

# Principles of Management



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**BCA I Semester**

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# Outline

## ❖ **Nature OF MANAGEMENT**

- ☐ Definition
- ☐ Management
- ☐ Role of managers

## ❖ **Evolution of Management Thought:**

- ☐ Evolution of Management thought
- ☐ Organization and the environmental factors
- ☐ Trends and Challenges of Management in Global Scenario.

## ❖ **Functions of Management: Part-I**

- ☐ Nature and purpose of planning
- ☐ Planning process
- ☐ Types of plans
- ☐ Objectives
- ☐ Managing by objective (MBO) Strategies
- ☐ Types of strategies
- ☐ Policies
- ☐ Decision
- ☐ Making
- ☐ Types of decision
- ☐ Decision Making Process
- ☐ Rational Decision Making Process
- ☐ Decision Making under different conditions.

## ❖ **Functions of Management: Part-II**

- ☐ Motivation
- ☐ Importance
- ☐ theories Leadership
- ☐ Meaning –styles
- ☐ qualities & function of leader Controlling
- ☐ Need, Nature, importance,
- ☐ Process & Techniques
- ☐ Total Quality Management
- ☐ Coordination

## ❖ **Management of Change**

- ☐ Models for Change
- ☐ Force for Change
- ☐ Need for Change
- ☐ Alternative Change Techniques
- ☐ New Trends in Organization Change
- ☐ Stress Management

## ❖ **Strategic Management**

- ☐ Definition,
- ☐ Classes of Decisions
- ☐ Levels of Decision
- ☐ Strategy
- ☐ Role of different Strategist
- ☐ Relevance of Strategic Management and its Benefits
- ☐ Strategic Management in India

# UNIT II

## EVOLUTION OF MANAGEMENT THOUGHT

- ❑ Contribution of F.W.Taylor
- ❑ Henri Fayol, Elton Mayo,
- ❑ Chester Bar hard & Peter Drucker to the management thought.
- ❑ Business Ethics & Social Responsibility:
- ❑ Shift to Ethics,
- ❑ Tools of Ethics.

# Evolution of Management

## ➤ **Father of Management – Henry Fayol (1841 – 1925)**

Henry Fayol contributed 14 principles to Mgt which is widely applied in all the Organization

1. Division of Work
2. Authority and Responsibility
3. Discipline
4. Unity of Command
5. Unity of Direction
6. Subordination of individual interest to general interest
7. Remuneration of personnel
8. Centralization
9. Scalar Chain
- 10..Order
- 11..Equity
- 12.Stability of Tenure of  
Personnel
- 13.Initiative
- 14.Esprit-de-corps

## Critical Evaluation

- Too formal
  - Not pay adequate attention to workers
  - Vagueness
  - His principle hinted but did not elaborate that mgt can and should be taught.
- Despite these limitations, Fayol made a unique and outstanding contribution to Mgt theory.

## Scientific Management

### ➤ **Father of Scientific Management F.W. Taylor (1856 – 1915)**

“The art of knowing exactly what you want men to do and see that they do it in the best and cheapest way.”

Mgt a Science based upon certain clearly defined principles

## Principles of Scientific Management

- ◆ Science not rule of thumb
- ◆ Harmony not discord
- ◆ Co-operation not individualism
- ◆ Maximum output in place of restricted output
- ◆ Development of each individual to his greatest efficiency and prosperity

♦Mental Revolution – Workers and Management, Workmen towards their work, their fellowmen and towards their employees. Mental attitude of the two parties.

## Techniques of Scientific Management

1. Time Study
2. Motion Study
3. Scientific task Planning
4. Standardization and simplification
5. Differential piece rate system
6. Functional foremanship – According to Taylor, one supervisor cannot be an expert in all aspects of work supervision. In system of Functional Foremanship in which eight supervisors supervise a workers job.
  - i. Route Clerk
  - ii. Instruction card clerk
  - iii. Time and cost clerk
  - iv. Shop disciplinarian
  - v. Gang boss
  - vi. Speed boss
  - vii. Repair boss
  - viii. Inspector

## Critical Evaluation

- Mechanistic Approach
- Unrealistic Assumptions
- Narrow View
- Impracticable
- Exploitation of Labour

### ➤ **George Elton Mayo** **(1880 – 1949)**

#### **Hawthorne Experiments**

1. **Illumination Experiments** ( illumination affected Productivity)
2. **Relay assembly Test room Experiments**( Working conditions and Productivity), piece work, rest pauses, shorter working hours,
3. **Mass interviewing Programme** ( Direct Questions), Grievances, deep rooted disturbance, satisfactory level

## Outcomes

- Workers working in a group develop bond of relationships
- Behaviour at workplace depends on their mental state, emotions and prejudices
- Emotional factors play an important role in determining
- Human and liberal attitude of supervisor helps in improving performance
- Managerial skills and technical skills are not necessary to be a successful leader.

### ➤ **HENRY LAURENCE GANTT (1861 -1919)**

- Contribution was famous, Gantt Chart, used for scheduling and control of work.
- Task and Bonus plan ( Minimum wages is guaranteed to all workers irrespective of output, Extra wages are paid for extra work)

## **FRANK BUNKER GILBRETH (1868 – 1924)**

- Motion study, time study
- Fatigue Study
- Work Simplification – 3 positional promotion plan ( present position, the position to be held before promotion to his present position and the next higher position)

### ➤ **APPROACHES TO MANAGEMENT**

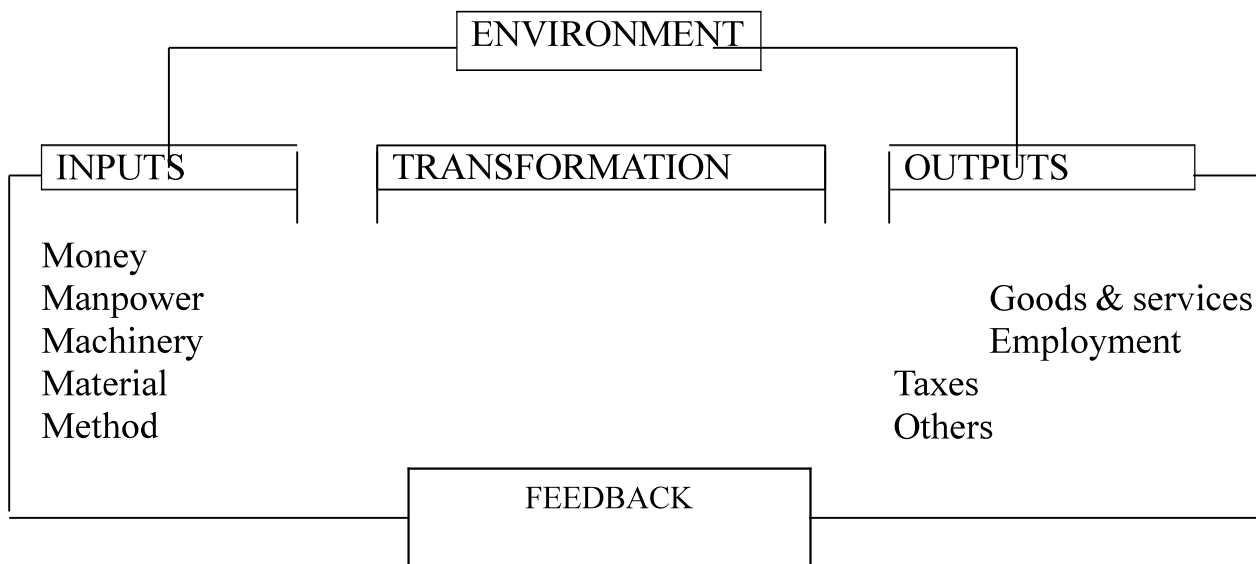
Modern management has developed through several stages or approaches.

These approaches to the study of management may be classified as under:

1. Classical Approach
2. Behavioral Approach



3. Management Science Approach
4. System Approach
5. Contingency Approach



Systems approach is an improvement over classical and neoclassical theories as it is closer to reality. The traditional theorists viewed organization as a closed system while modern theorists treat it as open system. The system approach highlights the multidimensional and multidisciplinary nature of management. It takes much wider and overall perspective of organizational functioning.

## SOCIAL RESPONSIBILITY AND ETHICS

**SOCIAL RESPONSIVENESS** – The ability of a corporation to relate its operations and policies to the social environment in ways that are mutually beneficial to the company and to society.

- Reaction or proaction
- The role of government
- The influence of values and performance
- Criteria on behaviour

**Def .** Peter Drucker “ Social Responsibility requires managers to consider whether their action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength and harmony.”

## **The Social Audit**

The Social audit has been defined as “ a commitment to systematic assessment of and reporting on some meaningful, definable domain of company’s activities that have social impact.”

Society has become increasingly aware of the interdependence between the business and its environment. As business grow in size and power, society expects more from them several forces have led to the development of the concept of social Responsibility. Some of the forces are -

- Consumerism
- Trade Union
- Public Opinion
- Enlightened Self Interest
- Professionalisation
- Trusteeship

Responsibility of business to perform its basic economic function of producing and supplying products and services in the most efficient manner so as to maximize profits.

# Social Responsibility of Business



# Ethics in Managing

- Ethics is defined as the discipline dealing with what is good and bad, with moral duty and obligation.
- Personal Ethics has been referred to as “ the rules by which an individual lives his or her personal life.
- Accounting ethics pertains to the code that guides the Professional conduct of accountants.

**Business Ethics** is concerned with truth and justice and has a variety of aspects such as expectations of society, fair competition, advertising, public relations, Social responsibilities, Consumer autonomy and Corporate behaviour in the home country as well as abroad.

## **Ethical Theories**

- Utilitarian Theory suggests that plans and actions should be evaluated by their consequences.
- Theory based on rights holds that all people have basic rights.
- Theory of justice demands that decision makers be guided by fairness and equity, as well as impartiality.

## **Institutionalizing Ethics**

This means applying and integrating ethical concepts into daily action.  
This can be accomplished in 3 ways-

1. By establishing appropriate company policy or a code of Ethics
2. By using a formally appointed ethics committee
3. By teaching ethics in Management development programs

**A code is a statement of Policies, principles, or rules that guide behaviour. The functions of Ethics Committee includes-**

1. holding regular meeting to discuss ethical issues
2. dealing with gray areas
3. Communicating the code to all members of the Organization
4. Checking for possible violations of the Code
5. Enforcing the Code
6. Rewarding compliance and punishing violations
7. Reviewing and updating the code
8. reporting activities of the committee to the board of directors

## **Factors that raise Ethical Standards**

1. Public disclosure and publicity
2. The increased concern of a well informed public.

# Globalisation

Globalization means covering or affecting the whole world. It means integration of the domestic economy of a country with the international economy. Recent developments in information and communication technology have accelerated the pace of globalization.

- Globalisation means the internationalization of trade. Particularly product transaction and the integrating of economic and capital markets throughout the world.
- The integration takes place when trade exists freely among the different countries, thus the world economy becomes a single market or single economy.
- In globalization there is no restriction of quota, license, tariff and other administrative barrier for trade.

The term globalization has four parameters:

- Reduction of trade barriers, so as to permit free flow of goods across national frontiers.
- Free flow of capital among nations.
- Free flow of technology among nations.
- Free movement of labour among different countries of the world.

## **Benefits of Globalisation**

- Improves efficiency
- Improves factor Income
- Improves finance
- Gains from Migrations

## **Drawbacks of Globalisation**

- Globalisation increases the problems of unemployment
- Domestic Industries finds difficulty in survival.

- Only group of people who participate in the process of Globalization will be benefited, this creates income inequality within the country
- Control on domestic economy becomes more difficult
- Developing country suffers from the problem of brain-drain

## **International Business**

- Involves commercial activities that cross national frontiers
- It is a process of Entrepreneur conducting business activities across national boundaries
- It consist of Exporting, Importing, licensing, opening of Sales office
- The activities necessary for ascertaining the need and want of target consumer often takes place in more than one country. When an Entrepreneur executes his or her business model in more than one country International Business Occurring.

## **Entry into International Business**

The method of entering or engaging in International Business can be divided into three categories

### **1. Exporting**

- Indirect Exporting
- Direct Exporting

### **2. Non Equity arrangement** – Doing international business through an arrangement that does not involve any investments.

- Licensing - allowing someone else to use something of the company's in return for the payment of royalty
- Turn key Projects – A foreign Entrepreneur build a factory or other facility, training the workers, train the management and then turn it over to the local owners once the operation is completed, hence the name turn key operation
- Management Contracts – Contracting management techniques and skills. The management contracts allow the purchasing country to gain foreign expertise without giving ownership of its resources to a foreigner.

### **3. Direct Foreign Investments** – preferred mode of ownership

- Minority Interest – Having less than 50% Ownership Position
- Joint Ventures – Merger of two companies.

# Globalization in India

**Some major aspects of the policy of globalization in India are:**

## **i) Liberalisation of imports:**

Most imports has been put under open general licence (OGL) where automatic permission is granted to import goods. Export oriented units (EOUs) have been allowed to import freely all types of goods require by the unit for manufacturing, production or processing. The Government in it's trade policy announced on 31<sup>st</sup> August 2004 has permitted import of second hand capital goods without any age restrictions.

## **ii) Export promotion through rationalization of tariff structure:**

Tariff structure refers to the pattern of custom duties levied on the imports of various commodity groups. The government initiated the process of tariff reduction in 1991, to bring our tariff rates in line with the other developing countries: making Indian goods competitive in the world market. High quality and low cost goods can offer competition in the world market and improve India's exports.

## **iii) Foreign direct investment:**

## **iv) Foreign technology:**



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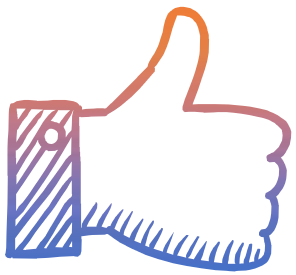


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# Thanks!



**Any questions?**

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