

BUSINESS MANAGEMENT

(For Commerce Undergraduate Classes)

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PREFACE

This Text-Book of **Business Management** is specially prepared for Commerce Students of Various University. It is prepared in accordance with the latest syllabus given in this book

I do not claim any originality in the subject-matter of this book. I have drawn immense material from many standard books on this subject. Yet, this book is original in the exposition and presentation of the subject-matter. The subject-matter has been dealt with exhaustively and in very simple language.

I express my profound gratitude to my well-wishers for their encouragement in the preparation of this book. I am also thankful to the **United Publishers , Mangalore**, for bringing out this book.

I shall consider my efforts amply rewarded if this book is found useful by the teachers and the students.

Suggestions for improvement of this book will be gratefully accepted.

**Mangalore,
2022**

B.S. Raman

Syllabus

BUSINESS MANAGEMENT

UNIT-I : Concepts of management, definition, characteristics of management, Management and Administration, functions of management, management by communication, management by systems, management by participation, management by motivation-MBO, MBE.

UNIT-II : planning- the process of management planning, decision making, strategy formulation, organizing, basic consideration-Departmentation- functional, project, matrix- decentralization and delegation of authority, dynamics of group behavior.

UNIT-III : Leadership- concepts, types of leadership, motivation, concepts and theories, Maslow, Herzberg's theory, Mc Gregor's theory X and Y.

UNIT-IV : Controlling- meaning, definition, techniques of control, PERT, CPM, JIT, budgetary control, standard costing, co-ordination, principles of co-ordination, management audit.

UNIT-V : Emerging trends in management- kaizen, TQM, TPM, MIS, ISO, change management, stress management, fish bone (ISHIKAWA) Diagram, business eco system, logistic management.

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DEFINITION AND MEANING OF MANAGEMENT

The term 'management' is used in different senses.

Generally, the term 'management' is used to refer to the process of managing the activities of an enterprise. In short, it is used to refer to a process, function or activity.

Popularly, the term 'management' is used to refer to the group of managerial personnel of an enterprise (i.e., all those personnel of an enterprise who practise management or who have supervisory responsibility over others). But the use of the term 'management' in this sense is not proper, because the managerial personnel of an enterprise are, usually, designated as "managers", "executives" or "administrators".

The term "management" is also used to refer to a discipline, a field of learning or a branch of knowledge (i.e., the principles and practice of management).

Though the term 'management' is used in different senses referred to above, strictly speaking, it is a functional concept. It refers to the process of management, and not to the managerial personnel or the subject of management. As a functional concept, it can be called 'management process', 'management function' or 'management activity'.

Now, let us consider the definition and meaning of the functional concept of management, i.e., the management process, management function or management activity.

The management process or management function has been defined by different management experts in different ways. They are:

1. Management is what management does:

According to many management experts, management is what management does. That is, management is the sum total of all those functions concerned with the working of an enterprise. This view has been endorsed by many management experts.

Dr. James Lundy has observed, "Management is principally a

task of planning, co-ordinating, motivating and controlling the efforts of others towards a specific objective".

According to Henry Fayol, "To manage is to forecast and to plan, to organise, to command, to co-ordinate and to control".

In the words of George R. Terry, "Management is a distinct process consisting of planning, organising, actuating and controlling performance to determine and accomplish the objectives by the use of people and resources".

2. Management is a process for the utilisation of minimum input for the production of maximum output:

According to some management experts, management is a process for the utilisation of minimum input for the production of maximum output.

According to John F. Mee, "Management is the art of securing maximum results with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public the best possible service".

3. Management is the art of getting things done:

According to many management experts, management is the art of getting things done through people.

In the words of Prof. Harold Koontz, "Management is the art of getting things done through and with people in formally organised groups".

In the words of J.L.Haynes, "Management is an art of getting things done through other people".

According to S. George, "Management consists of getting things done through others. A manager is one who accomplishes the objectives by directing the efforts of others".

4. Management is the function of executive leadership:

According to some management experts, management is the function of executive leadership. In the words of R.C. Davis, "Management is the function of executive leadership everywhere".

In the words of James D.Mooney and Alan C. Reiley, "Management is the art of directing and inspiring people".

5. Management is the development of people:

According to some management experts, management is the development of people.

In the words of Lawrence A. Appley, "Management is the development of people and not the direction of things. It is personnel administration".

The view of Lawrence Appley has been endorsed by the head of an American Corporation. The head of the American Corporation remarked, "We do not build automobiles, airplanes, refrigerators, radios, shoe-strings. We build men, the men build products".

Conclusion:

Each of the various definitions given by different authorities presents only a partial view of the concept of management. In other words, each definition emphasises only a particular aspect of the term 'management'. So, one can get a complete view of the total concept of management only by combining the views of various authorities. If the views of various authorities are combined, management will mean the sum total of all those functions or activities which relate to the laying down of plans, policies and purposes, securing men, money, materials and machinery needed for the achievement of the organisational objectives, putting all of them into operation and supervising and checking their performances in order to ensure the productive use of human and material resources for the benefit of the organisation and employees in particular and the society in general. In other words, management is the sum of three important steps, viz., (i) formulation of policy and its translation into plans, (ii) execution and implementation of plans and (iii) exercising administrative control over the plans. In short, management is the sum total of principal functions, viz., planning, organising, staffing, directing, co-ordinating, communicating and controlling.

NATURE OF MANAGEMENT

Introduction:

The nature of management can be understood through a study of its important characteristics or features.

The following important characteristics of management clearly point out the nature of management.

1. Universal phenomenon:

Management is a universal phenomenon or process. It is present not only in business undertakings but also in political, social, religious and educational institutions. In fact, management is present wherever there is human activity. In short, it is present at all spheres of life. No doubt, there may be slight variations in approach and style of management from concern to concern. But the management process, function or activity is basically the same everywhere.

2. Distinct process:

Management is a process, function or activity. It is a distinct (i.e., separate) process. As a process, it includes a series of actions or operations deliberately undertaken. It is concerned with (i) determination of the aims or objectives of the enterprise, (ii) formulation of the plans and policies to help in the achievement of the objectives of the enterprise, (iii) bringing together the various factors of production, such as men, materials, machines, money, methods, etc. and putting them into efficient working order, (iv) exercise of effective or proper control over the performance of the various factors of production, and (v) creation of proper conditions in which the persons associated with the business, viz., the owners, employees, customers and the society at large, derive maximum satisfaction.

3. Social process:

Management is a social process. It is a social process, in the sense that it takes place only through people, and is concerned with relations among the people.

4. Management is what management does:

Management is what management does. That is, management can do anything and everything it wants. Generally, management performs functions like planning, organising, staffing, directing, co-ordinating, communicating and controlling.

5. Organised or group activity:

Management is concerned with organised or group activity. That is, management comes into existence only when there is an organised or group activity towards a common objective.

6. Management of people:

Management is concerned with the management of the people. **In the**

words of Lawrence Appley, "Management is concerned with the management of people and not the direction of things". Management inspires and motivates the personnel to put forth their best efforts.

7. Getting things done through people:

Management is getting things done through people. In the words of Koontz and O'Donnell, "Management is the art of getting things done through people in formally organised groups".

8. Integrating process:

Management is an integrating or unifying process. That is, the task of management is the welding or integrating into a single working force the human and physical resources.

9. Goal-oriented:

Management is a purposeful or goal-oriented activity. That is, it is concerned with the achievement of the pre-determined objectives of the organisation. In fact, the success of management is measured by the extent to which the organisation goals are achieved.

10. Dynamic:

Management is dynamic, and not static. That is, management adapts itself to changes in environment, and also initiates and introduces changes, i.e., innovations, in methodology.

11. System of authority:

Management is a system of authority, i.e., the right to give orders and power to get them executed. Since management is the process of directing men to perform the pre-determined task, authority to accomplish the work from others is implied in the very concept of management. In fact, authority is considered to be the basis for the performance of managerial functions. In every enterprise, there are built-in levels of authority to direct and control the operations of the business.

12. Decision-making:

Decision-making is the primary element of management. Decisions are taken in all the activities of management. In fact, the success or failure of an organisation is judged by the quality of decisions taken by the managers.

13. Good leadership:

Management implies good leadership (i.e., the ability to lead and get the desired course of action from the subordinates). **In the words of**

R.C.Davis, "Management is the function of executive leadership everywhere".

14. Management at different levels:

Management is needed at different levels of organisation, viz., at top level, middle level and lower level.

15. Management is inborn as well as acquired ability:

According to the traditional concept, management is an inborn ability. That is, managers are born, and not made by imparting training. But, today, management is considered not only as an inborn ability, but also an acquired ability by proper training.

16. One of the factors of production:

Management is one of the factors of production like land, labour and capital. It is one of the economic resources or factors of production, because like land, labour and capital, managerial skills also have to be acquired and used for the production of goods or services.

17. Productive utilisation of resources:

The rationale of management is productive utilisation of resources. That is, management is concerned with the best utilisation of the available resources.

18. Need for organisation:

There is the need for organisation for the success of management. Management uses the organisation for achieving the objectives determined by administration.

19. Directing and controlling:

Management is concerned with directing and controlling of the various activities of the organisation to attain the pre- determined objectives. In fact, management deals particularly with the actual directing of human efforts.

20. Intangible:

Management is intangible. That is, it cannot be seen with the eyes. It is evidenced only by the quality of the organisation and the results, such as the increased morale of the subordinates, increased productivity, etc.

21. Science as well as an art:

Management is a science. It is a science for the following reasons:
