

# PRINCIPLES OF MANAGEMENT

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THIRD EDITION

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*Professor of Management*

B U D D H A



P U B L I C A T I O N S

# PRINCIPLES OF MANAGEMENT

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# Preface

Principles of Management is designed to meet the scope and sequence requirements of the introductory course on management. It is intended for the management course taught at the undergraduate level of business studies. This book is also intended for students studying other professional courses like business science, hotel management, travel and tourism management, and information management. Its purpose is to guide students through the entire course contents on *Principles of Management*. The book deals with the fundamentals of management. Fundamentals imply coverage of the basic principles and functions of management. It tries to build a knowledge foundation.

Every effort has been made to give the students the essential information they need for the course. Every important concept, method, and technique of management has been explained by providing simple examples and descriptions. The materials included in this book are simple to understand, up-to-date, and relevant. There are currently exciting advances in many areas of management. An attempt has also been made to reflect these.

**CONTENT COVERAGE** The book is self-contained in that it includes all the topics covered in the course. It has been organized into eleven chapters. The approach of this edition can be seen by examining the table of contents. The concepts, theories and practices show how managers deal with many emerging issues and challenges they face. The business world managers face has changed, is changing and will continue to change. The dynamic nature of today's organizations means both reward and challenges for individuals who will be running those organizations.

An attempt has therefore been made in this book to cover the fundamental concepts and issues relevant to managers in our context. The changing economic environment of the world is throwing new challenges to the managers. The management concepts, issues and practices are shaping new history. A number of changes are taking place which are influencing the work of managers. Some of the prominent changes which have occurred today are due to growing internationalization and the emerging concepts and issues related to quality management, leadership, diversity, innovation and change, sustainability, ethics and social responsibility, business ecosystem, empowerment and team management. This book will throw light into some of these issues facing organizations.

**PEDAGOGICAL FEATURES** The book contains some other important features. These have, in fact, contributed to the usefulness of the book. The following are the important pedagogical features intended to facilitate student learning:

- **Opening quotes** are given in each chapter to provide a thought-provoking preview of the chapter materials.
- **Learning objectives in terms of competencies** are listed to familiarize the students with the basic learning that they are expected to achieve through the chapter materials. When students finish reading and studying a chapter, they should be able to explain these statements themselves.
- **Full coverage of contemporary topics** has been given to expose students to these emerging issues, and inspire them to creative learning and critical thinking.

**END-OF-CHAPTER ELEMENTS** The following materials are given at the end of each chapter to facilitate interactive and experiential learning:

- A **summary** of materials is given to provide a clear, concise, and quick review of the important concepts in the chapter.
- **Review questions** are given in each chapter. Some of these questions are drawn directly from the materials of the book; while others emphasize integration and application.
- **Readings and references** are provided for each chapter. If the students are interested to have greater and deeper insights into the subject, they can go through these reference materials.
- **Exercises and cases** are given to allow students to apply what they have learned in that particular chapter. These exercises and cases can be used by instructors in small groups of students to facilitate interactive and experiential learning. These exercises, thus, provide focus for class discussion.
- **Numerous graphs, charts, tables, and illustrations** have been given to communicate key materials more clearly to meet students' needs.

# Acknowledgments

I have drawn from a wide variety of subject matter, sources, and personal experience the concepts, examples, figures, tables, and cases. This book is, therefore, not my exclusive product. I owe much of the credit for this book to the references cited at the end of each chapter.

I express my gratitude to all those who have helped me in preparing this book. My colleagues have supported and encouraged me throughout. I would like to extend my warmest appreciation to them for their encouragement, affection, and ongoing support.

I would like to express my warm appreciation to Mr. Nabaraj Bajgain, Managing Director for his cooperation in bringing out this book at the right time. The other staff members of Buddha Publications helped me in several ways in preparing the manuscript. In particular, I would like to thank Mr. Dipendra Shrestha for his tiresome efforts on the word processor.

– Prem R. Pant

# Syllabus

Level: Bachelor of Business Studies

Full Marks: 100

Year: First

Pass Marks: 35

Nature of the Course: Core

Lecture hours: 150

## **COURSE OBJECTIVES**

This course aims to impart the basic management knowledge and skills to the students so as to enhance their managerial capabilities and enable them to apply in the practical field. The course provides a comprehensive knowledge to students about organization and help them understand the major functions, principles and techniques of management.

## **LEARNING OUTCOMES**

Upon successful completion of this course, students will be able to:

- Understand what management is and why it is important
- Have developed a working knowledge of fundamental terminology and frameworks in the functions of management
- Be able to identify and apply appropriate management techniques for managing contemporary organizations
- Have an understanding of the skills, abilities and tools needed to obtain a job on a management track in an organization of their choice.
- Understand the changes in theories about how managers should behave to motivate and control employees

## **COURSE DESCRIPTION**

This course contains the Nature of Organizations, Introduction to Management, Management History and Current Thinking, Environmental Context of Management, Planning and Decision Making, Fundamentals of Organizing, Leadership and Motivation, Fundamentals of Influencing and Communication, Control and Quality Management, Managing in Global Arena, Management Trends and Scenario in Nepal.

## **COURSE DETAILS**

### **Unit 1: The Nature of Organizations**

**15 Hrs.**

Concept of organization; Organizational goals: concept, purposes and types; Features of effective organizational goals; Goal formulation: processes and approaches; Goal succession and displacement; Problems of goal formulation; Changing perspectives of organization.

### **Unit 2: Introduction to Management**

**10 Hrs.**

Management: definition, characteristics, functions, principles; Managerial hierarchy; Types of managers; Managerial skills and roles; Management Careers; Emerging challenges for management.

### **Unit 3: Management: History and Current Thinking**

**15 Hrs.**

Classical Theory: introduction, contribution and limitation; Human relations and Behavioral science theories; System Theory; Decision Theory; Management Science Theory; Contingency Theory; Emerging Management Concepts: workforce diversity, outsourcing, knowledge management, learning organization.

### **Unit 4: Environmental Context of Management**

**16 Hrs.**

Concept of Business Environment; Types of Business Environment: internal and external. Basic Components of External Environment: economic, socio – cultural, political, and technological; Environmental Scanning: concept and methods; SWOT analysis; Social Responsibility of Business: concept and approaches; Areas of Social Responsibility. Business Ethics: meaning and significance; Emerging Business Environment in Nepal.

### **Unit 5: Planning and Making Decisions**

**20 Hrs.**

Planning: concept, types, process and importance; Strategic Planning: fundamentals of strategic planning; Tactical Planning: comparing and coordinating strategic and tactical planning; The Planning and Levels of Management; Decision Making: meaning, types, approaches and process; Decision making under conditions of certainty, risk and uncertainty; Group Decision Making: advantages and process; Elements of Decision Situation; Management by Objectives (MBO): factors necessary for a successful MBO program.

### **Unit 6: Fundamentals of Organizing**

**18 Hrs**

Organizing: concept, principles and process; Approaches to Organizing: classical, behavioral, contingency. Departmentalization: meaning and types; Delegation of Authority: meaning, steps, obstacles; Eliminating Obstacles to the Delegation Process; Centralization and Decentralization: meaning, advantages and disadvantages; Concept of Organic and Mechanistic Views of Organization; Organization Architectures: vertical differentiation (tall versus flat hierarchies), horizontal differentiation (functional structure, multidivisional structure, geographic structure, and matrix structure); Modern Organizational Structures: team, network and 360 degree structure.

- Unit 7: Leadership and Motivation** **22 Hrs.**  
 Leadership: Concept, functions, styles; Approaches to Leadership: trait, behavioral, and situational; Leadership Today: transformational, coaching, entrepreneurial leadership; Leadership Situations and Decisions; Team Management; Conflict: meaning and types; Managing Conflicts in Organization; Motivation: concept and process; Theories of Motivation: need hierarchy and motivation-hygiene; Strategies for Motivating Employees;
- Unit 8: Fundamental of Influencing and Communication** **8 Hrs.**  
 Influencing: concept and fundamentals; Influencing people; Influencing subsystem; Communication: concept, structure, and process; Types of Communication: formal and informal, Interpersonal and nonverbal communication in organization; Barriers to Effective Communication; Enhancing Effective Communication.
- Unit 9: Control and Quality Management** **11Hrs**  
 Control Systems: concept, process, types, and characteristics of effective control system; Potential Barriers to Successful Controlling; Quality Control Systems; Total Quality Management (TQM): concept and tools; Deming Management: principles and techniques; The Quality Improvement Process;
- Unit 10: Managing in the Global Arena** **8 Hrs**  
 Globalization: concept, effects; Fundamentals of International Management; Multinational Companies: meaning, types, advantages, and disadvantages; Digital dimensioning and Planning, Organizing, Influencing, and Controlling.
- Unit 11: Management Trends and Scenario in Nepal** **7 Hrs**  
 Growth of Business Sector in Nepal; Major Industries in Nepal: manufacturing, export oriented, import substitution, and service sector; Existing Management Practices and Business Culture in Nepalese Organization; Major Problems of Businesses in Nepal.

**SUGGESTED READING:**

- Griffin, Ricky W., *Management*, AITBS Publishers and Distributors, Delhi.
- Samuel C. Certo, *Modern Management*, Prentice Hall of India, Delhi
- Charles W.L. Hill and Steven L. McShane, *Principles of Management*, Tata Mc-Graw-Hill Company, New Delhi
- Robins, Stephen P. and Coulter, Mary, *Management*, Prentice Hall of India.
- James, Stoner, AF, Freeman, Edward, R. and Gillbert, R., Jr. Daniel, *Management*, Pearson, India.
- Pant, P.R., *Principles of Management*, Buddha Publication Pvt. Ltd., Nepal
- Chalise, M. and Gautam, P. K., *Principles of Management*, KEC Publication and Distribution Pvt. Ltd., Nepal

# Contents

## Chapter 1

### **The Nature of Organizations**

Introduction .....	2
Concept of Organization .....	2
Organizational Goals .....	4
<i>Concept</i> .....	4
<i>Purposes</i> .....	5
<i>Types</i> .....	6
Features of Effective Organizational Goals .....	7
Goal Formulation .....	8
<i>Processes of Goal Formulation</i> .....	8
<i>Approaches to Goal Formulation</i> .....	9
Goal Succession and Displacement .....	10
<i>Goal Succession</i> .....	11
<i>Goal Displacement</i> .....	11
Problems of Goal Formulation .....	12
Changing Perspectives on Organization .....	14
<b>Summary</b> .....	<b>18</b>
<b>Review Questions</b> .....	<b>19</b>
<b>Project Work</b> .....	<b>20</b>
<b>Readings and References</b> .....	<b>20</b>

## Chapter 2

### **Introduction to Management**

Introduction .....	22
Definition of Management .....	22
Characteristics of Management .....	23
Functions of Management .....	25
Principles of Management .....	27
Managerial Hierarchy .....	29
<i>Concept of Hierarchy</i> .....	29
Types of Managers .....	30
<i>Managers by Level</i> .....	31
<i>Managers by Types</i> .....	34

Managerial Skills and Roles .....	34
<i>Managerial Skills</i> .....	34
<i>Managerial Roles</i> .....	36
Management Careers .....	39
Emerging Challenges for Management .....	40
Summary .....	44
Review Questions .....	45
Case Studies .....	46
Readings and References .....	48

### Chapter 3

## Management: History and Current Thinking

Introduction .....	50
The Classical Theory .....	50
<i>Scientific Management</i> .....	50
<i>Administrative Management Theory</i> .....	54
Human Relations and Behavioural Science Theories .....	59
<i>Human Relations Approach</i> .....	59
<i>Behavioural Science Approach</i> .....	60
The Decision Theory .....	63
The Management Science Theory .....	64
The Systems Theory .....	66
The Contingency Theory .....	68
Emerging Management Concepts .....	70
<i>Workforce Diversity</i> .....	70
<i>Outsourcing</i> .....	71
<i>Knowledge Management</i> .....	71
<i>Learning Organization</i> .....	72
Summary .....	73
Review Questions .....	74
Exercises .....	75
Case Studies .....	76
Readings and References .....	77

### Chapter 4

## Environmental Context of Management

Introduction .....	80
Concept of Business Environment .....	80
Types of Business Environment .....	81
<i>Internal Environment</i> .....	81
<i>External Environment</i> .....	82

Basic Components of External Environment .....	84
<i>Economic Environment</i> .....	84
<i>Socio-cultural Environment</i> .....	86
<i>Political Environment</i> .....	88
<i>Technological Environment</i> .....	89
Environmental Scanning .....	91
<i>Concept</i> .....	91
<i>Methods of Environmental Scanning</i> .....	92
SWOT Analysis .....	93
Social Responsibility of Business .....	95
<i>Concept of Social Responsibility</i> .....	95
<i>Contrasting Views</i> .....	96
<i>Approaches to Social Responsibility</i> .....	97
<i>Areas of Social Responsibility</i> .....	98
Business Ethics .....	100
<i>Meaning of Ethics</i> .....	100
<i>Significance of Business Ethics</i> .....	100
Emerging Business Environment in Nepal .....	101
Summary .....	105
Review Questions .....	106
Case Study .....	107
Exercises .....	107
Readings and References .....	108

## Chapter 5

# Planning and Making Decisions

Introduction.....	110
Concept of Planning.....	110
Types of Plans.....	112
<i>Strategic, Tactical and Operational Plans</i> .....	112
<i>Long-Range and Short-Range Plans</i> .....	113
<i>Standing Plans and Single-use Plans</i> .....	113
<i>Hierarchy of Plans</i> .....	115
The Planning Process.....	116
Importance of Planning.....	118
Strategic Planning.....	119
<i>Fundamentals of Strategic Planning</i> .....	119
<i>Formulation Strategic Planning</i> .....	120
Tactical Planning.....	123
<i>Concept of Tactical Planning</i> .....	123
<i>Features of Tactical Plans</i> .....	123

<i>Comparing and Coordinating Strategic and Tactical Planning</i> .....	123
The Planning and Levels of Management .....	124
Concept and Definition of Decision Making .....	127
Approaches to Decision Making .....	127
<i>The Classical Model</i> .....	127
<i>The Administrative Model</i> .....	128
Types of Decisions .....	129
<i>Types by Frequency</i> .....	129
<i>Types by Nature</i> .....	130
Decision Making Process .....	131
Decision Making under Conditions of Certainty, Risk and Uncertainty	134
Group Decision Making .....	135
<i>Concept</i> .....	135
<i>Advantages of Group Decision Making</i> .....	137
<i>Group Decision Making Process</i> .....	137
Elements of Decision Situation .....	138
Management by Objectives (MBO) .....	140
<i>Concept</i> .....	140
<i>Assumption of MBO</i> .....	141
<i>The Process of MBO</i> .....	141
<i>Factors Necessary for a Successful MBO Program</i> .....	143
Summary .....	144
Review Questions .....	145
Case Studies .....	146
Readings and References .....	149

## Chapter 6

# Fundamentals of Organizing

Introduction .....	152
Concept of Organizing .....	152
Principles of Organizing .....	152
Process of Organizing .....	155
Approaches to Organizing .....	155
<i>Classical Approach</i> .....	155
<i>Behavioural Approach</i> .....	157
<i>Contingency Approach</i> .....	158
Departmentation .....	159
<i>Meaning of Departmentation</i> .....	159
<i>Types of Departmentation</i> .....	160
Delegation of Authority .....	160
<i>Meaning of Delegation of Authority</i> .....	160

<i>Features of Delegation of Authority</i> .....	161
<i>Advantages of Delegation of Authority</i> .....	161
<i>Steps in Delegation of Authority</i> .....	162
<i>Obstacles to Delegation of Authority</i> .....	163
<i>Eliminating Obstacles to the Delegation Process</i> .....	163
Centralization and Decentralization .....	164
<i>Meaning of Centralization and Decentralization</i> .....	164
<i>Advantages of Centralization</i> .....	165
<i>Advantages of Decentralization</i> .....	165
<i>Disadvantages of Centralization</i> .....	165
<i>Disadvantages of Decentralization</i> .....	166
<i>Difference between Delegation and Decentralization</i> .....	166
Organic and Mechanic Views of Organization .....	167
<i>Mechanistic View</i> .....	167
<i>Organic View</i> .....	168
Organizational Architecture .....	168
<i>Vertical Differentiation</i> .....	169
<i>Horizontal Differentiation</i> .....	170
<i>Matrix Structure</i> .....	174
Modern Organizational Structures .....	176
<i>Team Structure</i> .....	176
<i>Network Structure</i> .....	177
<i>360 Degree Structure</i> .....	179
Roles of Leaders in the Changed Context of Organizing .....	180
<b>Summary</b> .....	<b>181</b>
<b>Review Questions</b> .....	<b>182</b>
<b>Exercise</b> .....	<b>183</b>
<b>Case Studies</b> .....	<b>184</b>
<b>Readings and References</b> .....	<b>185</b>

## Chapter 7

# Leadership and Motivation

Introduction .....	188
Concept of Leadership .....	189
Functions of Leadership .....	189
Leadership Styles .....	191
<i>Advantages and Disadvantages of Leadership Styles</i> .....	193
Approaches to Leadership .....	194
<i>Trait Approach</i> .....	194
<i>Behaviourial Approach</i> .....	195
<i>Situational Approach</i> .....	198

Leadership Today .....	201
<i>Transformational Leadership</i> .....	202
<i>Coaching</i> .....	204
<i>Entrepreneurial Leadership</i> .....	205
Leadership Situations and Decisions .....	206
Team Management .....	208
<i>Definition of a Team</i> .....	208
<i>Types of Teams</i> .....	209
Conflicts .....	211
<i>Meaning</i> .....	211
<i>Types</i> .....	212
<i>Sources of Conflicts</i> .....	213
Managing Conflicts in Organizations .....	214
<i>Preventing Conflicts</i> .....	214
<i>Conflict Management Strategies</i> .....	215
<i>Conflict Management Techniques</i> .....	216
Concept of Motivation .....	218
Process of Motivation .....	219
Theories of Motivation .....	220
<i>Need Hierarchy Theory</i> .....	220
<i>Motivation-Hygiene Theory</i> .....	222
Strategies for Motivating Employees .....	227
<i>Compensation</i> .....	227
<i>Incentive System</i> .....	228
<i>Effective Reward Management</i> .....	229
<i>Employee Participation</i> .....	229
<i>Self-Managed Work Teams</i> .....	233
Summary .....	233
Review Questions .....	235
Case Studies .....	237
Readings and References .....	239

## Chapter 8

# Fundamental of Influencing and Communication

Introduction .....	242
Concept and Fundamentals of Influencing .....	242
Influencing People .....	243
Influencing Subsystem .....	244
Concept of Communication .....	247

Role and Purpose of Communication in Management .....	249
Communication Structure .....	252
Communication Process .....	253
Types of Communication .....	255
<i>Formal Communication</i> .....	255
<i>Informal Communication</i> .....	256
<i>Interpersonal Communication</i> .....	257
<i>Non-Verbal Communication</i> .....	258
Barriers to Effective Communication .....	259
<i>Process Barriers</i> .....	260
<i>Physical Barriers</i> .....	261
<i>Semantic Barriers</i> .....	261
<i>Psychosocial Barriers</i> .....	262
<i>Technological Barriers</i> .....	262
Enhancing Effective Communication .....	263
Summary .....	265
Review Questions .....	266
Case Studies .....	267
Readings and References .....	268

## Chapter 9

# Control and Quality Management

Introduction .....	270
Concept of Control System .....	270
The Control Process .....	271
Types of Control System .....	273
Characteristics of Effective Control System .....	274
Potential Barriers to Successful Controlling .....	275
Quality Control Systems .....	276
Total Quality Management .....	277
<i>Concept of TQM</i> .....	277
<i>Tools and Techniques of TQM</i> .....	278
<i>Other Tools of TQM</i> .....	282
Deming Management .....	284
<i>Deming's Views on Quality Management</i> .....	284
<i>Principles of Deming's Quality Management</i> .....	284
<i>Techniques of Deming's Quality Management</i> .....	285
Quality Improvement Process .....	287
<i>Concept of Quality Improvement</i> .....	287
<i>Steps in the Quality Improvement Process</i> .....	288

Summary .....	289
Review Questions .....	290
Case Studies .....	291
Readings and References .....	294

## Chapter 10

# Managing in the Global Arena

Introduction .....	296
Concept of Globalization .....	296
Methods of Globalization .....	297
Effects of Globalization .....	299
Fundamentals of International Management .....	300
Multinational Companies .....	301
<i>Meaning of MNCs</i> .....	301
<i>Types of MNCs</i> .....	302
<i>Advantages of MNCs</i> .....	303
<i>Disadvantages of MNCs</i> .....	303
Global Standardization or Local Customization .....	304
Digital Dimensioning and Management Functions .....	305
Summary .....	307
Review Questions .....	308
Exercise .....	309
Case Study .....	309
Readings and References .....	310

## Chapter 11

# Management Trends and Scenario in Nepal

Introduction .....	312
Growth of Business Sector in Nepal .....	312
Major Industries in Nepal .....	313
<i>Manufacturing</i> .....	313
<i>Export-Oriented Industries</i> .....	314
<i>Import-Substituting Industries</i> .....	317
<i>Service Sector</i> .....	319
Existing Management Practices and Business Culture .....	322
Major Problems Facing Business in Nepal .....	325
Summary .....	328
Review Questions .....	329
Project Work .....	330
Readings and References .....	330