

Unit – I

1. Introduction to Management: Management Functions, Roles & Skills, Management
2. History – Classical Approach: Scientific Management & Administrative Theory, Quantitative Approach: Operations Research, Behavioral Approach: Hawthorne Studies, Contemporary Approach: Systems & Contingency Theory.

Chapter
1

**Introduction to Management and
Organizations**

LEARNING OUTLINE

Follow this Learning Outline as you read and study this chapter.

- **Who Are Managers?**

- Explain how managers differ from non-managerial employees.
- Describe how to classify managers in organizations.

- **What Is Management?**

- Define management.
- Explain why efficiency and effectiveness are important to management.

LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

•What Do Managers Do?

- **Describe the four functions of management.**
- **Explain Mintzberg's managerial roles.**
- **Describe Katz's three essential managerial skills and how the importance of these skills changes depending on managerial level.**
- **Discuss the changes that are impacting managers' jobs.**
- **Explain why customer service and innovation are important to the manager's job.**

LEARNING OUTLINE (cont'd)

Follow this Learning Outline as you read and study this chapter.

• **What Is An Organization?**

- **Describe the characteristics of an organization.**
- **Explain how the concept of an organization is changing.**

• **Why Study Management?**

- **Explain the universality of management concept.**
- **Discuss why an understanding of management is important.**
- **Describe the rewards and challenges of being a manager.**

What is an Organization?

An organization consists of **people** with formally assigned roles who work together to achieve the **organization's goal**



Who Are Managers?

Someone who **coordinates** and **oversees** the work of other people so that organizational goals can be accomplished.



Classifying Managers

- **First-line Managers**

➤ Individuals who manage the work of non-managerial employees.

- **Middle Managers**

➤ Individuals who manage the work of first-line managers.

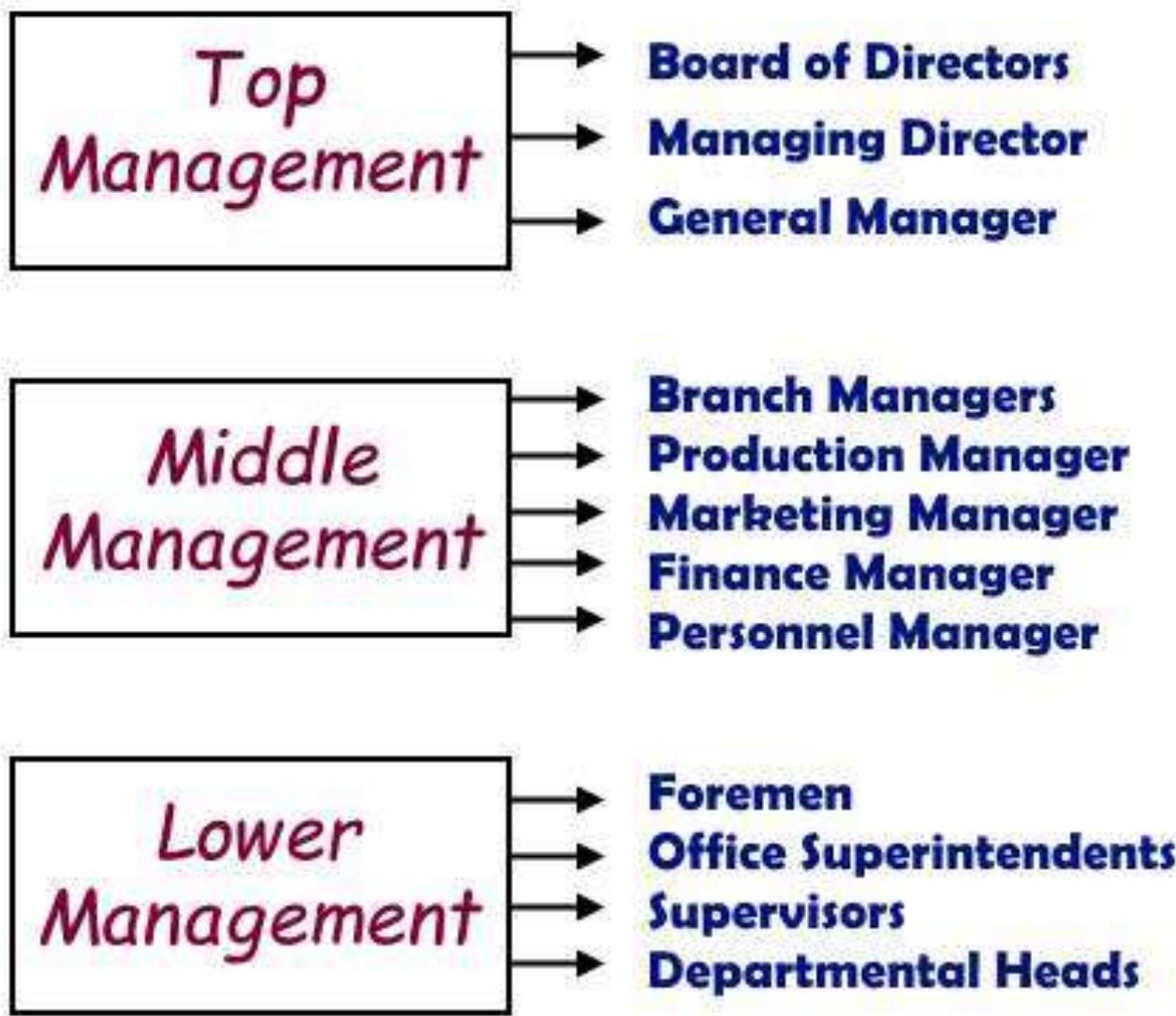
- **Top Managers**

➤ Individuals who are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.

Exhibit 1–1 Managerial Levels



LEVELS OF MANAGEMENT



1. TOP LEVEL MANAGEMENT

- Top level management of a company consists of the **board of directors** and the **chief executive** or **the managing director**.
- Top management is the ultimate source of authority and it **establishes goals and policies** for the enterprise.
- It devotes more time for **planning and co-ordination functions**.

1. It lays down the **objectives** of the enterprise.
- It prepares **strategic plans and policies** for the enterprise.
- It issues necessary instruction for the preparation of **departmental budgets, schedules, procedures**, etc.
- It appoints the executives for the middle level.
- It controls the activities of all departments with the help of reports, memoranda etc.
- It builds and maintains relations with the outside public.

2. MIDDLE LEVEL MANAGEMENT

- Middle level management generally consists of **heads of functional departments** they are responsible to the top management for the **functioning of their departments**.
- They devote more time to the **organization and direction function** of management.
- They **execute** the plans of the organization in accordance with policies and directives of the top management.
- They **make plans** for the **sub-units** of the organization.
- They **participate in the employment and training** of the lower-level management.
- They attempt to **achieve coordination** between different departments.
- They **evaluate the performance** of junior managers.
- They **send the progress reports** and other important data to the top management.

3. LOWER LEVEL MANAGEMENT (SUPERVISORY LEVEL)

- Lower level management is also known as **supervisory management** because it is directly concerned with the control of performance of the operative employees.
- This level includes **supervisors, foremen, accounts officers, sales officers**, and so on.
- They devote **more time on the supervision of workers.**

The important functions of a supervisor or lower level executive are listed below:

1. **To plan and organize the activities of the group.**
2. **To arrange for necessary materials, machines, tools etc. for the workers and to provide them necessary working environment.**
3. **To provide training to the workers.**
4. **To supervise and guide subordinates.**
5. **To solve problems of workers.**
6. **To communicate workers problems to the higher level management.**
7. **To maintain good human relations in the organization.**
8. **To send periodical reports about performance.**

What Is Management?

- Managerial Concerns

- **Efficiency**

- ❖ “**Doing things right**”

- Getting the most output
for the least inputs

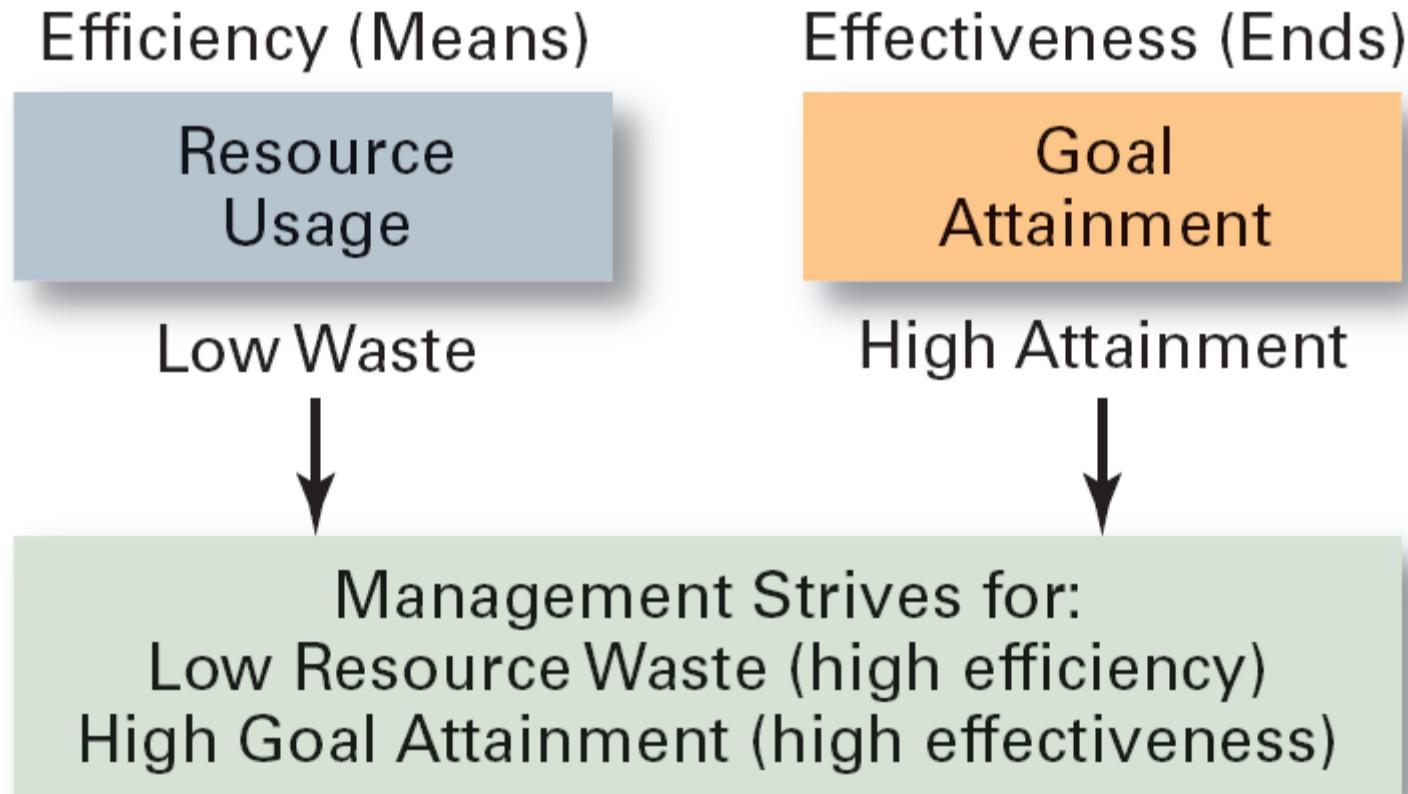
- **Effectiveness**

- ❖ “**Doing the right things**”

- Attaining organizational
goals



Exhibit 1–2 Effectiveness and Efficiency in Management



What Do Managers Do?

- Functional Approach

- **Planning**

- ❖ Defining goals, establishing strategies to achieve goals, developing plans to integrate and coordinate activities.

- **Organizing**

- ❖ Arranging and structuring work to accomplish organizational goals.

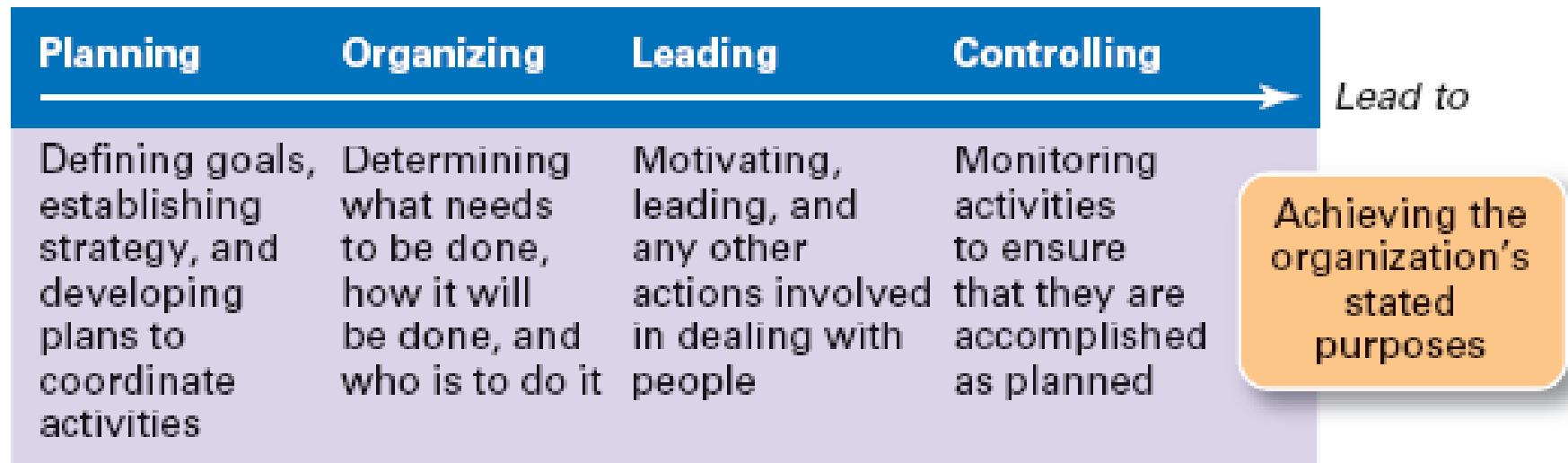
- **Leading**

- ❖ Working with and through people to accomplish goals.

- **Controlling**

- ❖ Monitoring, comparing, and correcting work.

Exhibit 1–3 Management Functions



What Do Managers Do?

(cont'd)

- Management Roles Approach (Mintzberg)

➤ **Interpersonal roles**

- ❖ Figurehead, leader, liaison

➤ **Informational roles**

- ❖ Monitor, disseminator, spokesperson

➤ **Decisional roles**

- ❖ Disturbance handler, resource allocator, negotiator



What Managers Actually Do (Mintzberg)

- Interaction

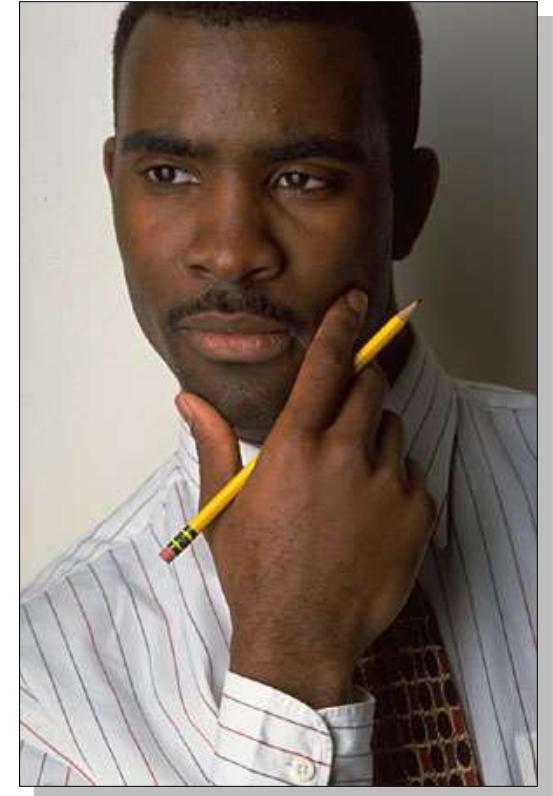
- with others
- with the organization
- with the external context of the organization

- Reflection

- thoughtful thinking

- Action

- practical doing



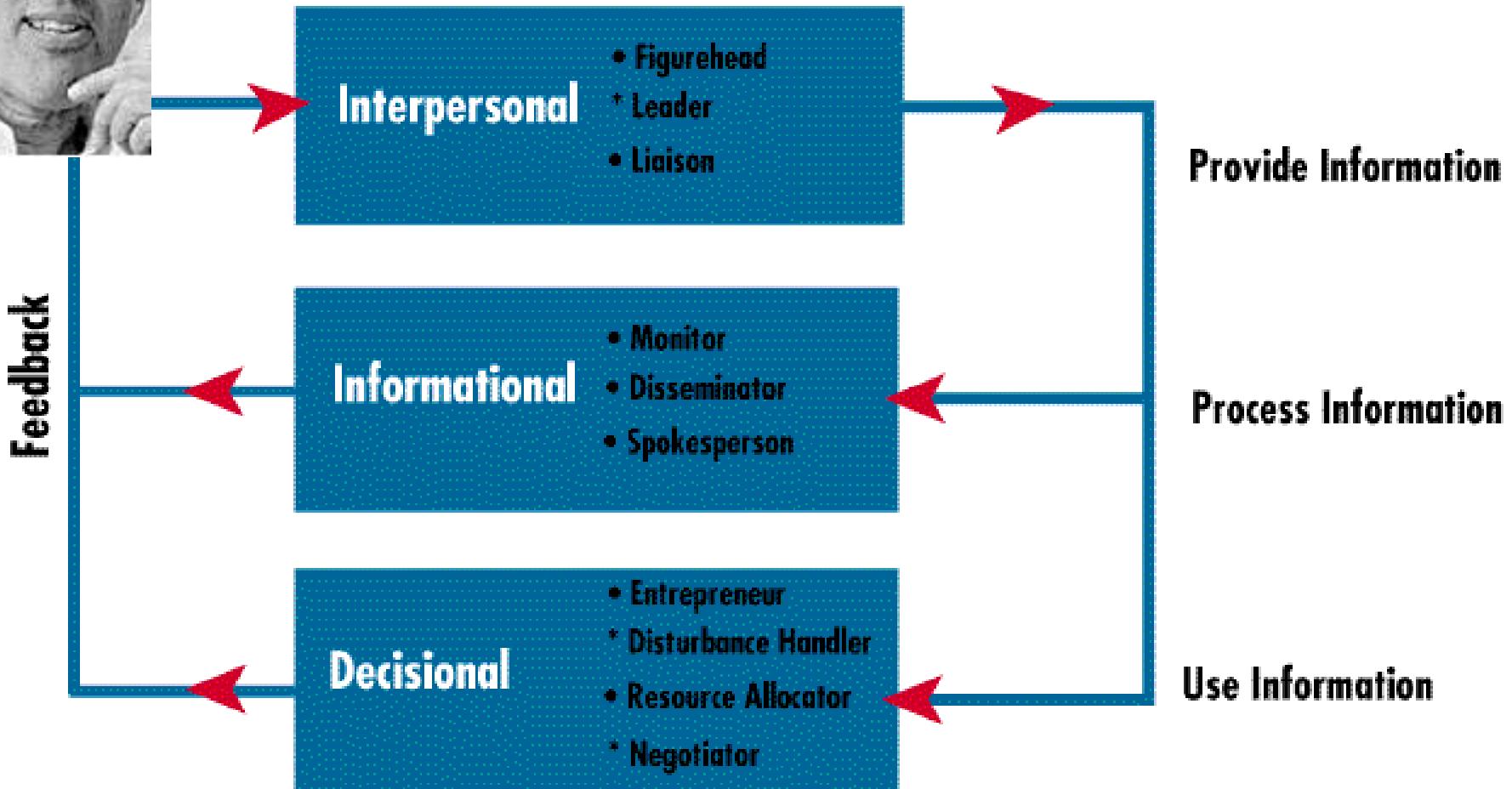


In [Henry Mintzberg's](#) model managers play ten different roles („organized sets of behaviors identified with a position“) that fall into three basic categories:

- 1. Interpersonal roles**
- ☒ Informational roles**
- ☒ Decisional roles**



The Managerial Roles

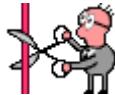


Interpersonal roles:

1. figurehead role
2. leader role
3. liaison role



Figurehead role



By virtue of his position as head of an organizational unit, every manager must perform **some duties of an ceremonial nature**.

The president greets the touring dignitaries (attends ribbon cutting ceremonies), the foreman attends the wedding of a lathe operator, and the sales manager takes an important customer to lunch.

Duties that involve interpersonal roles may sometimes be routine, involving little serious communication and no important decisionmaking.

Nevertheless, they are important to the smooth functioning of an organization and cannot be ignored by the manager".

Managerial Roles



Laura Bush attends a ribbon cutting ceremony with football star Brett Favre and his wife, Deanna, left, Secretary Margaret Spelling, center, Dan Vogel, Associate Director, USA Freedom Corps, right, and students of Hancock North Central Elementary School at the Kaboom Playground, built at the Hancock North Central Elementary School in Kiln, Ms., Wednesday, Jan. 26, 2006, during a visit to the area ravaged by Hurricane Katrina. White House photo by Shealah Craighead.



Leader role

Because he is in charge of an organizational unit, the manager is responsible **for the work of the people of that unit**.

His actions in this regard constitute the leader role. Some of these actions involve leadership directly – for example, in most organizations the manager is normally responsible for hiring and training his staff. In addition, there is the indirect exercise of the leader role. Every manager must motivate and encourage his employees, somehow reconciling their individual needs with the goals of the organization. The influence of the manager is most clearly seen in the leader role. Formal authority vests him with great potential power; leadership determines in large part how much of it he will realize".



Liaison role

In the liaison role the manager makes contacts **outside his vertical chain of command.** managers spend as much time with peers and other people outside their units as they do with their own subordinates, and surprisingly little time with their own superiors.

The manager cultivates such contacts largely to find information. In effect, the liaison role is devoted to building up the manager's own external information system – informal, private, verbal, but nevertheless effective".



Informational roles:

- 1. monitor role**
- 2. disseminator role**
- 3. spokesman role**



Monitor role

As monitor, the manager perpetually **scans his environment for information**, interrogates his liaison contacts and his subordinates, and receives unsolicited information, much of it as a result of the network of personal contacts he has developed.

A good part of the information the manager collects in his monitor role arrives in verbal form, often as gossip, hearsay, and speculation. By virtue of his contacts, the manager has a natural advantage in collecting this **soft information** for his organization".



Disseminator role

He must **share and distribute much of information**. Information he gleans from outside personal contacts may be needed within his organization. In his disseminator role, the manager passes some of his privileged information directly to his subordinates, who would otherwise have no access to it. When his subordinates lack easy contact with one another, the manager will sometimes pass information from one to another".

Spokesman role



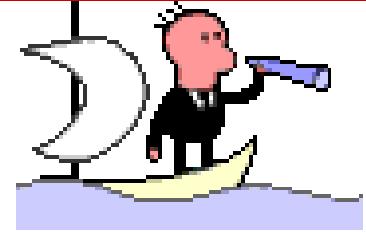
In his spokesman role, **the manager sends some of his information to people outside his unit.**

In addition, as part of his spokesman role, every manager must inform and satisfy the influential people who control his organizational unit. The president of a large corporation may spend a great deal of his time dealing with a host of influences. Directors and shareholders must be advised about financial performance; consumer groups must be assured that the organization is fulfilling its social responsibility; and government officials must be satisfied that the organization is abiding by the law".



Decisional roles:

1. entrepreneurial role
2. disturbance handler role
3. resource allocator role
4. negotiator role



Entrepreneurial role

As entrepreneur, the manager seeks to improve his unit and to adopt it to changing conditions in the environment. In his monitor role, the president is constantly on the lookout for new ideas. When a good one appears, he initiates a development project .

The chief executive appears to maintain a kind of inventory of the development projects that he himself supervises – projects that are at various stages of development, some active and some in limbo. Like a juggler, he keeps a number of projects in the air: periodically one comes down, is given a new burst of energy, and is sent back into orbit. At various intervals, he puts new projects on-stream and discards old ones”.



Disturbance handler role

While the entrepreneurial role describes the manager as the voluntary **initiator of change**, the disturbance handler role depicts the manager involuntarily responding to pressures. Here change is beyond the manager's control. He must act because the pressures of the situation are too severe to be ignored: a strike looms, a major customer has gone bankrupt, or a supplier reneges on his contract. (...) every manager must spend a good part of his time responding to high-pressure disturbances. (...) Disturbances arise not only because poor managers ignore situations until they reach crisis proportions, but also because good managers cannot possibly anticipate all the consequences of the actions they take".

The things we fear most in organizations – fluctuations, disturbances, imbalances – are the primary sources of creativity.

Margaret J. Wheatley





Resource allocator role

To the manager falls the **responsibility of deciding who will receive what in his organizational unit**. Perhaps the most important resource the manager allocates is his own time. Access to the manager constitutes exposure to the unit's nerve center and decision-center. The manager is also charged with designing his unit's structure, that pattern of formal relationships that determines how work is to be divided and coordinated. Also in his role as resource allocator the manager authorizes the important decisions before they are implemented. By retaining this power, the manager can ensure that decisions are inter-related; all must pass through a single brain".

Negotiator role



Studies of managerial work at **all levels indicate that managers spend considerable time in negotiations.**

negotiations are duties of the manager's job; perhaps routine, they are not to be shirked. They are an integral part of his job, for only he has the authority to commit organizational resources in 'real time', and only he has the nerve centre information that important negotiations require".

What Do Managers Do? (cont'd)

Skills Approach

➤ **Technical skills**

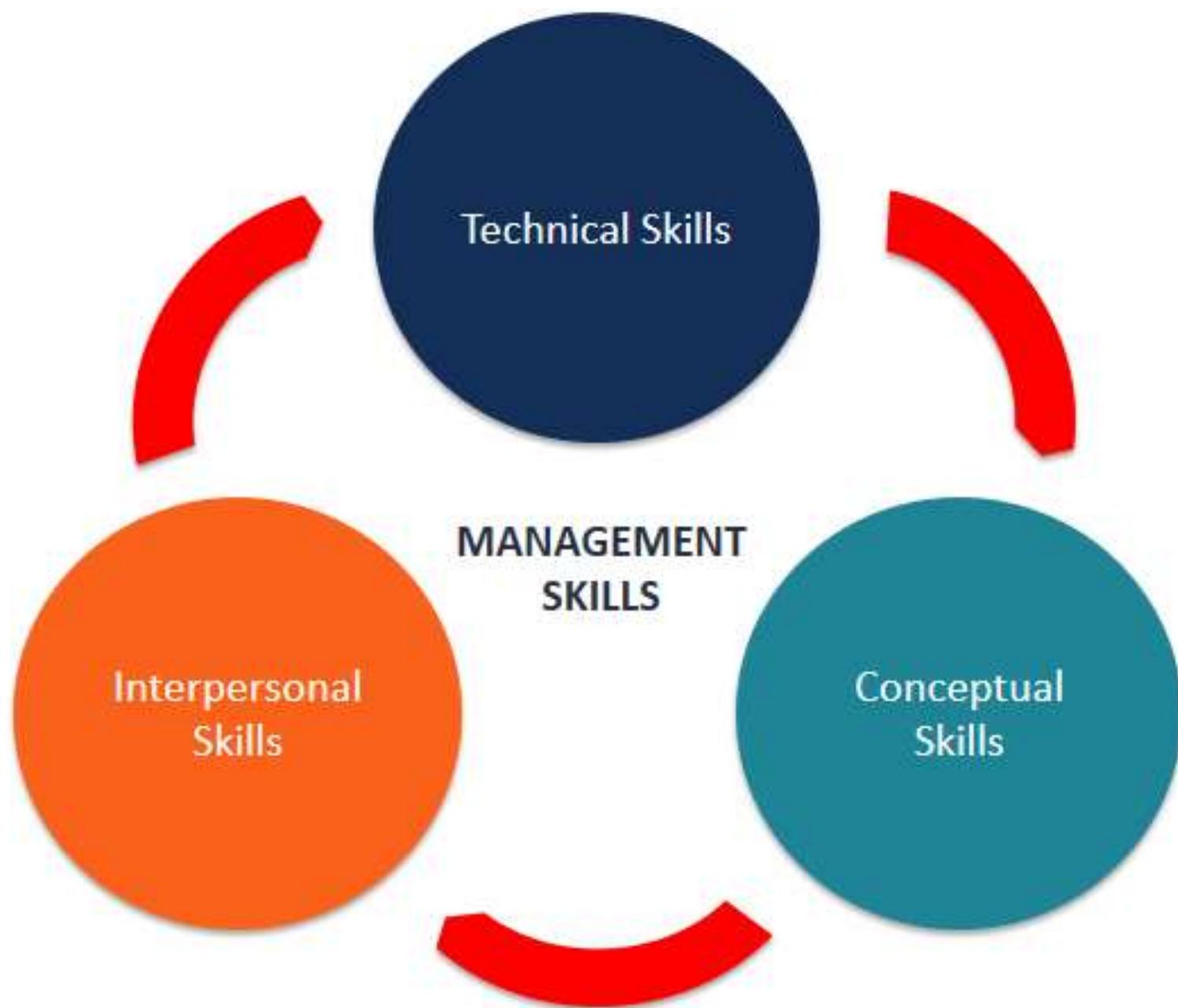
- ❖ Knowledge and proficiency in a specific field

➤ **Human skills**

- ❖ The ability to work well with other people

➤ **Conceptual skills**

- ❖ The ability to think and conceptualize about abstract and complex situations concerning the organization



Conceptual Skills



- Using information to **solve** business problems
- Identifying of **opportunities** for innovation
- **Recognizing** problem areas and **implementing** solutions
- **Selecting** critical information from masses of data
- **Understanding** of business uses of technology
- Understanding of **organization's business model**

Technical Skills



- Technical skills involve skills that give the managers the ability and the knowledge to use a variety of techniques to achieve their objectives.
- These skills not only involve operating machines and software, production tools, and pieces of equipment but also the skills needed to boost sales, design different types of products and services, and market the services and the products.

Human Skills



- Managers' ability to interact, work or relate effectively with people.
- Coaching and mentoring skills
- Diversity skills: working with diverse people and cultures
- Networking within the organization
- Networking outside the organization
- Working in teams; cooperation and commitment

- Ability to transform ideas into words and actions
- Credibility among colleagues, peers, and subordinates
- Listening and asking questions
- Presentation skills; spoken format
- Presentation skills; written and/or graphic formats

- Contributing to corporate mission/departmental objectives
- Customer focus
- Multitasking: working at multiple tasks in parallel
- Negotiating skills
- Project management
- Reviewing operations and implementing improvements

- Setting and maintaining performance standards internally and externally
- Setting priorities for attention and activity
- Time management

Exhibit 1–5 Skills Needed at Different Management Levels

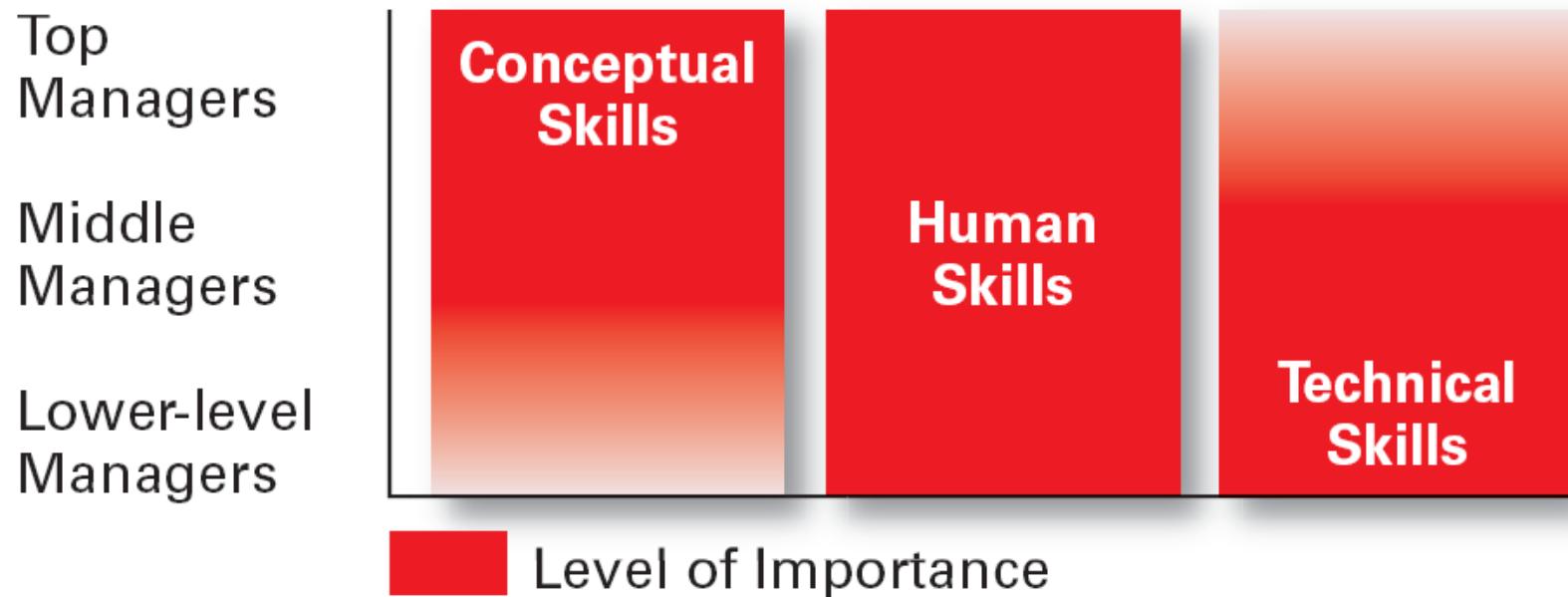
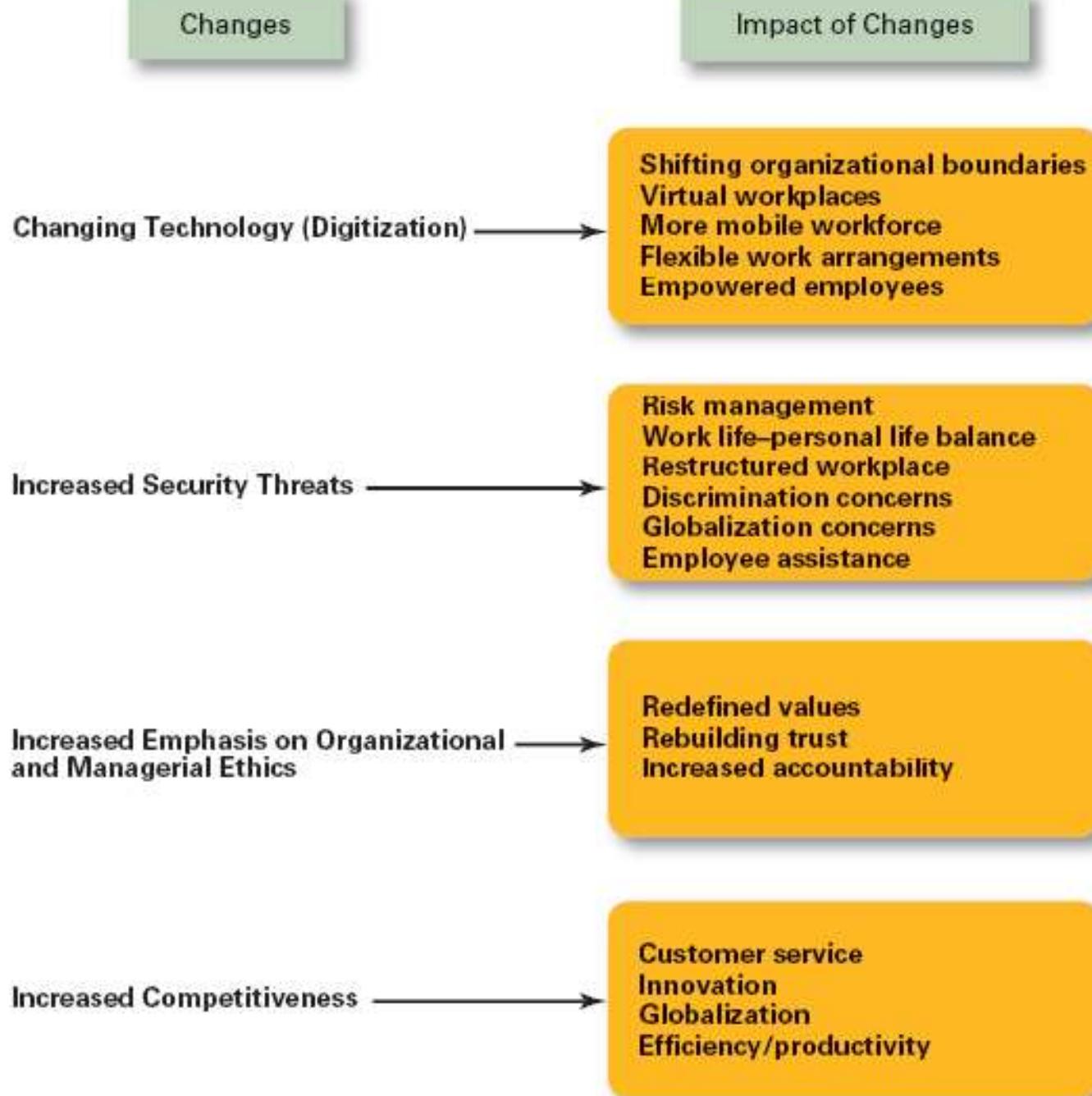


Exhibit 1–7 Management Skills and Management Function Matrix

Skill	Function			
	Planning	Organizing	Leading	Controlling
Acquiring power		✓	✓	
Active listening			✓	✓
Budgeting	✓			✓
Choosing an effective leadership style			✓	
Coaching			✓	
Creating effective teams		✓	✓	
Delegating (empowerment)		✓	✓	
Designing motivating jobs		✓	✓	
Developing trust			✓	
Disciplining		✓	✓	✓
Interviewing		✓	✓	
Managing conflict			✓	✓
Managing resistance to change		✓	✓	✓
Mentoring			✓	
Negotiating			✓	
Providing feedback			✓	✓
Reading an organization's culture		✓	✓	
Running productive meetings	✓	✓	✓	✓
Scanning the environment	✓			✓
Setting goals	✓			✓
Solving problems creatively	✓	✓	✓	✓
Valuing diversity	✓	✓	✓	✓

How The Manager's Job Is Changing

- **The Increasing Importance of Customers**
 - Customers: the reason that organizations exist
 - ❖ Managing customer relationships is the responsibility of all managers and employees.
 - ❖ Consistent high quality customer service is essential for survival.
- **Innovation**
 - Doing things differently, exploring new territory, and taking risks
 - ❖ Managers should encourage employees to be aware of and act on opportunities for innovation.



What Is An Organization?

- An Organization Defined
 - A deliberate arrangement of people to accomplish some specific purpose (that individuals independently could not accomplish alone).
- Common Characteristics of Organizations
 - Have a distinct purpose (goal)
 - Composed of people
 - Have a deliberate structure

Exhibit 1–9 Characteristics of Organizations

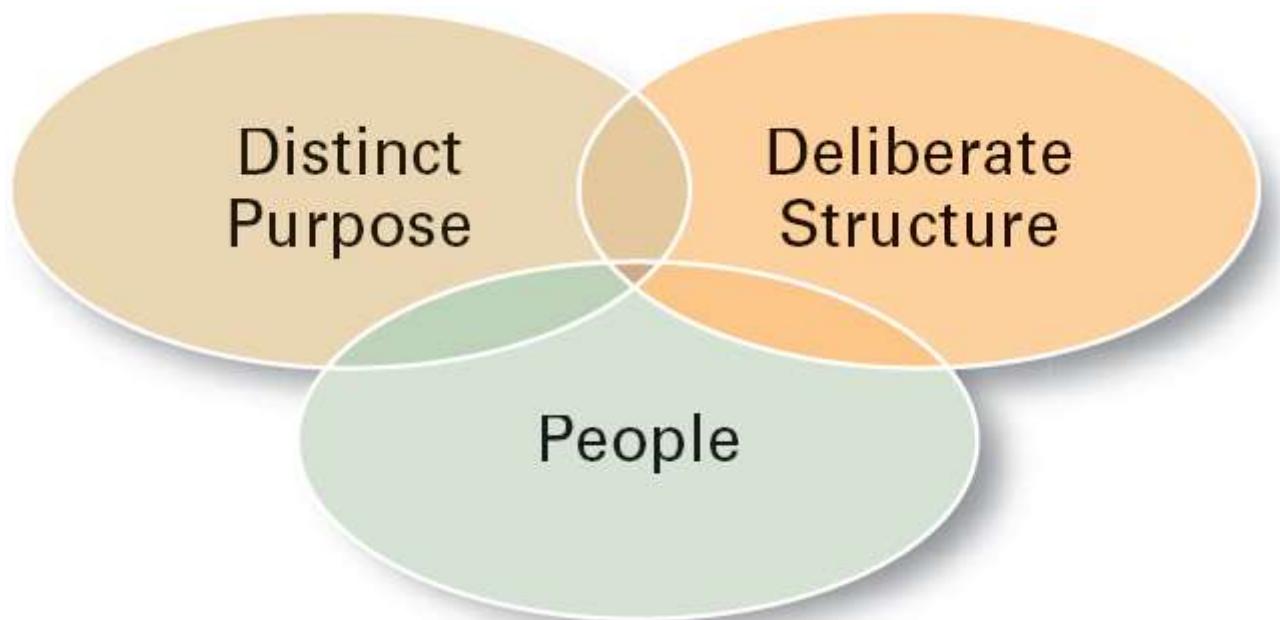


Exhibit 1–10 The Changing Organization

Traditional Organization	Contemporary Organization
<ul style="list-style-type: none">• Stable• Inflexible• Job-focused• Work is defined by job positions• Individual-oriented• Permanent jobs• Command-oriented• Managers always make decisions• Rule-oriented• Relatively homogeneous workforce• Workdays defined as 9 to 5• Hierarchical relationships• Work at organizational facility during specific hours	<ul style="list-style-type: none">• Dynamic• Flexible• Skills-focused• Work is defined in terms of tasks to be done• Team-oriented• Temporary jobs• Involvement-oriented• Employees participate in decision making• Customer-oriented• Diverse workforce• Workdays have no time boundaries• Lateral and networked relationships• Work anywhere, anytime

Why Study Management?

- **The Value of Studying Management**

- **The universality of management**

- ❖ Good management is needed in all organizations.

- **The reality of work**

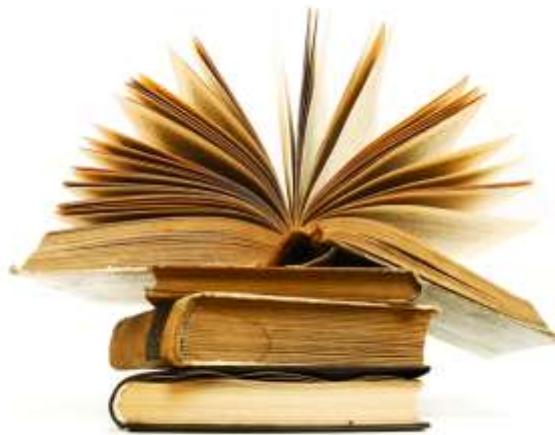
- ❖ Employees either manage or are managed.

- **Rewards and challenges of being a manager**

- ❖ Management offers challenging, exciting and creative opportunities for meaningful and fulfilling work.

- ❖ Successful managers receive significant monetary rewards for their efforts.

Management History



Hostorical background of management

- Helps to understand the theories and practices.
- Egyptian pyramids, great wall of china, the Qutub Minar and Taj Mahal - Projects of tremendous scope, Managing 10,000 people.
- Pyramids - single pyramid occupied more than 1,00,000 workers for 20years.
- Who told each worker what to do
- who ensured for enough resources at site to keep workers busy.



Managers



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Two events are especially significant to management history

1. 1776, Adam Smith, Scottish economist, A moral philosopher and author, Published a book "**The Wealth of nations**" -

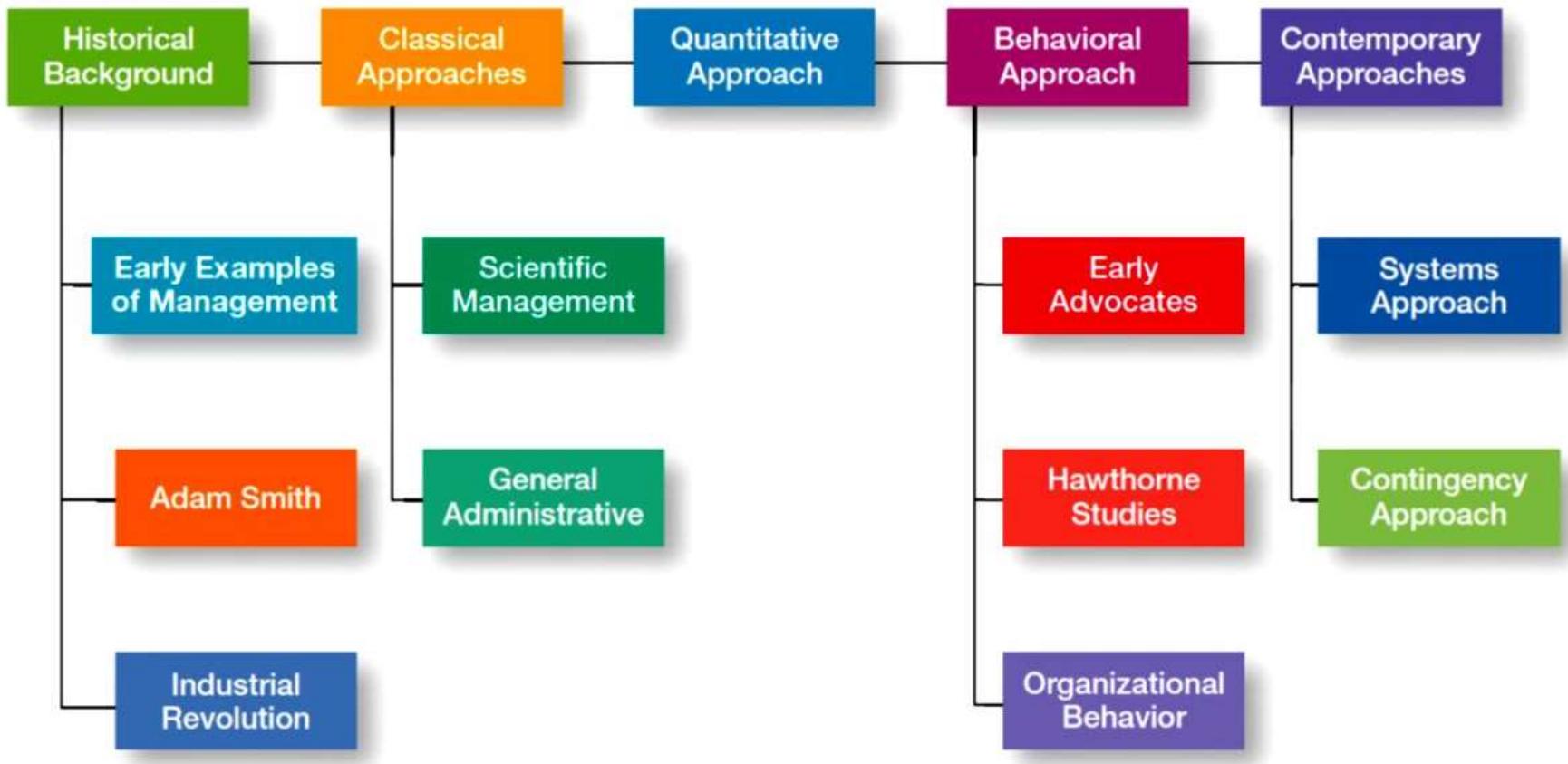
"Division of Labour" (Job Specialization)

- Breakdown of jobs into narrow and repetitive tasks

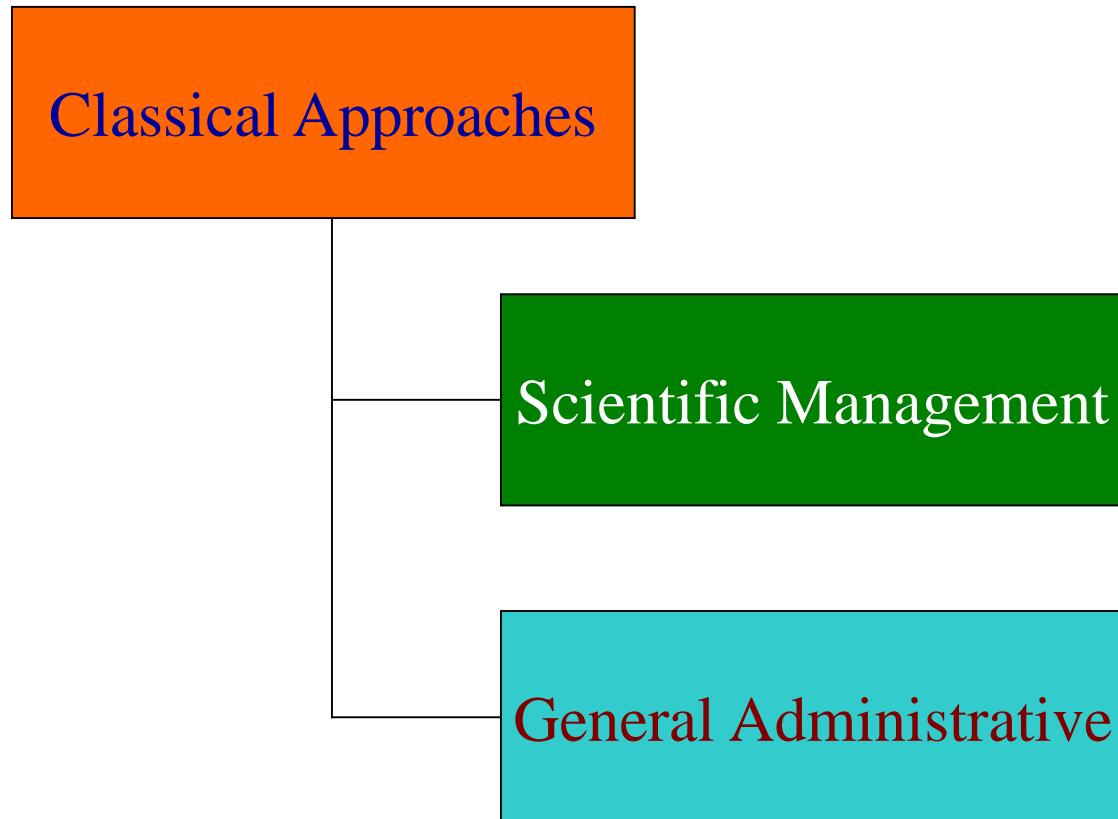
2. 18th century, **Industrial Revolution**

- Machine Power was substituted for human Power.
- more economical to produce goods in factories than at home

Major approaches to Management



1. CLASSICAL APPROACH



i. Scientific Management

- a) Frederick Winslow Taylor's
- b) Frank & Lillian Gilbreth

a) Frederick Winslow Taylor

- In 1911, Frederick Winslow Taylor's **"Principle of Scientific Management"** was published
- **Father of Scientific Management**
- Pig Iron Experiment
- "Theory of Scientific management" - use of scientific methods to define the **"one best way"** for a job to be done.



- **Frederick Winslow Taylor** worked at Midvale and bethlem Steel company in Pennsylvania.
- Mechanical Engineer - apalled by workers inefficiencies.
- employees used different techniques to do the same job.
- "Took it easy" on the job.
- worker output was only one-third of what was possible.
- no work standards existed.
- Workers were placed in jobs with little or no concern for matching their abilities and aptitudes with the task they were required to do.

Four principles of management

- Develop a science for each element of an individual's work to replace the old rule-of-thumb method.
- Scientifically select and then train, teach, and develop the worker.
- heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.
- Divide work and responsibility almost equally between management & workers.
- <https://www.youtube.com/watch?v=6O9T7bqGAgI>

b) Frank & Lillian Gilbreth

- Construction contractor.
- started the career to study scientific management.
- Frank and his wife Lillian, Psychologist studied work to eliminate inefficient hand-and-body motions.
- experimented - design and use of the proper tools and equipment for optimizing work performance.



- Brick laying experiment.
- reduced the number of motions in laying bricks.
- Gilbreth's techniques - more productive and less fatigued at the end of the day

- use of motion pictures to study hand and body motions.
- Invented Microchronometer - record workers motions and the amount of time spent doing each motion.
- wasted motions missed by the naked eye could be identified and eliminated.
- 17 basic hand motions - "THERBLIGS"
- More precise way of analyzing a worker's exact hand movements.

 Search

 Find

 Select

 Grasp

 Hold

 Transport Loaded

 Transport Empty

 Position

 Assemble

 Use

 Disassemble

 Inspect

 Preposition

 Release Load

 Unavoidable Delay

 Avoidable Delay

 Plan

 Rest

How Do Today's Managers Use Scientific Management?

- Use time and motion studies to increase productivity
- Hire the best qualified employees
- Design incentive systems based on output

ii. General Administrative Theory

- looked at the management from perspective of the entire organization.
- General Administrative Theory, focused more on what managers do and what constituted good management practice.
 - *Henri Fayol*
 - *Max Weber*

a) Henri Fayol



- Taylor was concerned with **first-line managers** and the **scientific method**, but fayol's attention was directed at the activities of all managers.
- Believed that the practice of management was distinct from other organizational functions
- Developed fourteen principles of management that applied to all organizational situations

Fayol's 14 Principles of Management

1. **Division of work:** Specialization increases output by making employees more efficient.
2. **Authority:** Managers must be able to give orders and authority gives them this right.
3. **Discipline:** Employees must obey and respect the rules that govern the organization.
4. **Unity of command:** Every employee should receive orders from only one superior.
5. **Unity of direction:** The organization should have a single plan of action to guide managers and workers.
6. **Subordination of individual interests to the general interest:** The interests of any one employee or group of employees should not take precedence over the interests of organization as a whole.
7. **Remuneration:** Workers must be paid a fair wage for their services.

Fayol's 14 Principles of Management

(Contd.)

8. **Centralization:** This term refers to the degree to which subordinates are involved in decision making.
9. **Scalar chain:** The line of authority from top management to the lowest ranks in the scalar chain.
10. **Order:** People and materials should be in the right place at the right time.
11. **Equity:** Managers should be kind and fair to their subordinates.
12. **Stability of tenure of personnel:** Management should provide orderly personnel planning and ensure the replacements available to fill vacancies.
13. **Initiative:** Employees who are allowed to originate and carry out plans will exert high levels of effort.
14. **Esprit de corps:** Promoting team spirit will build harmony and unity within the organization.

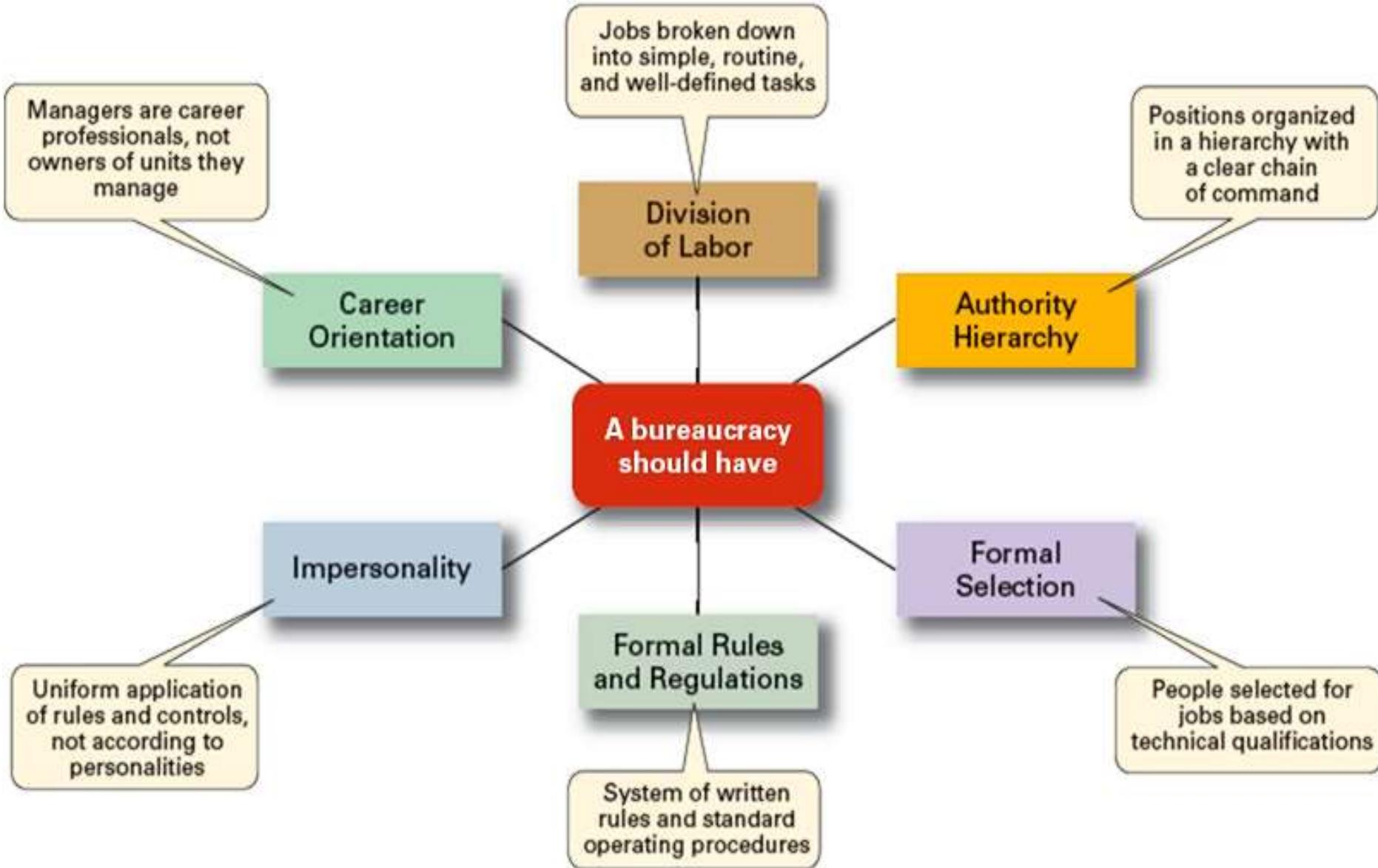
<https://www.youtube.com/watch?v=aMwm2zq1Krl>

b) Max Weber



- German Sociologist.
- 1900's developed a theory of authority based on an ideal type of organization.
- **Bureaucracy** - a form of organization characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations, and impersonal relationships.
- Emphasized rationality, predictability, impersonality, technical competence, and authoritarianism

Weber's Ideal Bureaucracy



How Do Today's Managers Use General Administrative Theory?

- Functional view of the manager's job can be attributed to fayol.
- Fayol's 14 principle serve as a frame of reference from which many current management concepts - such as managerial authority, centralized decisions making, reporting to only boss have evolved.
- bureaucratic mechanisms are necessary to ensure that resources are used efficiently and effectively.

2. Quantitative Approach

- During World War II, mathematicians, physicists, and other scientists joined together to solve military problems.
- use of quantitative techniques to improve decision making
- Also known as *management science*.

Important contributions

- This approach evolved from mathematical and statistical solutions developed for military problems during World War-II
- After the war was over, many of these techniques used for military problems were applied to business.

What exactly is quantitative approach?

- It involves applying statistics, optimization models, information models, computer simulations and other quantitative techniques to management.
 - Linear programming – To improve resource allocation decision.
 - Critical path scheduling Analysis – efficient Work Scheduling
 - Economic Order – determine Optimum Inventory Levels.

- Managers can use ***computer models*** to figure out the best way to do something — saving both money and time. Managers use several science applications.
- Mathematical ***forecasting*** helps make projections that are useful in the planning process.
- ***Inventory modeling*** helps control inventories by mathematically establishing how and when to order a product.
- ***Queuing theory*** helps allocate service personnel or workstations to minimize customer waiting and service cost.

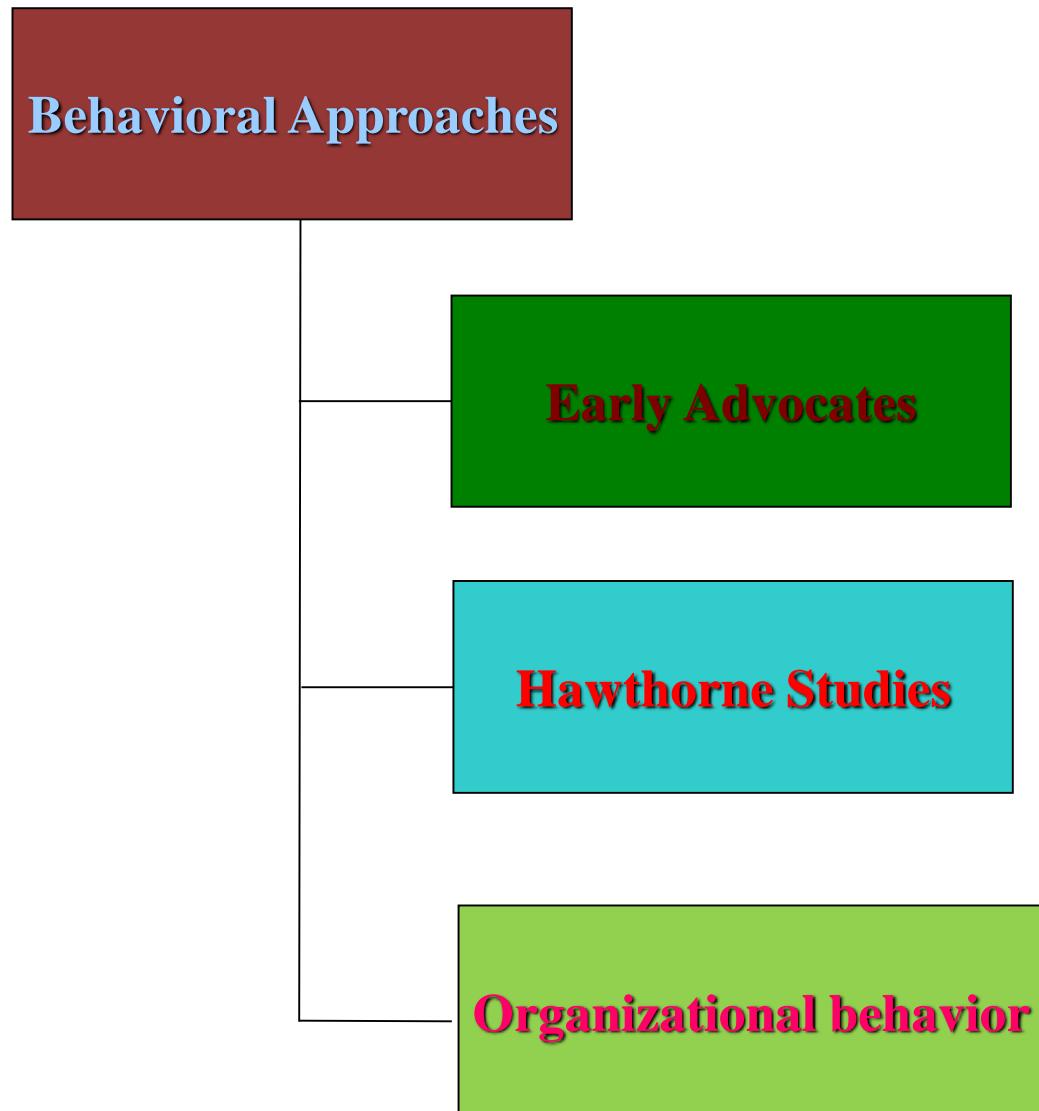
Total Quality Management

- A quality revolution swept through both the business and public sectors in the 1980s and 1990s.
- It was inspired by a small group of quality experts, the most famous being **W. Edwards Deming** and **Joseph M. Juran**.
- TQM, is a management philosophy devoted to **continual improvement** and responding to **customer needs and expectations**.

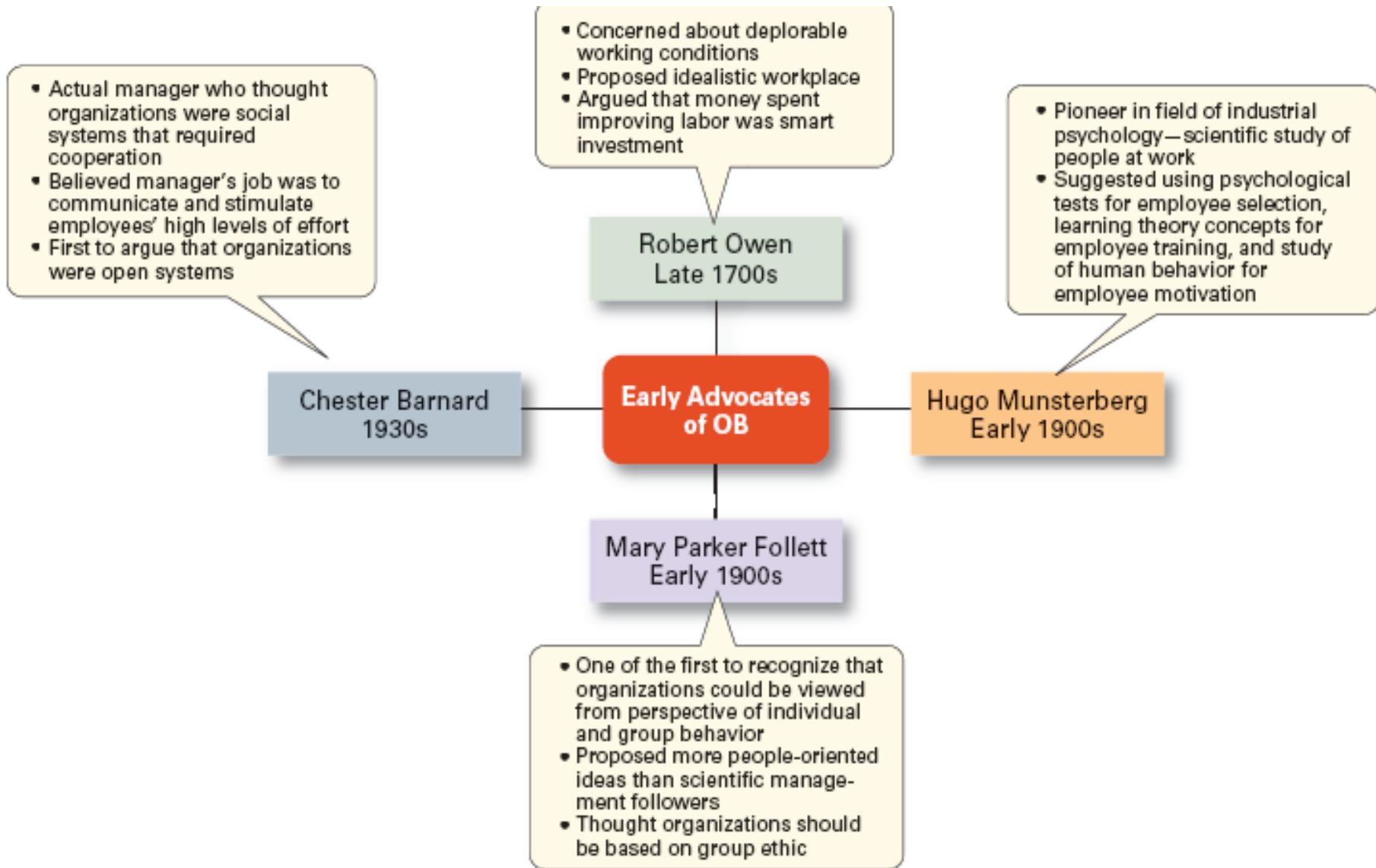
- **Intense focus on the customer** –
Internal(Interact with and serve others in org)
& External (Outsiders who buy the org product
& Services)
- **Concern for Continual Improvement** – ‘very Good’ is not good enough. Quality can always be improved.
- **Process focused** – focusses on work processes – Quality of goods & Services is continually improved.
- **Improvement in the quality of everything the organization does.**

- **Accurate Measurement–** Quality management uses statistical techniques to measure every critical variable in the org's operations. These are compared with the standards to identify problems, trace them to their roots and eliminate their cause.
- **Empowerment of employees–** QM Involves the people on the line in the improvement process. Teams are widely used in QM programs as empowerment vehicles for finding and solving problems

3. Behavioral Approach



i) Early advocates of OB



ii) Hawthorne Studies

- A series of studies conducted at the Western Electric Company Works in Cicero, Illinois
- Designed by Western Electric industrial engineers as a scientific management experiment in 1924.
- Examine the effect of various lighting levels on worker productivity.

- In 1927, the western Electric Engineers asked Harvard Professor, Elton Mayo and his associates to join the study as consultants.
- Redesign of jobs, changes in the workday and workweek length, Introduction of rest periods, and individual versus group wage plans.

<https://www.youtube.com/watch?v=rLVp-CrBnPo>

The Hawthorne experiment consists of **four parts**. These parts are briefly described below:-

1. Experiments to determine the effects of changes in illumination on productivity, **illumination experiments**, 1924-27.

2. Experiments to determine the effects of changes in hours and other working conditions on productivity, **relay assembly test room experiments**, 1927-28;

3. Conducting plant-wide interviews to determine worker attitudes and sentiments, **mass interviewing programme**, 1928-30; and
4. Determination and analysis of social organisation at work, **bank wiring observation room experiments**, 1931-32.

1. Illumination Experiment:

- conducted to establish relationship between output and illumination.
- When the intensity of light was increased, the output also increased.
- The output showed an upward trend even when the illumination was gradually brought down to the normal level.
- Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory.
- There must be some other factor which affected productivity.

2. Relay Assembly Test Room Experiment

- Aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions.
- In this experiment, a small homogeneous work-group of six girls was constituted.
- these girls were friendly to each other and were asked to work in a very informal atmosphere under the supervision of a researcher.
- Productivity and morale increased considerably during the period of the experiment.

2. Relay Assembly Test Room Experiment

contd.....

- Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced.
- The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.

3. Mass Interview Programme

- The objective of this programme was to make a systematic study of the employees attitudes which would reveal the meaning which their “working situation” has for them.
- During the course of experiments, about 20,000 interviews were conducted between 1928 and 1930 to determine employees' attitudes towards company, supervision, insurance plans, promotion and wages.
- Initially, a direct approach was used whereby interviews asked questions considered important by managers and researchers.
- The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say.
- The findings confirmed the importance of social factors at work in the total work environment.

4. Bank Wiring Test Room Experiment

- This experiment was conducted by Roethlisberger and Dickson with a view to develop a new method of observation and obtaining more exact information about social groups within a company and also finding out the causes which restrict output.
- The experiment was conducted to study a group of workers under conditions which were as close as possible to normal.
- This group comprised of 14 workers.
- After the experiment, the production records of this group were compared with their earlier production records.

4. Bank Wiring Test Room Experiment Contd...

- It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management.
- Because of this, workers would produce only that much, thereby defeating the incentive system.
- Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group.

The findings of the study are:-

1. Each individual was restricting output.
2. The group had its own “unofficial” standards of performance.
3. Individual output remained fairly constant over a period of time.
4. Informal groups play an important role in the working of an organization.

The Hawthorne Studies

- A series of productivity experiments conducted at Western Electric from 1927 to 1932.
- Experimental findings
 - Productivity unexpectedly increased under imposed adverse working conditions.
 - The effect of incentive plans was less than expected.
- Research conclusion
 - Social norms, group standards and attitudes more strongly influence individual output and work behavior than do monetary incentives.

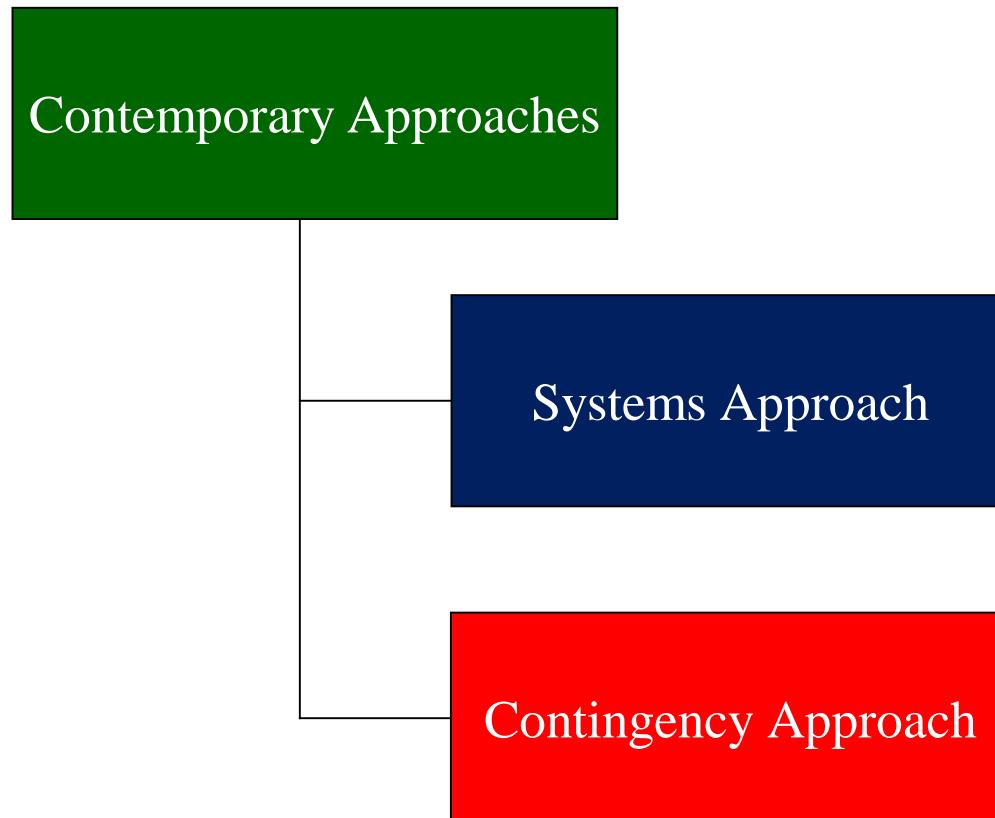
iii) Organizational Behavior (OB).

- we know, managers get things done by working with people.
- Hence focuses more on organization's people.
- The field of study that researches the actions (behavior) of people at work is called **organizational behavior (OB)**.
- Much of what managers do today when managing people—motivating, leading, building trust, working with a team, managing conflict, and so forth—has come out of OB research.

How today's managers use the behavioral approach

- The behavioral approach has largely shaped how today's organizations are managed.
- From the way that managers design jobs to the way that they work with employee teams to the way that they communicate, we see elements of the behavioral approach.
- Much of what the early OB advocates proposed and the conclusions from the Hawthorne studies have provided the foundation for our current theories of motivation, leadership, group behavior and development, and numerous other behavioral approaches.

4. Contemporary Approaches



- Many elements of the earlier approaches to management theory continue to influence how managers manage.
- Most of these earlier approaches focused on managers 'concerns *inside* the organization.
- Starting in the 1960s, management researchers began to look at what was happening in the external environment *outside* the boundaries of the organization.
- Two contemporary management perspectives—systems and contingency—are part of this approach.

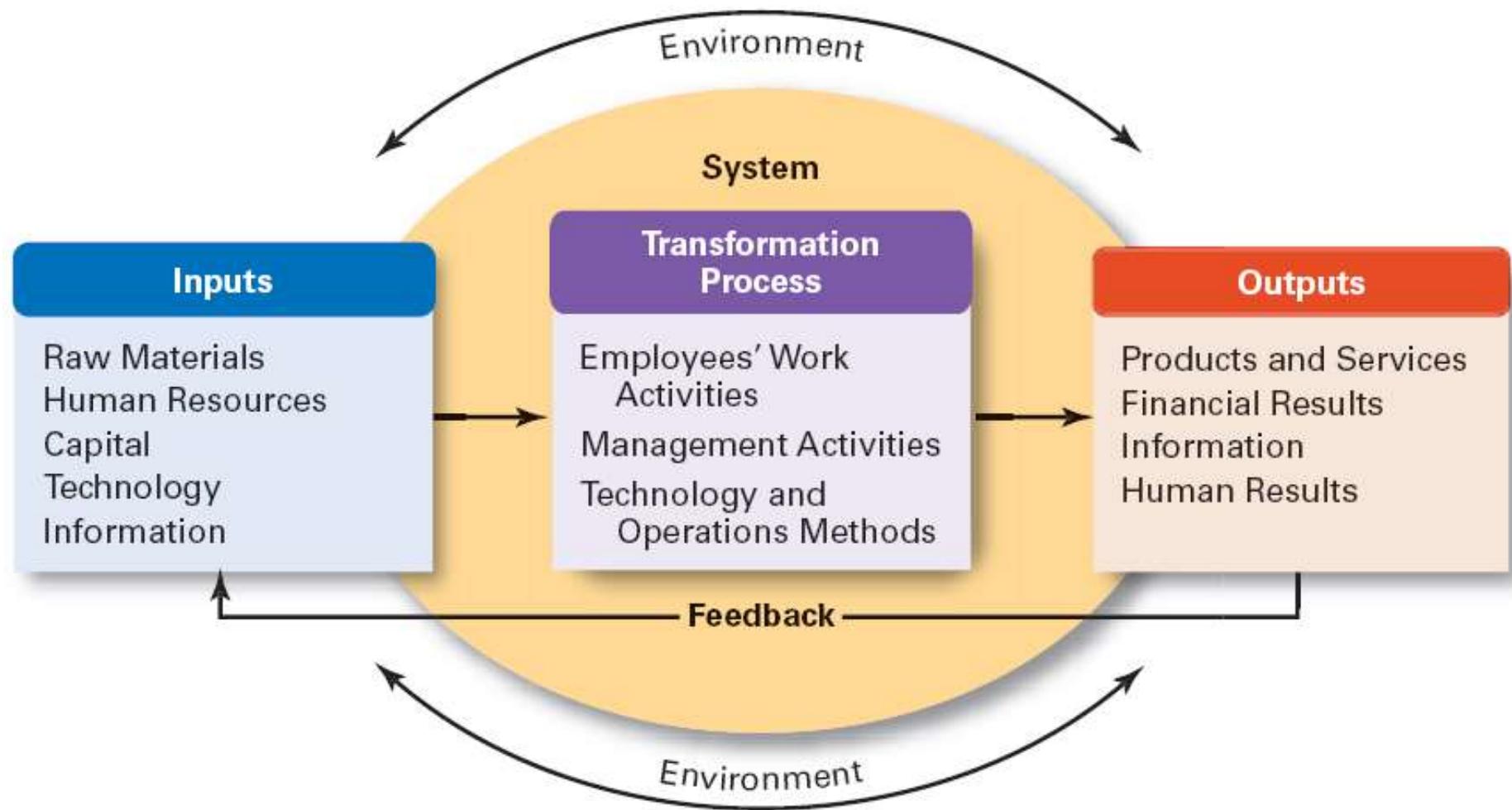
i) Systems Approach

- In 1938, Chester Barnard, a telephone company executive, first wrote in his book, The Functions of an Executive, that an organization functioned as a cooperative system.
- management researchers began to look more carefully at systems theory and how it related to organizations.

What is a system

- A **system** is a set of interrelated and interdependent parts arranged in a manner that produces a unified whole.
- The two basic types of systems are **closed and open**.
- **Closed systems** are not influenced by and do not interact with their environment.
- **Open systems** are influenced by and do interact with their environment

- A business that operates an *open system* interacts with its environment through giving and receiving information.
- In a *closed system*, interactions only happen within the specific system, which means closed systems are shut off from the outside environment, and every interaction is transmitted inside that closed system.
- Workers in closed systems within an organization don't communicate with other departments about their activities, nor do they receive input from other departments



Today, when we describe organizations as systems, we mean open systems

An organization takes in *inputs* (resources) from the *environment* and transforms or *processes* these resources into *outputs* that are distributed into the *environment*. The organization is “*open*” to and interacts with its environment.

Implications of the Systems Approach

- Coordination of the organization's parts is essential for proper functioning of the entire organization.
- Decisions and actions taken in one area of the organization will have an effect in other areas of the organization.
- Organizations are not self-contained and, therefore, must adapt to changes in their external environment.

ii) The Contingency Approach

- Contingency Approach Defined
 - Also sometimes called the *situational approach.*
 - There is **no one universally applicable set of management principles** (rules) by which to manage organizations.
 - Organizations are **individually different, face different situations (contingency variables), and require different ways of managing.**

The Contingency Approach & managers

- Good way to describe “**if, then**”: **If** this is the way my situation is, **then** this is the best way for me to manage in this situation.
- It is Intuitively logical, because organization and even units within the same organization differs in terms of **size, goals, work activities and like**.
- It would be surprising to find **universally applicable management rules** that would work in all situations.
- Way to manage depends on the **situation**.

- **Organization size**
 - As size increases, so do the problems of coordination.
- **Routineness of task technology**
 - Routine technologies require organizational structures, leadership styles, and control systems that differ from those required by customized or nonroutine technologies.
- **Environmental uncertainty**
 - What works best in a stable and predictable environment may be totally inappropriate in a rapidly changing and unpredictable environment.
- **Individual differences**
 - Individuals differ in terms of their desire for growth, autonomy, tolerance of ambiguity, and expectations.

CASE STUDY

CASE STUDY 1

Telco Ltd. manufactures files and folders from old clothes to discourage the use of plastic files and folders. For this, they employ people from nearby villages where very less job opportunities are available. An employee, Harish, designed a plan for cost reduction but it was not welcomed by the production manager. Another employee gave some suggestions for improvements in design, but it also was not appreciated by the production manager.

1. State the principle of management that is violated in the above paragraph.
2. Identify any two values that the company wants to communicate to the society

1. The principle of management that has been violated in the above case is ***Initiative***. Initiative means taking the first step with self-motivation. The workers should be encouraged to develop and carry out their plans for improvement. Suggestion system should be adopted in the organization.
2. The two values that the company wants to communicate to the society are
 - ***Concern for environment***
 - ***Providing job opportunities***

CASE STUDY 2

Hina and Harish are typists in a company having the same educational qualifications. Hina gets Rs.3,000 per month and Harish gets Rs.4,000 per month as salaries for the same working hours.

Which principle of management is being violated in this case? Name and explain the principle.

1. The principle of ***Equity*** has been violated in this case.
2. It emphasises kindness and justice in the behaviour of managers towards workers. No discrimination should be made by them on the basis of caste, creed, gender or otherwise.

CASE STUDY 3

After finishing her BBA degree course, Tanya gets a job of Assistant Manager in a retail company through the reference of her cousin Taruna who works in the same company as a Senior Manager. Taruna decides to guide Tanya through her experience by making her aware of the important facts about management in practice. She tells her that neither the principles of management provide any readymade, straitjacket solutions to all managerial problems nor they are not rigid prescriptions, which have to be followed absolutely. **In context of the above case :**

1. Identify the two features of principles of management mentioned in the above paragraph by quoting lines from the paragraph.
2. Why do the principles of management not provide readymade, straitjacket solutions to all managerial problems?

1. The two features of principles of management mentioned in the above paragraph are as follows.

- ***General guidelines:***
- ***Flexible***

2. As the real business situations are very complex and dynamic and are a result of many factors, the principles of management not provide readymade, straitjacket solutions to all managerial problems.

Thank you