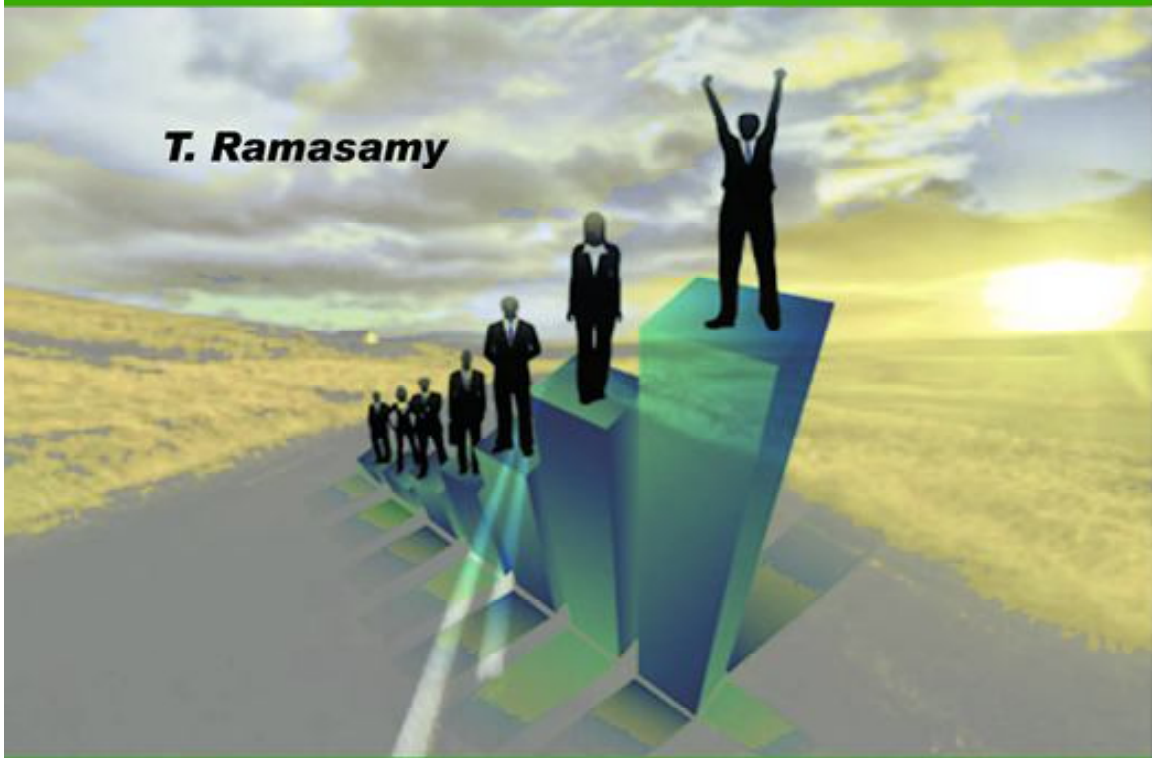


Principles of **MANAGEMENT**

T. Ramasamy



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PRINCIPLES OF MANAGEMENT

(As Per Revised Syllabus of University of Mumbai
for BMS, Semester I with effect from 2014-15)

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Syllabus

[50 Lectures: 3 Credit]

- To provide a basis of understanding to the students with reference to working of Business Organizations through the process of Management.
- To inculcate the managerial skills of planning, organizing, and controlling and to teach how it can be executed in a variety of circumstances and apply concepts of strategic and tactical organizational planning.

Unit	Title	No. of Lectures
Unit I	NATURE OF MANAGEMENT	10
	Management: Concept, Significance, Role & Skills, Levels of Management, Concepts of PODSCORB, Managerial Grid. Evolution of Management thoughts, Contribution of F.W. Taylor, Henri Fayol and Contingency Approach.	
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Unit III	ORGANISING	18
	Organizing: Concepts, Structure (Formal & Informal, Line & Staff and Matrix), Meaning, Advantages and Limitations. Departmentation: Meaning, Basis and Significance Span of Control: Meaning, Graicunas Theory, Factors affecting span of control Centralization vs Decentralization Delegation: Authority & Responsibility relationship	
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	Directing: Meaning and Process Leadership: Meaning, Styles and Qualities of Good Leader Co-ordination as an Essence of Management Controlling: Meaning, Process and Techniques Recent Trends: Green Management & CSR	

Case Studies pertaining to the above topics are to be taken by the faculties for better understanding and practical approach.

Paper Pattern

MARKS: 75

TIME: 2.5 HRS.

- Instructions:** 1. Q.1. & Q.2 are compulsory
2. Q.3, Q.4 & Q.5 are subject to Internal choice

Q.1	Concept Questions (5 out of 7) (Questions from all Units to be included)	(5 × 3 = 15 marks)
Q.2	Case Study (Any Unit or mix of different Units)	(15 marks)
Q.3	(A) Unit I	(8 marks)
	(B) Unit II	(7 marks)
	OR	
Q.3	(P) Unit III	(8 marks)
	(Q) Unit IV	(7 marks)
Q.4	(A) Unit I	(8 marks)
	(B) Unit III	(7 marks)
	OR	
Q.4	(P) Unit II	(8 marks)
	(Q) Unit IV	(7 marks)
Q.5	Short Notes (3 out of 4) (Questions from all Units to be included)	(3 × 5 = 15 marks)



Preface

It gives me great pleasure in presenting this book according to the latest syllabus of Mumbai University. The chapters are presented as per the sequence of the university syllabus. I hope that type of presentation helps the students in particular and the academicians in general.

To my father Shri. T. Thangappan (late) and mother T. Govinthammal, wife R. Sundari, children R. Gohila B. E. First Year (ECE), Kamaraj College of Engineering and Technology, Virudhunager and R. Thanga Saravanan Higher Secondary First Year, Srivi Lions Matriculation Higher Secondary School, Sricilliputhur and brothers T. Ramar M.Sc (Physics) and T. Lakshmanam M.Com, I acknowledge a love debt. Their patience and assistances have much helped me to finish this project very successfully.

I thank Shri. K.N. Pandey for giving me a chance of presenting this book. Moreover, I thank Shri Vijay Pandey and Shree Niraj Pandey of M/s. Himalaya Publishing House Pvt. Ltd. for their honest co-operation and encouragement in brining out this revised edition within short span of time.

June 2014



Dr. T. RAMASAMY

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Chapter 1

NATURE OF MANAGEMENT

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INTRODUCTION

A business develops in course of time with complexities. With the increasing of complexities, managing the business concern becomes a difficult one. The need of existence of management has increased tremendously. Management is not only essential to business concerns but also essential to Banks, Schools, Colleges, Hospitals, Hotels, Religious bodies, Charitable trusts etc. Every business unit has objectives of its own. These objectives can be achieved with the co-operative efforts of several personnel. The work of a number of persons are properly co-ordinated to achieve the objectives through the process of management. According to E. Demock, “the management is not a matter of pressing a button, pulling a lever, issuing orders, scanning profit and loss statements, promulgating rules and regulations. Rather it is the power to determine what shall happen to the personalities and happiness of entire people, the power to shape the destiny of a nation and of all the nations which make up the world”. Peter F. Drucker has stated in his famous book “The Practice of Management” that, “the emergence of management as an essential, a distinct and leading social institution is a pivotal event in social history. Rarely has a new basic institution, a new leading group, emerged as fast as management since the turn of this century. Rarely in human history has a new institution proved indispensable so quickly and even less often has a new institution arrived with so little opposition, so little disturbance and so little controversy”.

MEANING OF MANAGEMENT

Management is the art of getting things done by a group of people with the effective utilisation of available resources. An individual cannot be treated as a managing body running any organisation. A minimum of two persons are essential to form a management. These persons perform the functions in order to achieve the objectives of an organisation.

DEFINITION OF MANAGEMENT

Peter F. Drucker defines, “Management is an organ; organs can be described and defined only through their functions.”

According to Terry, “Management is not people; it is an activity like walking, reading, swimming or running. People who perform management can be designated as managers, members of management or executive leaders.”

Ralph C. Davis has defined Management as, “Management is the function of executive leadership anywhere.”

According to Mc Farland, “Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, direct, maintain and operate purposive organisation through systematic, co-ordinated co-operative human effort.”

Louis Allan, “Management is what a manager does.”

Henry Fayol, “To manage is to forecast and plan, to organise, to compound, to co-ordinate and to control.”

Harold Koontz says, “Management is the art of getting things done through and with an informally organized group.”

William Sprigal, "Management is that function of an enterprise which concerns itself with direction and control of the various activities to attain business objectives. Management is essentially an executive function; it deals with the active direction of the human effort."

Ross Moore states, "Management means decision-making."

Stanley Vance, "In essence, management is simply the process of decision making and control over the action of human beings for the express purpose of attaining pre-determined goals."

Donald J. Clough, "Management is the art and science of decision making and leadership."

Kimball and Kimball, "Management embraces all duties and functions that pertain to the initiation of an enterprise, its financing, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organisation under which the enterprise is to operate and the selection of the principal officers."

Sir Charles Reynold, "Management is the process of getting things done through the agency of a community. The functions of management are the handling of a community with a view to fulfilling the purposes for which it exists."

Joseph L. Massie, "Management is the process by which a co-operative group directs actions towards common goals."

Elmore Peterson and E.G. Plowman, "Management is a technique by means of which the purposes and objectives of a particular human group are determined, clarified and effectuated."

E.F.L. Brech, "Management is concerned with seeing that the job gets done, its tasks all centre on planning and guiding the operations that are going on in the enterprise."

Mary Cushing Niles, "Good management or scientific management, achieves a social objective with the best use of human and material energy and time and with satisfaction for the participants and the public."

S. George, "Management consists of getting things done through others. Manager is one who accomplishes the objectives by directing the efforts of others."

James D. Mooney and Alan C. Reiley, "Management is the art of directing and inspiring people."

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

Lawrence A. Appley, "Management is the art of getting things done through the efforts of other people. It concerns itself with guiding human and physical resources into a dynamic, hard-hitting organisation unit that attains its objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering the services".

R.M. Currie, "The organisation and control of human activity are directed towards specific ends."

John F. Mee, "Management is the art of securing maximum results with a minimum of efforts so as to secure maximum prosperity for the employer and employee and give the public the best possible service."

The American Management Association, "The art of getting things done through other people."

Knootz and O'Donnel, "Management is the creation and maintenance of an internal environment in an enterprise where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals. It is the art of getting the work done through and with people in formally organised groups."

Dr. James Lundy, "Management is principally a task of planning, co-ordinating," motivating and controlling the efforts of others towards a specific objective. It involves the combining of the traditional factors of production (land, labour and capital) in an optimum manner, paying due attention, of course, to the particular goals of the organisation."

Wheeler, "Management is centred in the administrators or managers of the firm who integrate men, material and money into an effective operating limit."

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

Oliver Scheldon, "Management proper is the function in industry concerned in the execution of policy, within the limits set up by the administration and the employment of the organisation for the particular objectives set before it."

Keith and Gubellini, "Management is the force that integrates men and physical plant into an effective operating unit."

Newman, Summer and Warren, "The job of Management is to make co-operative endeavour to function properly. A manager is one who gets things done by working with people and other resources in order to reach an objective."

G.E. Milward, "Management is the process and the agency through which the execution of policy is planned and supervised."

Ordway Tead, "Management is the process and agency which directs and guides the operations of an organisation in the realising of established aims."

Management is the group of activities which drafts plans, prepares policies and arranges men, money, machine and materials required to achieve the objectives. The above definitions reveal that management is the activity of man who struggles for better living in the complex and competitive world. Besides, the management gives satisfaction to and rewards those who are engaged in the operation and ensuring an excellent performance. In other words, management is the process consisting of the functions of planning, organising, staffing, directing and controlling the operations to achieve specified objectives.

FEATURES OR CHARACTERISTICS OF MANAGEMENT

From a critical analysis of the above definitions, the following features or characteristics of management evolve:

1. Art as well as science: Management is both an art and a science. It is an art in the sense of possessing of managing skill by a person. In another sense, management is the science because of developing certain principles or laws which are applicable in a place where a group of activities are co-ordinated.

2. Management is an activity: Management is the process of activity relating to the effective utilisation of available resources for production. The term 'resources' includes men, money, materials and machine in the organisation.

3. Management is a continuous process: The process of management mainly consists of planning, organising, directing and controlling the resources. The resources (men and money) of an organisation should be used to the best advantages of the organisation and the objectives to be achieved. The management function of any one alone cannot produce any results in the absence of any other basic functions of Management. So, management is a continuous process.

4. Management achieving pre-determined objectives: The objectives of an organisation are clearly laid down. Every managerial activity results in the achievement of objectives fixed well in advance.

5. Organised activities: Management is a group of organised activities. A group is formed not only in a public limited company but also in an ordinary club. All the organisations have their own objectives. These objectives will be achieved only by a group of persons. These persons' activities should be organised in a systematic way to achieve the objectives. The objectives cannot be achieved without any organised activities.

6. Management is a factor of production: The factors of production includes land, labour, capital and entrepreneurs. Here, land refers to a place where production is carried on. Labour refers to the paid employees of the organisation who are working in different levels as skilled, unskilled, semi-skilled, manager, supervisor and the like. Capital refers to the working capital as in the form of cash, raw materials and finished goods and fixed capital as in the form of plant facilities and production facilities. These land, labour and capital could not realise the organisation's goals. The organisation goals are achieved only when these are effectively co-ordinated by the entrepreneur. An individual can do such type of job as in the case of small businesses. In the case of big sized business units, co-ordination job is done by the management. So, management is also treated as one of the factors of production. According to Peter F. Drucker, "Whatever rapid economic and social development took place after World War II, it occurred as a result of systematic and purposeful work of developing managers and management. Development is a matter of human energies rather than of economic wealth and the generation of human energies is the task of management. Management is the mover and development is a consequence".

7. Management as a system of activity: A *system* may be defined as a set of component parts working as a whole. *Authority* may be defined as a right to command others for getting a particular course of organisational work done.

Individuals are the foundation stones of the management. An individual has some goals as a member of the organisation. There may be a conflict between his own goals and the management's expectations from that individual. Such conflict is resolved by the management by ensuring balance between individual goals and organisational expectations.

Authority is vested with many persons to take decisions and influence the behaviour of the subordinates. The very purpose of using the authority is to check and control the behaviour of the subordinates. The sources of authority rest with superiors as given in the organisation chart and social norms. The utilisation of authority is based on the personality factors of the user and the behaviour of a person over whom it is used.

8. Management is a discipline: The boundaries of management are not exact as those of any other physical sciences. It may be increased by the continuous discovery of many more aspects of business enterprise. So, the management status as a discipline is also increased in the same manner.

9. Management is a purposeful activity: Management is concerned with achievement of objectives of an organisation. These objectives are achieved through the functions of planning, organising, staffing, directing, controlling and decision-making. The organisational objectives are clearly defined and explained to every employee.

10. Management is a distinct entity: Management is distinct from its functional activities. The functions have the nature of “*to do*” but the management has the nature of “*how to get things done*”. A manager requires some amount of skill and knowledge to get work done.

11. Management aims at maximising profit: The available resources are properly utilised to get desired results. The results should be the maximising profit or increasing profit by the economic function of a manager.

12. Decision-making: There are a number of decisions taken by the management everyday. Decision making arises only when there is availability of alternative courses of action. If there is only one course of action, need for decision-making does not arise. The quality of decision taken by the manager determines the organisations’ performance. The success or failure of an organisation depends upon the degree of right decision taken by the manager.

13. Management is a profession: Management is a profession because it possesses the qualities of a profession. A fund of knowledge is imparted and transferred in this profession and the same is followed by management. The established principles of management are applied in practice.

14. Universal application: The principles and practices of management are applicable not to any particular industry alone but applicable to every type of industry. The practice of management is different from one organisation to another according to their nature.

15. Management is getting thing done: A manager does not actually perform the work but he gets things done by others. According to Knootz and O’Donnel, “management is the art of getting things done through and with people in formally organised groups.”

16. Management as a class or a team: A class may be defined as a group of people having homogenous characteristics to achieve common objectives. Engineers and doctors are grouped as a class in a society. Each and every doctor has the same objectives in life. Just like engineers and doctors, the management people have got similar aspirations to achieve corporate objectives.

17. Management as a career: Now-a-days, management is developed as a career focussed on certain specialisation. Financial Management, Cash Management, Portfolio Management, Marketing Management, Personnel Management, Industrial Management and Business Management are some of the specialisations of management. Specialists are appointed in the key posts of top management.

18. Direction and control: A manager can direct his sub-ordinates in the performance of a work and control them whenever necessary. If the available resources are not utilised properly by him, he fails to achieve the corporate objectives in the absence of direction and control. Generally, the direction and control deals with the activities of human effort.

19. Dynamic: The management is not static. In the fast developing business world, new techniques are developed and adopted by the management. Management is changed according to the social change. The social change is the result of the changing business world.

20. Management is needed at all levels: The functions of management are common to all levels of organisation. The top executives perform the functions of planning, organising, directing, controlling and decision-making. The same functions are also performed by the lower level supervisor.

21. Leadership quality: Leadership quality is developed in the persons who are working in the top level management. According to R.C. Davis, "Management is the function of executive leadership everywhere."

FUNCTIONS OF MANAGEMENT

Scholars in the field of management have their own classification of functions of management. Some scholars add few functions and delete some other functions. The important functions of management are briefly discussed below:

1. Planning: Planning is the primary function of management. Nothing can be performed without planning. Writing a book starts with planning. In short, planning refers to deciding in advance that which will be done in the near future. In the business world, the organisation should achieve the objectives. In order to achieve objectives, the organisation plans what is to be done, when it is to be done, how it is to be done, and by whom it is to be done. Messie says, "Planning Pervades Management". George R. Terry has rightly said "Planning is a constructive reviewing of future needs so that present actions can be adjusted in view of the established goal. It is deliberate conscious research used to formulate the design and orderly sequence of actions through which it is expected to reach objectives. Planning should take place before doing; most individual or group efforts are made by determining before any operative action takes place, what shall be done, where, how and who shall do it".

2. Organising: Organising is the distribution of work in groupwise or sectionwise for effective performance. Organisation provides all facilities which are necessary to perform the work. The business developed, the organisation takes responsibility to create some more departments under different managers. Hence, the organisation divides the total work and co-ordinates all the activities by authority relationship. Besides, organising defines the position of each person in the organisation and determines the paths through which communication should flow. The manager would determine who should report to whom and how.

According to Henry Fayol, "Organisation is of two kinds, i.e., organisation of the human factor and organisation of the material factor. Organisation of the human factor covers the distribution of work to those who are best suitable along with authority and responsibility. Organisation of the material factor covers utilisation of raw materials, plant and machinery etc." According to Knootz and O'Donnell, "Organising consists of conscious co-ordination of people towards a desired goal".

3. Staffing: Staffing function comprises the activities of selection and placement of competent personnel. In other words, staffing refers to placement of right persons in the right jobs. Staffing includes selection of right persons, training to those needy persons, promotion of best persons, retirement of old persons, performance appraisal of all the personnel, and adequate remuneration of personnel. The success of any enterprise depends upon the successful performance of staffing function.

According to Harold Knootz and Cyril O'Donnell, "the managerial function of staffing involves manning the organisational structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure".

4. Directing: The actual performance of a work starts with the function of Direction. Planning, organising and staffing functions are concerned with the preliminary work for the achievement of organisational objectives. But the direction deals with making the workers learn techniques to perform the jobs assigned to them. Direction includes guidance, supervision and motivation of employees. According to Joseph Massie, "Directing concerns the total manner in which a manager influences the action of his sub-ordinates. It is the final action of a manager in getting others to act after all preparations have been completed".

5. Co-ordinating: All the activities are divided groupwise or sectionwise under organising function. Now, such grouped activities are co-ordinated towards the accomplishment of objectives of an organisation. The difficulty of co-ordination depends upon the size of organisation. The difficulty of co-ordination is increased with the increasing of the size of the organisation. According to Knootz and O'Donnell, "the last co-ordination occurs when individuals see how their jobs contribute to the dominant goals of the enterprise. This implies knowledge and understanding of enterprise objectives".

6. Motivating or actuating: The goals are achieved with the help of motivation. Motivation includes increasing the speed of performance of a work and developing a willingness on the part of workers. This is done by an resourceful leader. The workers expect favourable climate conditions to work, fair treatment, monetary or non-monetary incentive, effective communication and gentleman approach. According to Earl P. Strong, "Motivating is the process of indoctrinating personnel with unity of purpose and the need to maintain a continuous, harmonious relationship".

7. Controlling: Controlling function ensures that the achieved objectives conform to pre-planned objectives. Necessary corrective action may be taken if there is any deviation. The control is very easy whenever the organisation has a fixed standard. A good system of control has the characteristics of economy, flexibility, understanding and adequacy to organisational needs.

Prof. Theo Haimann defines, "Control is the process of checking to determine whether or not, proper progress is being made towards the objectives and goals and acting, if necessary, to correct any deviation." According to Henry Fayol, "control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and principles issued".

8. Innovation: Innovation refers to the preparation of personnel and organisation to face the changes made in the business world. Continuous changes are being made in the business. Consumers are satisfied through innovation. Innovation includes developing new material, new products, new techniques in production, new package, new design of a product and cost reduction.

9. Representation: A manager has to act as a representative of a company. He has dealings with customers, suppliers, government officials, banks, financial institutions, trade unions and the like. It is the duty of every manager to have good relations with others.

10. Decision-making: Every employee of an organisation has to take a number of decisions every day. Decision-making helps in the smooth functioning of an organisation.

11. Communication: Communication is the transmission of human thoughts, views or opinions from one person to another person. Workers are informed about what should be done, where it is to be done, how it is to be done and when it is to be done. Communication helps the regulation of job and co-ordinate the activities.

Planning, organising, staffing, directing, co-ordinating, motivating or actuating and controlling are the main functions of management. Innovation, representation, decision-making and communication are the subsidiary functions of management.

Henry Fayol classifies the functions of management as forecasting, planning, organising, commanding, co-ordinating and controlling. Luther Gullick classifies the functions of management as:

POSDCORB, where —

P stands for Planning,

O for Organising,

S for Staffing,

D for Directing,

Co for co-ordinating,

R for Reporting and

B for Budgeting.

According to Harold Koontz and Cyril O'Donnel, the functions of management include planning, organising, staffing, directing and controlling.

George Terry deals with the functions of management such as planning, organising, actuating and controlling.

Tannenbaum *et.al.*, classify functions of management as planning, organising and controlling.

Harold Smiddy of G.E. divides the functions of management into planning, organising, integrating and measuring, abbreviated as POIM.

E.F.L. Brech classifies functions of management as planning, motivation, co-ordination and control.

According to Lawrence A. Appley, functions of management include planning, executing and controlling.

L. Hall classifies the function of management as forecasting, planning, control, motivation and co-ordination.

Massic divides the functions of management into planning, organising, staffing, control, communication and direction.

According to Mary Cushing Nillas, the functions of management include organisation, co-ordination, administration and leadership.

IMPORTANCE OF MANAGEMENT

Management is a must for every enterprise. The existence of management ensures proper functioning and running of an enterprise. Management can plan the activities to achieve the objectives and utilise the available resources at minimum cost.

Every business needs a direction. This direction is given by the management. The resources of production are converted into production. The resources will remain as resources in the absence of management. The conversion process is performed through the co-ordination of management.

The significance or importance of management is briefly explained below:

1. Management meet the challenge of change: In the modern business world, there are frequent changes. The changes place the business in a dangerous position. Only an efficient management can save the business from the dangers brought in by the challenges.

2. Accomplishment of group goals: The achievement of objectives of a business depends upon three factors. The proper planning of available resources, adjusting possibility of business unit with existing business environment and the quality of decision taken and control made by the business unit are the factors responsible for achieving objectives.

3. Effective utilisation of business: There are eight 'M's in the business. These are said to be man, money, materials, machines, methods, motivation, markets and management. Management is the topmost of all other 'M's. Management has control over other remaining 'M's.

4. Effective functioning of business: Ability, experience, mutual understanding, co-ordination, motivation and supervision are some of the factors responsible for the effective functioning of business. Management makes sure that the abilities of workers are properly used and co-operation is obtained with the help of mutual understanding. Besides, management can know the expectation of workers and the expectation is fulfilled through motivation techniques.

5. Resource development: Efficient management is the life boat of any developed business. The resources of the business may be identified and developed by the management. The term 'resources' includes men, money, material and machines.

6. Sound organisation structure: Management lays down the foundation for sound organisation structure. Sound organisation structure clearly defines the authority and responsibility relationship — who is responsible to whom, who will command whom and who is responsible for what. Care is taken in appointing qualified persons to the right job by the management.

7. Management directs the organisation: The human mind directs and controls the functioning of human body. Similarly, the management directs and controls the functioning of an organisation.

8. Integrates various interests: Each person has his own interests. These interests are different in nature. Management takes steps to integrate various interests to achieve the objectives of an organisation.

9. Stability: The fluctuations of business are stabilised by the management. The fluctuations of business are caused by the changing policy of the government, pressures on the part of competitors and changing preferences of customers. The efficient management can run the business as per the policy framed by the government, face the competitors in the market and produce the articles as per the preferences of customers.

10. Innovation: New ideas are developed by the management and implemented in the organisation. Better performance is achieved through new ideas.

11. Co-ordination and team-spirit: All the activities of business are grouped department-wise. Management co-ordinates the activities of different departments and establishes team-spirit to achieve the objectives.

12. Tackling problems: Good Management acts as a friend or a guide of workers while tackling problems. When workers get over confidence of solving the problems for effective performance of a job, they fail in tackling the problems efficiently.

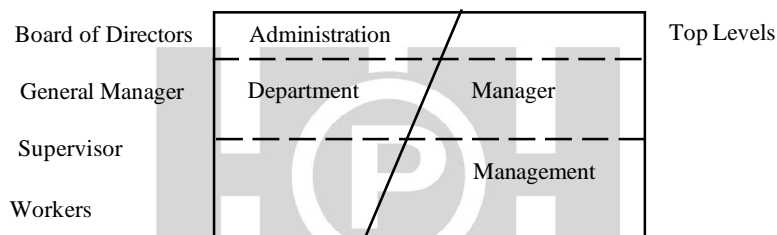
13. A tool for personality development: Management gives direction to workers for effective performance of a job. Besides, new methods or techniques are taught to workers. The training facilities

are arranged by the management. In this way, management is a tool to develop the personality of workers to raise their efficiency and productivity ability.

ADMINISTRATION AND MANAGEMENT

The terms *administration* and *management* are used synonymously. Some writers argue that both these terms have same meanings and there is no difference between these two terms. Running of a business requires skill which is called *management* and functioning of government departments and non-profit institutions requiring skill is called *administration*.

Some writers argue that executive functions of a business unit are referred as Management and executive functions of other institutions are referred as administration. In this way, administration is distinguished as a top level function while management as a lower level function. Policy and objectives of a business are determined by the top level executives (Administration). At the same time, the lower level people (Management) work to attain the objectives of the business unit and follow the policy framed by the administrators.



DIFFERENCES BETWEEN ADMINISTRATION AND MANAGEMENT

Oliver Sheldon

“Administration is the function in industry concerned with the determination of the corporate policy, the co-ordination of finance, production and distribution, the settlement of the compass (structure) of the organisation under the ultimate control of the executive.”

“Management is the function in industry concerned with the execution of policy within the limits set up by the administration and the employment of the organisation for the particular objects set before it”.

William R. Sprigal

“Administration is that phase of business enterprise that concerns itself with the overall determination of institutional objectives and the policies necessary to be followed in achieving those objectives. Administration pre-determines the specific goals and lays down the broad areas within which those goals are to be attained. Administration is a determinative function, management on the other hand is an executive function which is primarily concerned with the carrying out of the broad policies laid down by the administration”.

G.E. Milward

“Administration is primarily the process and the agency used to establish the object or purpose which an undertaking and its staff are to achieve, secondarily, administration has to plan and stabilize

the broad lines of principles which will govern action. These broad lines are in their turn usually called *policies*. Management is the process and the agency through which the execution of policy is planned and supervised”.

Thus, administration is a thinking function and management is a doing function. According to this concept, owners of the business enterprise receive dividends in return for their capital contributed. Managers, i.e., the management people get salary for realising the objectives of administrators i.e., the owners. Besides, the managers direct and control the subordinates within the limits fixed by the administrators.

According to Professor Dalton E. Mc Farland, “In Government agencies, administration is preferred over management, although in recent years, the term management has become widely used in government agencies. Another possible distinction refers to the levels of organisation. In business, the term *administration* refers to the activities of the higher ups in the managerial ranks. Still another distinction related to organisational level is that administration refers to the determination of major aims and policies while management refers to the carrying out the operations designed to accomplish the aims and effectuate the policies. Here again, this distinction is not widely followed but it exists”.

Ordway Tead describes, “Administration is the process and agency which is responsible for the determination of aims for which an organisation and its management are to strive, which establishes the broad policies under which they are to operate and which gives general oversight to the continuing effectiveness of the total operation in reaching the objectives sought. Management is the process and agency which directs and guides the operations of an organisation in the realizing of established aims”.

Leffingwell and Robinson explain that, “Administration determines the policies upon which the enterprise is to be conducted while the function of management to carry out the policies is laid down by the administrative group”.

Another view is that management is a broader term which includes thinking function and executive function. Thus, administration is a part of management and carrying out the objectives laid down by the management. Eminent writers like E.F.L. Brech, Barry Pichman, Melwyn Copen, Henry Fayol, William Newman and Theo Haimann used the terms administration and management synonymously.

E.F.L. Brech

“Management is a social process entailing responsibilities for the effective and economical planning and the regulation of the operation of an enterprise, in the fulfillment of a given purpose or task. Administration is a part of management which is concerned with the installation and carrying out of the procedures by which it is laid down and communicated and the process of activities regulated and checked against plans”.

Henry Fayol

“All undertakings require planning, organisation, command, co-ordination and control and in order to function properly, all must observe the same general principles. We are no longer confronted with several administrative sciences but with one which can be applied equally well to public and private affairs.”

Theo Haimann

“No two separate sets of personnel are required, however, to discharge administrative and managerial functions. Each manager performs both activities and spends part of his time administrating and part of his time managing”.

Top management of the enterprise spends maximum time for policy framing and determination of objectives and spends few minutes for direction and controlling. Hence, administration is also one of the functions just like other functions as purchase, sales, production, finance, etc.

<i>Sl. No.</i>	<i>Basis of Distinction</i>	<i>Administration</i>	<i>Management</i>
1.	Policy and objectives	Determines policy to be followed and decide the objectives to be achieved.	Implements the policy and achieve the objectives.
2.	Directing of human efforts	Not directly involves in the execution of plan and achievement of objectives.	Directly involves in the execution of plan and achieving objectives.
3.	Main functions	Planning, organising and Staffing.	Direction, motivation and control.
4.	Levels of executives	Top level executives (Owners or Board of Directors).	Lower level executives (Manager, supervisor and workers)
5.	Position	Acts as a Principal.	Acts as an agency.
6.	Knowledge	Requires administrative ability more than technical ability.	Requires technical ability more than administrative ability.

THE MANAGER

Management is a creative process which integrates and uses various available resources effectively to accomplish certain goals. For which, an individual is responsible to develop ideas and get things done through others. The concerned individual is designated as manager. any person who perform the functions of planning, organisation, staffing, directing and controlling for the accomplishment of pre-determined organisation goals is called as manager.

Manager is not actually do the work but guide others to do things correctly. In other words, manager has not build factory uses or install machines and operate them or sell goods in the market.

A growing tendency in business requires professionally qualified persons. The reason is that manager should direct the efforts of others at lower levels of an organisation. The primary job of a manager is the management of people.

According to Peter F. Drucker, “Every job should be designed as an integrated set of operations which are varied enough to reduce boredom. The workers should be given a sufficient measure of freedom to organise and control their work environment. It is the duty of every manager to educate, train and develop people below him so that they may use their potentialities and abilities to perform the work allotted to them. He has to also help them in satisfying their needs and aspirations through incentives and other things. For getting best contribution from the people working under him, he must provide them with proper environment. A manager must create a climate which brings in and maintain satisfaction and discipline among the people.” Hence, the job of a manager is very difficult one and requires some significant qualities to get the possible results. The manager should have the capacity and capabilities to meet the challenges of his job.

FUNCTIONS OF A MANAGER

The smooth functioning of a business unit depends on the performance of the manager. If a manager has adequate skill, he can discharge his duties effectively. Generally, the following functions are performed by a manager.

1. Planning the work: Planning involves deciding the course of action well in advance. The manager can decide the procedure to be followed in order to achieve the objectives of an organisation. Planning the work is a rational activity.

2. Taking decisions: Manager has to take a lot of decisions with regard to the assignment of work to every worker and delegation of authority to do a job. A wise decision can be taken by an efficient manager. Quality of decision is based on the intelligence of the manager.

3. Delegating authority: Manager should delegate authority whenever a project or work is assigned to others. Nobody can do anything without authority. So, the manager has to delegate authority on a need basis.

4. Solving the problems: Subordinates bring problems before the manager. The manager has to solve the problems instead of solving the problems quickly. Finding a solution to a problem will prevent cropping up such problems in the future.

5. Co-ordination: The tasks or activities of the subordinates are co-ordinated for quick execution of a work. Increased productivity is to be achieved through effective co-ordination. Overall organisational objectives could be achieved only by the process of co-ordination of various individual efforts.

6. Stimulating workers: The workers have to be motivated to do their work. Workers will be idle in the absence of motivation. Motivation could be done by money or kind. The manager has to choose between the two depending on the situation.

7. Setting target: Target is to be fixed by the manager sectionwise. Setting of target indicates in the overall performance. Target is fixed on the basis of the main objectives of the organisation.

8. Guiding subordinates: Even though the manager is a boss to his subordinates, he can guide the subordinates in the performance of their work. The manager is acting as a friend at this stage. The guidance of the manager is an indispensable tonic to subordinates.

9. Arranging the facilities: Availing the facilities in the working place is imperative for effective performance of any work. So, the manager has to arrange the required facilities. Besides, the manager has to watch over the utilisation of the facilities.

10. Control the deviations: The manager has to control the workers if there is any difference between standards of performance and actual performance. The control ensures the right performance. The exercise of control is in the hands of the manager.

ROLE OF A MANAGER

Manager is responsible to integrate all the activities which are performed in an organisation. In other words, he has to co-ordinate the talents of people working under him for the purpose of achieving the organisational goals. The role of a manager gets much importance than other executives in an organisation. Hence, a manager's job is very much complex and requires some special qualities to be a head.

1. Director: Manager gives direction to people working under him. Direction includes instructions. Manager has direct the executives towards achieving organisational goals.

2. Motivator: Manager understands likes and dislikes of executives and motivate them accordingly. Motivation stimulates the performance of job. Here, the manager stimulates the executives through motivation.

3. Human being: Manager treats all the people working under him equally and no personal bias. He has to mingle with others and understand the feeling of other executives.

4. Guide: Manager should be well aware of using the equipment, techniques and procedures involved in performing specific tasks. If so, he can guide others whenever a need arise.

5. Friend: Unnecessary misunderstanding may be arised among the executives. Now, the manager should come forward voluntarily and eliminate the misunderstanding at the earliest. Here, the manager is acting as a friend.

6. Planner: Day-to-day requirements of the organisation has to be identified and arranged by the manager. He has to plan the work and assign the same to the executives according to their position held.

7. Supervisor: Manager has to supervise and control, execute performance and maintain personal contacts with them. He has to perform this work alongwith the work to be performed by him.

8. Reporter: The feedback information is provided by the manager to the top management people. Sometimes, workers' problems have not been solved by the manager. If so, the same should be communicated to the top authorities.

RESPONSIBILITIES OF A PROFESSIONAL MANAGER

Manager is getting things done through others. He prepares plan, build an organisation, help and motivate the employees according to plans for the purpose of achieving organisation goals. Even though the manager is responsible for the non-performance of any work, he is answerable to every body.

1. Planning of work: Manager has to identify the work which are necessary to achieve the objectives. Every work should lead to the achievement of objectives. Manager is responsible for planning of work. The reason is that other than the manager has no idea and nobody approach and enquire other than the manager to know the work.

2. Proper and Effective Communication: There must be a freef low of communication within the organisation. If there is any hurdle, the hurdle can be find out and removed only by the manager. Communication gap and misunderstanding are also traced out and ensure proper and effective communication.

3. Co-ordination of Efforts: The efforts of employees have more value than the finance. The finance can be earned through hardwork. But, if efforts are not properly co-ordinated, all the efforts are in vain. Once again, the efforts cannot be generated and used. Therefore, the manager should prepare the system for proper channelisation of efforts.

4. Getting Co-operation of Employees: Different nature of employees are working in an organisation. The absence of co-operation among employees leads to poor performance and non-achievement of objectives in time. Hence, the manager is responsible for getting co-operation from employees working under him.

5. Encourages Team Spirit: The manager not only guides the employees, but also encourages a team spirit among them. Team spirit is created with the help of using polite words. The manager should know which type of approach creates a team spirit among the employees.

6. Better Utilisation of Resources: Resources of any organisation is limited one. An organisation has more resources on certain items and limited resources on certain items. Here, the manager should measure the available resources and utilise the resources at the maximum. No resources will be wasted at any cost employees.

7. Selecting the Procedure: Top management executives frame the policy and goals of an organisation. But, the way of achieving the objectives cannot be decided by the top management people. There are many ways available to achieve the objectives. Even though, the manager is responsible to select a procedure which is more suitable and adoptable.

8. Maintaining good human relations: Employees are working in different departments. They approach the manager for different reasons. The manager is answerable on his own behalf and on behalf of top management people. He is responsible for maintaining good human relations with the employees and maintaining good human relations among the employees also.

9. Solve the problem: Sometimes problem may be arisen among the employees. When the manager takes the initiative steps for solving such problems, employees feel happy if the manager understand the problem and solve the problem immediately.

10. Arranging training and development facilities: Training and Development facilities should be arranged by the manager for the benefit the organisation and employees. Training and Development programme not only benefits the employee but also gives benefit to the organisation. Hence, the manager has the responsibility of arranging training and development facilities.

ENTREPRENEUR AND MANAGER

Both the entrepreneur and the manager are not one and the same. The entrepreneur and manager are used as interchangeable terms very often. Strictly speaking, an entrepreneur is different from a manager. An entrepreneur is a person who establishes business unit and utilises the other factors of production like land, labour and capital (adopts new techniques in the production) with a view to earn a profit. The manager is a person who utilises the factors of production like land, labour and capital under a specified system, i.e., organisation on behalf of the entrepreneur. The main points of difference between the entrepreneur and manager are listed below:

<i>SL.No.</i>	<i>Basis of Difference</i>	<i>Entrepreneur</i>	<i>Manager</i>
1	Invention a job	He finds new ways to do status quo	He maintains the Status quo.
2	Type of performance	Increases the productivity	Achieves the production target.
3	Utilisation of factors of production	He may find new combination in the factors of production.	He may effectively utilise the factors of production.
4	Policy	Frames the policy.	Implements the policy.
5	Risks	He avoids risks.	He minimises the risks.
6	Uncertainty	He converts uncertainty into certainty.	He encounters uncertainty
7	Risk bearing	He assumes risks.	He does not share risks.
8	Reward	Increased profit.	Bonus.
9	Gains	Uncertain and irregular.	Certain and fixed.

10	Skills	Creative thinking.	Better human relations.
11	Status	Self-employed.	Salaried person.
12	Goals	Determines the goals.	Achieves the goals.
13	Nature of performance	He launches a new enterprise.	He operates the existing enterprise.

MANAGEMENT AS PROFESSION

Management is regarded as profession due to the development of business in size and nature. Besides, there is a difference between the ownership and management. Hence, there is a social recognition to the management as a profession.

MEANING OF PROFESSION

Profession means an occupation which supply the intelligence and efforts for the purpose of providing skilled service or advice to others for an agreed amount.

DEFINITION

The dictionary defines profession as “calling in which on professes to have acquired a specialised knowledge which is used either in instructing, guiding or advising others.” According to Carr Saunders, “profession may perhaps be defined as an occupation based upon specialised intellectual study and training, the purpose of which is to supply skilled service or advice to others for a definite fee or salary.”

Cogan defines profession as “a vocation whose practice is founded upon an understanding of a theoretical structure of some department of learning of science.”

According to L.M. Prasad “profession is an occupation for which specialised knowledge, skills and training are required and use of these skills is not meant for self-satisfaction but these are used for larger interests of the society and the success of these skills is measured not in terms of money alone.”

It is understood that all professions are occupation. The reason is that they provide means of livelihood. But at the same time, all occupations are not professions because some of them lack certain characteristics of a profession.

CHARACTERISTICS OF PROFESSION

Houle has listed fourteen characteristics which are distributed associated with the dynamic process of organisation’s improvement within the occupation. They are definition of the occupation’s functions, mastery of theoretical knowledge, capacity to solve problems, use of knowledge, self-enhancement, public acceptance, ethical practice, penalties, relations to other vocations, relations to the users of the service.

Generally, the following characteristics are found in Management.

1. Existence of knowledge: Management has been developed as a distinct body of knowledge over the last seven-eight decades. The development of knowledge, in management is emerged due to the requirement for managing complex and large organisations in a better way. Thus, management fulfills the requirement of profession, i.e., existence of knowledge.

Eventhough new concepts and principles are being developed in management, this type of development does not affect its status as being a profession.

2. Knowledge acquisition: An individual can enter into a profession only after getting knowledge and skills through formal training. For example, medical graduates practice after undergoing formal

training. A person who practices a profession as an expert, since he is the master of a particular branch. In this way, he is offering service to his patient. Here, the doctor gets the knowledge through some formal method. Likewise, the management can be regarded as profession since the management graduates are also getting inplant training and familiar with the various techniques of management.

3. Professional Association: An occupation should have an association. If not so, the occupation cannot be considered as profession. An association consisting of professionals needed to regulate and develop the professional activities. Besides, this association may also prescribe the criteria for individuals who want to enter into a profession. In the field of management, there are number of such association at various levels. All India Management Association (AIMA) has its chapters in most of the cities in India.

AIMA is developing professional activities and standardise the profession. In this way, management is termed as profession.

4. Ethics: There are some ethical standards for every profession. Every individual of the concerned profession is expected to maintain conformity with these standards. The reason is that a profession has high degree of power and this power can be used for the benefit of organisation This has resulted many occupations issuing a code of ethics of professional practice so that the relevant individuals may know the standard and for adopt the same accordingly. In management also, code of conduct has been formulated to suggest the behavioural pattern for professional managers. Hence, management executives are supposed to be socially responsible and it is their duty to protect the interest of all parties associated with an organisation. The interested parties of an organisation are customers, suppliers, employees, financiers, creditors, government and the general public.

5. Service motive: Service motive insists the professionals keep social interest in their mind while charging fees for their professionals service. There is no market mechanism to measure the monetary value of professional service. But, the monetary value of professional service is measured out of competition prevailing among the professional themselves. At the same time, the success of any profession is not based on the money it earns but by the amount of social service it provides. Thus, management provides more social service and charge less fees from the organisation. The contribution of management cannot be measured, in terms of money alone because without integrating efforts of management, resources worth billions of rupees may be useless.

From the above discussion, it is concluded that the management has certain characteristics of profession. Reiss has classified profession into five categories and has suggested management as would be profession.

Caplow has the view of management is fast moving towards professional status. Peter F. Drucker observed that no greater damage could be done to our economy or to our society than to attempt to professionalise management by licensing managers or by limiting access to management to people with a special academic degree. Any serious attempt to make management scientific or a profession is bound to lead to the attempt to eliminate those disturbing nuisances, the unpredictability of business life its risks, its ups and downs, its wasteful competition, the irrational choices of consumer and in the process, the economy's freedom and its ability to grow.

OBSTACLES TO MANAGEMENT BEING A PROFESSION

There are many obstacles in the way of management being recognised as a profession. Some of the obstacles are presented below:

1. There is no uniform and standard criteria for the evaluation of managerial performance.
2. Management executives have no uniform clients and do not perform uniform activities.
3. Persons without a degree or a diploma in management are also doing well like persons have a degree or diploma in management.
4. The theory of management is still changing and new principles are also being developed.

PROFESSIONAL MANAGEMENT

The professional management is a 20th century practice. Upto 19th century, family management practice was followed. The professional management is getting importance only after increase in the complexity nature of business and no growth of business at one stage.

Businessmen are preferring to develop their business at high level and a need is arised to them for survival. Hence, management graduates are being preferred to fill managerial positions. In this way, professional management is developed in India.

Family management is the forerunner of professional management. The knowledge of family management is necessary to understand the professional management. The other name of family management is hereditary management. The features of family management are listed below:

- A. Both ownership and control of the business are vested with the hands of family members.
- B. The main aim of the family management is profit maximisation.
- C. The family members mayor may not have formal education and training in management.
- D. Tbe authority of decisionmaking is vested with family members.
- E. Outsiders are prohibited to move to the top posts of management and serve as yesman of the family members.

Only bloodties and costeties provide the passport to the top level management.

Family management was very effective during the initial period of industrialisation. There is an inability in the best utilisation of modem technology in the family management. Due to these types of nature are connected with the family management, professional management is emerged.

The authority of policy framing and decision-making are vested with persons having professional education, training and experience in management. Today large number of management institutes and management consultancy firms have been established. These things are happening due to liberalisation, globalisation and privatisation and demand for professionally qualified managers. At present, top management positions are filled up with the help of persons having management education and training. In owner managed companies also, the same practice is followed. This shows that management is gradually getting professionalised.

The need for efficient managers is bound to increase in the years to come. Therefore, the professional management should be encouraged by everyone. The reason is that the system of political management is prevailing in the public sector. In the public sector, the decision-making powers lies with the ruling party. Party affiliations and personalities are the determinants for entering into the decision-making

circle. Even though, civil servant is the head of the public sector undertaking he/she has to toe the line decided by the politicians.

These civil servants are lacking management experience and autonomy. Their survival depends upon the will of their political god fathers.

Hence, they are working according to the instructions of ministers and office bearers of the party in power.

NEED OF EFFICIENT PROFESSIONAL MANAGEMENT

The need for efficient professional management is necessary in India due to the following reasons:

1. Major portion of our economy is unorganised
2. Poor infrastructure
3. Less utilisation of modern technology
4. Low productive efficiency
5. Wide spread poverty and unemployment.

PROFESSIONALISATION OF MANAGEMENT IN INDIA

The professionalisation of management is very popular in corporate management in India. The reason is that no one likes to be backward and inefficient. But the assessment of the extent of professionalisation of Indian management is a big question. The reason is that some top management positions are filled up with the help of family members if the owner of the business is few. In the case of diversified ownership organisation, management graduates are appointed as executives. Hence, it is very difficult to know the correct picture of Indian Management.

Somebody argue that the mere appointment of some persons with professional (management) degrees will not necessarily lead to professionalisation of management unless there is a change in management process. According to L.C. Gupta “professionalisation does not come automatically by employment of people with professional degrees, unless the professionals have the necessary authority and use their professionalism in decision-making. We may employ MBAs and other technocrats in the purchase and sales departments but if buying and selling are to be done through family firms, where is the scope of professionalism? More than professional degrees what matters is professional ethics.” In this context, P. L. Tandon observes that, “In a family business, you have professional engineers, accountants and marketers but all decision-making is centralised at the top, with the head of the family, who has no professionalism but perhaps only experience and intuition, the decisions are not likely to be as good as that of a modern professional board.”

In Indian scenario, management is highly professionalised both in private sector as well as in public sector after 1980s. They have inducted management graduates at various levels of management.

YARD STICKS OF PROFESSIONALISATION OF MANAGEMENT

The following conditions have been satisfied for the existence of professionalisation of management.

1. Introducing modern concepts of management.
2. Framing organisational objectives by considering social needs.
3. Motivation for high level of performance.

4. Developing management concepts suitable for the country.
5. Attitudes towards management practices.

ARGUMENTS FOR PROFESSIONALISATION OF MANAGEMENT

Professionalisation of management is desirable due to the following reasons:

1. Professionalisation leads the management executives to increase their knowledge and skills. The reason is that businessmen expect persons having minimum educational qualification. Managerial environment of the future is going to be more challenging requiring a high degree of professionalisation from management executives. Trial and error method of managing practices cannot be a successful in the years to come.

2. Initially, the modern management concepts were applied by the subsidiaries and associates of multinational corporations operating in India. Many of these subsidiaries and associates were quite successful in terms of their growth and profitability. It was presumed that the success is the result of the application of modern management concepts. The increasing of size and complexity of business organisations necessitates the management executives for proper application of modern management concepts.

3. Professionalisation of management would improve the status and prestige of management career and of management executives. The impression of management executives interested only in maximising profits would be removed by giving importance to social needs.

4. There is a failure of many public sector undertakings and increasing the number of public sectors manifold during the plan period necessitates the government took a decision to induct professional managers with responsibility.

5. Increasing competition and fast development of technology paved the way for professionalisation of management. The competition is increased due to liberalisation, globalisation and privatisation. The technology has gone to a sea change within a short period.

6. An organisation grows beyond certain size demand that ownership and management should be divorced.

In this type of organisation, management positions should be placed by persons having professional skills and adequate training.

7. The statutory control over the management executives can be exercised through professionalisation of management. The statutory control minimise the malpractices like mismanagement, wrong payment unnecessary payment, speculation in stock market, frauds in management etc. If the management executives indulging in such practices, they will be debarred from practicing management.

8. Professionalisation will define the duties, powers, specialisation and responsibilities of management executives. The prescription of code of conduct ensures a healthy managerial environment within the business organisation.

9. Professionalisation would speed up management education, standard, criteria for entrants and training. It would also attract more talented people into management career.

ARGUMENTS AGAINST PROFESSIONALISATION MANAGEMENT

Professionalisation of Management is opposed on the following grounds:

1. Minimum educational qualification is not enough to make effective managers. There are different types of organisations which require different set of management degree for getting success. Therefore, specialised degree in management cannot be used to license managers.

2. There is a popular belief and attitude among the businessman, i.e., business is a matter of common sense and luck. This belief and attitude have paid good dividend in the past because of controlled economy and lack of competition. Hence, businessmen are in favour of professionalisation of management.

3. It is proved that businessmen have successfully created business empires on the basis of their family background (heredity) and experience in India. They have not consider the management degree for getting success. Professionally qualified managers are not necessary for more efficient and effective performance.

4. In the private sector, both small scale organisations and joint stock company form of organisations, most of the organisations are functioning under one-man shows. Board is constituted in joint stock company to fulfill legal requirements but real control lies in a single person. Here, owner also performs the functions of a manager. The owner, who is an entrepreneur, performs managerial functions, his perspective is entirely different from the professional manager. Owner-Manager's style of functioning is normally centralised and he believes in more direct control and often discourages professionalisation of management.

5. Management executives have no specified or definite clients just like lawyers and auditor. Hence, it is not practicable to define the obligations of management executives for the purpose of regulating their professional activities.

6. The management executives of many public sector enterprises are deputed civil servants from various departments. They have different academic qualifications. Hence, they could not develop right type of management culture. This has also worked" against the professionalisation of management.

7. In India, there is no need of management degree to become the manager or management executives of any business organisation. Besides, there is no fully developed management education in India.

MODEL QUESTIONS

1. Define the term, "Management".
2. Define the term, "Administration".
3. Explain the important functions of Management.
4. Why is Management?
5. What is mathematical or Management Science approach?
6. State and explain the meaning of Management?
7. What are the different levels of Management?
8. Distinguish between "Management" and "Administration"?
9. What is "Middle Management"?
10. What are the types of Management?
11. Explain the Importance of "Management"
12. What are the important function of Management?

13. What are the functions of “Management”?
14. Enumerate the various levels of importance of Management.
15. State the different Process of Management?
16. Define Management. Describe the functions of a manager.
17. Discuss the importance of management in the present day.
18. What is Management?
19. Enumerate the role and importance of management in the present society?
20. How would you define the term “Management”?
21. Discuss in brief the Nature of Management.

