

AN INTRODUCTION TO PRINCIPLES OF MANAGEMENT

Hours : 2
Code : 18K3BBELO1

Credit Allotted: 2
Max Marks : 75

UNIT – I

Management – Definitions – Nature and scope of Management.

UNIT – II

Contributions of experts to management thought, F.W.Taylor – Henry Fayol – Elton Mayo – Management by objectives.

UNIT – III

Decision Making – Definitions – Characteristics – importance – problems in Decision making.

UNIT – IV

Organisation – Definition – Process – Importance, Organisation structure.

UNIT – V

Delegation and Decentralization – Definitions of Delegation of Authority – Process and Elements of delegation.

REFERENCE:

1. PC Tripathi,PN Reddy- Principles of Management.TataMcGraw Hill,4th edition.
2. Jayasankar,Principles of Management.
3. Umasekaran, Organisational Behaviour.

UNIT – III

Decision Making – Definitions – Characteristics – importance – problems in Decision making.

Decision making – definition

Decision making is a process of selecting of an alternative from two or more alternatives to determine an opinion or a course of a action.

Characteristics of decision making

Following are the characteristics of decision-making:

1. Decision-making is based on rational thinking. The manager tries to foresee various possible effects of a decision before deciding a particular one. Decision making is an intellectual process, which involves imagination, reasoning, evaluation and judgement.
2. It is a process of selecting the best from among alternatives available. . It is a selection process in which best or most suitable course of action is finalized from among several available alternatives. Such selected alternative provides utmost help in the achievement of organizational goals. The problems for which there is only one selection are most decision problems.
3. It involves the evaluation of various alternatives available. The selection of best alternative will be made only when pros and cons of all of them are discussed and evaluated.
4. Decision-making is the end product because it is preceded by discussions and deliberations.
5. Decision-making is aimed to achieve organizational goals.
6. It also involves certain commitment. Management is committed to every decision it takes.
7. Decision making is a goal oriented process. Decisions are made to attain certain goals. A decision is rated good to the extent it helps in the accomplishment of objectives.
8. It is a focal point at which plans, policies, objectives, procedures, etc., are translated into concrete actions.
9. Decision making is a continuous process pervading all organizational activity, at all levels and in the whole universe. It is a systematic process and an interactive activity.
10. Decision making involves commitment of resources, direction or reputation of the enterprise.
11. Decision making is always related to place, situation and time. It may be decision not act in the given circumstances.

12. After decision making it is necessary and significant to communicate its results (decisions) for their successful execution.
13. The effectiveness of decision-making process is enhanced by participation.

Importance of decision-making

1. **Implementation of managerial function:** Without decision-making different managerial function such as planning, organizing, directing, controlling, staffing can't be conducted. In other words, when an employee does, s/he does the work through decision-making function. Therefore, we can say that decision is important element to implement the managerial function.
2. **Pervasiveness of decision-making:** the decision is made in all managerial activities and in all functions of the organization. It must be taken by all staff. Without decision-making any kinds of function is not possible. So it is pervasive.
3. **Evaluation of managerial performance:** Decisions can evaluate managerial performance. When decision is correct it is understood that the manager is qualified, able and efficient. When the decision is wrong, it is understood that the manager is disqualified. So decision-making evaluate the managerial performance.
4. **Helpful in planning and policies:** Any policy or plan is established through decision making. Without decision making, no plans and policies are performed. In the process of making plans, appropriate decisions must be made from so many alternatives. Therefore, decision making is an important process which is helpful in planning.
5. **Selecting the best alternatives:** Decision making is the process of selecting the best alternatives. It is necessary in every organization because there are many alternatives. So decision makers evaluate various advantages and disadvantages of every alternative and select the best alternative.
6. **Successful; operation of business:** Every individual, departments and organization make the decisions. In this competitive world; organization can exist when the correct and appropriate decisions are made. Therefore, correct decisions help in successful operation of business.

Problems in Decision Making:

Some common difficulties faced in making decisions and implementing them are as follows:

- **i. Incomplete Information:**
 - This is a major problem for every manger. Lack of information leaves a manager adrift in a sea of uncertainty. Not only this, most decisions involve too many complex variables for one person to be able to examine all of them fully.
- **ii. Un-supporting Environment:**
 - The environment—physical and organizational—that prevails in an enterprise affects both the nature of decisions and their implementation. If there is all round goodwill and trust and if the employees are properly motivated, the manager is encouraged to take decisions with confidence. On the other hand, under the opposite circumstances he avoids decision-making.
- **iii. Non-Acceptance by Subordinates:**

- If subordinates have a stake in the decision or are likely to be strongly affected by it, acceptance will probably be necessary for effective implementation. On the other hand, subordinates may not really care what decision is reached. In such situations, acceptance is not an issue.
- Democratic leadership style which encourages subordinates to suggest, criticize, make recommendations or decide upon policies or projects is an effective device for gaining their acceptance and commitment.
- **iv. Ineffective Communication:**
- Another important problem in decision-making is the ineffective communication of a decision. This makes implementation difficult. The manager should, therefore, take care to communicate all decisions to the employees in clear, precise and simple language.
- **v. Incorrect Timing:**
- In decision-making, the problem is not merely of taking a correct decision. It is also of selecting an appropriate time for taking the decision. If the decision is correct but the time is wrong, it will not serve any purpose. For example, if the manager wants to decide about introducing a new product in the market, he should take the decision at a correct time. Otherwise, he may lose the market to his competitors.
- **6. Correctness of Decisions:**
- Whether the decisions taken are correct or not is the first problem faced by the management. If the decision is not correct then it will mean a waste of money and efforts.
- The correctness of a decision depends on the caliber of decision-maker, information available and its analysis. If proper facts and figures are not available then decision will be based on wrong premises.

UNIT – IV

Organisation – Definition – Process – Importance, Organisation structure.

In the context of management, it means formal arrangement of work amongst members of the institution with clear identification of authority and responsibility so that organisational goals can be achieved optimally. If duties of every member and their relationship with peers, superiors and subordinates are not defined, the planning process will be ineffective.

Organisation – Definition

Organisation is the process of identifying and grouping work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.”- Louis Allen

Importance of organization

Once A. Carnegie, a famous American industrialist said, “Take away our factories, take away our trade, our avenues of transportation, our money. Leave nothing but our organisation, and in four years we shall have re-established ourselves.” Every word of Carnegie’s thundering is important. Each word speaks and spells out the need and importance of an effective and fruitful organisation.

Mark Carnegie's leave nothing but our organisation. How confident he was about his managerial skill and organisation structure. No factory, no money, no trade even no transport but organisation and only organisation.

An effective organization – (1) makes the management simple and efficient, (2) encourages specialisation, (3) improves techniques, (4) encourages constructive thinking, (5) increases productivity, and (6) accelerates the progress. The management asks the organisation to accomplish the tasks set-forth before it which an effective organisation is capable of achieving through its fruitful organisational framework.

This is why it is said that organisation is a foundation upon which the whole structure of management can be successfully built.

1. To Administer Economy in Production:

Any company aims at reducing its cost of production. Similarly any commercial undertaking aims at a reduction of its operating cost. An effective and fruitful organisation also aims at a reduction on cost of production, distribution or operation to justify its very existence. To effect economy in the whole organisational structure is a main task of an organisation economy affected results into cheaper availability of goods to the ultimate consumer.

Even if the price of the commodity is not reduced due to some reason or the other; the quality improves, the workers get more wages and the profitability increases. Society stands benefited. Return on investment goes up ultimately leading to larger savings.

In the words of R. C. Davis, "the mission of the business organisation is to acquire, produce and distribute certain values. The business objective, therefore, is the starting point for business thinking. The primary objectives of a business organisation are always those of economic values with which we serve the customer."

2. To Serve the Society:

Any organisation aims at – (i) service of the society, and (ii) service of the enterprise of which it is one of the part. From service to the society it gains – (a) recognition, (b) strength, and (c) stimulus.

Society needs goods at proper time, of standard quality, in adequate quality, at a cheaper rate and regularly. An organisation ensures the society that it would not be lacking. Social gain should be the main aim of any organisation.

If the organisation deviates from this goal certainly it is not going to stand benefited for a longer period since it is the society which helps an organisation, management and enterprise to grow in structure. Goodwill is a gift given by the society to the enterprise and on its own will the society can withdraw it even without a moment's notice.

3. To Economise the Use of Available Resources:

Though in India men are in abundance and other resources are scarce. But the use, of both should be economised in order to guard against the future non-availability of resources. If this happens because of non-judicious and un-planned use of resources then future generation is not going to forgive us. For this reason also-economic use of available resources is desirable.

4. To Establish Healthy Relations between Labour and Capital:

Human relations and behavioural sciences form the basis of any organisational structure today. A capital labour harmonious relations may help in attaining the objectives of the enterprise quickly and honestly. Prosperity to both is ensured by good, relations. Profitability and productivity both increase.

In India the capital and labour are not at their mutual best. Though we talk of 'workers sector' but we have made no sincere efforts in this direction. We have not been able to develop even harmonious relations between the two. A developing country like India can ill afford this situation. We have to find out some way out for better relations and effective achievement of the objectives of the company.

Important Steps Involved in Organisation Process

Organising refers to the grouping of activities necessary for the attainment of objectives. It also indicates the authority and the responsibility assigned to individuals charged with the execution of their respective functions.

Following steps are involved in organising the structure of an enterprise:

Step # 1. Knowledge of Objectives:

While organising it is important to bear in mind the objectives or targets of the enterprise or department. The objectives must be determined keeping in view the environmental situation. They must be clear, precise but complete and free from ambiguity or confusion. Unless the manager or supervisor knows the objectives he may not be able to organise properly and motivate people towards the attainment of the objectives.

Step # 2. Division of Work into Activities:

After laying down the objectives, the manager must identify the total work involved in achieving them. The total work to be performed should be divided into component activities. For instance, the total work of a manufacturing enterprise may be divided into production, finance, personnel, marketing and such other activities.

Step # 3. Grouping the Activities:

The next step is to group the various activities into practical units based on similarity and importance as well as to indicate the person who would do the work. Similar activities should be grouped together under one heading, For instance purchasing, machining, assembling may be placed under manufacturing while recruiting, training, job grading, compensation may be placed under personnel, Other basis for grouping the activities may be utilised such as geographical location, particular equipment utilisation or process to be employed.

Step # 4. Defining and Assigning Activities to Jobs:

Jobs must be clearly defined and the activities related to them must be clearly identified and assigned. This will help the management to fix the authority and responsibility of the employees concerned.

Step # 5. Fitting Personnel into Jobs:

A job must be allotted to a properly qualified person so that none becomes a square peg in a round hole. Each person should be assigned specific job or jobs and be made responsible for it.

Step # 6. Delegation of Required Authority:

Proper authority must be vested in the personnel to enable them to carry out the job. Authority must be commensurate with responsibility. Authority without responsibility and vice-versa is meaningless and futile.

Step # 7. Creating Organisational Relationships:

Creation of different authority relationships such as line, functional or line and staff is essential for the achievement of the objectives. Everyone in the organisation must know as to whom he is accountable and his relationship with other persons in the organisation should be clearly established.

Source <https://www.economicdiscussion.net/organisation/organisation-definitions/32336>

Organization structure

What Is an Organizational Structure?

An organizational structure is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities.

The organizational structure also determines how information flows between levels within the company. For example, in a centralized structure, decisions flow from the top down, while in a decentralized structure, decision-making power is distributed among various levels of the organization.

Having an organizational structure in place allows companies to remain efficient and focused.

1. An organizational structure outlines how certain activities are directed to achieve the goals of an organization.
2. Successful organizational structures define each employee's job and how it fits within the overall system.
3. A centralized structure has a defined chain of command, while decentralized structures give almost every employee receiving a high level of personal agency.

Centralized Versus Decentralized Organizational Structures

An organizational structure is either centralized or decentralized. Traditionally, organizations have been structured with centralized leadership and a defined chain of command. The military is an organization famous for its highly centralized structure, with a long and specific hierarchy of superiors and subordinates.

There has been a rise in decentralized organizations, as is the case with many technology [startups](#). This allows companies to remain fast, agile, and adaptable, with almost every employee receiving a high level of personal agency

An organizational chart is the visual representation of this vertical structure. It is therefore very important for an organization to take utmost care while creating the organizational structure. The structure should clearly determine the reporting relationships and the flow of authority as this will support good communication – resulting in efficient and effective work process flow.

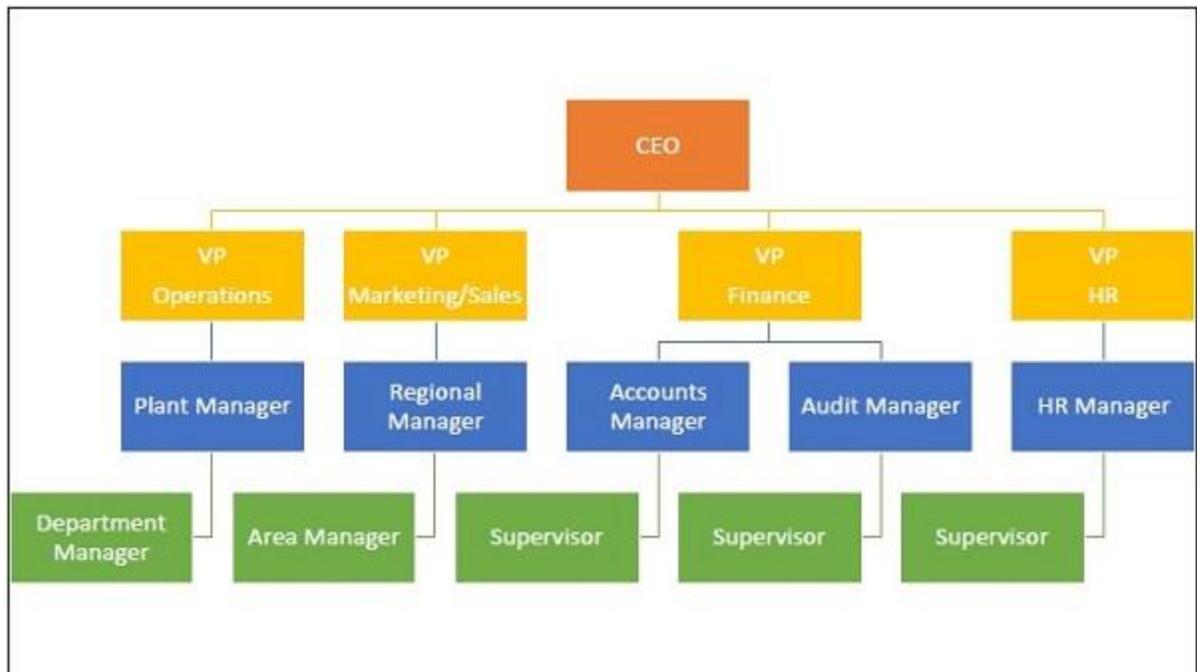
Organization Structures

Managements need to seriously consider how they wish to structure the organization. Some of the critical factors that need to be considered are –

- The size of the organization
- Nature of the business
- The objectives and the business strategy to achieve them
- The organization environment

Functional Organization Structure

The functional structure is the most common model found in most organizations. Organizations with such a structure are divided into smaller groups based on specialized functional areas, such as operations, finance, marketing, Human Resources, IT, etc.



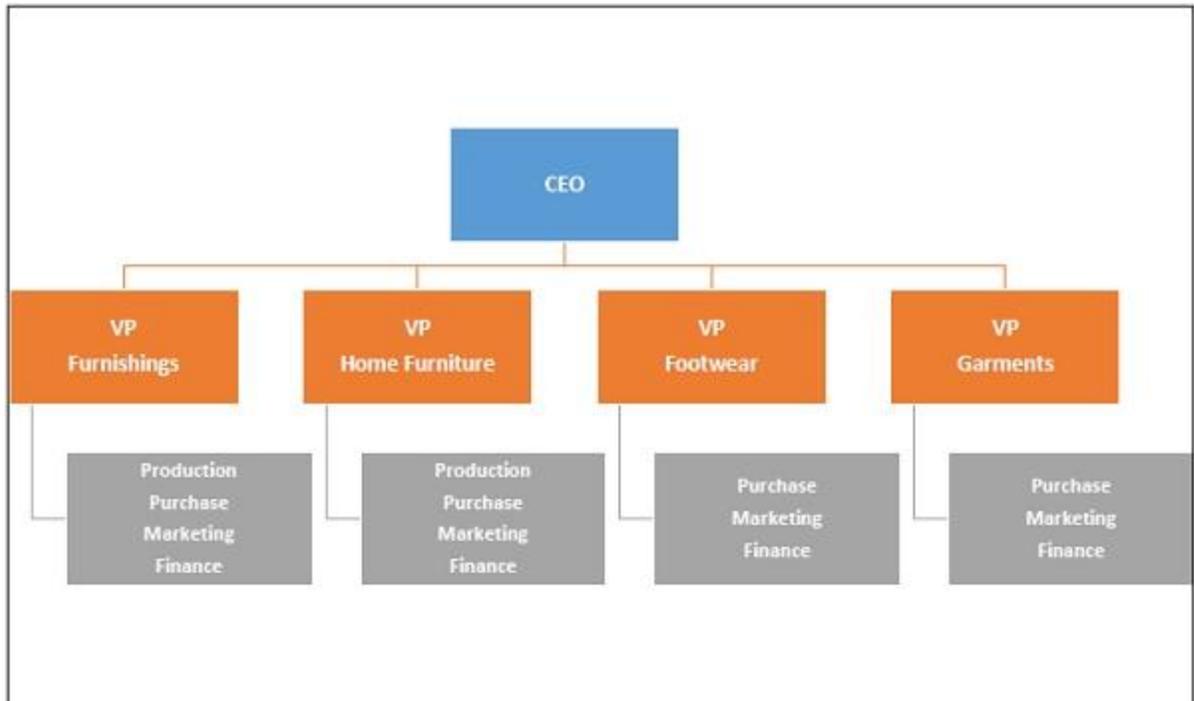
The organization's top management team consists of several functional heads (such as the VP Operations, VP Sales/Marketing). Communication generally occurs within each functional department and is communicated across departments through the department heads.

This structure provides greater operational efficiency as employees are functionally grouped based on expertise and shared functions performed. It allows increased specialization as each group of specialists can operate independently.

In spite of the above benefits there are some issues that arise with this structure. When different functional areas turn into silos they focus only on their area of responsibility and do not support other functional departments. Also expertise is limited to a single functional area allowing limited scope for learning and growth.

Product Organizational Structure

This is another commonly used structure, where organizations are organized by a specific product type. Each product category is considered a separate unit and falls within the reporting structure of an executive who oversees everything related to that particular product line. For example, in a retail business the structure would be grouped according to product lines.



Organization structured by product category facilitates autonomy by creating completely separate processes from other product lines within the organization. It promotes depth of understanding within a particular product area and also promotes innovation. It enables clear focus with accountability for program results.

As with every model, this model also has a few downsides like requirement of strong skills specializing in the particular product. It could lead to functional duplication and potential loss of control; each product group becomes a heterogeneous unit in itself.

Geographic Organizational Structure

Organizations that cover a span of geographic regions structure the company according to the geographic regions they operate in. This is typically found in organizations that go beyond a city or state limit and may have customers all across the country or across the world.

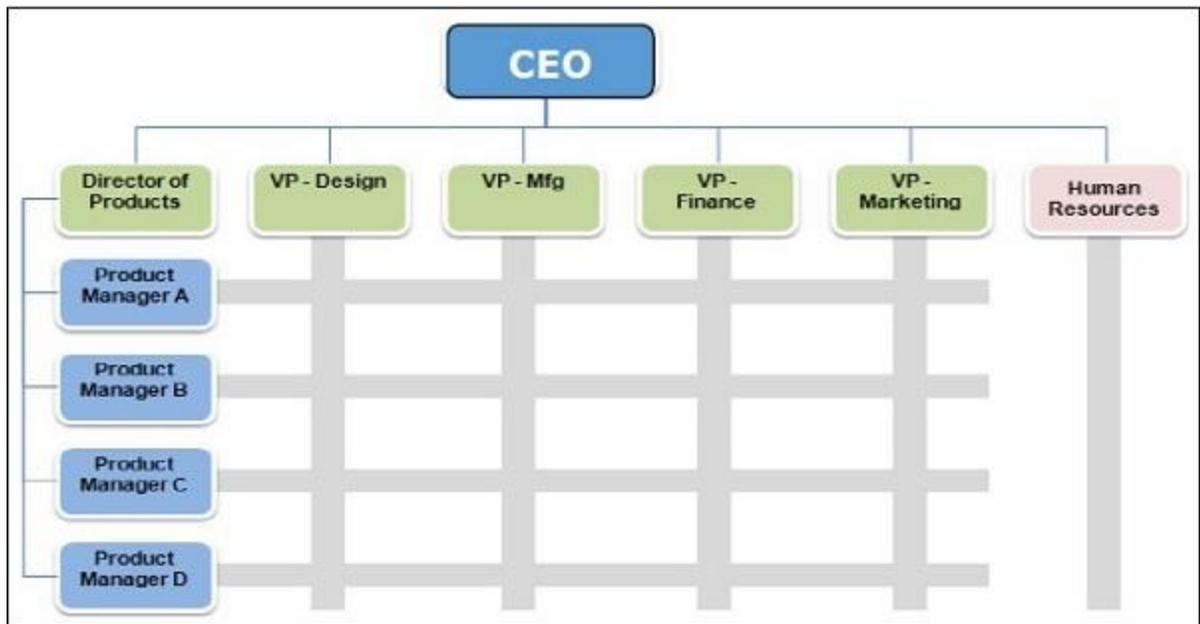


It brings together employees from different functional specialties and allows geographical division. The organization responds more quickly and efficiently to market needs, and focuses efforts solely on the objectives of each business unit, increasing results.

Though this structure increases efficiency within each business unit, it reduces the overall efficiency of the organization, since geographical divisions duplicate both activities and infrastructure. Another main challenge with this model is that it tends to be resource intensive as it is spread across and also leads to duplication of processes and efforts.

Matrix Organizational Structure

A matrix structure is organized to manage multiple dimensions. It provides for reporting levels both horizontally as well as vertically and uses cross-functional teams to contribute to functional expertise. As such employees may belong to a particular functional group but may contribute to a team that supports another program



This type of structure brings together employees and managers across departments to work toward accomplishing common organizational objectives. It leads to efficient information exchange and flow as departments work closely together and communicate with each other frequently to solve issues.

This structure promotes motivation among employees and encourages a democratic management style where inputs from team members are sought before managers make decisions.

However, the matrix structure often increases the internal complexity in organizations. As reporting is not limited to a single supervisor, employees tend to get confused as to who their direct supervisor is and whose direction to follow. Such dual authority and communication leads to communication gaps, and division among employees and managers.

Source :

https://www.tutorialspoint.com/management_principles/management_principles_organizational_structure.htm

UNIT – V

Delegation and Decentralization – Definitions of Delegation of Authority – Process or Elements of delegation.

Delegation and Decentralization

Delegation represents selecting dispersal of authority whereas decentralisation signifies the creation of autonomous and self-sufficient units or divisions.

Major Differences Between Delegation and Decentralization!

1. Responsibility:

In delegation, a superior delegates or transfers some rights and duties to a subordinate but his responsibility in respect of that work does not end.

On the other hand, decentralization relieves him from responsibility and the subordinate becomes liable for that work.

2. Process:

Delegation is process while decentralization is the end result of a deliberate policy of making delegation of authority to the lowest levels in managerial hierarchy.

3. Need.

Delegation is almost essential for the management to get things done in the organisation i.e., delegating requisite authority for performance of work assigned. Decentralisation may or may not be practiced as a systematic policy in the organisation.

4. Control:

In delegation the final control over the activities of organisation lies with the top executive while in decentralisation the power of control is exercised by the unit head to which the authority has been delegated.

5. Authority:

Delegation represents selecting dispersal of authority whereas decentralisation signifies the creation of autonomous and self-sufficient units or divisions.

6. Scope:

Delegation hardly poses any problem of co- ordination to the delegator of authority. While decentralisation poses a great problem in this regard since extreme freedom of action is given to the people by creating self-sufficient or autonomous units.

7. Good Results:

Decentralisation is effective only in big organisations whereas delegation is required and gives good results in all types of organisations irrespective of their size.

8. Nature:

Delegation is the result of human limitation to the span of management. Decentralisation is the other hand, is the result of the big size and multi-farious functions of the enterprise.

Source :<https://www.yourarticelibrary.com/difference/8-major-differences-between-delegation-and-decentralization/25711#:~:text=Delegation%20represents%20selecting%20dispersal%20of,self%20sufficient%20units%20or%20divisions.>

Delegation of authority is the process of transferring responsibility for a task to another employee. As a manager, you can typically transfer responsibility to any of your direct team members. That employee may then decide to delegate some of those responsibilities among their team members if necessary.

Process of Delegation of Authority

The process of delegation of authority comprises of four steps which are as follows:



1. **Assignment of Duties to Subordinates:** Before the actual delegation of authority, the delegator must decide on the duties which he wants the subordinate or the group of subordinates to perform. Here, the manager lists the activities to be performed along with the targets to be achieved, and the same is spelled out to the subordinates. Thus, in the first stage, the duties are assigned to the subordinates as per their job roles.
2. **Transfer of Authority to perform the duty:** At this stage, an adequate authority is delegated to the subordinate which is essential to perform the duty assigned to him. A manager must make

sure; that authority is strictly delegated just to perform the responsibility, as more authority may lead to its misuse by the subordinate.

3. **Acceptance of the Assignment:** At this stage, the subordinate either accepts or rejects the tasks assigned to him by his superior. If the subordinate or the delegate, refuses to accept the duty and the authority to perform it, then the manager looks for the other person who is capable of and is willing to undertake the assignment. Once the assignment gets accepted by the subordinate, the delegation process reaches its last stage.
4. **Accountability:** The process of delegation of authority ends at the creation of an obligation on the part of the subordinate to perform his responsibility within the powers assigned to him. Once the assignment is accepted by the subordinate, then he becomes responsible for the completion of the duty and is accountable to the superior for his performance.

Thus, the process of delegation of authority begins with the duties assigned to the subordinates and ends when the subordinate is obliged to carry out the operations as intended.

Source: <https://businessjargons.com/process-of-delegation-of-authority.html>

Elements of delegation

What are the Three Elements of Delegation:

There are three elements of delegation, i.e., Responsibility, Authority and Accountability.

The detailed description of which are as follows:

(1) Responsibility:

Responsibility is the obligation of a subordinate to properly perform the assigned duty. When a superior assigns a job to his subordinate it becomes the responsibility of the subordinate to complete that job.

This means that the word responsibility comes into play only after the job has been assigned. Thus, to assign job can be called to assign responsibility.

Features:

- (i) Responsibility can be assigned to some other person.
- (ii) The essence of responsibility is to be dutiful.
- (iii) It gets originated because of superior-subordinate relationship.

(2) Authority:

Authority refers to the right of an individual to command his subordinates and to take action within the scope of his position.

The scalar chain establishes the authority, which links the various job positions at different levels of an organisation to discharge given responsibility. Authority gives managers the right to take

decisions, inform people what to do and what is expected of them. Authority originates by virtue of a position. It is highest at the top management and reduces as it flows down.

It means the superior has authority over the subordinate. Authority provides managers the right to direct workforce and expect obedience. Authority determines the superior and subordinate relationship, where superior expects the subordinate to execute his decisions in accordance to the guidelines issued by him.

Authority means the power to take decisions. Decision can be related to the use of resources, and to do or not to do something.

Features:

- (i) Authority can be assigned (delegated) to some other person.
- (ii) It is related to the post (with the change of post, even authorities change).
- (iii) It makes implementation of decisions possible.
- (iv) Authority is the key to a managerial job, because a post without authority cannot be a managerial post.

Difference between Authority and Responsibility:

Authority:

- 1. Meaning – Power to take decision.
- 2. Delegation – Authority can be delegated.
- 3. Origin – It originates because of formal positions in an organisation.
- 4. Essence – The essence of authority is to get decisions implemented.

Responsibility:

- 1. Meaning – The assigned job.
- 2. Delegation – ‘Responsibility for’ can be delegated but the responsibility to’ (which is also known ultimate responsibility or accountability) cannot be delegated.
- 3. Origin – It originates because of senior- subordinate relationship.
- 4. Essence – The essence of responsibility is to obey the duties.

(3) Accountability:

Accountability means the answerability of the subordinate to his superior for his work performance. In other words, when a superior assigns job / work or the responsibility to his subordinates, simultaneously he gives authority to them which makes workers (subordinates) accountable to their superior for the work- performance.

Accountability implies being answerable for the final outcome.

The accountability arises once the authority is delegated and responsibility is accepted & Accountability flows upwards. A subordinate is accountable to the senior for satisfactory performance of work. Accountability cannot be delegated to subordinates.

A subordinate is expected to provide regular feedback on work done and explain consequences of any errors or omissions in actions. Delegation of authority empowers an employee to discharge his/her responsibilities. Though the subordinate is accountable to the superior for his performance but the ultimate accountability lies with the superior.

To conclude we can say that authority is delegated, responsibility is accepted and accountability is imposed. The responsibility is the outcome of authority and accountability is the outcome of responsibility

Features:

- (i) Accountability cannot be delegated to some other person.
- (ii) It is only towards the delegators.
- (iii) Its base is senior-subordinate relationship.
- (iv) It originates because of delegation of authority.

Source: <https://www.economicdiscussion.net/management/delegation-of-authority/elements-of-delegation-meaning-process-and-comparison/31490>