MCA : MANAGEMENT : SEMESTER-I

NEW SYLLABUS

Principles and Practices of Management and Organizational Behaviour

Mrs. Amruta S. Oke
Sunil P. Ujagare
Mrs. Gauri M. Kulkarni
Vilas D. Nandavadekar

NIRALI PRAKASHAN
ADVANCEMENT OF KNOWLEDGE

A Text Book of

PRINCIPLES AND PRACTICES OF MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR

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Mrs. AMRUTA S. OKE
MA, M.Phil.
Head, Department of Psychology,
Modern College,
Pune 5.

SUNIL P. UJAGARE
B.Sc., MBA, DEP
Ex - Senior Lecturer,
Sinhgad Institute of Management
Pune 41.

Mrs. GAURI M. KULKARNI
MA, DLL & LW, DHRM, NET
Head, Department of Psychology,
Shri. Shahu Mandir Mahavidyalaya,
Pune 9.

VILAS D. NANDAVADEKAR
B.Sc., MCA, MPM
Director,
Sinhgad Institute of Management.
Pune 41.

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PREFACE

It gives us great pleasure in presenting this book **"Principles and Practices of Management and Organizational Behaviour"** designed to serve as a textbook for students of the First Semester of Master of Computer Application (M.C.A.). The book is organized in such a way that it mirrors the revised syllabus of University of Pune. The book will be found useful by a wide section of readers, teachers and students of Business, Technology and Computer Management courses in Indian Universities. The entire book is freshly written and thoroughly revised.

The book has its own unique features. It brings out the subject in a very simple and lucid manner for easy and comprehensive understanding of the basic concepts, its intricacies, procedures and practices. This book will help the readers to have a broader view on Principles and Practices of Management and Organizational Behaviour. The language used in this book is easy and will help students to understand the matter in a better and easier way.

Particular attention has been paid to make this book stimulating and highly readable. The result is a text which is clear, focused and designed to capture student interest. This text is equally suitable for courses directed at undergraduates and postgraduates.

We have given our best inputs for this book. Any suggestions towards the improvement of this book and sincere comments are most welcome on niralipune@pragationline.com

Authors

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We are also grateful to all the staff members of Nirali Prakashan, who were involved in the publication of this book.

Authors

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Chapter 1...

MANAGEMENT

1.1 The Need, Scope and Importance of Management
1.2 Meaning and Definition of Management
1.3 The Process of Management
1.4 Managerial Levels/Hierarchy
1.5 Managerial Functions: Planning, Organising, Nature of Staffing, Directing, Controlling, Co-ordinating
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1.7 Types of Managers: Functional, Special, General
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Management is the primary force within any organisation which coordinates the activities of its various systems and relates them to the environment. The need for management arises out of scarcity of the resources that satisfy human wants, and out of the diversity and complexity of human activities. We can confidently say that 'management' is one of the humanities most notable discoveries.

According to Peter Drucker, it is a key social institution: "The emergence of management as an essential, a distinct, and a leading institution is a pivotal event in social history. Rarely, if ever, 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, so little controversy."

Peter Drucker has correctly remarked that "neither results nor resources exist inside the business, both exist outside."

Management uses resources to achieve the predetermined objectives. The business manager interprets the need of the situation as it arises and makes appropriate arrangements.

A good manager is an artist, who makes proper arrangements to accomplish the desired results within the specific time limit with the limited resources available to him. The objectives must be realised in such a manner that the business is able to earn some surplus to meet the needs of growth and expansion.

Management is like the brain in the human body, without which the human body is just a collection of flesh and bones, unable to do anything. Similarly, the various factors of production like money, materials, machinery and manpower lead to nothing unless a calibered management is present to plan, organise, direct, coordinate and control them. Without management no objectives can be achieved. Management is the most important function concerned with all aspects of the making of an enterprise.

1.1 Need, Scope and Importance of Management

Need and Scope of Management

"So much of what we call management consists in making it difficult for people to work."

– Peter F. Drucker

Management has gradually developed with the development of trade, commerce and industry. Business as a word refers to all those activities which involve production to the ultimate consumption of produced goods. The common goal of all business is to maximise profits by providing better quality products or services to the society at a reasonable cost and this calls for low cost of production.

Administration and management are the driving forces which aid an organisation to achieve the above objectives and goals.

When practicing managers are faced with difficult and complex problems, for example, designing an organisational structure for a new manufacturing plant or attempting to motivate a work force characterised by apathy and low productivity or to use financial and non-financial resources effectively and efficiently – they quite naturally feel the need for a set of principles to turn to, in order to help them reach the right decisions.

The principles of management are, of course, quite unlike the principles of mathematics or the laws of the natural sciences. In the management field there is no universal agreement as to what the principles are, nor can it be valid for all situations.

Management is not confined to factories, stores or offices. Homes, clubs and one's personal affairs - all need to be managed. The principles of management are now universally used not just for managing business organisations but are also applied to various other types of organisations such as educational, social, military and governmental organisations.

Management is thus the same process in all forms of organisations, although it may widely vary in its complexity with the size of the organisation. It would perhaps be better not to use the term 'principles' at all, but to refer to them instead as guidelines.

Importance/Significance of Management

The modern world is witnessing continuous breakthroughs in science and technology. There is no doubt that all the breakthroughs and developments were made possible by efficient and effective management.

Extensively and intensively applied in every organisation, economy and society, the knowledge of management has universal applications. It enables the efficient and effective utilisation of limited/scarce resources, eliminates wastage and brings about order and discipline. In business, knowledge of management is critical to generation of higher profits, the productive efficiency of quality and competence of its managers. By application of managerial knowledge, physical resources are utilized through labour for achieving the objectives of the organisation.

In the context of organisational activities, the importance of management can be outlined as under:

(1) Efficient Accomplishment of Pre-determined Goals

Management facilitates the efficient accomplishment of goals. Activities and functions performed by various individuals in the organisation are properly directed and coordinated towards these goals by managers. Successful managers are responsible for growth and expansion of an enterprise. Quite often it is inefficient management that retards the growth and expansion of the organisation.

A team of professional managers successfully lead, motivate and guide others for making valuable contributions towards the goals.

(2) Effective and Optimum Utilisation of Resources

An effective and optimum utilisation of all resources can be secured by applying managerial knowledge (as indicated in Fig 1.1).

Management integrates physical and human resources for realizing objectives. Wastage and spoilage of resources are minimised to a great extent. The optimum use of resources bring good results to the organisation.

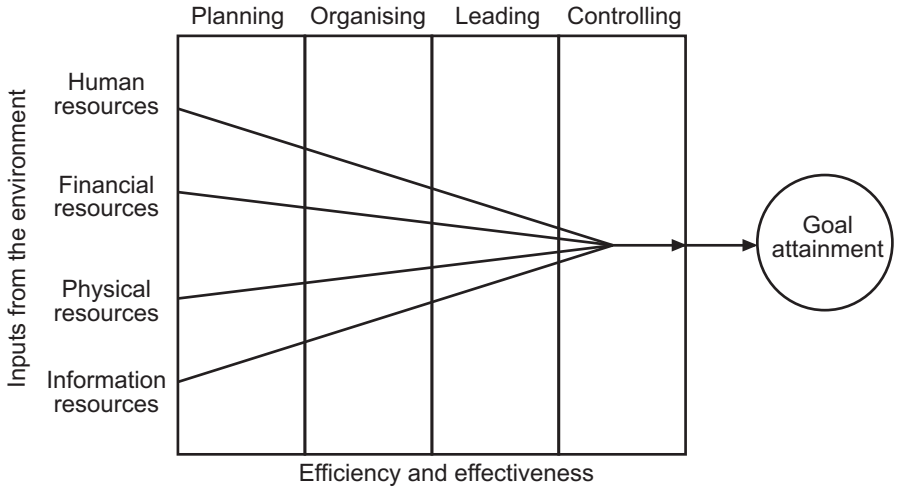

Fig. 1.1: Management in Organisations

(Source: Griffin, 1990, P7)

(3) Higher Efficiency

An application of management knowledge results in proper and effective utilisation of resources and helps in reducing the cost of various operations. By economizing various operations related to distribution and production the entire functioning of the organisation can be made cost-efficient.

(4) Corporate Image

Management remains a critical variable in an organisation because survival, profitability and growth of an organisation, to a large extent, depend on a professional approach and the abilities of the managers. Proper management enables an organisation to enhance its corporate image. This is because of quality products and services offered by the company.

1.2 Meaning and Definitions of Management

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".*
Henry Fayol:	*"Management is to forecast and to plan, organise, command, coordinate and control".*
Ralph C. Davis:	*"Management is the function of executive leadership anywhere".*
E. F. L. Breach:	*"Management is concerned with seeing that the jobs get done: it tasks all the centres on planning and guiding the operations that are going on in the enterprise. It is the persuasiveness of these human elements that gives management its special character as a social process".*
George R. Terry:	*"Management is a distinct process consisting of planning, organising, actuating and controlling to determine and accomplish the objectives by the use of people and resources".*
William Spriegel and Richard Lansburgh:	*"Management is that function of an enterprise which concerns itself with the direction and control of the various activities to attain the business objectives. Management is essentially an executive function. It deals particularly with the active directions of the human efforts.*
Lawrence A. Appley:	*"Management is the development of people and not the direction of things. Management is personnel administration".*
Sir Chales Renold:	*"Management is the process of getting things done through the agency of a community".*
Donald J. Clough:	*"Management is the art and science of decision-making and leadership".*

Dalton E. Mcfarland:	*"Management is the process by which managers create, direct, maintain and operate purposive organisations through systematic, coordinated, cooperative human effort".*
Stanley Vance:	*"Management is simply the process of decision-making and control over the action of human beings for the express purpose of attaining predetermined goals".*
R. M. Currie:	*"Management is the organisation and control of human activity and is directed towards specific ends".*
American Management Association:	*"Management is "the art of getting things done through other people".*
Peter F. Drucker:	*"Management is work, and as such it has its own skills, its own tools, its own technique …… management is the origin, the life-giving acting dynamic organ of the institution it manages".*

In short:

- Management is a discipline.
- Management is also about people.
- Management is practice and its essence is not in knowing but doing.

The above definition correctly incorporates the functions of management as well as gives due importance to coordination and to human resources.

The features of management are:

- Management is an art.
- It is also a discipline or a science.
- It is a process of achieving results.
- It determines the goals and objectives of the enterprise and lays down the plans for the achievement of these predetermined objectives.
- It is a social process involving integration of people for common objectives.

1.3 The Process of Management

Management is a process of planning, organising, directing and controlling. The process of management is necessary in order to attain the objectives. For this purpose management must:

- Plan the activities.
- Organise the physical, financial and human resources.
- Direct the subordinates and provide them with appropriate motivation.
- Control the activities.

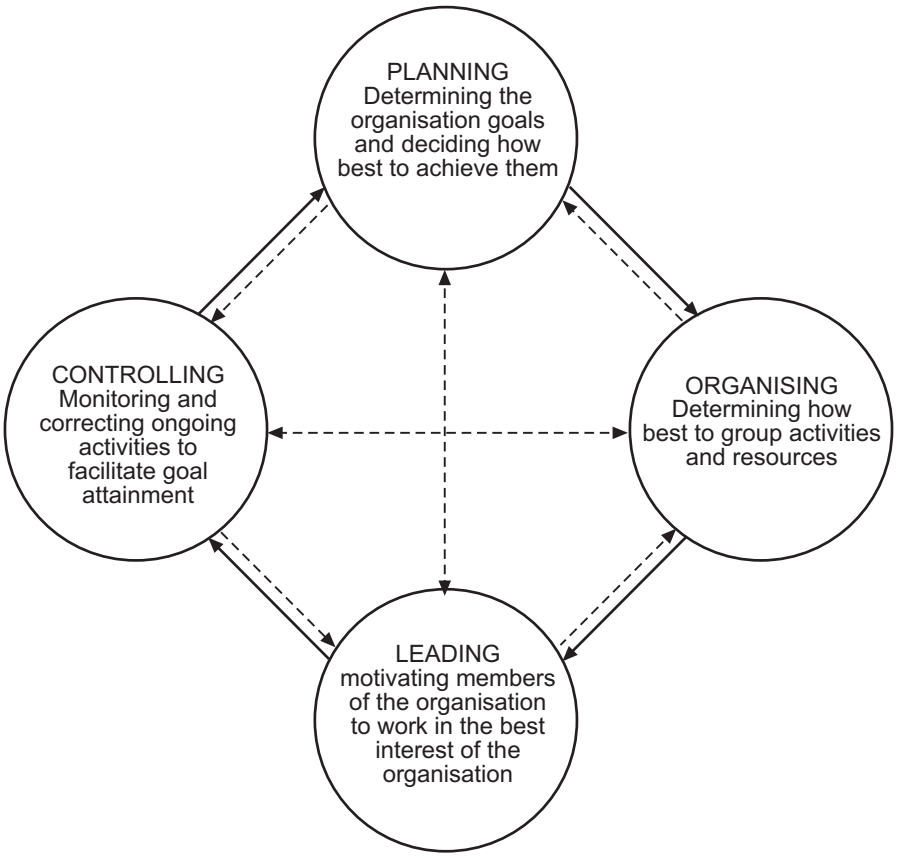

Fig 1.2: The Management Process

(Source: Griffin, 1990, P9)

The process of management i.e. planning, organising, directing and controlling continues as long as the organisation is in existence. Management process is not a one-time activity. None of the managerial functions would produce the ultimate results in the absence of all the other basic functions. We can thus say that management is a continuous process.

1.4 Managerial Levels / Hierarchy

Managers are charged with the responsibility of taking decisions that will make it possible for individuals to make their best contribution to group objectives.

Management thus applies to every business organisation irrespective of its size, whether small or large, profit or non-profit enterprises, and manufacturing as well as service enterprises. The term 'enterprise' refers to business, government agencies, hospitals, academic institutions, etc. Every business organisation irrespective of its size, has many managerial positions in its structure.

Organisation structure gives a concrete shape to the organisation. The structure specifies division of work activities and shows how different functions or activities are linked. It also indicates the organisation's hierarchy and authority structure, and shows reporting relationships (as indicated in Fig. 1.3).

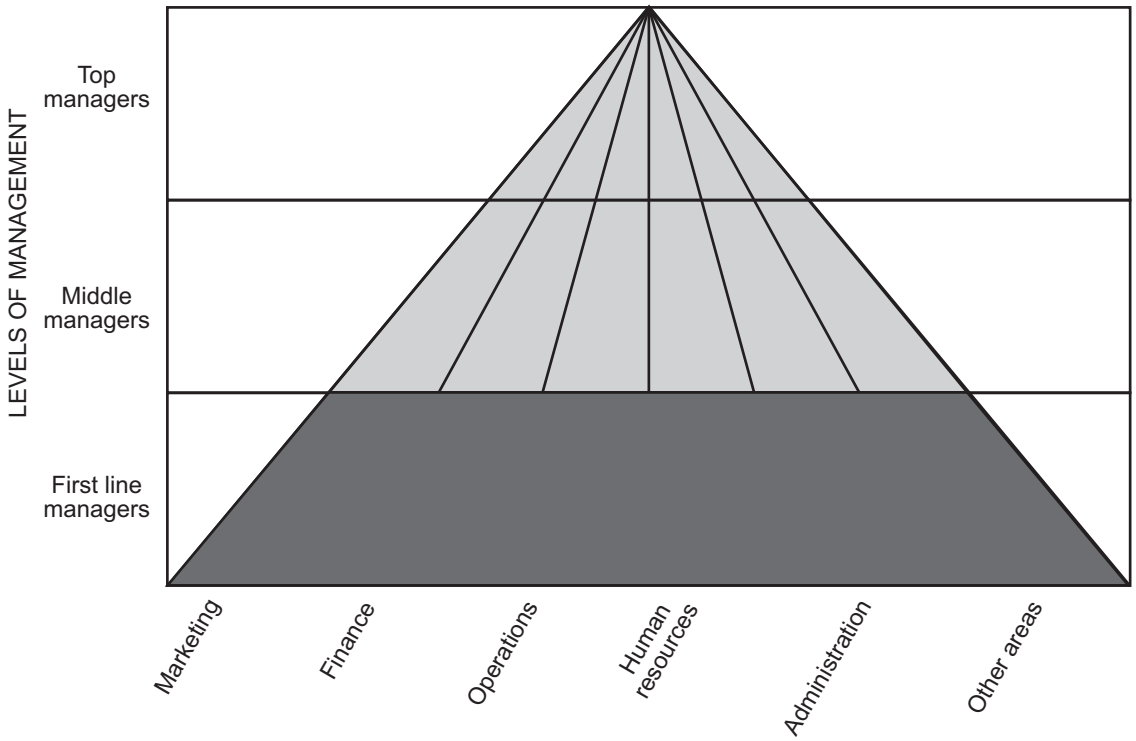

Fig. 1.3: Managerial Levels And Areas

(Source: Griffin, 1990, P1)

All managers in an organisation do not belong to the same class or level. Some managers belong to the higher level or top level consisting of the Company President, Board of Directors, Executive Vice-President, etc. i.e. the men who coordinate all the specialties and make policy decisions, determine the company goals, frame corporate policies, mobilise resources, etc. The top level management is generally occupied by the ownership group.

Besides the board, other functionaries including the Managing Director, General Manager or Chief Executive to help the Directors are included in this level. It is the highest level in the managerial hierarchy and ultimate source of authority in the organisation. The top level managers are accountable to the owner and responsible for the overall management of the organisation.

Next is the middle level management, a vast and diverse group that includes Sales / Marketing Managers, Production Managers and many other departmental managers and

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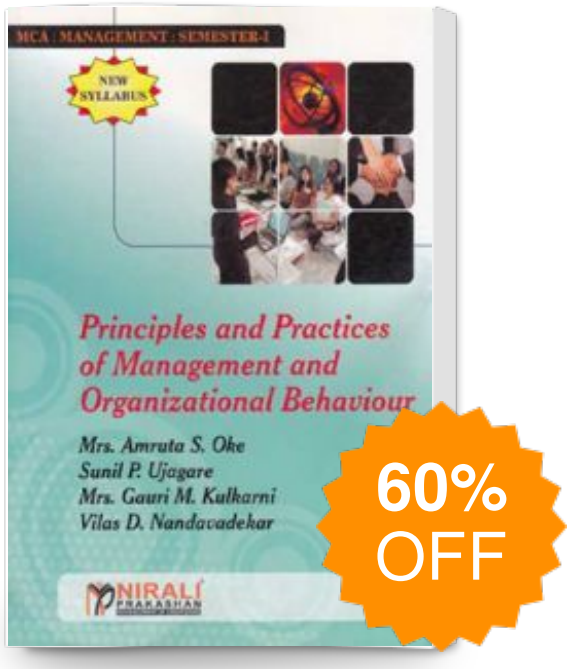

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Author : Mrs. Amruta S. Oke, Sunil P. Ujagare, Mrs. Gauri M. Kulkarni, Vilas D. Nandavadekar

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