

LESSON ONE

INTRODUCTION

Management is a vital aspect of the economic life of man, which is an organised group activity. It is considered as the indispensable institution in the modern social organization marked by scientific thought and technological innovations. One or the other form of management is essential wherever human efforts are to be undertaken collectively to satisfy wants through some productive activity, occupation or profession.

It is management that regulates man's productive activities through coordinated use of material resources. Without the leadership provided by management, the resources of production remain resources and never become production. Management is the integrating force in all organized activity. Whenever two or more people work together to attain a common objective, they have to coordinate their activities.

DEFINITION OF MANAGEMENT

Many management experts have tried to define management. But, no definition of management has been universally accepted. Let us discuss some of the leading definitions 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 members, 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 organization through systematic, co-ordinated co-operative human effort."
Henry Fayol, "To manage is to forecast and plan, to organize, to compound, to co-ordinate and to control."

Harold Koontz says, "Management is the art of getting things done through and within formally 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."

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 organization 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 community with a view of fulfilling the purposes for which it exists."

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."

Koontz 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 toward the attainment of group goals. It is the art of getting the work done through and with people in formally organized groups."

James Lundy, "Management is principally a task of planning, coordinating, motivating and controlling the efforts of other towards a specific objective. It involves the combining of the traditional factors of production land, labour, capital in an optimum manner, paying due attention, of course, to the particular goals of the organization."

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

J.N. Schulze, "Management is the force which leads guides and directs an organization 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 organization 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."

GE. 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 organization in the realizing of established aims."

Mary Parker Follett defines management as the "art of getting things done through people". This definition calls attention to the fundamental difference between a manager and other personnel of an organization. A manager is one who contributes to the organization's goals indirectly by directing the efforts of others - not by performing the task himself. On the other hand, a person who is not a manager makes his contribution to the organization's goals directly by performing the task himself.

Sometimes, however, a person in an organization may play both these roles simultaneously. For example, a sales manager is performing a managerial role when he is directing his sales force to meet the organization's goals, but when he himself is contacting a large customer and negotiating a deal, he is performing a non-managerial role. In the former role, he is directing the efforts of others and is contributing to the organization's goals indirectly; in the latter role, he is directly utilizing his skills as a salesman to meet the organization's objectives.

A somewhat more elaborate definition of management is given by George R. Terry. He defines management as a process "consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use of people and other resources". According to this definition, management is a process - a systematic way of doing things. The four management activities included in this process are: planning, organizing, actuating and controlling.

To conclude, we can say that various definitions of management do not run contrary to one another. Management is the sum-total of all those activities that (i) determine objectives, plans, policies and programmes; (ii) secure men, material, machinery cheaply (iii) put all these resources into operations through sound organization (iv) direct and motivate the men at work, (v) supervises and control their performance and (iv) provide maximum prosperity and happiness for both employer and employees and public at large.

IS MANAGEMENT A SCIENCE OR AN ART?

A question often arises whether management is a science or art. It is said that "management is the oldest of arts and the youngest of sciences". This explains the changing nature of management but does not exactly answer what management is? To have an exact answer to the

question it is necessary to know the meanings of the terms "Science" and "Art".

What is "Science"?

Science may be described, "as a systematic body of knowledge pertaining to an area of study and contains some general truths explaining past events or phenomena". The above definition contains three important characteristics of science. They are:

1. It is a systematized body of knowledge and uses scientific methods for observation,
2. Its principles are evolved on the basis of continued observation and experiment, and
3. Its principles are exact and have universal applicability without any limitation.

Judging from the above characteristics of science, it may be observed that:

- a. Management is a systematized body of knowledge and its principles have evolved on the basis of observation.
- b. The kind of experimentation (as in natural sciences) cannot be accompanied in the area of management since management deals with the human element.
- c. In management, it is not possible to define, analyse and measure phenomena by repeating the same conditions over and over again to obtain a proof.

Fredrick W. Taylor was the first manager-theorist who made significant contributions to the development of management as a science. He used the scientific methods of analysis, observation and experimentation in the management of production function. A perceptive manager, as he was, he distilled certain fundamental principles and propounded the theory and principles of scientific management. His work was followed by many others including Gantt, Emerson, Fayol, Barnard, etc.

The above observation puts a limitation on management as a science. Management like other social sciences can be called as "inexact science".

What is "Art"?

'Art' refers to "the way of doing specific things; it indicates how an objective is to be achieved." Management like any other operational activity has to be an art. Most of the managerial acts have to be cultivated as arts of attaining mastery to secure action and results. The above definition contains three important characteristics of art. They are:

1. Art is the application of science. It is putting principle into practice.
2. After knowing a particular art, practice is needed to reach the level of perfection.
3. It is undertaken for accomplishing an end through deliberate efforts.

Judging from the above characteristics of art, it may be observed that:

- a. Management while performing the activities of getting things done by others is required to apply the knowledge of certain underlying principles which are necessary for every art.
- b. Management gets perfection in the art of managing only through continuous practice.
- c. Management implies capacity to apply accurately the knowledge to solve the problems, to face the situation and to realise the objectives fully and timely.

Just as an engineer uses the science of engineering while building a bridge, a manager uses the knowledge of management theory while performing his managerial functions.

The above observation makes management an art and that to a fine art.

Management is both a Science as well as an Art: Management is both a science as well as an art. The science of management provides certain general principles which can guide the managers in their professional effort. The art of management consists in tackling every situation in an effective manner. As a matter of fact, neither science should be over-emphasised nor should be the art discounted; the science and the art of management go together and are both mutually interdependent and complimentary. Management is thus a science as well as an art. It can be said that- "the art of management is as old as human history, but the science of management is an event of the recent past."

Management as a Profession

We often hear of professionalisation of management in our country. By a professional manager, we generally mean a manager who undertakes management as a career and is not interested in acquiring ownership share in the enterprise which he manages. But, is management a profession in the true sense of the word? or, is management a profession like the professions of law and medicine?

According to McFarland a profession possess the following characteristics:

- (i) a body of principles, techniques, skills, and specialized knowledge;

- (ii) formalized methods of acquiring training and experience;
- (iii) the establishment of a representative organization with professionalisation as its goal;
- (iv) the formation of ethical codes for the guidance of conduct; and
- (v) the charging of fees based on the nature of services.

Management is a profession to the extent it fulfils the above conditions. It is a profession in the sense that there is a systematized body of management, and it is distinct, identifiable discipline. It has also developed a vast number of tools and techniques. But unlike medicine or law, a management degree is not a prerequisite to become a manager. In fact, most managers in India as elsewhere do not have a formal management education. It seems reasonable to assume that at no time in the near future, the possession of a management degree will be a requirement for employment as a career manager.

Management is also a profession in the sense that formalized methods of training is available to those who desire to be managers. We have a number of institutes of management and university departments of management which provide formal education in this field. Training facilities are provided in most companies by their training divisions. A number of organizations such as the Administrative Staff College of India, the Indian Institutes of Management, Management Development Institute, the All India Management Association, and the university departments of management offer a variety of short-term management training programmes.

Who is a Manager?

A Manager is the person responsible for planning and directing the work of a group of individuals, monitoring their work, and taking corrective action when necessary. For many people, this is their first step into a management career. A manager's title reflects what he/she is responsible for. e.g:

1. An Accounting Manager supervises the Accounting function.
2. The Production Manager developed a staffing plan for the factory.
3. The Manager of Design Engineering supervises engineers and support staff engaged in design of a product or service.

Roles of a Manager

1. **Interpersonal roles:** Three interpersonal roles help the manager keep the organisation

tion running smoothly. Managers play the figurehead role when they perform duties that are ceremonial and symbolic in nature. These include greeting the visitors, attending social functions involving their subordinates (like weddings, funerals), handing out merit certificates to workers showing promise etc. The leadership role includes hiring, training, motivating and disciplining employees. Managers play the liaison role when they serve as a connecting link between their organisation and others or between their units and other organisational units. Mintzberg described this activity as contacting outsiders who provide the manager with information. Such activities like acknowledgements of mail, external board work, etc., are included in this category. 2. Informational roles: Mintzberg mentioned that receiving and communicating information are perhaps the most important aspects of a manager's job. In order to make the right decisions, managers need information from various sources. Typically, this activity is done through reading magazines and talking with others to learn about changes in the customers' tastes, competitors' moves and the like. Mintzberg called this the monitor role. In the disseminator role, the manager distributes important information to subordinates that would otherwise be inaccessible to them. Managers also perform the spokesperson role when they represent the organisation to outsiders. 3. Decisional roles: There are four decision roles that the manager adopts. In the role of entrepreneur, the manager tries to improve the unit. He initiates planned changes to adapt to environmental challenges. As disturbance handlers, managers respond to situations that are beyond their control such as strikes, shortages of materials, complaints, grievances, etc. In the role of a resource allocator, managers are responsible for allocating human, physical and monetary resources. As negotiators, managers not only mediate in internal conflicts but also carry out negotiations with other units to gain advantages for their own unit.

Skills of an Effective Manager

In order to be effective, a manager must possess and continuously develop several essential skills. Robert L. Katz has identified three basic types of skills - technical, human and conceptual - which he says are needed by all managers.

1. Technical skill: It is the ability to use the tools, procedures or techniques of a specialised field. Technical skill is considered to be very crucial to the effectiveness of lower level managers because they are in direct contact with employees performing work activities within the firm. For instance, the success of a drilling supervisor of an oil rig depends a great deal on his technical knowledge of drilling. However, as one moves to higher levels of

management within the organisation, the importance of technical skill diminishes because the manager has less direct contact with day-to-day problems and activities. Thus, the president of an oil company does not need to know much of the technical details of drilling for oil or how to refine it.

2. **Human skill:** It is the ability to work with, understand and motivate other people. This skill is essential at every level of management within the organisation, but it is particularly important at lower levels of management where the supervisor has frequent contact with operating personnel.

3. **Conceptual skill:** It is the mental ability to coordinate and integrate the organisation's interests and activities. It refers to the ability to see the 'big picture', to understand how a change in any given part can affect the whole organisation.

Supporting Katz's contention that specific skills are more important at some levels than at others is a study of managerial roles and behaviour by Jerdee and Carroll. More than four hundred managers from all levels of management and a variety of types and sizes of business are asked to estimate how much time they spent on eight management tasks: planning, investigating, coordinating, evaluating, supervising, staffing, negotiating and representing. Lower and middle-level managers replied that supervising was their dominant activity, while top managers claimed to spend proportionately more time on planning.

4. **Design skill:** Koontz and Weihrich added one more skill to the above list. Design skill is the ability to solve problems in ways that will help the organisation. At higher levels, managers should be able to do more than see a problem, to design a workable solution to a problem in the light of realities they face. If managers merely see a problem and become problem watchers they will fail.

5. **Institution building skills:** According to Prof. Pareek (1981), top level executives perform eight key roles while building institutions of lasting value, as indicated below:

(a) **Identity creating role:** Top level executives must create an identity for their organisations in the market place. Such an impact can be created by servicing employees through excellent welfare measures, developing enviable marketing skills or fostering technological innovations. In short, they must 'carve out a niche' for themselves in the market place.

(b) **Enabling role:** Top level executives must develop their resources (men, materials, equipment and other facilities) in the service of an organisation. A good work atmosphere must be created where employees would feel like contributing their best to the organisation.

(c) **Synergising role:** Synergy means that the whole is greater than the sum of the parts. I

Enabling Environment

In organisational terms, synergy means that as separate departments within an organisation cooperate and interact, they become more productive than if each had acted in isolation.

(d) **Balancing role:** The top executive must be able to strike a harmonious balance between conformity and creativity within the organisation. Conformity to rules when carried out in a rigid and scrupulous manner, may affect employee behaviour in a negative way and destroy the creative potential of employees.

(e) **Linkage building role:** The chief executive must be able to develop appropriate linkages between the organisation and outside constituencies such as government, financial institutions, community and society at large.

(f) **Futuristic role:** The chief executive must prepare the organisation for future challenges. (g) **Creating an impact:** This means making an impact of one's organisation on others, by way of superior technology, marketing skills, innovative abilities, etc.

(h) **Provide superordination:** The chief executive must be able to create a sense of pride and importance in the subordinates - making them feel that they are working in a very important field of work which is very useful for the society.

MANAGEMENT FUNCTIONS /PROCESS OF MANAGEMENT

There is enough disagreement among management writers on the classification of managerial functions. Newman and Summer recognize only four functions, namely, organizing, planning, leading and controlling.

Henri Fayol identifies five functions of management, viz. planning, organizing, commanding, coordinating and controlling.

Luther Gulick states seven such functions under the catch word 'POSDCORB' which stands for planning, organizing, staffing, directing, coordinating, reporting and budgeting. Warren Haynes and Joseph Massie classify management functions into decision-making, organizing, staffing, planning, controlling, communicating and directing. Koontz and O'Donnell divide these functions into planning, organizing, staffing, directing and controlling.

For our purpose, we shall designate the following six as the functions of a manager: planning, organizing, staffing, directing, coordinating and controlling.

1. **Planning:** Planning is the most fundamental and the most pervasive of all management functions.

unctions. If people working in groups have to perform effectively, they should know in advance what is to be done, what activities they have to perform in order to do what is to be done, and when it is to be done. Planning is concerned with 'what', 'how, and 'when' of performance. It is deciding in the present about the future objectives and the courses of action for their achievement. It thus involves: (a) determination of long and short-range objectives;

(b) development of strategies and courses of actions to be followed for the achievement of these objectives; and (c) formulation of policies, procedures, and rules, etc., for the implementation of strategies, and plans.

The organizational objectives are set by top management in the context of its basic purpose and mission, environmental factors, business forecasts, and available and potential resources. These objectives are both long-range as well as short-range. They are divided into divisional, departmental, sectional and individual objectives or goals. This is followed by the development of strategies and courses of action to be followed at various levels of management and in various segments of the organization. Policies, procedures and rules provide the framework of decision making, and the method and order for the making and implementation of these decisions.

Every manager performs all these planning functions, or contributes to their performance. In some organizations, particularly those which are traditionally managed and the small ones, planning are often not done deliberately and systematically but it is still done. The plans may be in the minds of their managers rather than explicitly and precisely spelt out: they may be fuzzy rather than clear but they are always there. Planning is thus the most basic function of management. It is performed in all kinds of organizations by all managers at all levels of hierarchy.

2. Organizing: Organizing involves identification of activities required for the achievement of enterprise objectives and implementation of plans; grouping of activities into jobs; assignment of these jobs and activities to departments and individuals; delegation of responsibility and authority for performance, and provision for vertical and horizontal coordination of activities. Every manager has to decide what activities have to be undertaken in his department or section for the achievement of the goals entrusted to him. Having identified the activities, he has to group identical or similar activities in order to make jobs, assign these jobs or groups of activities to his subordinates, delegate authority to them so as to enable them to make decisions and initiate action for undertaking these activities, and provide for coordination between himself and his subordinates, and among his subordinates. Organizing thus involves the following sub-functions:

(a) Identification of activities required for the achievement of objectives and implementation of plans. (b) Grouping the activities so as to create self-contained jobs. (c) Assignment of jobs to employees. (d) Delegation of authority so as to enable them to perform their jobs and to command the resources needed for their performance. (e) Establishment of a network of coordinating relationships.

Organizing process results in a structure of the organization. It comprises organizational positions, accompanying tasks and responsibilities, and a network of roles and authority-responsibility relationships.

Organizing is thus the basic process of combining and integrating human, physical and financial resources in productive interrelationships for the achievement of enterprise objectives. It aims at combining employees and interrelated tasks in an orderly manner so that organizational work is performed in a coordinated manner, and all efforts and activities pull together in the direction of organizational goals.

3. Staffing: Staffing is a continuous and vital function of management. After the objectives have been determined, strategies, policies, programmes, procedures and rules formulated for their achievement, activities for the implementation of strategies, policies, programmes, etc. identified and grouped into jobs, the next logical step in the management process is to procure suitable personnel for manning the jobs. Since the efficiency and effectiveness of an organization significantly depends on the quality of its personnel and since it is one of the primary functions of management to achieve qualified and trained people to fill various positions, staffing has been recognized as a distinct function of management. It comprises several sub-functions:

(a) Manpower planning involving determination of the number and the kind of personnel required. (b) Recruitment for attracting adequate number of potential employees to seek jobs in the enterprise. (c) Selection of the most suitable persons for the jobs under consideration.

(d) Placement, induction and orientation. (e) Transfers, promotions, termination and layoff.

(f) Training and development of employees.

As the importance of human factor in organizational effectiveness is being increasingly recognized, staffing is gaining acceptance as a distinct function of management. It need hardly emphasize that no organization can ever be better than its people, and managers must perform the staffing function with as much concern as any other function.

4. Directing: Directing is the function of leading the employees to perform efficiently, and contribute their optimum to the achievement of organizational objectives. Jobs assigned to subordinates have to be explained and clarified, they have to be provided guidance in job performance and they are to be motivated to contribute their optimum performance with zeal and enthusiasm. The function of directing thus involves the following sub-functions:

(a) Communication

(b) Motivation

(c) Leadership

5. Coordination: Coordinating is the function of establishing such relationships among various parts of the organization that they all together pull in the direction of organizational objectives. It is thus the process of tying together all the organizational decisions, operations, activities and efforts so as to achieve unity of action for the accomplishment of organizational objectives.

The significance of the coordinating process has been aptly highlighted by Mary Parker Follet. The manager, in her view, should ensure that he has an organization "with all its parts coordinated, so moving together in their closely knit and adjusting activities, so linking, interlocking and interrelation, that they make a working unit, which is not a congeries of separate pieces, but what I have called a functional whole or integrative unity". Coordination, as a management function, involves the following sub-functions:

(a) Clear definition of authority-responsibility relationships ✓

(b) Unity of direction ✓

(c) Unity of command ✓

(d) Effective communication ✓

(e) Effective leadership ✓

6. Controlling: Controlling is the function of ensuring that the divisional, departmental, sectional and individual performances are consistent with the predetermined objectives and goals. Deviations from objectives and plans have to be identified and investigated, and correction action taken. Deviations from plans and objectives provide feedback to managers, and all other management processes including planning, organizing, staffing, directing and coordinating are continuously reviewed and modified, where necessary.

Controlling implies that objectives, goals and standards of performance exist and are known to employees and their superiors. It also implies a flexible and dynamic organization which will permit changes in objectives, plans, programmes, strategies, policies, organizational design, staffing policies and practices, leadership style, communication system, etc., for it is not uncommon that employees failure to achieve predetermined standards is due to defects or shortcomings in any one or more of the above dimensions of management.

Thus, controlling involves the following process:

- (a) Measurement of performance against predetermined goals.
- (b) Identification of deviations from these goals.
- (c) Corrective action to rectify deviations.

It may be pointed out that although management functions have been discussed in a particular sequence—planning, organizing, staffing, directing, coordinating and controlling – they are not performed in a sequential order. Management is an integral process and it is difficult to put its functions neatly in separate boxes. Management functions tend to coalesce, and it sometimes becomes difficult to separate one from the other. For example, when a production manager is discussing work problems with one of his subordinates, it is difficult to say whether he is guiding, developing or communicating, or doing all these things simultaneously. Moreover, managers often perform more than one function simultaneously.

LEVELS OF MANAGEMENT

Levels of management refer to a line of demarcation between various managerial positions in an enterprise. The levels of management depend upon its size, technical facilities, and the range of production.

Considering the hierarchy of authority and responsibility, one can identify three levels of management namely:

- (i) **Top management:** Top management is the ultimate source of authority and it lays down goals, policies and plans for the enterprise. It devotes more time on planning and coordinating functions. It is accountable to the owners of the business of the overall management. Top management of a company consists of owners/shareholders, Board of Directors, its Chairman, Managing Director, or the Chief Executive, or the General Manager or Executive Committee having key officers.

The important functions of top management include:

- (a) To establish the objectives or goals of the enterprise.
- (b) To make policies and frame plans to attain the objectives laid.
- (c) To set up an organizational frame work to conduct the operations as per plans.
- (d) To assemble the resources of money, men, materials, machines and methods to put the plans into action.
- (e) To exercise effective control of the operations.
- (f) To provide overall leadership to the enterprise.

(ii) **Middle management:** The job of middle management is to implement the policies and plans framed by the top management. It serves as an essential link between the top management and the lower level or operative management. They are responsible to the top management for the functioning of their departments. They devote more time on the organization and motivation functions of management. They provide the guidance and the structure for a purposeful enterprise. Middle management of a company consists of heads of functional departments viz. Purchase Manager, Production Manager, Marketing Manager, Financial controller, etc. and Divisional and Sectional Officers working under these Functional Heads.

The following are the main functions of middle management:

- (a) To interpret the policies chalked out by top management.
- (b) To prepare the organizational set up in their own departments for fulfilling the objectives implied in various business policies.
- (c) To recruit and select suitable operative and supervisory staff.
- (d) To assign activities, duties and responsibilities for timely implementation of the plans.
- (e) To compile all the instructions and issue them to supervisor under their control.
- (f) To motivate personnel to attain higher productivity and to reward them properly.

(g) To cooperate with the other departments for ensuring a smooth functioning of the entire organization.

(h) To collect reports and information on performance in their departments.

(i) To report to top management

(j) To make suitable recommendations to the top management for the better execution of plans and policies.

(iii) **Lower or operative management:** It is placed at the bottom of the hierarchy of management, and actual operations are the responsibility of this level of management. It consists of foreman, supervisors, sales officers, accounts officers and so on. They are in direct touch with the rank and file or workers. Their authority and responsibility is limited. Lower level or operative management of a company consists of Superintendents, Foremen, Supervisors, etc.

Skill-mix of different management levels

1. Top Management → Conceptual Skills

2. Middle Management → Human Relations Skills

3. Low Management → Technical Skills.

PRINCIPLES OF MANAGEMENT

A body of principles of management has been developed by Henri Fayol, the father of modern management. Fayol wrote perceptibly on the basis of his practical experience as a manager. Although, he did not develop an integrated theory of management, his principles are surprisingly in tune with contemporary thinking in management theory.

Fayol held that there is a single "administrative science", whose principles can be used in all management situations no matter what kind of organization was being managed. This earned him the title of "Universality". He, however, emphasized that his principles were not immutable laws but rules of thumb to be used as occasion demanded.

Fayol held that activities of an industrial enterprise can be grouped in six categories:

- (i) technical (production),
- (ii) commercial (buying, selling and exchange),
- (iii) financial (search for and optimum use of capital),
- (iv) security (protection of property and persons),
- (v) accounting (including statistics); and
- (vi) managerial.

However, he devoted most of his attention to managerial activity. He developed the following principles underlying management of all kinds of organizations:

1. **Authority and Responsibility:** Fayol held that authority flows from responsibility. Managers who exercise authority over others should assume responsibility for decisions as well as for results. He regarded authority as a corollary to responsibility. Authority is official as well as personal. Official authority is derived from the manager's position in organizational hierarchy and personal authority is compounded of intelligence, experience, moral worth, past services, etc.
2. **Unity of Command:** This principle holds that one employee should have only one boss and receive instructions from him only. Fayol observed that if this principle is violated authority will be undermined, discipline will be jeopardy, order will be disturbed and stability will be threatened. Dual command is a permanent source of conflict. Therefore, in every organization, each subordinate should have one superior whose command he has to obey.
3. **Unity of Direction:** This means that all managerial and operational activities which relate a distinct group with the same objective should be directed by "one head and one plan. According to Fayol, there should be, "one head and one plan for a group of activities having the same objective".
4. **Scalar Chain of Command:** According to Fayol scalar chain is the chain of superior

s ranging from the ultimate authority to the lowest ranks. The line of authority is the route followed via every link in the chain by all communication which start from or go to the ultimate authority.

5. **Division of Work:** This is the principle of specialization which, according to Fayol, applies to all kinds of work, managerial as well as technical. It helps a person to acquire an ability and accuracy with which he can do more and better work with the same effort. Therefore, the work of every person in the organization should be limited as far as possible to the performance of a single leading function.
6. **Discipline:** Discipline is a sine qua non for the proper functioning of an organization. Members of an organization are required to perform their functions and conduct themselves in relation to others according to rules, norms and customs. According to Fayol, discipline can best be maintained by: (i) having good superiors at all levels; (ii) agreements (made either with the individual employees or with a union as the case may be) that are as clear and fair as possible; and (iii) penalties judiciously imposed.
7. **Subordination of Individual Interest to General Interest:** The interest of the organization is above the interests of the individual and the group. It can be achieved only when managers in high positions in the organization set an example of honesty, integrity, fairness and justice. It will involve an attitude and a spirit of sacrificing their own personal interests whenever it becomes apparent that such personal interests are in conflict with organizational interests. It may, however, be emphasized that social and national interests should have precedence over organizational interests whenever the two run counter to each other.
8. **Remuneration:** Employees should be paid fairly and equitably. Differentials in remuneration should be based on job differentials, in terms of qualities of the employee, application, responsibility, working conditions and difficulty of the job. It should also take into account factors like cost of living, general economic conditions, demand for labour and economic state of the business.
9. **Centralisation:** Fayol believed in centralisation. He, however, did not contemplate concentration of all decision making authority in the top management. He, however, held that centralisation and decentralisation is a question of proportion. In a small firm with a limited number of employees, the owner-manager can give orders directly to everyone. In large organizations, however, where the worker is separated from the chief executive through a long scalar chain, the decision making authority has to be distributed among various managers in varying degrees. Here one gener

- ally comes across a situation of decentralisation with centralised control. The degree of centralisation and decentralisation also depends on the quality of managers.
10. **Order:** Order, in the conception of Fayol, means right person on the right job and everything in its proper place. This kind of order, depends on precise knowledge of human requirements and resources of the concern and a constant balance between these requirements and resources.
 11. **Equity:** It means that subordinates should be treated with justice and kindness. This is essential for eliciting their devotion and loyalty to the enterprise. It is, therefore the duty of the chief executive to instill a sense of equity throughout all levels of scalar chain.
 12. **Stability of Tenure of Personnel:** The managerial policies should provide a sense of reasonable job security. The hiring and firing of personnel should depend not on the whims of the superiors but on the well-conceived personnel policies. He points out that it takes time for an employee to learn his job; if they quit or are discharged within a short time, the learning time has been wasted. At the same time those found unsuitable should be removed and those who are found to be competent should be promoted. However, "a mediocre manager who stays is infinitely preferable to outstanding managers who come and go".
 13. **Initiative:** It focuses on the ability, attitude and resourcefulness to act without prompting from others. Managers must create an environment which encourages their subordinates to take initiative and responsibility. Since it provides a sense of greater satisfaction to intelligent employees, managers should sacrifice their personal vanity in order to encourage their subordinates to show initiative. It should, however, be limited, according to Fayol, by respect for authority and discipline.
 14. **Esprit de Corps:** Cohesiveness and team spirit should be encouraged among employees. It is one of the chief characteristics of organized activity that a number of people work together in close cooperation for the achievement of common goals. An environment should be created in the organization which will induce people to contribute to each other's efforts in such a way that the combined effort of all together promotes the achievement of the overall objectives of enterprise. Fayol warns against two enemies of esprit de corps, viz. (i) divide and rule, and (ii) abuse of written communication. It may work to the benefit of the enterprise to divide its enemy but it will surely be dangerous to divide one's own workers. They should rather be welded in cohesive and highly interacting work-groups. Overreliance on written communication also tends to disrupt team spirit. Written communication, when

e necessary, should always be supplemented by oral communication because face-to-face contacts tend to promote speed, clarity and harmony.

ASSIGNMENT

"There is no important area of human activity than management since its task is that of getting things done through people". Discuss.

FURTHER READINGS

- 1 Kootnz & O'Donnell, Principles of Management.
- 2 J.S. Chandan, Management Concepts and Strategies.
3. Arun Kumar and R. Sharma, Principles of Business Management.
4. Sherlerkar and Sherlerkar, Principles of Management
5. B.P. Singh, Business Management and Organizations