

UNIT - 1

INTRODUCTION TO MANAGEMENT

Def :- Management is an Art of getting things done by others through management functions

Nature of Management

- 1) management is goal oriented
- 2) management is universal
- 3) management is an integrative force
- 4) management is a social process
- 5) management is multidisciplinary
- 6) management is continuous process
- 7) management is intangible
- 8) management is an art as well as science.
- 9) management is continuous process
- 10) management is group activity

Scope of management

management is an all pervasive function since it is required in all types of organized endeavour. Thus, its scope is very large. It is difficult to precisely define the scope of management, yet the following areas are included in it

Scope of Management

- 1) Subject matter of management
- 2) Functional areas of management
 - a) Financial mgt
 - b) personnel mgt
 - c) production mgt
 - d) marketing mgt
 - e) material mgt
 - f) purchasing mgt
 - g) maintenance mgt
- 3) management is an inter-disciplinary approach
- 4) universal application
- 5) Goal oriented
- 6) modern management is an agent of change.

MANAGERIAL ROLES

While performing his job, a manager may have to play several roles, Role implies an organised set of observable behaviours attributed to a specific position. As applied to the manager's job. A role means the capacity in which the manager acts.

Henry Mintzberg Identified three categories of Managerial Roles, namely Interpersonal, Informational, Decisional Mintzberg Argued that all managers have formal Authority of status given to them by the organisation. Authority of status give rise to Interpersonal Relationships with Subordinates, Peers & Superiors. These in turn provide managers with information for making decisions. Thus, managerial Roles are interdependent & interact to form an Integrated Whole.

1) Interpersonal Roles

- a) Figure head
- b) Leader
- c) ~~Information~~ Liaison

2) Informational Roles

- a) Monitor
- b) Disseminator
- c) Spokesperson

3) Decisional Roles

- a) Entrepreneur
- b) Disturbance handler
- c) Resource Allocator
- d) Negotiator

Managerial skills

Skills refer to specific abilities or qualities for performing certain tasks in an appropriate manner on a sustained basis. These often involve application of knowledge & expertise to tackle particular situations with confidence.

In order to perform the managerial job effectively, a wide range of skills is required. These skills are described below.

1) Conceptual Skills: These are the abilities to think in creative & abstract terms to visualize & understand the future to organise & translate abstractions into ideas.

2) Analytical Skills: These refer to abilities to break down a complex or situation into its components, to clinically examine its dimension to proceed in a logical & step by step manner to clinically examine the various aspects of a specific issue.

3) Behavioural or Interpersonal skills

4) Administrative skills

5) Technical skills.

LEVELS OF MANAGEMENT

The term 'levels of management' Refers to a line of demarcation between various managerial positions in an organization. The number of levels ~~of~~ in management increase when the size of the business & workforce increase & vice versa.

The levels of management can be classified in three broad categories

- 1) TOP management
 - Board of Directors
 - Managing Director
 - Executive Directors
- 2) middle management → marketing manager, Finance manager, Personnel manager, Sales manager, Production manager
- 3) low level management → Accountant, Supervisor, Foreman,

Functions of Management

there are basically five primary functions of management these are.

- 1) planning
- 2) organizing
- 3) staffing
- 4) Directing
- 5) controlling

1) Planning :- It Refers to deciding now what is to be done in the future it bridges the gap b/w the present and the future planning involves essentially 4 stages

- a) identifying the goal to be achieved.
- b) Exploring the courses of action available to reach this goal.
- c) Evaluating each course of action on merits
- d) finally selecting the best course of action for implementation.

In other words planning ends with selection or decision making. To protect the organisation from some uncertainty. Plans should be more flexible to consider the contingencies. In planning, alive of action is identified from

stage to stage the main idea is to turn out 3.
the most uncertain things to happen with fair
degree of certainty thus, planning function helps
to access in advance what is going to happen
for the organisation in the future.

From the plans, managers develop the
following, so that they can be useful to carry
out their plans

⇒ Forecasts, objectives, policies, strategies,
programms, procedures, schedules, Budgets

2. organising

Organising refers to the process of grouping
the related activities and assigning them to
a manager with authority to supervise. It organising
is an essential function that makes the plans
operational by identifying and classifying necessary
activities. Fayal explains organisation as
a structure of relationships. It explains
superior subordinate relationships. The function
of organising provides the manager enough
flexibility in the organization to create higher
managerial positions that the employees would
cherish to reach.

3. Staffing :-

→ Ascertain how many positions are there in the organisation and at what level. Once this info. is available the next task is to collect details such as what type of candidates are required for each position and accordingly fill up these positions with the right people. Staffing is a process which includes Recruitment, selection, training, placement, appraisal, promotion & career planning.

4. Directing :-

→ The Directing function is concerned with leadership, communication, motivation & supervision so that the employees perform their activities in the most efficient manner possible, in order to achieve the desired goals.

→ The leadership element involves issuing of instructions and guiding the subordinates about procedures and methods.

→ The communication must be open both ways so that the info. can be passed on to the subordinates and the feedback received from them.

motivation is very important since highly motivated people show excellent performance with less direction from superiors.

Supervising subordinates would lead to continuous progress Reports as well as assure the superiors that the directions are being properly carried out.

5. Controlling :-

It is the process of measuring the current performance of the employee and assess where the given objectives are achieved or not.

it involves :

- a) measuring the actual performance of the employee
- b) comparing it with the target.
- c) taking follow up action (i.e) corrective or Remedial action for improving the performance

CHALLENGES OF MANAGEMENT

where from Traditional to New Economic Reforms policy made Indian organisations to face the challenges of Management, where liberalisation of Economy made Indian organisation to think on quality issues, social issues, Technology issues etc.

To cope up with the competitive advantage and make their organisation to reach the shortest path to gain profit for their organisation and it made a challenging task to the management.

Changing Indian Business Environment from 1990's, it still observes continuously the challenges faced by the management.

The following are major challenges of the management:-

- (1) Globalisation of Economy
- (2) Corporate Restructuring.
- (3) New organisation designs
- (4) Changing Work force profile
- (5) Increasing Role of Women Employees.
- (6) Emphasis on knowledge management
- (7) Technological Advancements
- (8) product / service Innovation & development & management

- (9) Global issues & strategic management
- (10) language differences
- (11) National Ethnic groupings
- (12) Attitude & cultural differences.

1) Globalisation of Economy : Today's economy is Globalised in which Geographical boundaries of a country have only political relevance. Globalisation of Economy is integrating our Economy with world Economy.

2) Corporate Restructuring : Corporate Restructuring is a new technique for achieving faster growth Rate. It involves Restructuring the entire business around an organisation's core competence. In Restructuring there are additional dimensions of problems related to managing human Resources,

3) Newer organisational Designs : organisational Designs to day are not based on the classical approach of division of labour, departmentation, Authority - Responsibility pairing of hierarchical levels. They have moved from bureaucratic to adaptive structure from mechanistic to organic structure, from tall to flat structure. The Companies-

- are adapting the concept of virtual organisation
Here comes the problem in maintaining the virtual organisation

4) Changing Job profile: nature of jobs has changed over
the period of time & the process still continues.

The major contributory factors for this phenomenon are
fast changing technology, particularly in terms of automation
Information technology etc. so it is a problem as a
Challenge to maintain the up to Requirement the job
profile for organisation

5) changing workforce profile: with the changing job profile
there is a change in work force profile. Earlier, our labour
force was considered to be illiterate & all management
activities used to be geared to meet job demand
& expectations based on that illiteracy. Now the
situation has completely transformed. Today they are
more educated, skill-oriented comparatively younger
& have high expectations. This is a challenging task
to management to meet the changing workforce profile.

6) Increasing Role of Woman Employees: - throughout the world

there is increasing Role of Woman employees, both in managerial cadre & non managerial cadre. there are several Companies which have launched special Recruitment programmes for Woman Employees. So it is a high task involved to maintain Women welfare, ~~and~~ Safety measures in the organisation.

7) Technology Advancements of management: - As necessity is the

mother of invention. Competition & a host of other Reasons are Responsible for the Rapid technological advancements & innovations. These advancements & innovations of one firm poses challenges for the strategic decision-making of the competing firms. Further, the continuous technological advancements led to the obsolescence of the existing technologies. it creates a challenge for the strategic management of those firms using Obsolete technologies.

8) product / service innovation & Development : Technological advancements & innovations together with changes in consumer tastes & preferences, needs & conveniences led to the continuous product/service development & innovation of new products. The firms with new products/services widely accepted by the customers enjoy distinctive strategic advantage whereas other firms in the same industry suffer from strategic disadvantage. This leads to further competition & creates new challenges for strategic management. Strategic managers will face this problem.

9) Language differences : Unless employees can understand each other, communication is difficult or even impossible. Employees cannot train each other or work together if they can't communicate. Language barriers, therefore pose real & often serious problems.

10) National ethnic groupings : sometimes employees tend to form strong ethnic groups on the basis of similarities. Although such grouping develops a strong sense of teamwork within the group, it doesn't promote working with others who don't share the same language & cultural heritage.

Management is an activity concerned with guiding human and physical resources such that organizational goals can be achieved. Nature of management can be highlighted as:

1. **Management is Goal-Oriented:** The success of any management activity is assessed by its achievement of the predetermined goals or objective. Management is a purposeful activity. It is a tool which helps use of human & physical resources to fulfill the pre-determined goals. For example, the goal of an enterprise is maximum consumer satisfaction by producing quality goods and at reasonable prices. This can be achieved by employing efficient persons and making better use of scarce resources.
2. **Management integrates Human, Physical and Financial Resources:** In an organization, human beings work with non-human resources like machines, Materials, financial assets, buildings etc. Management integrates human efforts to those resources. It brings harmony among the human, physical and financial resources.
3. **Management is Continuous:** Management is an ongoing process. It involves continuous handling of problems and issues. It is concerned with identifying the problem and taking appropriate steps to solve it. E.g. the target of a company is maximum production. For achieving this target various policies have to be framed but this is not the end. Marketing and Advertising is also to be done. For this policies have to be again framed. Hence this is an ongoing process.
4. **Management is all Pervasive:** Management is required in all types of organizations whether it is political, social, cultural or business because it helps and directs various efforts towards a definite purpose. Thus clubs, hospitals, political parties, colleges, hospitals, business firms all require management. Whenever more than one person is engaged in working for a common goal, management is necessary. Whether it is a small business firm which may be engaged in trading or a large firm like Tata Iron & Steel, management is required everywhere irrespective of size or type of activity.
5. **Management is a Group Activity:** Management is very much less concerned with individual's efforts. It is more concerned with groups. It involves the use of group effort to achieve predetermined goal of management of ABC & Co. is good refers to a group of persons managing the enterprise.

1.5. Objectives of Management

The main objectives of management are:

1. **Getting Maximum Results with Minimum Efforts** - The main objective of management is to secure maximum outputs with minimum efforts & resources. Management is basically concerned with thinking & utilizing human, material

& financial resources in such a manner that would result in best combination.
This combination results in reduction of various costs.

2. **Increasing the Efficiency of factors of Production** - Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth & prosperity of the enterprise.
3. **Maximum Prosperity for Employer & Employees** - Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.
4. **Human betterment & Social Justice** - Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity & employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

1.6. Importance of Management

1. **It helps in achieving Group Goals** - It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.
2. **Optimum utilization of resources** - Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.
3. **Reduces costs** - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.
4. **Establishes sound organization** - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for

fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

5. **Establishes equilibrium** - It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change in external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.
6. **Essentials for prosperity of society** - Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

1.7 Nature of Management

1. **Universal process:** Wherever there is human activity, there is management. Without efficient management, objectives of the company cannot be achieved.
2. **Factor of production:** Qualified and efficient managers are essential to utilization of labor and capital.
3. **Goal oriented:** The most important goal of all management activity is to accomplish the objectives of an enterprise. The goals should be realistic and attainable.
4. **Supreme in thought and action:** Managers set realizable objectives and then mastermind action on all fronts to accomplish them. For this, they require full support from middle and lower levels of management.
5. **Group activity:** All human and physical resources should be efficiently coordinated to attain maximum levels of combined productivity. Without coordination, no work would accomplish and there would be chaos and retension.
6. **Dynamic function:** Management should be equipped to face the changes in business environment brought about by economic, social, political, technological or human factors. They must be adequate training so that can enable them to perform well even in critical situations.
7. **Social science:** All individuals that a manager deals with, have different levels of sensitivity, understanding and dynamism.
8. **Important organ of society:** Society influences managerial action and managerial actions influence society. Its manager's responsibility that they should also contribute

towards the society by organizing charity functions, sports competition, donation to NGO's etc.

9. **System of authority:** Well-defined lines of command, delegation of suitable authority and responsibility at all levels of decision-making. This is necessary so that each individual should know what is expected from him and to whom he needs to report to.
10. **Profession:** Managers need to possess managerial knowledge and training, and have to conform to a recognized code of conduct and remain conscious of their social and human obligations.
11. **Process:** The management process comprises a series of actions or operations conducted towards an end.

1.8 Scope of Management

Although it is difficult to precisely define the scope of management, yet the following areas are included in it:

1. **Subject-matter of Management:** Planning, organizing, directing, coordinating and controlling are the activities included in the subject matter of management.²
2. **Functional areas of Management:** These include:
 - a) **Financial Management** includes accounting, budgetary control, quality control, financial planning and managing the overall finances of an organization.
 - b) **Personnel Management** includes recruitment, training, transfer promotion, demotion, retirement, termination, labor-welfare and social security industrial relations.
 - c) **Purchasing Management** includes inviting tenders for raw materials, placing orders, entering into contracts and materials control.
 - d) **Production Management** includes production planning, production control techniques, quality control and inspection and time and motion studies.
 - e) **Maintenance Management** involves proper care and maintenance of the buildings, plant and machinery.
3. **Management is an inter-disciplinary approach:** For the correct implementation of the management, it is important to have knowledge of commerce, economics, sociology, psychology and mathematics.
4. **Universal application:** The principles of management can be applied to all types of organizations irrespective of the nature of tasks that they perform.
5. **Essentials of Management:** Three essentials of management are:
 - Scientific method
 - Human relations
 - Quantitative technique

- 6. Modern Management is an agent of change:** The management techniques can be modified by proper research and development to improve the performance of an organization.

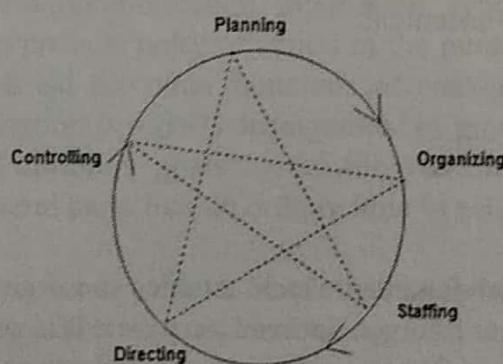
1.9 Functions of Management

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.



1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals.

FUNDAMENTALS OF MANAGEMENT

Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection; appraisal & development of personnel to fill the roles designed on the structure".

Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.
- Remuneration.
- Performance Appraisal.
- Promotions & Transfer.

4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5. Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donnell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished". Therefore controlling has following steps:

- Establishment of standard performance.
- Measurement of actual performance.
- Comparison of actual performance with the standards and finding out deviation if any.
- Corrective action.

6. Co - ordination

Co-ordination is the unification, integration, synchronization of the efforts of group members so as to provide unity of action in the pursuit of common goals. It is a hidden force which binds all the other functions of management. According to Mooney and Reelley, "Co-ordination is orderly arrangement of group efforts to provide unity of action in the pursuit of common goals". According to Charles Worth, "Co-ordination is the integration of several parts into an orderly hole to achieve the purpose of understanding".

Management seeks to achieve co-ordination through its basic functions of planning, organizing, staffing, directing and controlling. That is why, co-ordination is not a separate function of management because achieving of harmony between individuals efforts towards achievement of group goals is a key to success of management. Co-ordination is the essence of management and is implicit and inherent in all functions of management.

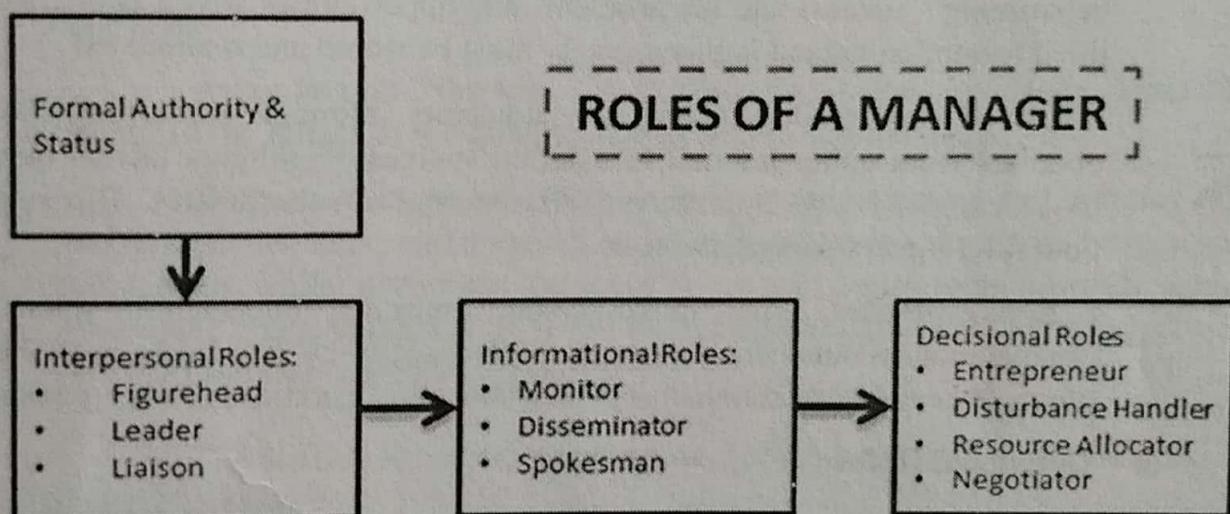
A manager can be compared to an orchestra conductor since both of them have to create rhythm and unity in the activities of group members. Co-ordination is an integral element or ingredient of all the managerial functions as discussed below: -

1. **Co-ordination through planning** - Planning facilitates co-ordination by integrating the various plans through mutual discussion, exchange of ideas. e.g. - co-ordination between finance budget and purchases budget.

1.10 Managerial Roles

As a manager, you probably fulfill many different roles every day. For instance, as well as leading your team, you might find yourself resolving a conflict, negotiating new contracts, representing your department at a board meeting, or approving a request for a new computer system.

Put simply, you're constantly switching roles as tasks, situations, and expectations change. Management expert and Professor "Henry Mintzberg" recognized this, and he argued that there are ten primary roles or behaviors that can be used to categorize a manager's different functions.



1. Interpersonal Roles

These roles relate to the manager's behavior that focuses on interpersonal contact. Interpersonal roles are roles that involve people (subordinates and persons outside the organization) and other duties that are ceremonial and symbolic in nature.

The three interpersonal roles include being a figurehead, leader, and liaison. According to Dr. Henry Mintzberg, these three interpersonal roles derive from the authority and status associated with managers' post.

- a. **Figurehead:** The figurehead performs symbolic legal or social duties. All social, inspiration, legal and ceremonial obligations. In this light, the manager is seen as a symbol of status and authority.
- b. **Leader:** The Leader builds relationships with employees and communicates with, motivates, and coaches them. Duties are at the heart of the manager-subordinate relationship and include structuring and motivating subordinates, overseeing their progress, promoting and encouraging their development, and balancing effectiveness.
- c. **Liaison:** The liaison maintains a network of contacts outside the work unit to obtain information. Describes the information and communication obligations of a manager. One must network and engage in information exchange to gain access to knowledge bases.

2. Informational Roles

Informational roles involve receiving, collecting, and disseminating information. The three informational roles include a monitor, disseminator, and spokesperson.

These informational roles are all about receiving and transmitting information so that managers can serve as the nerve centers of their organization. The informational roles are;

- a. **Monitor:** The monitor seeks internal and external information about issues that can affect the organization. Duties include assessing internal operations, a department's success and the problems and opportunities which may arise. All the information gained in this capacity must be stored and maintained
- b. **Disseminator:** The disseminator transmits information internally that is obtained from either internal or external sources. Highlights factual or value based external views into the organization and to subordinates. This requires both filtering and delegation skills.
- c. **Spokesperson:** The spokesperson transmits information about the organization to outsiders. Serves in a PR capacity by informing and lobbying others to keep key stakeholders updated about the operations of the organization.

3. Decisional Roles

Decisional roles revolved around making choices. Managers' interpersonal role leads to the decisional roles.

Information and resources that's collected and gathered by the interpersonal makes a manger able to play the decisional roles or responsibilities that his is obligated to.

The four decisional roles include being an entrepreneur, disturbance handler, resource allocator, and negotiator.

- a. **Entrepreneur:** The entrepreneur acts as an initiator, designer, and encourage of change and innovation. Roles encourage managers to create improvement projects and work to delegate, empower and supervise teams in the development process.
- b. **Disturbance handler:** The disturbance handler takes corrective action when the organization faces important, unexpected difficulties. A generalist role that takes charge when an organization is unexpectedly upset or transformed and requires calming and support.
- c. **Resource allocator:** The resource allocator distributes resources of all types, including time, funding, equipment, and human resources. Describes the responsibility of allocating and overseeing financial, material and personnel resources.
- d. **Negotiator:** The negotiator represents the organization in major negotiations affecting the manager's areas of responsibility is a specific task which is integral for the spokesman, figurehead and resource allocator roles.

1.11 Management & Administration

"Administration means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programmes and projects".

- Theo Haimann

It refers to the activities of higher level. It lays down basic principles of the enterprise.

According to Newman, "Administration means guidance, leadership & control of the efforts of the groups towards some common goals".

Whereas, management involves conceiving, initiating and bringing together the various elements; coordinating, actuating, integrating the diverse organizational components while sustaining the viability of the organization towards some pre-determined goals. In other words, it is an art of getting things done through & with the people in formally organized groups.

The difference between Management and Administration can be summarized under 2 categories:-

1. Functions
2. Usage / Applicability

1.15 Evolution of Management

1.15.1 Classical Approach

The classical school represented the first major systematic approach to management thought. It was distinguished by its emphasis on finding way to get the work of each employee done faster. It is primarily based upon the economic rationality of all employees.

This evolved that people are motivated by economic incentives and that they will rationally consider opportunities that provide for them the greatest economic gain. The classical school can be broken down into three historical philosophies of management.

These are:

- a) Scientific management,
- b) Administrative management approach, and
- c) Bureaucratic model.

a) Scientific Management:

The growth of factory system led to numerous problems in production and in labor control. Managers could not solve the problems by trial and error methods. The results could not be predicted. So the need arose for better management techniques.

The use of method of science for solving management problems was thought of. The scientific management concept was first developed by F.W. Taylor in between 1895 and 1911.

F.W. Taylor is being called as the Father of Scientific Management. In 1878 he joined as a labourer at Midvale steel company in the USA. From that position he progressed to become Chief Engineer in 1884. He published papers on "piece rate system", "the art of cutting metals" and "shop management". He published a book on "The Principles of Management" in 1911.

F.W. Taylor discovered the application of method of science for solving industrial problems.

Application of scientific methods means adopting the following procedures to solve problems:

- a. Observation,
- b. Measurement,
- c. Experimental comparison, and
- d. Formulation of procedure.

He applied the scientific approach to technical and behavioural human problems.

The main features of Taylor's scientific management are:

- a. Science and not rule of thumb.
- b. Harmony and not discord.
- c. Maximum output and not restricted output.

d. Specialization-Division of work between management and workers.
 e. Training and development of workers.

a. Science and not rule of thumb:

Taylor said that rule of thumb would not help to solve problems in industries. He believed in scientific methods and approach. By applying the scientific methods the industrial efficiency can be improved as explained below.

1. Standardization of working condition:

Providing good working condition will improve industrial efficiency.

The different working conditions are:

- i. Proper lighting.
- ii. Ventilation.
- iii. Temperature
- iv. Humidity
- v. Colour
- vi. Cleanliness.
- vii. Noise, and
- viii. Seating

Applying scientific approach, Taylor found out the minimum requirement of working condition.

2. Standardization of Working Methods:

For doing any job, the best method should be found out. Taylor invested Motion study (now called method study) techniques for this purpose. In this, the method of doing a job is scientifically studied. The waste efforts are eliminated. This leads to savings in human efforts.

3. Establishing the Standard of Performance:

Taylor said that production time for each job should be found out scientifically. For this he invented time study techniques. Here the job is broken into elements. Each element is termed separately, and the total time for the job is found out. This will help to plan the daily work of each worker.

b. Harmony and Not Discord:

Taylor said that the employer and employee should have complete understanding. The interest of employer and employees should be same.

c. Maximum Output and Not Restricted Output:

Taylor evolved methods of getting more production from the workers. He said that workers must be encouraged for higher production. This was done by giving incentive wages for higher producers. He introduced differential piece rate system for this purpose. The workers who produced above the standard level were paid a higher piece rate. Those whose production was lower were paid a lower piece rate.

d. Specialization-Separation of Physical and Mental Activity:

Taylor said that the workers must be relieved of the mental activities so he

separated the mental activity from physical activity. Physical activities are carried out by the people inside the shop. Mental activities are carried out by the people in the office. He evolved the functional organisation structure. He identified the activities in an industry into eight functions. They were called Gang boss, Speed boss, Repair boss, Inspection boss, Instruction card clerk, Time and cost clerk, Route clerk and disciplinarian. The first four foremen worked inside the shop floor. The other four worked in the office.

e. Training and Development of Workers:

Taylor insisted that the workers should be given proper training before they are put in the production line. He said that the selection of workers should be done scientifically. Right person should be employed for the right job.

Other important contribution to the development of scientific management made by Frank B. Gilbreth and his wife Lillian Gilbreth, Henry L. Gantt and Harrington Emerson.

Frank Gilbreth (1868-1924) and Lillian Gilbreth (1878- 1972) as husband and wife team contributed extensively towards the concept of scientific management and were primarily responsible for analysis of time and motion study of workers, thus improving upon time and motion elements by eliminating unnecessary motions.

They were also responsible or such management tools as the process chart, flow diagrams and merit rating system for employees. The Gilbreths identified 18 basic hand motions by breaking down the task into its fundamental elements.

These elements are:

- | | | | |
|-------|--------------------|--------|------------------|
| i. | Search, | ii. | Find, |
| iii. | Select, | iv. | Grasp, |
| v. | Transport loaded, | vi. | Position, |
| vii. | Assemble, | viii. | Use, |
| ix. | Disassemble, | x. | Inspect, |
| xi. | Preposition, | xii. | Release load, |
| xiii. | Transport empty, | xiv. | Rest, |
| xv. | Unavoidable delay, | xvi. | Avoidable delay, |
| xvii. | Plan, and | xviii. | Hold |

These elements are not necessarily sequential, but they are all essential elements of an activity. This study laid foundations for areas of job simplification; work standards and incentives wage plans. In one applications study of the work of some bricklayers, this technique by eliminating the unnecessary motions tripled their productivity.

Henry L. Gantt (1861-1919) worked with Taylor evolved the techniques of work scheduling and control. His most significant contribution was the famous Gantt chart, providing a system for the control and scheduling of work, which is still used in many industries.

He also developed the Task Bonus system, which rewarded efficiency on the part of individual workers and also assured a standard remuneration to all, irrespective of individual output. Viz. "task and bonus plan" was aimed at providing extra wages for extra work in addition to a guaranteed minimum wage. Bonuses were also awarded to supervisors who were successful in getting their workers to meet the output goal.

Harrington Emerson expounded Twelve principles as regards efficient use of organizational resources in his book.

"Twelve principles of Efficiency" published in 1912, the important ones being:

- i. Proper job description based on an objective and fact based analysis,
- ii. Standardization as regards operations, working conditions and work schedules;
- iii. Discipline;
- iv. Need for accurate records and work instructions;
- v. Integration of jobs; and
- vi. Rewards for efficiency.

b) Administrative Management Approach or Modern Movement :

Scientific management focused primarily on the efficiency of production, but administrative management focused on formal organization structure and the delineation of the basic process of general management. This approach is also known as functional or process approach and is based primarily on the ideas of Henry Fayol (1841-1925).

Henry Fayol is recognized as the first person to systematize the administrative approach activities into six groups, all of which are closely dependent on one another.

They are:

- i. Technical,
- ii. Financial,
- iii. Commercial,
- iv. Accounting, and
- v. Managerial.

He broke down the managerial function into five steps including planning, organizing, commanding, coordinating and controlling. Further, he developed fourteen management principles that have been widely circulated as guide for management thought.

These are:

- I. Division of work,
- II. Authority,
- III. Discipline,
- IV. Unity of command,
- V. Unity of direction,
- VI. Subordination of individual interest to the common goal,
- VII. Remuneration of staff,

- VIII. Centralization,
- IX. Scalar chain,
- X. Order,
- XI. Equity,
- XII. Stability of staff,
- XIII. Initiative, and
- XIV. Esprit de corps.

- I. **Division of Work:** Accordingly, a work is given only a particular work to do. Hence, he can become a specialist and this specialization will bring a better efficiency and maximum output.
- II. **Authority:** It is the right to direct to get the work done. This authority is given to execute responsibilities entrusted and the responsibility is the accountability of authority.
- III. **Discipline:** Discipline is defined by H. Fayol as “outward mark of respect for employment agreements and organizational rules.” These should be enforced fairly and judiciously.
- IV. **Unity of Command:** An employee should receive orders from only one supervisor. If this is not followed, confusion and conflict will emerge.
- V. **Unity of Direction:** Fayol states this principle that “there should be one head and one plan for a group of activities.” For example the production department should have only one production manager. Without unity of direction, unity of command cannot function.
- VI. **Subordination of Individual Interest to the Common Goal:** While every employee is working with his individual interest, there will be an organizational interest. So, the individual interest should be integrated with the organizational interest. The employees should give importance first to the general interest/common goal than his individual interest.
- VII. **Remuneration of Staff:** Remuneration is the payment for services provided by the employees. Since the remuneration and additional incentives inspires employees to provide their maximum effort to the organization, the amount of payment and methods of payment should be chosen carefully and should be fairly paid.
- VIII. **Centralization:** If the top-level person has the full power, it will be called as centralization. By contrast, if the power is delegated to the subordinates, it will be called as decentralization. Fayol believed that while some authority should be given to the subordinates to make decisions, all major policy decisions should be made at the top management level.
- IX. **Scalar Chain:** It means “Line of authority”. According to this principle, communication that is, orders and instructions should be sent from the top management to the lowest level in the organization through the line of authority.
- X. **Order:** This principle indicates the arrangement of resources, which may be physical, and human order means. “A place for everything and everything in

its place." This can be done properly by developing precise knowledge of the human requirements and the resources of the concern and having a constant balance between their requirements and their resources.

- XI. Equity:** Equity means a combination of fairness, kindness and justice. Managers should be both fair and friendly to the subordinates. It is not that only the chief executive ought to apply equity in his dealings with the subordinates. Rather, it is the duty of the chief executive himself to ensure that managers at all levels apply equity in their dealings with their subordinates. It will help in soliciting loyalty and devotion from subordinates.
- XII. Stability Of Staff:** Higher labour turnover indicates bad management and bad results and its should be minimized. Tenure and long term commitment therefore should be encouraged. It is better to have one manager of average ability than to have very efficient managers who merely come and go.
- XIII. Initiative:** The power of thinking, and executing is called initiative. It is the capacity to decide what needs to be done. Therefore, subordinates should be encouraged. At times, they will come forward with new ideas and effective plans.
- XIV. Esprit do Corps:** This is the French word which means feeling of harmony and union among people in the organization. So, the employees should work as a team. There is strength in unity.

1.15.2 The Behavioral Approach

The behavioral approach on the human relations approach is based upon the premise of increase in production and managerial efficiency through an understanding of the people.

The human relations approach of management involves with the human behaviour and focused attention on the human beings in the organization. The growth and popularity of this approach is attributable to Elton Mayo (1880-1949) and his Hawthorne experiments.

The Hawthorne experiments were carried out at the Hawthorne plant of the western electric company. These experiments were carried out by Elton Mayo and the staff of the Harvard Business School, main researchers were Elton Mayo, White Head, Roethlisberger and Dickson. The first of Mayo's four studies took place at a Philadelphia textile mill.

The problem he investigated was excessive labour turnover in a department where work was particularly monotonous and fatiguing. The workers tended to sink into a dejected, disconsolate mood soon after being assigned there eventually they would lose their tempers for no apparent reason and impulsively quit. At first Mayo thought the reason for the worker's behaviour must be physical fatigue.

So, he instituted a series of rest periods, during the workday. In course of trying to schedule these periods in the most efficient manner, management experimented with allowing the workers to do the scheduling themselves. The effect was dramatic. Turnover fell sharply to about the same level as that for the rest of the plant, productivity shot upward and the melancholy moods disappeared.

Similar results were obtained at the Hawthorne plant of the western electric company. Mayo's another studies made at the Bank hiring room and at an aircraft factory. Hence the Mayo's study showed that the role played by social needs is more responsive to the social forces operating at work than the economic rewards.