Unit 1: Basics of Management

Definition Of Management, Characteristics Of Management, Managerial Skills , Different Levels of Management, Structure , Function of management , Scientific Management Contribution of F.W.Taylor, Henry Fayol, Forms of Ownerships : Partnership, Proprietorship, Joint Stock, Co-Operative Society, Govt. Sector etc., Concept Of Globalization

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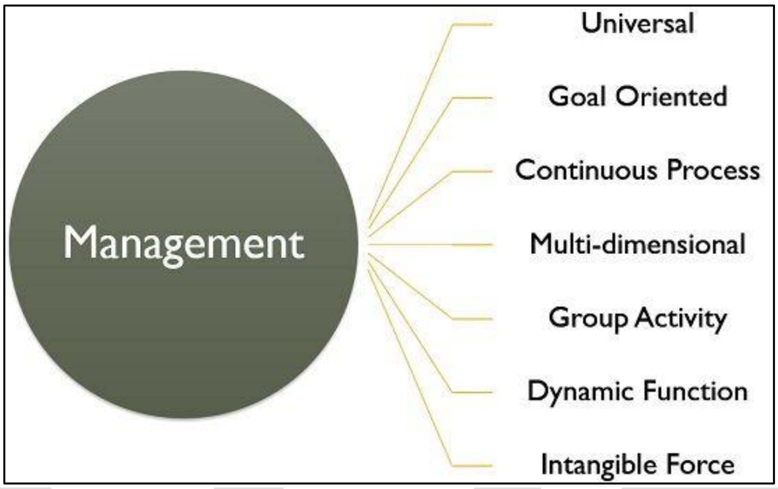
Definition of Management:

- **Management is the process of coordinating and controlling people, resources, and activities to achieve organizational goals efficiently.**
- It involves making decisions, setting objectives, organizing work, and ensuring tasks are completed properly.
- Management acts as the backbone of every organization because it guides all operations toward success.
- The concept of management focuses on achieving maximum output with minimum resources. Managers are responsible for ensuring employees work together effectively while maintaining productivity and quality standards. Good management improves teamwork, communication, and overall organizational performance.
- Management is both an art and a science. It is considered an art because managers use creativity, leadership, and experience to solve problems. At the same time, it is a science because it follows systematic principles, theories, and methods.
- The process of management includes several important functions such as planning, organizing, staffing, directing, and controlling. These functions help organizations operate smoothly and achieve long-term success.
- In modern organizations, management also includes innovation, technology adaptation, employee motivation, and strategic decision-making. Businesses that apply effective management practices can handle competition, increase profits, and maintain customer satisfaction more efficiently.



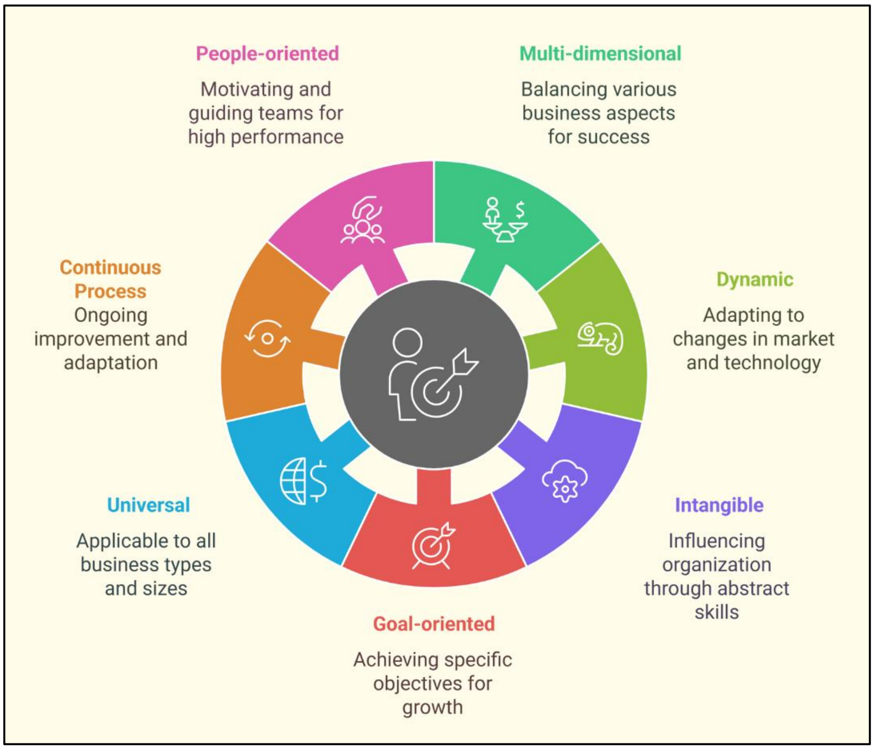
Management

Definition of Management by Experts:

- Many management experts and scholars have explained management in different ways. These definitions help us understand the meaning, scope, and importance of management in organizations.
- According to **Henri Fayol**, management means **"to forecast and plan, to organize, to command, to coordinate, and to control."** Fayol emphasized that management is a process involving several important functions required to achieve organizational goals.
- Peter Drucker, defined management as **"getting things done through people."** This definition highlights the importance of teamwork, leadership, and coordination in achieving business objectives.
- Mary Parker Follett defined management as **"the art of getting things done through people."** She focused on human relationships and cooperation within organizations.
- F.W. Taylor, who introduced scientific management, believed management is **"knowing exactly what you want men to do and seeing that they do it in the best and cheapest way."** His definition focused on efficiency and productivity.

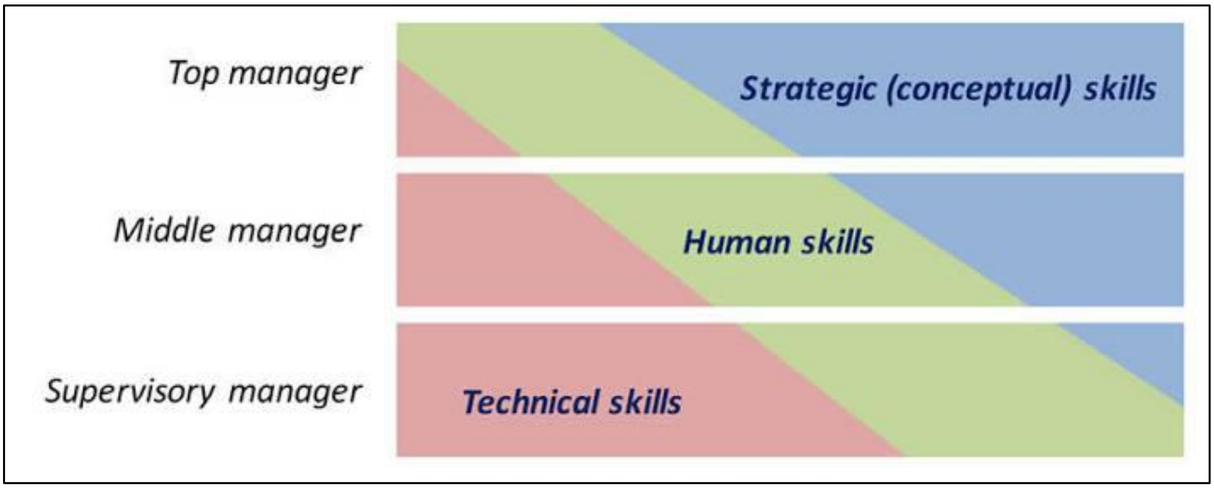
Characteristics of Management:

- Management has several unique characteristics that make it an essential part of every organization. These characteristics help explain the nature and importance of management in achieving organizational success.
- One key characteristic of management is **goal-oriented**. Management always focuses on achieving specific organizational objectives through planned activities and coordinated efforts.
- Management is also **universal**. It is required in all types of organizations, including businesses, schools, hospitals, government offices, and non-profit organizations. Every organization needs proper management for smooth functioning.
- Another characteristic is **continuous process**. Management is not a one-time activity. It involves continuous planning, organizing, directing, and controlling operations to achieve long-term goals.
- Management is **dynamic in nature** because it changes according to business environments, technology, and market conditions. Managers must adapt strategies and decisions based on changing situations.
- Management is both an **art and a science**. It requires practical skills, creativity, leadership, and experience while also following systematic principles and theories.
- **Decision-making** is another important characteristic of management. Managers regularly make decisions related to planning, staffing, budgeting, and problem-solving.
- Management also involves **coordination**. It brings together employees, departments, and resources to ensure teamwork and smooth organizational operations.
- **These characteristics show that management is essential for maintaining efficiency, discipline, and productivity in every organization.**



Characteristics of Management

Managerial Skills:



Managerial Skills

1. Conceptual Skills

These involve the ability to think analytically, see the "big picture," and understand how different parts of a business interconnect.

- **Strategic Thinking:** Planning for the future, analysing market trends, and setting long-term goals.

- **Problem-Solving & Decision-Making:** Identifying challenges, weighing risks, and choosing the best course of action.

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2. Human (Interpersonal) Skills

These are the people-centric abilities required to interact, communicate, and build relationships.

- **Communication:** Clearly conveying instructions and feedback while actively listening to your team.
- **Emotional Intelligence & Empathy:** Understanding the emotional needs of employees and supporting them through challenges.
- **Motivation & Conflict Management:** Fostering a positive environment, resolving disagreements fairly, and inspiring employees to do their best.

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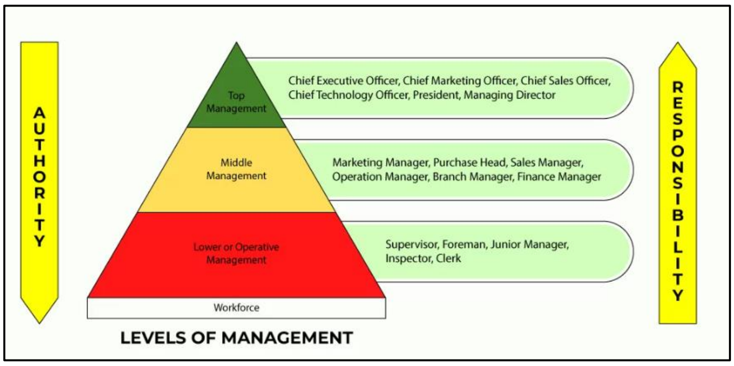
3. Technical Skills

These pertain to the practical, hands-on knowledge and proficiency required to execute daily tasks and use specific tools.

- **Project Management & Organization:** Allocating resources, setting schedules, and tracking deadlines.
- **Delegation:** Assigning tasks and authority to appropriate team members to boost productivity and build trust.

Different Levels of Management:



Levels of Management

Top-Level Management:

- Top-level management is the **highest level of management** within an organization. It includes executives such as the **Chief Executive Officer (CEO), Managing Director, President, and Board of Directors**. These managers are responsible for making major **business decisions and setting organizational goals.**
- The primary role of top-level management is **strategic planning**. They create long-term business plans, policies, and organizational objectives that guide the entire company.
- Top managers also make decisions related to **business expansion, investments, mergers, product development, and market strategies.** Their decisions directly affect the future success of the organization.
- Another important responsibility of top-level management is **leadership and vision.** They inspire employees, establish company culture, and maintain organizational direction.
- Top managers also coordinate with external stakeholders such as investors, government authorities, business partners, and customers. They represent the organization publicly and maintain corporate reputation.
- In modern businesses, top-level management must adapt to technological changes, global competition, and market trends. Strong leadership, communication skills, and decision-making abilities are essential for successful top management.
- **Effective top-level management helps organizations achieve growth, profitability, innovation, and long-term sustainability in competitive business environments.**

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Middle-Level Management:

- **Middle-level management acts as a bridge between top-level management and lower-level management**. This level includes **department managers, branch managers, plant managers, and regional managers**. Their main responsibility is to implement the plans and policies created by top management.

- **Middle managers coordinate the activities of different departments such as marketing, finance, human resources, and production.** They ensure that organizational goals are properly communicated to employees and that work is completed according to company standards.
- **One important role of middle-level management is supervision and coordination.** They monitor employee performance, solve departmental problems, and maintain smooth communication between upper and lower management levels.
- Middle managers also participate in decision-making by providing **feedback, reports, and suggestions to top executives.** They help improve productivity by managing resources efficiently and motivating employees.
- **Training and employee development** are also important responsibilities of middle-level management. They guide team leaders and ensure workers receive proper support and instructions.
- In modern organizations, middle-level managers play a critical role in handling operational challenges, implementing business strategies, and improving teamwork. Their ability to coordinate departments and maintain organizational efficiency directly affects business success.

Lower-Level Management

- **Lower-level management is the first or supervisory level of management in an organization**. It includes supervisors, foremen, team leaders, and section officers who directly interact with employees and workers.
- **The main responsibility of lower-level management is supervising day-to-day operations.** They ensure employees complete tasks properly, maintain productivity, and follow organizational rules and procedures.
- Lower managers act as a **communication link between workers and higher management**. They pass instructions from upper management to employees and report employee feedback, problems, and performance updates to senior managers.

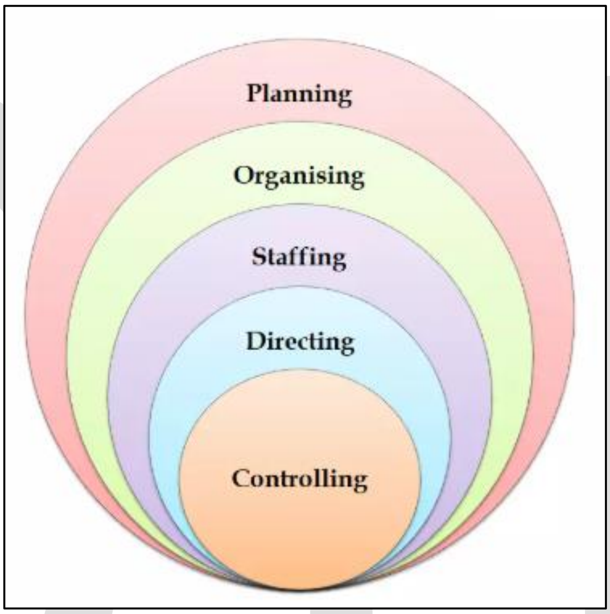
- **One important role of lower-level management is maintaining discipline and teamwork in the workplace**. They monitor attendance, work quality, safety measures, and employee behaviour.
- Lower managers also help train new employees and provide guidance during daily operations. They motivate workers and solve small operational issues quickly to avoid delays.
- Because they work closely with employees, lower-level managers have a strong impact on productivity and workplace relationships. Their leadership skills influence employee morale and organizational efficiency.
- In modern businesses, lower-level management is essential for smooth workflow, quality control, and operational success. Effective supervision helps organizations achieve targets while maintaining employee satisfaction and discipline.

Functions of management:

- Functions of management refer to the major activities managers perform to achieve organizational goals efficiently. These functions provide a systematic approach for planning, organizing, and controlling business operations.
- The five major functions of management are **planning, organizing, staffing, directing, and controlling.** These functions work together to ensure smooth organizational performance and effective resource utilization.
- **Planning involves setting goals and deciding future actions**. Managers create strategies and plans to achieve organizational objectives successfully.
- **Organizing focuses on arranging resources, assigning tasks, and establishing authority relationships within the organization.** It helps maintain proper coordination among departments and employees.
- **Staffing involves recruitment, training, employee selection, and workforce management.** Organizations need skilled employees to improve productivity and performance.
- **Directing is related to leadership, communication, motivation, and supervision.** Managers guide employees and encourage them to work toward common goals.

- **Controlling involves monitoring performance, comparing results with standards, and taking corrective actions if necessary.** This function ensures organizational activities remain aligned with business objectives.

- These management functions are interconnected and essential for organizational success. Effective managers perform all these functions properly to improve productivity, employee satisfaction, and business growth.



Functions of Management

Scientific Management Contribution of F.W.Taylor:

Frederick Winslow Taylor, often called the **"Father of Scientific Management**,**"** revolutionized industry by replacing traditional **"rule of thumb"** work methods with **systematic, data-driven analysis**. His core contributions, outlined in his 1911 book *The Principles of Scientific Management*, laid the foundation for modern operations and industrial engineering.

Taylor's pioneering work in management theory includes the following key contributions:

1. Time and Motion Studies

- Taylor used stopwatches and systematic observation to break down complex tasks into their smallest individual movements.
- By eliminating wasteful steps and combining essential ones, he established the "one best way" to perform any job, ultimately maximizing efficiency and establishing standardized benchmarks for labour.

2. Scientific Selection and Training

- Select the **right person for the right job** based on skills and ability.
- Do not depend only on **trial and error** or informal learning.
- Provide **proper and systematic training** to every worker.
- Train workers to use the best method of doing the job.
- Proper selection and training increase efficiency and productivity.

3. Differential Piece-Rate System

- Workers are paid based on the number of units they produce.
- Higher pay is given to workers who meet or exceed the standard target.
- Lower pay is given to workers who do not meet the target.
- This system encourages workers to increase their productivity.
- Pay is directly linked to performance and output.

4. Separation of Planning and Execution (Taylor's Principle)

- Managers are responsible for **planning and organizing** the work.
- Workers are responsible for doing the work as planned.
- Planning and execution are kept separate.
- Managers decide the **best method** of doing the job.
- Workers follow the planned method to improve efficiency and productivity.

5. Standardization of Tools and Working Conditions

- Use standard tools and equipment for all workers.
- Provide the best working conditions to improve efficiency.
- Use the right tool for the right job**.**
- Standardize the methods, tools, and workplace**.**
- This helps workers work faster, safely, and with better quality**.**

Henry Fayol Contribution:

- Henri Fayol (often spelled Foyl), known as the **Father of Modern Management**, revolutionized business administration.
- His most notable contributions include the 14 Principles of Management and defining the core functions of management, which still form the foundation of corporate leadership and organizational structure today.

14 Principles of Management (Henry Fayol)

1. **Division of Work:** Specialization increases output by making employees more efficient.
2. **Authority and Responsibility:** Managers must have the authority to give orders, but must also take responsibility for the outcome.
3. **Discipline:** Workers must obey and respect the rules of the organization.
4. **Unity of Command:** An employee should receive orders from and be accountable to only one direct manager.
5. **Unity of Direction:** The entire team should work together toward a single, cohesive goal.
6. **Subordination of Individual Interest:** The goals of the organization must always take priority over the personal interests of any one employee.
7. **Remuneration:** Wages must be fair and provide maximum satisfaction to both employees and the organization.
8. **Centralization:** The degree to which decision-making authority is concentrated at the top management level.
9. **Scalar Chain:** A clear, unbroken line of authority and communication from the highest executive to the lowest worker.
10. **Order:** Both people and materials must be in the right place at the right time for maximum efficiency.
11. **Equity:** Managers should be fair and kind to their subordinates to ensure a dedicated workforce.
12. **Stability of Tenure of Personnel:** High employee turnover is inefficient; management should provide orderly personnel planning.
13. **Initiative:** Employees should be given the freedom to conceive and carry out plans, which boosts motivation.
14. **Esprit de Corps:** Promoting team spirit, unity, and harmony within the organization.

Forms of Ownership

1. Sole Proprietorship

A business owned and managed by a single individual who bears all risks and enjoys all profits.

Advantages

- Easy and inexpensive to start; minimal legal formalities
- Complete control over decision-making
- Owner keeps all profits
- Flexibility to adapt quickly to market changes
- Direct relationship with customers and employees

Disadvantages

- Unlimited liability : owner's personal assets are at risk
- Limited capital, restricting growth and expansion
- Limited managerial skill (one person handling everything)
- Business lacks continuity : ends with owner's death/incapacity
- Difficult to raise large scale funds or credit.

2. Partnership

Two or more persons agree to share profits/losses of a business carried on by all or any of them acting for all.

Advantages

- More capital and resources than sole proprietorship
- Combined skills, knowledge, and experience of partners
- Shared risk and responsibility
- Relatively easy to form (partnership deed)
- Better decision-making through collective judgment

Disadvantages

- Unlimited liability (in general partnerships) : partners are jointly and severally liable
- Risk of conflicts and disagreements among partners
- Lack of continuity: dissolution on death/retirement of a partner (unless agreed otherwise)
- Difficult to transfer ownership
- Slower decision-making compared to sole proprietorship

3. Joint Stock Company (Private/Public Limited)

A registered association of persons with capital divided into transferable shares; a separate legal entity.

Advantages

- Limited liability shareholders' risk limited to their investment
- Large capital can be raised through shares/debentures
- Perpetual succession company continues regardless of shareholder changes
- Professional management possible
- Ownership (shares) easily transferable (especially public companies)
- Separate legal entity - can own property

Disadvantages

- Complex and costly to form (legal formalities, registration under Companies Act)
- Heavy government regulation and compliance (audits, filings, disclosures)
- Slower decision-making due to hierarchical structure
- Risk of conflict between ownership (shareholders) and management
- Public companies face loss of privacy (mandatory disclosures)

4. Cooperative Society

A voluntary association of persons who join together for mutual economic benefit, working on the principle of "each for all, and all for each. "

Advantages

- Democratic management - one member, one vote, regardless of capital contributed
- Limited liability for members
- Government support (tax benefits, subsidies)
- Focus on service rather than profit motive; benefits members directly
- Open and voluntary membership

Disadvantages

- Limited capital, since reliance is mainly on member contributions
- Inefficient management due to lack of professional expertise
- Slow decision-making due to democratic procedures
- Lack of motivation/incentive since profit isn't the main driver
- Government interference in operations

5. Public Enterprises (Government/State-Owned)

Owned and managed by the government (central, state, or local) - includes departmental undertakings, public corporations, and government companies.

Types:

- **Departmental Undertaking** (e.g., Railways) - direct government control
- **Public Corporation** (e.g., LIC) - separate legal entity, government-owned
- **Government Company** (e.g., BHEL, ONGC) - registered under Companies Act, 51%+ government shareholding

Advantages

- Serves public interest over profit motive
- Large-scale capital availability from government
- Provides essential services even in unprofitable areas
- Generates employment and supports economic planning
- Price and quality control possible for public welfare

Disadvantages

- Bureaucratic delays and red-tapism
- Political interference in management decisions
- Often inefficient due to lack of competition
- Losses commonly funded by taxpayers
- Slow to adapt to market changes

6. Multinational Corporation (MNC) / Joint Venture

A company that operates in more than one country, or a strategic alliance between two or more firms (often across borders) to share resources and risk.

Advantages

- Access to global markets, capital, and technology
- Risk and cost-sharing (in joint ventures)
- Transfer of technology and managerial expertise
- Economies of scale from large-scale operations

Disadvantages

- Complex legal and regulatory compliance across countries
- Cultural and management conflicts (especially in JVs)
- Profit repatriation issues; currency/exchange rate risk
- Dependency on foreign policies and trade regulations

Globalization is the process by which countries become more connected and interdependent through the exchange of **goods, services, technology, information, capital, and culture**.

Key Features

- **Free trade** between countries.
- **Flow of capital and investment** across borders.
- **Transfer of technology** worldwide.
- **Movement of people** for education, employment, and tourism.
- **Rapid communication** through the internet and digital technology.
- **Cultural exchange** through media, entertainment, and social platforms.

Advantages

- More employment opportunities.
- Access to better technology.
- Increased foreign investment.
- Wider market for businesses.
- Better quality products at competitive prices.

Disadvantages

- Increased competition for local industries.
- Loss of traditional culture and identity.
- Income inequality.
- Environmental concerns due to industrial growth.
- Dependence on global markets.

Sample Question Bank:

1. Explain the characteristics of management.
2. Describe the levels of management with suitable examples.
3. Explain the managerial skills required at different levels of management.
4. Discuss the functions of management.
5. Explain Scientific Management.
6. Describe the contributions of F.W. Taylor to management.
7. Explain Henry Fayol's 14 principles of management.
8. Compare Taylor's and Fayol's principles of management.
9. Explain the concept and importance of globalization.
10. Discuss the impact of globalization on Indian industries.

11. Define management and explain its characteristics, objectives, and importance.
12. Explain the functions of management with a neat diagram.
13. Discuss the different levels of management and their responsibilities.
14. Explain the managerial skills proposed by Katz with examples.
15. Describe Scientific Management and explain Taylor's principles and techniques.
16. Explain Henry Fayol's contribution to management and discuss his 14 principles.
17. Compare Scientific Management and Administrative Management.
18. Explain the different forms of business ownership: Proprietorship, Partnership, Joint Stock Company, Cooperative Society, and Government Sector.
19. Discuss the concept, advantages, disadvantages, and challenges of globalization.
20. "Management is both a science and an art." Justify the statement with suitable examples.
