start hiring, they are the new manager
- **Management**- includes the processes or functions of planning, organizing, leading, and controlling
- **Managers** supervise and direct the employees to tasks to benefit the company
- **Help businesses** focus on setting and meeting goals effectively and efficiently so a profit can be made
- Refers to the **people** who are in charge of running a business
- Need to know the overall **goals to help employees accomplish them**

# DEFINITION - MANAGEMENT

## According To Harold Koontz

"Management is the art of getting things done through others and with formally organised groups."

## According to George R. Terry

"Management Is a distinct process consisting of planning, organising, actuating and controlling; utilising in each both science and art, and followed in order to accomplish pre-determined objectives."

## According to Massie & Douglas

"Management is the process by which co-operative group directs actions towards common goals."

# MANAGEMENT - Characteristics

- A. Management is the process of reaching organizational goals by working with and through people and other organizational resources.
- B. Management has the following THREE characteristics:
  - It is a process or series of continuing and related activities.
  - It involves and concentrates on reaching organizational goals.
  - It reaches these goals by working with and through people and other organizational resources.

# Role of MANAGEMENT

In addition, Management brings together all

**Six Ms i.e.**

Men and Women,

Money

Machines

Materials

Methods

and Markets.

They use these resources for achieving the objectives of the organization such as high sales, maximum profits, business expansion, etc.

# MANAGEMENT

- A. Management is the attainment of organizational goals in an effective and efficient manner through planning, organizing, staffing, directing and controlling organizational resources.
- B. Organizational resources include men(human beings), money, machines and materials.



# The Need for Management

Management in all business and organizational activities is the **act of getting people together to accomplish desired goals and objectives** using available resources efficiently and effectively.

Since organizations can be viewed as systems, management can also be defined as human action (including design) to facilitate the production of useful outcomes from a system.

*Therefore, management is needed in order to facilitate a coordinated effort toward the accomplishment of the organization's goals.*

# Resource within management.

There are several different resource types within management.

Resourcing encompasses the deployment and manipulation of:

- A. Human resources
- B. Financial resources
- C. Technological resources
- D. Natural resources

# Why is management needed in organizations?

**Organization - management** enables the optimum use of resources through meticulous planning and control at the workplace.

**Organization - management** gives a sense of direction to the employees.

The individuals are well aware of their roles and responsibilities and know what they are supposed to do in the **organization**.

The **Need for Management: Management** is **needed** in order to coordinate the activities of a business and make sure all employees are working together toward the accomplishment of the **organization's** goals.



# Organizations and Management

Organizations don't need just managers, but good managers. Organizations need managers to lead and empower employees to lead.

There has to be a supervisor (manager) to lead and execute business strategies to achieve the desired goals of the organization.

Managerial skills and abilities are essential to empowering and building employees and leaders that grow an organizations.



# NATURE OF MANAGEMENT

1. Management is a universal activity .
2. Management is a purposeful activity.
3. Management is concerned with the efforts of a group
4. Management applies economic principles.
5. Management involves decision making.
6. Management is getting things done through others.
7. Management is an integrating process.
8. Management co-ordinates all activities and resources.
9. Management is dynamic not rigid.



# IMPORTANCE OF MANAGEMENT

1. Management is goal oriented:-
2. Management is associated with group efforts:-
3. Management is intangible:-
4. Management is an activity and not a person or group of person:-
5. Management is situational:-
6. Management is universal:-
7. Management is concern with people:-
8. Management is the combination of art, science and profession:-

# Management – Art or Science?

## **Management as an Art**

Art is defined as the use of skills to bring a desired result. Skills refer to one's proficiency to do a specific work. Thus, art has the following features:

1. Practical Knowledge
2. Personalized Application of Knowledge
3. Improvement through Continuous Practice
4. Situational Application
5. Emphasis on Creativity

The above points show that management is an art.

# Management – Art or Science?

## Management as a Science

Science is a body of systematized knowledge generated through logical consistency, critical evaluation and experimental study. Thus, science has the following features:

1. Systematized Body of Knowledge
2. Principles Based on Experimentation
3. Verifiable Principles
4. Universal Application

The above discussion shows that management is not a true science. Therefore, management is called an *'inexact science'* or *'pseudo-science'*.



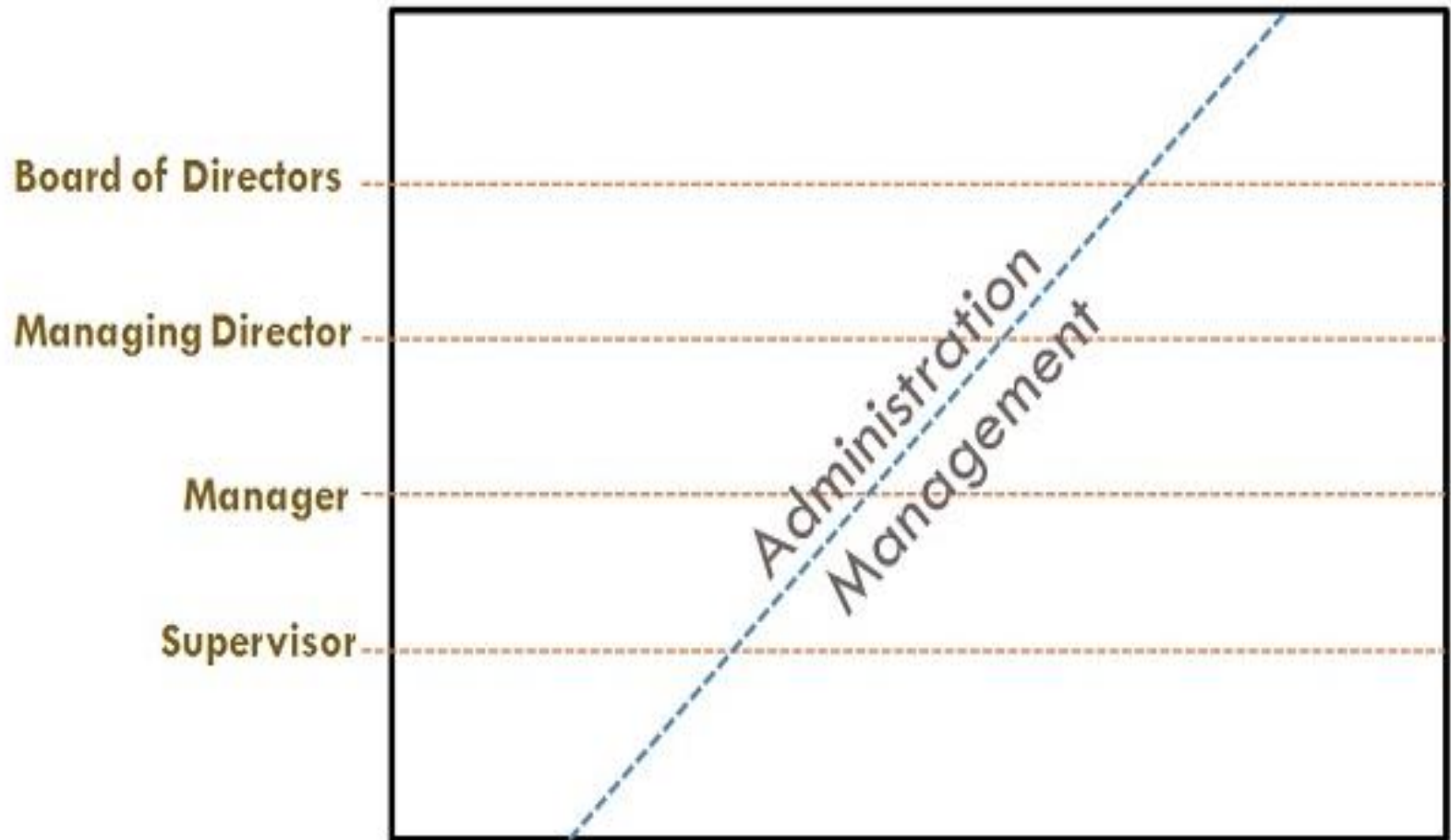
# Management: Both Art and Science

- A. It can be seen that management uses both scientific knowledge and art in managing an organization. As the science of management increases so should the art of management. A balance between the two is needed. Neither should be over-weighted or slighted.
- B. Some feel that further gains in science of management will restrict art more and more.
- C. The correct saying should be 'applied knowledge is power'. People having abundant knowledge may have little use if they do not know how to use knowledge. This is particularly true for management which is a situational phenomenon

# Difference Between Management and Administration

<b>BASIS FOR COMPARISON</b>	<b>MANAGEMENT</b>	<b>ADMINISTRATION</b>
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.

# Difference Between Management and Administration



Difference Between Management and Administration

# Scope of Management

## A. Subject-Matter of Management

Planning, organizing, directing, coordinating and controlling are the activities included in the subject matter of management.

## B. Functional Areas of Management- These include:

- **Financial Management Personnel Management** includes recruitment, training, transfer promotion, demotion, retirement, termination, labor-welfare, and social security industrial relations.
- **Purchasing management** includes inviting tenders for raw materials, placing orders, entering into contracts, and materials control.
- **Production Management** includes production planning, production control techniques, quality control and inspection, and time and motion studies.
- **Maintenance Management** involves proper care and maintenance of the buildings, plants, and machinery.
- **Transport Management** includes packing, warehousing, and transportation by rail, road, and air.
- **Sales Distribution Management** includes marketing, market research, price-determination, taking market risk and advertising, publicity, and sales promotion.
- **Office Management** includes activities to properly manage the layout, staffing, and equipment of the office.
- **Development Management** involves experimentation and research of production techniques, markets, etc.

# Principles of Management

**Principle** It refers to a statement which reflects the fundamental truth about some phenomenon based on cause and effect relationship.

**Management Principles** These are the statements of fundamental truth, they serve as a guide to thought and actions for managerial decision actions and their execution.

## Derivation of Management Principles

Management principles have been derived on the basis of

- ✓ Deep observations
- ✓ Repeated experiments



# Significance of Principles of Management

1. Providing managers with useful insight into reality
2. Optimum utilisation of the resources
3. Scientific decisions
4. Meeting changing environment requirements
5. Fulfilling social Responsibility
6. Management training, education and research

# 14- Principles of Management Developed by Henry Fayol – Father of Management

- (i) Principle of division of work
- (ii) Principle of authority and responsibility
- (iii) Principle of discipline
- (iv) Principle of unity of command
- (v) Unity of direction
- (vi) Subordination of individual interest to general interest
- (vii) Remuneration of employees
- (viii) Centralisation and decentralisation
- (ix) Scalar chain
- (x) Order
- (xi) Equity
- (xii) Stability of personal
- (xiii) Initiative
- (xiv) Esprit de Corps

# Scientific Management

It can be defined as “Application science for each and every element of management.”

According to Taylor, “Scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.”

## **Scientific Principles of Management**

- (i) Science, not rule of thumb
- (ii) Harmony, not discord
- (iii) Co-operation, not individualism
- (iv) Development of workers to their prosperity  
greatest efficiency and



# Scientific Techniques of Taylor

(i) **Functional Foremanship** In this technique, Taylor suggested the division of factory in two departments

(a) **Planning Department**

- ✓ Route clerk
- ✓ Instruction card clerk
- ✓ Time and cost clerk
- ✓ Disciplinarian
- ✓ (b) Operational Department
- ✓ Gang boss
- ✓ Speed boss
- ✓ Repair boss
- ✓ Inspector

# Scientific Techniques of Taylor

## ii) **Standardisation and Simplification of Work**

- Standardisation output possible if standard is maintained right from selection of tools, equipment and machine to use.
- Simplification emphasises on elimination of unnecessary diversity of product, size and type.

### (iii) **Fatigue Study**

(iv) **Method Study** This technique find out the one best method or way of performing the job.

(v) **Time Study** The objectives of time study are

- (a) The standard time required to perform a job.
- (b) Setting up the standard target of the workers.
- (c) Determining the number of workers required to perform a job.
- (d) Categorising the workers into efficient and inefficient employees.

(vi) **Motion Study** To conduct motion study, Taylor suggested to observe an average worker when he is performing the job and note down all the movements he is doing.

(vii) **Differential Piece Wage System** This technique emphasis on paying different rate of wage for efficient and inefficient employees.

(viii) **Mental Revolution** 'The objectives of mental revolution are

- (a) Co-operation between workers and management.
- (b) Change in mental attitudes of workers and management towards each other.

# FUNCTIONS OF MANAGEMENT

**Henry Fayol, the father of principles of management, has classified managerial functions as follows:**

(a) Planning, including forecasting, (b) Organising, (c) Commanding, (d) Coordinating, and (e) Controlling.

**Gulick and Urwiik** have classified management functions into seven.

They coined the word '**PODSCORB**' to describe the functions of management.

Each letter of this word denotes the initial letter of management functions, namely-

Planning,

Organising,

Directing,

Staffing,

Coordinating,

Reporting, and

Budgeting.

# FUNCTIONS OF MANAGEMENT

**Thus, the functions of management may be classified as:**

1. Planning,
2. Organising,
3. Staffing,
4. Directing, and
5. Controlling.

# Evolution of Management Thought

1. Scientific Management
2. Modern Operational Management Theory
3. Behavioural Sciences
4. Systems Theory
5. Modern Management Thought

# FUNCTIONS OF MANAGEMENT



# FUNCTIONS OF MANAGEMENT

**Planning** – The basic step required for any project, big or small, is the planning stage. The manager needs to plan the schedule and give the blueprint of how the task is to be done with all the necessary details, and also the manager should have a backup plan that if this doesn't work then what next.

**Organizing** – Next comes the organizing part, where the manager needs to synchronize and have to make sure everything is going according to the plan.

**Staffing** – In simple words, staffing means grouping of people into different teams and allotting different tasks to them.

**Directing/Leading** – It is a manager's responsibility to guide the employees in all situations in order to avoid conflicts and delay in the task.

# FUNCTIONS OF MANAGEMENT

**Coordinating** – It means bringing all the employees together by forming an efficient relationship and making them feel comfortable to share their views and issues freely

**Reporting** – The manager has to keep updated information about all the ongoing tasks, and it is the sole responsibility of the manager to report the updated status to the higher authorities; while all the employees are bound to report to the manager.

**Budgeting** – A task has to be completed within the given time frame as well as it should be cost efficient.

**Controlling** – Last but of course not the least role played by the manager is having everything under control. Whether it is the budget, or resource allocation, everything should be in order.



# Who is Manager?

- A. Every organization has 'Managers' who are entrusted with the organization to achieve its goals.
- B. *A manager achieves objectives through efficient and effective use of resources.*
- C. Managers administer and coordinate resources effectively and efficiently to channelize their energy towards successful accomplishment of the goals of the organization. Managers are required in all the activities of organizations. Their expertise is vital across departments throughout the organization.



## Role of Managers

- Managers are the primary force in an organization's growth and expansion.
- Larger organizations are particularly complex due to their size, process, people and nature of business.
- However, organizations need to be a cohesive whole encompassing every employee and their talent, directing them towards achieving the set business goals.
- This is an extremely challenging endeavor, and requires highly effective managers having evolved people management and communication skills.

# Managers - Functions, Roles, and Skills

## Functions

- Planning
- Organizing
- Leading
- Controlling

## Roles

## Skills



# Roles

## **Interpersonal**

- The “figurehead”
- The leader
- The liaison

## **Informational**

- The monitor
- The disseminator
- The spokesperson

## **Decisional**

- The entrepreneur
- The disturbance handler
- The resource allocator
- The negotiator

## **Managerial Skills**

- ✓ **Building good working relationships with people at all levels.**

**Considering many factors in decision-making.**

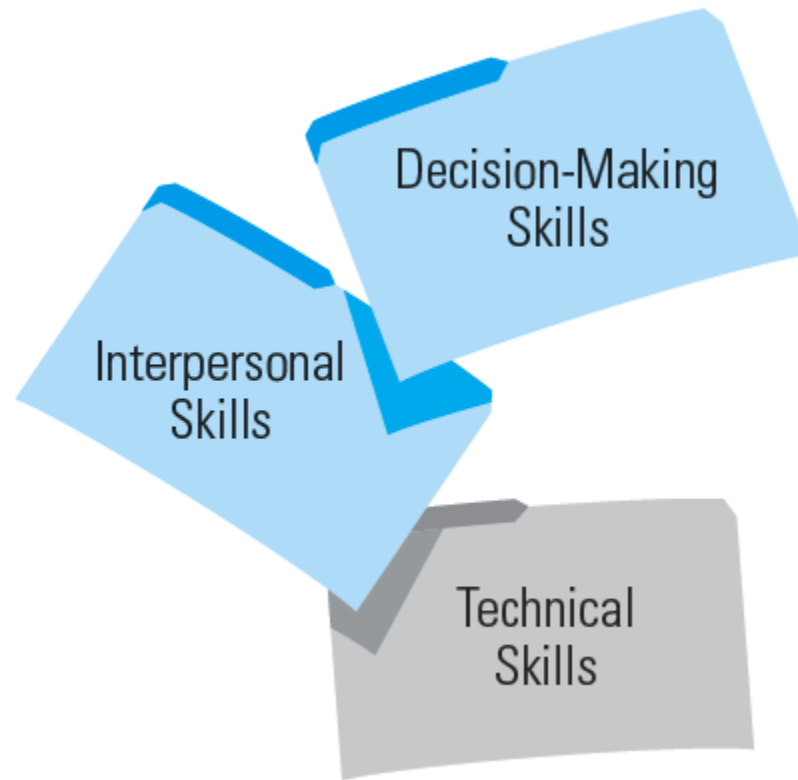
**Understanding the needs of different**

- ✓ **Cultivating relationships with customers.**

**Exhibit 1-4 • Ten Roles Managers Play**



# Managerial Skills



# Henri Fayol- Skills

- A. A famous management theorist also called as the Father of Modern Management, identified three basic managerial skills
- B. technical skill human skill and conceptual skill.

## Technical Skill

- Knowledge and skills used to perform specific tasks. Accountants, engineers, surgeons all have their specialized technical skills necessary for their respective professions. Managers, especially at the lower and middle levels, need technical skills for effective task performance.
- Technical skills are important especially for first line managers, who spend much of their time training subordinates and supervising their work-related problems



# Human Skill

- Ability to work with, understand, and motivate other people as individuals or in groups. According to Management theorist Mintzberg, the top (and middle) managers spend their time: 59 percent in meetings, 6 percent on the phone, and 3 percent on tours.
- Ability to work with others and get co-operation from people in the work group. For example, knowing what to do and being able to communicate ideas and beliefs to others and understanding what thoughts others are trying to convey to the manager.

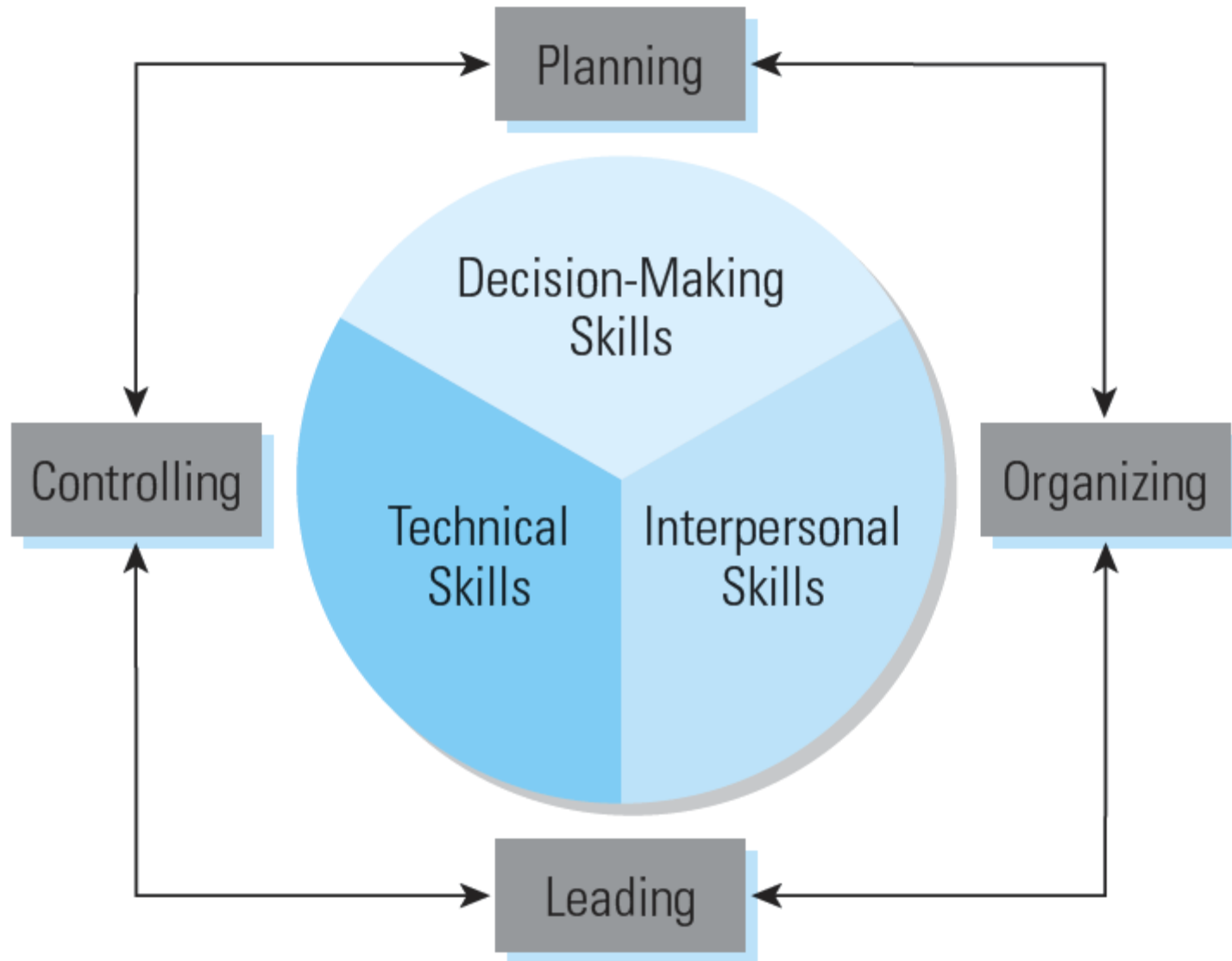
## Conceptual Skill

- Ability to visualize the enterprise as a whole, to envision all the functions involved in a given situation or circumstance, to understand how its parts depend on one another, and anticipate how a change in any of its parts will affect the whole.
- Creativity, broad knowledge and ability to conceive abstract ideas. For example, the managing director of a telecom company visualizes the importance of better service for its clients which ultimately helps attract a vast number of clients and an unexpected increase in its subscriber base and profits.

# Other Managerial Skills

- A. Besides the skills discussed above, there are two other skills that a manager should possess, namely diagnostic skill and analytical skill.
- B. **Diagnostic Skill** – Diagnose a problem in the organization by studying its symptoms. For example, a particular division may be suffering from high turnover. With the help of diagnostic skill, the manager may find out that the division's supervisor has poor human skill in dealing with employees. This problem might then be solved by transferring or training the supervisor.
- C. **Analytical Skill** – Ability to identify the vital or basic elements in a given situation, evaluate their interdependence, and decide which ones should receive the most attention. This skill enables the manager to determine possible strategies and to select the most appropriate one for the situation.
- D. For example, when adding a new product to the existing product line, a manager may analyze the advantages and risks in doing so and make a recommendation to the board of directors, who make the final decision.

**Exhibit 1–3 • Management Skills and Functions**



# Levels of Management

## Line and Staff Managers

Line Managers are directly responsible for managing a single employee or a group of employees. They are also directly accountable for the service or product line of the company. For example, a line manager at Toyota is responsible for the manufacturing, stocking, marketing, and profitability of the Corolla product line.

**Staff Managers** often oversee other employees or subordinates in an organization and generally head revenue consuming or support departments to provide the line managers with information and advice.

## Project Managers

Every organization has multiple projects running simultaneously through its life cycle. A project manager is primarily accountable for leading a project from its inception to completion. He plans and organizes the resources required to complete the project. He will also define the project goals and objectives and decide how and at what intervals the project deliverables will be completed.

# Levels of Management



# Levels of Management

## Top Management

- Top level Management is also referred to as the administrative level. They coordinate services and are keen on planning
- Executives-CEO, CFO, COO, Presidents, Vice Presidents
- Manage the entire organization or major parts
- Develop the purpose, the goals, strategies, long-term plans
- Report to board of directors or other executives
- Supervise middle managers

# Levels of Management

## Middle Managers

- Middle-level Management consists of the heads of various departments in an organization. They handle most of the executions and micro-management within an organization.
- Managers and department heads
- Implement top manager's strategies by developing short-term plans
- Report to executives
- Supervise first-line managers



# Levels of Management

## **First-Line / Operational Level Managers**

- Operational level management is responsible for managing the coordination between the operative workforce and middle-level Management.
- They micromanage specific tasks to operative workers and manage teams. Operational level management has very few decision making powers and generally execute orders of the middle-level management.
- Supervisors, crew leaders, office managers
- Implement middle manager's plans
- Report to middle managers
- Supervise operative employees

## Levels of Management

