

## MANAGEMENT

“The art of getting things done through people”

“Management is the process of planning, organizing, leading and controlling the efforts of organization members and of other organizational resources to achieve slated organizational goals”

### Definitions:

- 1) According to Taylor:- “Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way.”
- 2) According to Lawrence:- “Management is the accomplishment of results through the efforts of other people.”
- 3) According to Henry Fayol:- “To manage is to forecast and to plan, to organize, to co-ordinate and to control.”

## Nature of Management

**Continuous Process:** Management is a never-ending process. It will remain the part of organization until the organization itself exists. Management is an unending process as past decisions always carry their impact for the future course of action.

**Universal in Nature:** Management is universal in nature i.e. it exists everywhere in universe wherever there is a human activity. The basic principles of management can be applied anywhere whether they are business or non-business organization.

**Multidisciplinary:** Management is multidisciplinary. Though management has developed as a separate discipline, it draws knowledge and concepts of various other streams like sociology, psychology, economics, statistics etc. Management links ideas and concepts of all these disciplines and uses them for good self of the organization.

**Management is a group activity.** Management is a vital part of group activity. As no individual can satisfy all his needs himself, he unites with his co-workers and work together as an organized group to achieve what he cannot achieve individually.

**Management is goal oriented:** Management is a goal-oriented activity. It works to achieve some predetermined objectives or goals, which may be economic or social.

**Dynamic:** Management is dynamic in nature i.e. techniques to manage business changes itself over a period of time.

**System of authority:** Authority is power to get the work done by others and compel them to work systematically. Management cannot perform in absence of authority. Authority and responsibility depends upon position of manager in organization.

**Management is an art:** Management is considered as art as both requires skills, knowledge, experience and creativity for achievement of desired results.

**Management is Science.** Management is considered as science as it tells about the causes and effects of applications and is based on some specific principles and procedures. Management also uses some principles and specific methods. These are formed by continuous observations.

## **IMPORTANCE OF MANAGEMENT**

- **Management meets the challenge of change:** In the modern business world, there are frequent changes. The changes place the business in a dangerous position. Only an efficient management can save the business from the dangers brought in by the challenges.
- **Accomplishment of group goals:** The achievement of objectives of a business depends upon three factors. The proper planning of available resources, adjusting possibility of business unit with existing business environment and the quality of decision taken and control made by the business unit are the factors responsible for achieving objectives.
- **Effective utilization of business:** There are eight 'M's in the business. These are said to be man, money, materials, machines, methods, motivation, markets and management. Management is the topmost of all other 'M's. Management has control over other remaining 'M's.
- **Effective functioning of business:** Ability, experience, mutual understanding, co-ordination, motivation and supervision are some of the factors responsible for the effective functioning of business. Management makes sure that the abilities of workers are properly used and co-operation is obtained with the help of mutual understanding.
- **Management directs the organization:** The human mind directs and controls the functioning of human body. Similarly, the management directs and controls the functioning of an organization.
- **Integrates various interests:** Each person has his own interests. These interests are different in nature. Management takes steps to integrate various interests to achieve the objectives of an organization.

## **FUNCTIONS OF MANAGEMENT**

**Planning:** It includes forecasting, formation of objectives, policies, programmes, producer and budget. It is a function of determining the methods or path of obtaining their objectives. It determines in advance what should be done, why should be done, when, where, how should be done. This is done not only for organization as a whole but also for every division, section and department. Planning is thinking before doing.

**Organizing:** It includes departmentation, delegation of authority, fixing of responsibility and establishment of relationship. It is a function of providing everything useful to the business organization. There are certain resources which are mobilize i.e. man, machine, material, money, but still there are certain limitations on these resources. A manager has to design and develop a structure of various relations. This structure, results from identification and grouping work, delegation of authority and responsibility and establishing relationship.

**Staffing:** It includes man power planning, recruitment, selection, placement and training. People are basically responsible for the progress of the organization. Right man should be employed for right job. It also involved training of personnel and proper remuneration.

**Directing:** It includes decision making, supervising, guidance etc. It reflects providing dynamic leadership. When the manager performs these functions, he issues orders and instructions to supervisors. It also implies the creation of a favorable work, environment motivation, managing managers, managing workers and managing work environment.

**Communication:** Communication provides the vital link in any organization. Every successful manager has to develop an effective system of communication. **Communication** means exchange of facts, ideas and information between two or more person. It helps in building up high moral.

**Controlling:** It is a process of checking actual performance against standard performance. If there is any difference or deviation then these differences should be detected and necessary steps should be taken. It involves three elements: 1. Establishing standard of performance. 2. Measuring actual performance with establishment. 3. Finding out reasons for deviation

**Motivation:** In a well organization unforeseen problems are created. It becomes necessary for the workers to have a leader, to whom they can consult for the guidance. One must help the worker to solve their problems. The manager is the leader for them. So he should accept the problems, should appreciate the workers for the work done by them. He has to act as a well motivation source for he workers.

### **SCIENTIFIC MANAGEMENT by F.W.Taylor**

Scientific management is a part of early management approaches. The chief contributor of scientific management is F. W. Taylor. He is known as Father of Scientific Management (1856 to 1915) was born in USA. He did most of his schooling in France & Germany. He couldn't finish his graduation & join Midvale Co. (Steel Work). He worked there for 6 years. In 1884 he raised to the position of Chief Engineers, as mean while he obtained Masters degree in Physics, Mathematics & Engineering. In 1898, he joined Bethlehem Steel Co. where he did his experiment to increase the loading capacity of each worker with regards to material handling equipment. At first one worker was engaged in loading 12.5 tones of iron. But with the help of time & motion study he proved that one man can load 47.48 tones because of the change in the size of spade & systematic arrangement of instruments. With the help of proper planning organization can earn more profit. Initially the workers in that company are 500 to 600 because of this the strength of workers reduce to 140 and profit increased by 78,000 dollars.

**Definition:-**Scientific management is concern with exactly knowing what you want men to do & then see that they are doing in best & cheapest way.

- **Separation of Planning & Doing:** Before Taylor's scientific management a worker used to plan about his work & instruments necessary for that. Supervisors' job was to see how the workers were performing. This creates many problems. Therefore, Taylor has separated planning & doing authority.
- **Functional Foremanship:** Separation of planning from doing resulted into development of supervision system. In this system, 8 persons were engaged, out of that 4 persons were engaged in planning department. They are time & cost clerk, routine clerk, instruction card clerk & disciplinarian. In production process 4 personnel were engaged, they are speed boss, repair boss, supervisor & gang boss.

- **Job Analysis:** It is related with finding out best way of doing. It means that least movements in doing job. It will lead to complete production in less time & lesser cost. It includes:-
  - A) Time Study: It means determining time required to complete a job in a particular time. The movement which takes minimum time is the best one.
  - B) Motion study: It means study of movement while performing a job i.e. elimination of wasteful movement in performing a job, only necessary movements are engaged.
  - C) Fatigue Study: It shows the amount & frequency of rest required, while completing the work. After certain period of time workers feel fatigue & can't work with full capacity. Therefore, they require rest in between. When rest is allowed they start working with full capacity.
- **Standardization:** As far as possible standardization should be maintained in respect of instruments & tools, period of work, amount of work, working conditions, cost of production etc. these all things are fixed in advance on the basis of job analysis.
- **Scientific Selection & Training of Workers:** Taylor has been suggested that worker should be selected on scientific basis taking into account their education, work experience, attitude & physical strength.
- **Financial Incentives:** Financial incentives help to motivate workers in maximum efforts. Higher wages lead to increase in efforts. He applied differential piece rate system. According to him workers have to complete the work within specified time and then only he will get wages at higher rate per piece & one does not complete a job gets a lower rate. Wages should be based on individual performance & not on the position occupied.
- **Economy:** Techniques of cost estimated & control should be adopted. Waste should be controlled properly. Profit will be achieved with elimination of wastage. He explained how resources are wasted.

### **14 principles of Management by Henri Fayol**

- **DIVISION OF WORK:** Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task. Fayol presented work specialization as the best way to use the human resources of the organization.
- **AUTHORITY:** The concepts of Authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority. Whoever assumes authority also assumes responsibility.
- **DISCIPLINE:** A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.
- **UNITY OF COMMAND:** Workers should receive orders from only one manager.
- **UNITY OF DIRECTION:** The entire organization should be moving towards a common objective in a common direction.
- **SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS:** The interests of one person should not take priority over the interests of the organization as a whole.
- **REMUNERATION:** Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker's rate of pay.

- **CENTRALIZATION:** Fayol defined centralization as lowering the importance of the subordinate role. Decentralization is increasing the importance. The degree to which centralization or decentralization should be adopted depends on the specific organization in which the manager is working.
- **SCALAR CHAIN:** Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possesses certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities. The existence of a scalar chain and adherence to it are necessary if the organization is to be successful.
- **ORDER:** For the sake of efficiency and coordination, all materials and people related to a specific kind of work should be treated as equally as possible.
- **EQUITY:** All employees should be treated as equally as possible.
- **STABILITY OF TENURE OF PERSONNEL:** Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers.
- **INITIATIVE:** Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.
- **ESPIRIT DE CORPS:** Management should encourage harmony and general good feelings among employees.

### **(HAWTHORNE EXPERIMENTS) by Elton Mayo**

Elton Mayo can be called as the Founder of Human relations school. Mayo conducted experiments at the Department of Industrial research of Harvard. Mayo was of the opinion that an individual is not very important, his personality is important as a member of the group. The human relations movement was evolved during 1920's in the U.S.A. Elton Mayo (1880-1949) laid the foundations for the human relations approach. Hawthorne experiments was conducted from 1924 to 1932 at a plant of Western Electric Company, Chicago was manufacturing Telephone System Bell. It employed 30,000 employees at the time of experiment.

The experiment was conducted in 4 phases.

**I] Illumination Experiment:** (Physical, conducting, lighting effect) It was undertaken to find out how change in the level of light & physical factor affects production. Higher illumination will help in increasing the production; decrease in illumination will lead to decrease in production.

**II] Relay Assembly Test Room:** Under this study, two small groups of six female telephone relay assemblers were put in separate rooms under close observation and control. Frequent changes were made in working conditions such as working hours, rest periods, hot lunch etc. Over the two years period, it was concluded that social or human relationship among workers exercised greater influence on productivity of workers than working conditions. This special attention and treatment given to workers developed a sense of group pride and belongingness which motivated them to increase their performance.

**III] Mass Interview Program:** During the course of experiment about 20,000 interviews were conducted from 1928 to 1930. For determination of employee's attitude towards company such as supervision, insurance plan, promotion, wages etc. & yes & no type of questions were asked. During

the course of interview it was discovered that workers behaviour was influenced by group behavior. The programme indicated that productivity can be increased if people allowed talking freely.

**IV] Bank wiring observation room:** This experiment was carried from 1931 to 1932 with a view to analysis functioning of small group & its impact on individual behavior. The group was formed consisting of 14 male members, 9 wire men & two inspectors. Hourly wage rate was based on average output of each worker & bonus was based on the productivity of group of workers. It was found that the group has established its own standards of output and social pressure was exercised

The main conclusions of Hawthorne Experiments are as follows :

- 1) Social factor in output:- Worker is influenced by social factor & the behavior within the group. Man is a social animal. Only monetary incentives are not sufficient to increase the production but non-monetary incentives will also help to increase the production. Means, behavior within the group will definitely increase the production. This acts as a motivating factor.
- 2) Group Influence:- Worker forms a group in the organization means, they develop informal relationship. They try to change their behavior & manager is considered as a part & parcel for that group & not as a manager.
- 3) Leadership:- Leadership is important for directing group behavior. But the formal relationship is not accepted by the workers. Informal relationship which is express in relay assembly test room & bank wiring observation room is lead to increase the efficiency of the workers.
- 4) Supervision:- Supervision is important for determining efficiency of output but friendly supervision helps to increase the productivity of the workers in the organization.
- 5) Communication:- In every organization communication is very important. Workers participation in the process of decision making helps in increasing the productivity. Workers must communicate freely with managers to explain their problem. Better understanding between manager & workers develops positive attitude.

### **Systems Approach**

A system is a set of interdependent parts which form a unit as a whole that performs some function. An organization is also a system composed of four independent parts namely, task, structure, people and technology. The central to the system approach is 'holism' which means that each part of the system bears relation of interdependence with other parts and hence no part of the system can be accurately analyzed and understood apart from the whole system. A system can be open or closed system. In open system, a system interacts with surrounding. An organization is open system because it interacts with it.

A system is a collection of parts that operate inter-despondently to achieve a common purpose. The parts of a system are sub-systems. These subsystems are functionally related to each other and to the total system. An organization may, therefore, be viewed as a system made up of different parts in the form of departments or divisions. According to the Systems Approach School, management involves managing and solving problems in each part of the organization. But this is to be done with the understanding that actions taken in one part of the organization affect other parts of the organization. In solving problems, therefore, managers must view the organization as a dynamic whole, focusing on

the inter-dependence and inter-relationship of the various subsystems from the point of view of overall effectiveness of the organization.

### **Maslow's Need Hierarchy Theory**

Every person has a variety of needs, some of these needs are satisfied and others are unsatisfied. An unsatisfied need is the starting point in the motivation process. When a person has an unsatisfied need, he attempts to identify something that will satisfy the need. This is called as goal. Once a goal has been identified, he takes action to reach that goal and thereby satisfy the need.

- (1) **Physiological needs:** These are the basic needs for sustaining human life itself, such as food, water, shelter and sleep. Maslow took the position that until these needs are satisfied to the reasonable degree necessary to maintain life, other needs will not motivate people.
- (2) **Security or safety needs:** People want to be free of physical danger and of the fear of losing job, property or shelter.
- (3) **Social needs:** Since people are social being, they need to belong, to be accepted by others.
- (4) **Esteem needs:** Once people begin to satisfy their need to belonging, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige and status.
- (5) **Self-actualization needs:** It is desire to become what one is capable of becoming-to maximize one's potential and to accomplish something.

According to Maslow, people attempt to satisfy their physical need first. As long as the needs are unsatisfied, they dominate behavior. As they become reasonably satisfied, they loose their motivational power and the next level i.e., security needs becomes the dominant motivational force. This process continues up the need hierarchy.

### **Theory X and Theory Y**

#### **Theory – X**

Workers dislike to work by themselves

Workers are not ready to take responsibility

Workers prefer to be directed

Workers are unambitious

Workers by nature resist change and want security

Workers lack of creativity, fail to solve organizational problems

Focuses on lower needs

Strict control is necessary

Authority is not delegated

Autocratic leadership is followed



## Theory - Y

Workers feel that work is as natural as play

Workers are ready to accept responsibility

Workers are directed by themselves

Workers are ambitious

Workers are ready to cope up with changes

Workers have high degree of creativity and solve organizational problems

Focuses on higher level needs

Workers exercise self control and self direction to achieve organizational objectives

Authority is delegated

Democratic leadership is followed

## Hertzberg's Two Factors Theory

Fredrick Hertzberg and his associates have proposed a two factors theory of motivation. In one group of needs are such things as company policy and administration, supervision, working conditions, interpersonal relations, salary, job security and personal life. These are called as dissatisfies and not motivators. If they exist in a work environment, they yield no dissatisfaction. Their existence does not motivate but their absence result dissatisfaction. Hertzberg called these factors as **hygiene or maintenance factors**. The second group he listed certain satisfiers and therefore **motivators**, which are related to job content. They include achievement, recognition, challenging work, advancement and growth in the job.

The first group of factors (the dissatisfies) will not motivate in the organization, yet they must be present otherwise dissatisfaction will arise. The second group or the job content factors are real motivators because they have the potential of yielding a sense of satisfaction. It means managers must give considerable attention to upgrading job content.

Hygiene factors	Motivators
Status	Challenging work
Interpersonal relations	Achievement
Quality of supervision	Responsibility
Company policy and administration	Growth in the job.
Working conditions	Advancement
Job security	Recognition
Salary	



## LEADERSHIP AND LEADERSHIP STYLES

The success of a business concern depends upon the ability of its leadership. For example Microsoft, Reliance, Mittal Steels would not have attained their present success but for the able leadership of Bill Gates, Dheerubai Ambani and Lakshmi Mittal. Every enterprise may have will to do, but this will to do is triggered by leadership.

According to Koontz and O'Donnel, **"leadership is generally defined as influence, the art of process of influencing people so that they will strive willingly towards the achievement of group goals"**. A leader is one who guides and directs other people. In the words of Alford and Beatty, **"Leadership is the ability to secure desirable actions from a group or followers voluntarily without the use of coercion"**. A clear distinction can be made between a leader and a manager. A leader emerges out from situations where as a manager is put into his position by appointment. A leader has informal power and a manager has formal power. A leader seeks those very objectives which are the objectives of his subordinates where as a manager seeks those objectives which his subordinates do not regard their own.

**Autocratic leadership:** An autocratic leader is one who dominates and drives his subordinates through coercion, command and the instilling of fear in his followers. An autocratic leader alone determines policies, plans and makes decisions. He demands strict obedience. Such leaders love power and love to use it for promoting their own ends. They never like to delegate their power for they fear that they may loose their authority.

The merits of this type of leadership is that, it can increase efficiency, save time, and get quick results under emergency conditions, chain of command and division of work are clear.

The demerits are people are treated machine-like cogs without human dignity, one way communication without feedback and the leader receives little or no input from his sub-ordinates for his decision-making which is dangerous in the current dynamic environment.

**Democratic leadership:** This style of leadership is also known as participative leadership. As the name itself indicates, in this style, the entire group is involved in goal setting and achieving it. A democratic leader follows the majority opinion as expressed by his group. Subordinates have considerable freedom of action. The leader shows greater concern for his people's interest, is friendly and helpful to them. He is always ready to defend their subordinates individually and collectively. This type of leadership encourages people to develop and grow, receives information and ideas from his subordinates to make decisions, and boosts the morale of employees. The demerits of this type of leadership are (1) Some leaders may use this style as a way of avoiding responsibility, (2) Can take enormous amount of time for making decisions.

**Free-rein:** In this type of leadership, the leaders exercise absolutely no control. He only provides information, materials and facilities to his subordinates. This type of leadership is employee centered and the subordinates are free to establish their own goals and chart out the course of action. This type of leadership can be disaster if the leader does not know well the competence and integrity of his people and their ability to handle this kind of freedom.

# Difference between leaders and managers

## Leaders

- Leaders do right things
- Leaders focus on what can be accomplished
- Innovation
- Commitment
- Outcome oriented
- Energizes system
- Transformational
- Create change
- Vision, inspiration, & encouragement

## Managers

- Managers do things right
- Managers do how things can be done
- Conformity
- Control
- Rules oriented
- Ensure stability of the system
- Transactional
- Manage change
- Strategies, procedure, objectives

## Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a concept that suggests that it is the responsibility of the corporations operating within society to contribute towards economic, social and environmental development that creates positive impact on society at large. Although there is no fixed definition, however the concept revolves around that fact the corporations needs to focus beyond earning just profits. The term became popular in the 1960s and now is formidable part of business operations.

Corporate Social Responsibility is the way companies manage their businesses to produce an overall positive impact on society through economic, environmental and social actions. Corporate social responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ businesses. Business depends for its survival on long term prosperity of the society.

CSR has been defined by different people giving it a varied dimension. According to Michel Hopkins “Corporate Social Responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. ‘Ethically or in a responsible manner’ refers to treating key stakeholders in a manner deemed acceptable according to international norms.”

**1. Care for all stakeholder:** It is responsibility of the corporate to take care the interest of all stakeholders including Customers, shareholders, creditors, supplier, employees, project affecting persons and of course the society where it operates.

**2. Ethical Functioning:** Ethics are the values, behavior, nature, conduct of the person or persons in any organization or society. The best Ethical practices are also awarded. They should not engage in any abusive, unfair, anti-competitive or corrupt language.

**3. Respect for Worker’s Right and Welfare:** The companies should provide the workplace environment that is safe, hygienic and humane to work. They should be taken care of the health issues arising out of the work of the organization. It should conduct the training and development program within the organization for the people of the organization.

**4. Respect for Environment:** The companies are required to utilize the Planet i.e., Natural Capital in a well manner so that it cannot be wasted, excess utilized which is also required for the other states or countries and also requires to be preserve for the future generation.