

## Unit – 1

# Management an Overview

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**Q.1. Define Management and describe its essential characteristics or nature.**

**Ans.** According to *Harold Koontz*, “Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals can co-operate towards attainment of group goals”. According to *F.W. Taylor*, “Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way”.

1. The act, manner, or practice of managing; handling, supervision, or control: management of a crisis; management of factory workers.
2. The person or persons who control or direct a business or other enterprise.
3. Skill in managing; executive ability.

Management is a purposive activity. It is something that directs group efforts towards the attainment of certain pre – determined goals. It is the process of working with and through others to effectively achieve the goals of the organization, by efficiently using limited resources in the changing world. Of course, these goals may vary from one enterprise to another. E.g.: For one enterprise it may be launching of new products by conducting market surveys and for other it may be profit maximization by minimizing cost.

Management involves creating an internal environment: - It is the management which puts into use the various factors of production. Therefore, it is the responsibility of management to create such conditions which are conducive to maximum efforts so that people are able to perform their task efficiently and

effectively. It includes ensuring availability of raw materials, determination of wages and salaries, formulation of rules & regulations etc.

Therefore, we can say that good management includes both being effective and efficient. Being effective means doing the appropriate task i.e, fitting the square pegs in square holes and round pegs in round holes. Being efficient means doing the task correctly, at least possible cost with minimum wastage of resources.

**Characteristics or Nature of management can be highlighted as: -**

**Management is Goal-Oriented:** The success of any management activity is accessed 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.

**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.

**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. 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.

**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. When

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ever 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.

**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

**Organized Activities:** Management is a process of organized activities. Groups of people cannot be involved in the performance of activities without organized activities. Management comes into existence where a group of people are involved in achieving a common objective. The organized activities may take a variety of forms ranging from a tightly structured organization to a loosely-knit organization.

**Existence of Objectives:** The existence of objectives is a basic criterion of every human organization. The organizational objectives are the desired state of affairs which an organization attempts to realize. This realization of objectives is sought through the coordinated efforts of the people constituting an organization.

**Decision-making:** Management process involves decision making at all levels. Decision-making describes the process by which a course of action is selected as the way to deal with a specific problem. If there is only one alternative, the question of decision making does not arise. The quality of alternatives which a manager selects determines the organization's performance, and the future of the organization.

**Relationship among resources:** The essence of management is integration of various organizational resources. Resources include money, machine, materials, and people. Management is concerned with the proper utilization of human resources which, in turn, utilize other resources.



**Working with and through people:** Management involves working with people and getting organizational objectives achieved through them. Working through people is interpreted in terms of assigning activities to subordinates.

**Multidisciplinary:** Management is multidisciplinary because it includes knowledge/information from various disciplines- economics, statistics, maths, psychology, sociology, ecology, operations research, history, etc. Management integrates the ideas and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organizations.

**Management is dynamic:** Management has framed certain principles, which are flexible in nature and change with the changes in the environment in which an organization exists.

**Relative, Not Absolute Principles:** Management principles are relative, not absolute, and they should be applied according to the need of the organization. A particular management principle has different strengths in different conditions. Therefore, principles should be applied according to the prevailing conditions.

**Management:** Science or Art: Management likes other practices- whether medicine, music composition, or even accountancy- is an art. It is know-how. Yet managers can work better by using the organized knowledge about management. It is this knowledge that constitutes science. Thus, managing as practice is an art; the organized knowledge underlying the practice may be referred to as science.

**Management as Profession:** Management has been regarded as a profession by many while many have suggested that it has not achieved the status of a profession. Schein concluded that by some criteria management is indeed a profession, but by other criteria it is not. Today we can see many signs that management is working towards increased professionalism.

**Management is Universal:** Management is a universal phenomenon. However, management principles are not universally applicable but are to be modified according to the needs of the situation.

**Q.2. Explain Management as a Science and as an Art and as a both****Ans. Management as a Science**

Science is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon. It establishes cause and effect relationship between two or more variables and underlines the principles governing their relationship. These principles are developed through scientific method of observation and verification through testing.

**Science is characterized by following main features:**

1. **Universally acceptance principles** – Scientific principles represents basic truth about a particular field of enquiry. These principles may be applied in all situations, at all time & at all places. E.g. – law of gravitation which can be applied in all countries irrespective of the time.

Management also contains some fundamental principles which can be applied universally like the Principle of Unity of Command i.e. one man, one boss. This principle is applicable to all type of organization – business or non business.

2. **Experimentation & Observation** – Scientific principles are derived through scientific investigation & researching i.e. they are based on logic. E.g. the principle that earth goes round the sun has been scientifically proved. Management principles are also based on scientific enquiry & observation and not only on the opinion of Henry Fayol. They have been developed through experiments & practical experiences of large no. of managers. E.g. it is observed that fair remuneration to personal helps in creating a satisfied work force.
3. **Cause & Effect Relationship** – Principles of science lay down cause and effect relationship between various variables. E.g. when metals are heated, they are expanded. The cause is heating & result is expansion.

The same is true for management; therefore it also establishes cause and effect relationship. E.g. lack of parity (balance) between authority & responsibility will lead to ineffectiveness. If you know the cause i.e. lack of balance, the effect can



be ascertained easily i.e. in effectiveness. Similarly if workers are given bonuses, fair wages they will work hard but when not treated in fair and just manner, reduces productivity of organization.

4. **Test of Validity & Predictability** – Validity of scientific principles can be tested at any time or any number of times i.e. they stand the test of time. Each time these tests will give same result. Moreover future events can be predicted with reasonable accuracy by using scientific principles. E.g.  $H_2$  &  $O_2$  will always give  $H_2O$ . Principles of management can also be tested for validity. E.g. principle of unity of command can be tested by comparing two persons – one having single boss and one having 2 bosses. The performance of 1st person will be better than 2nd.

It cannot be denied that management has a systematic body of knowledge but it is not as exact as that of other physical sciences like biology, physics, and chemistry etc. The main reason for the inexactness of science of management is that it deals with human beings and it is very difficult to predict their behavior accurately. Since it is a social process, therefore it falls in the area of social sciences. It is a flexible science & that is why its theories and principles may produce different results at different times and therefore it is a behavior science. Ernest Dale has called it as a *Soft Science*.

### **Management as an Art**

Art implies application of knowledge & skill to trying about desired results. An art may be defined as personalized application of general theoretical principles for achieving best possible results. Art has the following characters –

**Practical Knowledge:** Every art requires practical knowledge therefore learning of theory is not sufficient. It is very important to know practical application of theoretical principles. E.g. to become a good painter, the person may not only be knowing different colour and brushes but different designs, dimensions, situations etc to use them appropriately. A manager can never be successful just by

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obtaining degree or diploma in management; he must have also known how to apply various principles in real situations by functioning in capacity of manager.

**Personal Skill:** Although theoretical base may be same for every artist, but each one has his own style and approach towards his job. That is why the level of success and quality of performance differs from one person to another. E.g. there are several qualified painters but M.F. Hussain is recognized for his style. Similarly management as an art is also personalized. Every manager has his own way of managing things based on his knowledge, experience and personality, that is why some managers are known as good managers (like Aditya Birla, Rahul Bajaj) whereas others as bad.

**Creativity:** Every artist has an element of creativity in line. That is why he aims at producing something that has never existed before which requires combination of intelligence & imagination. Management is also creative in nature like any other art. It combines human and non-human resources in useful way so as to achieve desired results. It tries to produce sweet music by combining chords in an efficient manner.

**Perfection through practice:** Practice makes a man perfect. Every artist becomes more and more proficient through constant practice. Similarly managers learn through an art of trial and error initially but application of management principles over the years makes them perfect in the job of managing.

**Goal-Oriented:** Every art is result oriented as it seeks to achieve concrete results. In the same manner, management is also directed towards accomplishment of pre-determined goals. Managers use various resources like men, money, material, machinery & methods to promote growth of an organization.

Thus, we can say that management is an art therefore it requires application of certain principles rather it is an art of highest order because it deals with moulding the attitude and behavior of people at work towards desired goals.

### **Management as both Science and Art**

Management is both an art and a science. The above mentioned points clearly reveal that management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. E.g. a person cannot become a good singer unless he has knowledge about various ragas & he also applies his personal skill in the art of singing. Same way it is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other (like tea and biscuit, bread and butter etc.). The old saying that "Manager are Born" has been rejected in favor of "Managers are Made". It has been aptly remarked that management is the oldest of art and youngest of science. To conclude, we can say that science is the root and art is the fruit.



**Fredrick W. Taylor (1856-1915):** He is known as ‘father of scientific management’. His ideas about management grew out of his wide-ranging experience in three companies: Midvale Steel Works, Simonds Rolling Mills and Bethlehem Steel Co. As an engineer and consultant, Taylor observed and reported on what he found to be inexcusably inefficient work practices, especially in the steel industry. Taylor believed that workers output was only about one-third of what was possible. Therefore, he set out to correct the situation by applying scientific methods. Taylor’s philosophy and ideas are given in his book, ‘Principles of Scientific Management’ published in 1911. Taylor gave the following principles of scientific management. Taylor concluded that scientific management involves a completer mental revolution on the part of both workers and management, without this mental revolution scientific management does not exist.

**Scientific Management Approach** The impetus for the scientific management approach came from the first industrial revolution. Because it brought about such an extraordinary mechanization of industry, this revolution necessitated the development of new management principles and practices. The concept of scientific management was introduced by Frederick Winslow Taylor in USA in the beginning of 20th century. He defined scientific management as,” Scientific management is concerned with knowing exactly what you want men to do and then see in that they do it in the best and cheapest way”. Elements and Tools of Scientific Management: The features of various experiments conducted by Taylor are as follows:

- **Separation of Planning and doing:** Taylor emphasized the separation of planning aspects from actual doing of the work. The planning should be left to the supervisor and the workers should emphasize on operational work.
- **Functional Foremanship:** Separation of planning from doing resulted into development of supervision system that could take planning work adequately besides keeping supervision on workers. Thus, Taylor evolved the concept of functional foremanship based on specialization of functions. Job Analysis: It is undertaken to find out the best way of doing things. The best way of doing a job is one which requires the least movement consequently less time and cost.
- **Standardization:** Standardization should be maintained in respect of instruments and tools, period of work, amount of work, working conditions, cost of production etc.

- **Scientific Selection and Training of Workers:** Taylor has suggested that the workers should be selected on scientific basis taking into account their education, work experience, aptitudes, physical strength etc.

- **Financial Incentives:** Financial incentives can motivate workers to put in their maximum efforts. Thus, monetary (bonus, compensation) incentives and non-monetary (promotion, upgradation) incentives should be provided to employees.

A body of principles of management has been developed by Henri Fayol, the father of modern management. Fayol wrote perceptibly on the basis of his practical experience as a manager. Although, he did not develop an integrated theory of management, his principles are surprisingly in tune with contemporary thinking in management theory. Fayol held that there is a single "administrative science", whose principles can be used in all management situations no matter what kind of organization was being managed. This earned him the title of "Universality". He, however, emphasized that his principles were not immutable laws but rules of thumb to be used as occasion demanded. Fayol held that activities of an industrial enterprise can be grouped in six categories : (i) technical (production), (ii) commercial (buying, selling and exchange), (iii) financial (search for and optimum use of capital), (iv) security (protection of property and persons), (v) accounting (including statistics); and (vi) managerial. However, he devoted most of his attention to managerial activity. He developed the following principles underlying management of all kinds of organizations :

1. **Authority and Responsibility are Related :** Fayol held that authority flows from responsibility. Managers who exercise authority over others should assume responsibility for decisions as well as for results. He regarded authority as a corollary to responsibility. Authority is official as well as personal. Official authority is derived from the manager's position in organizational hierarchy and personal authority is compounded of intelligence, experience, moral worth, past services, etc.
2. **Unity of Command :** This principle holds that one employee should have only one boss and receive instructions from him only. Fayol observed that if this principle is violated authority will be undermined, discipline will be jeopardy, order will be disturbed and stability will be threatened. Dual command is a permanent source of conflict. Therefore, in every organization, each subordinate should have one superior whose command he has to obey.

- 3. Unity of Direction :** This means that all managerial and operational activities which relate a distinct group with the same objective should be directed by "one head and one plan. According to Fayol, there should be, "one head and one plan for a group of activities having the same objective". It, however, does not mean that all decisions should be made at the top. It only means that all related activities should be directed by one person. For example, all marketing activities like product strategy and policy, advertising and sales promotion, distribution channel policy, product pricing policy, marketing research, etc., should be under the control of one manager and directed by an integrated plan. This is essential for the "unity of action, coordination of strength and focusing of effort". Violation of this principle will cause fragmentation of action and effort, and wastage of resources
- 4. Scalar Chain of Command :** According to Fayol scalar chain is the chain of superiors ranging from the ultimate authority to the lowest ranks. The line of authority is the route followed via every link in the chain by all communication which start from or go to the ultimate authority.
- 5. Division of Work :** This is the principle of specialization which, according to Fayol, applies to all kinds of work, managerial as well as technical. It helps a person to acquire an ability and accuracy with which he can do more and better work with the same effort. Therefore, the work of every person in the organization should be limited as far as possible to the performance of a single leading function.
- 6. Discipline :** Discipline is a sine qua non for the proper functioning of an organization. Members of an organization are required to perform their functions and conduct themselves in relation to others according to rules, norms and customs. According to Fayol, discipline can best be maintained by : (i) having good superiors at all levels; (ii) agreements (made either with the individual employees or with a union as the case may be) that are as clear and fair as possible; and (iii) penalties judiciously imposed.
- 7. Subordination of Individual Interest to General Interest :** The interest of the organization is above the interests of the individual and the group. It can be achieved only when managers in high positions in the organization set an example of honesty, integrity, fairness and justice. It will involve an attitude and a spirit of sacrificing their own personal interests whenever it becomes apparent that such personal interests are in



conflict with organizational interests. It may, however, be emphasized that social and national interests should have precedence over organizational interests whenever the two run counter to each other.

- 8. Remuneration :** Employees should be paid fairly and equitably. Differentials in remuneration should be based on job differentials, in terms of qualities of the employee, application, responsibility, working conditions and difficulty of the job. It should also take into account factors like cost of living, general economic conditions, demand for labour and economic state of the business.
- 9. Centralisation :** Fayol believed in centralisation. He, however, did not contemplate concentration of all decision making authority in the top management. He, however, held that centralisation and decentralisation is a question of proportion. In a small firm with a limited number of employees, the owner-manager can give orders directly to everyone. In large organizations, however, where the worker is separated from the chief executive through a long scalar chain, the decision making authority has to be distributed among various managers in varying degrees. Here one generally comes across a situation of decentralisation with centralised control. The degree of centralisation and decentralisation also depends on the quality of managers.
- 10. Order :** Order, in the conception of Fayol, means right person on the right job and everything in its proper place. This kind of order, depends on precise knowledge of human requirements and resources of the concern and a constant balance between these requirements and resources.
- 11. Equity :** It means that subordinates should be treated with justice and kindness. This is essential for eliciting their devotion and loyalty to the enterprise. It is, therefore the duty of the chief executive to instill a sense of equity throughout all levels of scalar chain.
- 12. Stability of Tenure of Personnel :** The managerial policies should provide a sense of reasonable job security. The hiring and firing of personnel should depend not on the whims of the superiors but on the well-conceived personnel policies. He points out that it takes time for an employee to learn his job; if they quit or are discharged within a short time, the learning time has been wasted. At the same time those found unsuitable should be removed and those who are found to be competent

should be promoted. However, "a mediocre manager who stays is infinitely preferable to outstanding managers who come and go".

**13. Initiative :** It focuses on the ability, attitude and resourcefulness to act without prompting from others. Managers must create an environment which encourages their subordinates to take initiative and responsibility. Since it provides a sense of great satisfaction to intelligent employees, managers should sacrifice their personal vanity in order to encourage their subordinates to show initiative. It should, however, be limited, according to Fayol, by respect for authority and discipline.

**14. Esprit de Corps :** Cohesiveness and team spirit should be encouraged among employees. It is one of the chief characteristics of organized activity that a number of people work together in close cooperation for the achievement of common goals. An environment should be created in the organization which will induce people to contribute to each other's efforts in such a way that the combined effort of all together promotes the achievement of the overall objectives of enterprise. Fayol warns against two enemies of esprit de corps, viz. (i) divide and rule, and (ii) abuse of written communication. It may work to the benefit of the enterprise to divide its enemy but it will surely be dangerous to divide one's own workers. They should rather be welded in cohesive and highly interacting work-groups. Overreliance on written communication also tends to disrupt team spirit. Written communication, where necessary, should always be supplemented by oral communication because face-to-face contacts tend to promote speed, clarity and harmony.

**Frank (1868-1924) and Lillian (1878-1972) Gilbreth:** Frank Gilbreth, a construction contractor by background, gave up his contracting career in 1912 to study scientific management after hearing Taylor's speak at a professional meeting. Along with his wife Lillian, a psychologist, he studied work arrangements to eliminate wasteful hand-body-motion. Frank specialized in research that had a dramatic impact on medical surgery and, through his time and motion findings, surgeons saved many lives. Lillian is known as 'first lady of management' and devoted most of her research to the human side of management. Frank Gilbreth is probably best known for his experiments in reducing the number of motions in bricklaying.

**Henry Gantt (1861-1919):** He was a consulting engineer who specialized in control system for shop scheduling. He sought to increase workers efficiency through scientific investigation. He developed the Gantt Chart (Figure-2.2) that provides a graphic representation of the flow of the work required to complete a given task. The chart represents each planned stage of work, showing both scheduled times and actual times. Gantt Charts were used by managers as a scheduling device for planning and controlling work. Gantt devised an incentive system that gave workers a bonus for completing their job in less time than the allowed standards. His bonus systems were similar to the modern gain sharing techniques whereby employees are motivated to higher levels of performance by the potential of sharing in the profit generated. In doing so, Gantt expanded the scope of scientific management to encompass the work of managers as well as that of operatives