

MODULE 1: INTRODUCTION TO MANAGEMENT THEORY

Introduction to management theory, Management Defined, Characteristic of Management, Management as an art-profession, System approaches to Management, Task and Responsibilities of a professional Manager, Levels of Manager and Skill required.

1.1 INTRODUCTION TO MANAGEMENT

The term 'management' has been used in different senses. Sometimes it refers to the process of planning, organizing, staffing, directing, coordinating and controlling, at other times it is used to describe it as a function of managing people. It is also referred to as a body of knowledge, a practice and discipline. There are some who describe management as a technique of leadership and decision-making while some others have analyzed management as an economic resource, a factor of production or a system of authority.

Definitions:

Various definitions of management are discussed as follows:

(A) Art of Getting Things Done:

Mary Parker Follett: "**Management is the art of getting things done through others.**" Follett describes management as an art of directing the activities of other persons for reaching enterprise goals. It also suggests that a manager carries only a directing function.

Harold Koontz: "**Management is the art of getting things done through and with people in formally organized groups.**"

Koontz has emphasized that management is getting the work done with the co-operation of people working in the organization.

J.D. Mooney and A.C. Railey: "Management is the art of directing and inspiring people." Management not only directs but motivates people in the organization for getting their best for obtaining objectives.

(B) Management as a Process:

Some authors view management as a process because it involves a number of functions. Management refers to all Involves different a manager does. Various functions which are performed by managers to make the efficient use of the available material and human resources so as to achieve the desired objectives are summed up as management. Thus, the functions of planning, organizing, staffing, directing, co-coordinating and controlling fall under the process of management.

Henry Fayol: "To manage is to forecast and plan, to organize, to command, to co-ordinate, and to control." Fayol described management as a process of five functions such as planning, organizing, commanding, coordinating and controlling. Modern authors, however, do not view co-ordination as a separate function of management.

George R. Terry: "Management is a distinct process consisting of activities of planning, organizing, actuating and controlling, performed to determine and accomplish stated objectives with the use of human beings and other resources." Though Terry has described four functions to be a part of management process but managerial functions are classified into five categories.

James L. Lundy: "Management is principally the task of planning, coordinating, motivating and controlling the efforts of others towards a specific objective." Lundy has also

specified some functions which management has to perform for achieving organizational goals.

1.1.1 Objectives of Management:

The primary objective of management is to run the enterprise smoothly. The profit earning objective of a business is also to be kept in mind while undertaking various functions.

Following are the broad objectives of management:

1. Proper Utilization of Resources:

The main objective of management is to use various resources of the enterprise in a most economic way. The proper use of men, materials, machines and money will help a business to earn sufficient profits to satisfy various interests. The proprietors will want more returns on their investments while employees, customers and public will expect a fair deal from the management. All these interests will be satisfied only when physical resources of the business are properly utilized.

2. Improving Performance:

Management should aim at improving the performance of each and every factor of production. The environment should be so congenial that workers are able to give their maximum to the enterprise. The fixing of objectives of various factors of production will help them in improving their performance.

3. Mobilizing Best Talent:

The management should try to employ persons in various fields so that better results are possible. The employment of specialists in various fields will be increasing the efficiency of various factors of production. There should be a proper environment which should encourage good persons to join the enterprise. The better pay scales, proper amenities, future growth potentialities will attract more people in joining a concern.

4. Planning for Future:

Another important objective of management is to prepare plans. No management should feel satisfied with today's work if it has not thought of tomorrow. Future plans should take into consideration what is to be done next. Future performance will depend upon present planning. So, planning for future is essential to help the concern.

1.2 MANAGEMENT AS A SCIENCE, ARTS AND PROFESSION

Some authors regard management as science because there are well tested and experimented principles of management, some authors describe management as an art because more practice is required in management and some authors consider that management is going towards the paths of profession.

To conclude whether management is science, art or profession, we must understand the features and meanings of science, art and profession and compare them with management meaning and features.

1.2.1 Management as a Science:

Science can be defined as a systematic and organised body of knowledge based on logically observed findings, facts and events.

Science comprises of exact principles which can be verified and it can establish cause and effect relations.

Main characteristics/features of science are:

1. Systematic body of knowledge:

In science organised and systematic study material is available which is used to acquire the knowledge of science. Like science in management also there is availability of systematic and organised study material. So first feature of science is present in management.

2. Scientific principles are derived on the basis of logical and scientific observations:

The scientists perform logical observation before deriving any principle or theory. They are very objective while doing the observations. But when managers are observing they have to observe human beings and observation of human being cannot be purely logical and objective.

Some kind of subjectivity enters in the observations so this feature of science is not present in management. All the scientific principles have same effect, wherever we try them whereas effect of management principles varies from one situation to other.

3. Principles are based on repeated experiments:

Before developing scientific principles scientists test these principles under different conditions and places. Similarly, managers also test and experiment managerial principles under different conditions in different organisations. So this feature of science is present in management.

4. Universal Validity:

Scientific principles have universal application and validity. Management principles are not exact like scientific principles so their application and use is not universal. They have to be modified according to the given situation. So this feature of science is not present in management.

5. Replication is possible:

In science replication is possible as when two scientists are undertaking the same investigation working independently and treating the same data under the same conditions may desire or obtain the identical or exactly same result.

But in management managers have to conduct research or experiments on human beings. So 'if' two managers are investigating same data, on different sets of human beings they will not get identical or same result because human beings

never respond in exactly identical manner. So this feature of science is also not present in management.

1.2.2 Management as an Art:

Art can be defined as systematic body of knowledge which requires skill, creativity and practice to get perfection.

The main features of art are:

1. Systematic body of knowledge/Existence of theoretical knowledge:

In every art there is systematic and organized study material available to acquire theoretical knowledge of the art. For example, various books on different ragas are available in music. In management also there is systematic and organised body of knowledge available which can help in acquiring managerial studies. So this feature of art is present in management also.

2. Personalised application:

In the field of art only theoretical knowledge is not enough. Every artist must have personal skill and creativity to apply that knowledge. For example, all musicians learn same ragas but they apply these ragas according to their personal skill and creativity which makes them different.

In management also all managers learn same management theories and principles. But their efficiency depends on how well they use these principles under different situations by applying personal skills and creativity so this feature of art is also present in management.

3. Based on Practice and creativity:

The artist requires regular practice of art to become more fine and perfect. Without practice artists lose their perfection. Art requires creative practice, i.e., artist must add his creativity to the theoretical knowledge he has learned. Same way with

experience managers also improves their managerial skills and efficiency. So this feature of art is also present in management.

1.2.3 Management: Both Science and Art:

Management is both science as well as art. Like science it has systematic and well-organised body of knowledge and like art it requires personal skill, creativity and practice to apply such knowledge in the best possible way. Science and art are not in contrast to each other; both exist together in every function of management.

1.2.4 Management as a Profession:

Profession can be defined as an occupation backed by specialised knowledge and training in which entry is restricted.

The main features of profession are:

1. Well defined Body of knowledge:

In every profession there is practice of systematic body of knowledge which helps the professionals to gain specialised knowledge of that profession. In case of management also there is availability of systematic body of knowledge.

There are large numbers of books available on management studies. Scholars are studying various business situations and are trying to develop new principles to tackle these situations. So presently this feature of profession is present in management also.

2. Restricted Entry:

The entry to a profession is restricted through an examination or degree. For example a person can practice as Doctor only when he is having MBBS degree.

Whereas there is no legal restriction on appointment of a manager, anyone can become a manager irrespective of the educational qualification. But now many companies prefer to appoint managers only with MBA degree. So presently this

feature of profession is not present in management but very soon it will be included with statutory backing.

3. Presence of professional associations:

For all the professions, special associations are established and every professional has to get himself registered with his association before practising that profession. For example, doctors have to get themselves registered with Medical Council of India, lawyers with Bar Council of India etc.

In case of management various management associations are set up at national and international levels which have some membership rules and set of ethical codes, for example, AIMA in New Delhi, National Institute of Personal Management at Calcutta etc., but legally it is not compulsory for managers to become a part of these organisations by registration. So presently this feature of profession is not present in management but very soon it will be included and get statutory backing also.

4. Existence of ethical codes:

For every profession there are set of ethical codes fixed by professional organisations and are binding on all the professionals of that profession. In case of management there is growing emphasis on ethical behaviour of managers. All India Management Association (AIMA) has devised a code of conduct for Indian managers. But legally it is not compulsory for all the managers to get registered with AIMA and abide by the ethical codes.

So presently this feature of profession is not present in management but very soon it will be included with statutory backing.

5. Service Motive:

The basic motive of every profession is to serve the clients with dedication. Whereas basic purpose of management is

achievement of management goal, for example for a business organisation the goal can be profit maximisation.

But nowadays only profit maximisation cannot be the sole goal of an enterprise. To survive in market for a long period of time, a businessman must give due importance to social objectives along with economic objectives. So presently this feature of profession is not present but very soon it will be included.

1.3 FUNCTIONS OF MANAGEMENT

1. PLANNING:

Planning involves the formulation of what is to be done, how, when, where it is to be done, who is to do it and how results are to be evaluated. It is the first essential which is to be performed by a manager to determine what must be done by the member in order to accomplish the work.

It is the most important step in the process of getting results. It enables the management to be a step ahead of each activity, retain initiative to make use of any opportunity and anticipate problems before they actually arise.

The process of planning involves:

1. Crystallization of determination of the corporate objectives:

It means that first of all, the targets to be achieved should be well defined. The top management must lay down the objectives of the company as far as possible in quantified terms.

2. Collection and classification of information:

It means that relevant information relating to the objectives should be properly collected and classified.

3. Development of the alternative courses of action:

Comparison of the alternatives in terms of objectives, feasibility and consequences.

4. Selection of the optimum course of action:

The manager is often faced with alternative courses of action. He must adopt the one which has the highest probability of yielding the maximum benefit or gain for himself and the company. This selection from alternative courses of action is sometimes referred to as the principle of alternative planning.

5. Establishment of policies, procedures, methods, schedules, systems, standard and budgets:

It means that the plans must be detailed and flexible so that they are capable of being readjusted in case there is a change in the working conditions and/or objectives.

2. ORGANIZING:

After the objectives and course and make up of action have been determined, the next step is to distribute or allocate the necessary component activities among the members of the group. The work of task allocation, authority delegation and relationship establishing by the manager is known as organizing.

The process of organizing involves:

1. Division of the work in to component activities;
2. Assigning people to tasks;
3. Defining responsibilities;
4. Delegation of authority; and
5. Establishment of structural relationships to secure coordination.

3. STAFFING:

Success of any organisation depends upon the ability, qualification & experience of its employees. So, in managing the affairs smoothly, the role of recruitment & selection is very important. For doing this work, the superior has to do manpower planning i.e., the planning for how many persons are

required and what should be the qualities they possess. On this basis, persons are selected and after that they are trained.

Staffing function involves the following activities:

1. Forecasting of the number of personnel required.
2. Decide their qualification which is required.
3. Recruitment & selection.
4. Training & development of employees.
5. Performance evaluation of employees.
6. Take the decision relating to the issues like promotion, transfer, demotion etc.

7. Prepare a compensation package plan.

8. Maintaining personnel accounts.

4. DIRECTING:

To carry out physically the activities resulting from the planning & organizing steps, it is necessary for the manager to take measures that will start and continue action as long as they are needed in order to accomplish the tasks by the members of the group.

The process of directing involves:

1. Providing effective leadership.
2. Integrating people and tasks and convincing them to assist in the achievement of the overall objectives.
3. Effective communication, and
4. Providing climate for subordinates' development.

5. CONTROLLING:

Controlling involves checking the performance by comparing it with the desired results to see how much has been achieved or whether we are going in right direction or not. Controlling is an exercise of intro-inspection.

Controlling involves the following activities:

1. Continuous observation and study of periodic results of performance in order to identify potential problems;
2. Selection of the best of the mode of control;
3. Comparison of the performance with the range of standards established beforehand;
4. Pinpointing significant deviations;
5. Assertion their exact causes; and
6. Initiation and implementation of the corrective action.

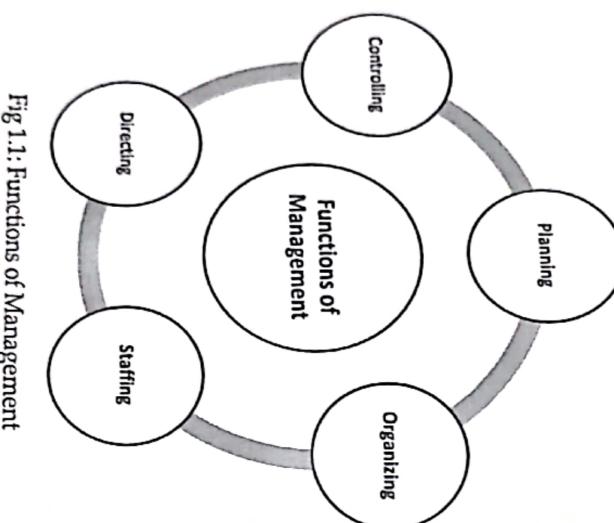


Fig 1.1: Functions of Management

1.4 LEVELS OF MANAGEMENT

1. Top Management:

Top management of a company consists of Board of Directors, Chairman, and Chief Executive etc. Top management is the ultimate source of management authority and it is accountable for overall management to the shareholders of the company.

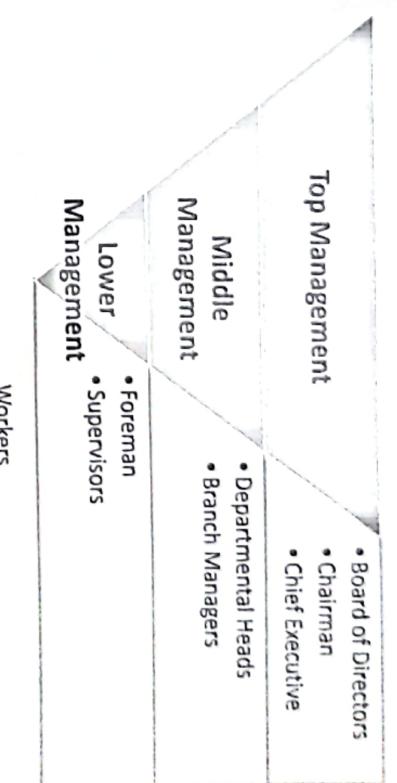


Fig 1.2: Levels of Management

The main functions of top management are as follows:

1. Determining the objectives of the enterprise as a whole.
2. Setting up an organisational framework.
3. Framing policies and making plans to achieve the objectives laid.
4. Work as a link between internal organisational environment and external environment by representing organisation.
5. Assembling the resources of men, machine, material & money.
6. Providing overall leadership to organisation.
7. Exercising effective overall control.

2. Middle Management:

Middle management consists of departmental heads which are generally classified under upper middle management, deputy heads of departments, sectional heads and area managers etc. It is basically concerned with the task of implementing the policies & plans laid down by the top management.

The important functions of middle management are as follows:

1. Interpreting the policies framed by top management.
2. Selecting suitable operative and supervisory personnel.
3. Assigning duties and responsibilities for timely execution of the plans.
4. Motivating personnel to achieve higher productivity.
5. Preparing the organisational set up in their respective departments.
6. Compiling and issuing instructions to the supervisors under their control.
7. Coordinating with other departments so as to ensure a smooth running of the entire organisation.
8. Reporting & feedback to top management.
9. Collecting information & reports on performance.
10. Making recommendations to top management for the better implementation of plans & policies.

3. Lower Management:

Lower management or operating management or supervisory management is the lowest level of management. It includes plant superintendent, front line supervisors, sales officers etc. They are concerned with day to day planning & implementation of the policies of middle management.

They pass on the instructions of middle management to the operatives and translate the plans of management into short range operating plans.

The various functions of lower management are as follows:

1. To issue orders & instructions to the workers and supervise & control their functioning.
2. To plan the activities of his section, classifying and assigning jobs to the workers.
3. To direct and guide the workers about work procedures.

1.5 MANAGERIAL SKILLS

A manager has to perform a number of jobs. It necessitates that a manager should have proper skills to perform different jobs. Henry Fayol put the qualities required by managers into the following categories:

- (i) Physical - health, vigour, address.
- (ii) Mental - ability to understand and learn; judgement, mental vigour and adaptability.
- (iii) Moral - energy, firmness, willingness to accept responsibility, initiative, loyalty, tact, dignity.
- (iv) Educational - general acquaintance with matters not belonging exclusively to the function performed.
- (v) Technical - peculiar to the function.
- (vi) Experience - arising from the work proper.

Robert L. Katz conducted research during early 1970's and found that managers need three essential skills or competencies; technical, human and conceptual. He also found

4. To provide on the job training.
5. To solve the problem of the subordinates.
6. To communicate the problems upward in the hierarchy which cannot be solved at this level.
7. To maintain discipline among the subordinates and develop in them the right approach for work.
8. To build up a high group morale among the subordinates.

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that the relative importance of these skills varied according to the manager's level within the organization.

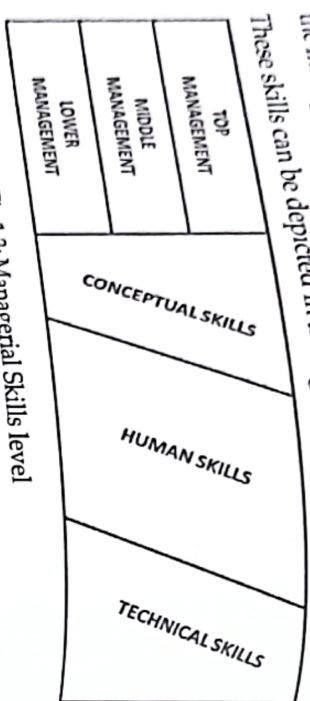


Fig 1.3: Managerial Skills level

Technical Skills:

A manager must have the necessary technical skills or the ability to work with the resources, tools, techniques, procedures etc. First line managers as well as many middle managers have involved in technical aspects of the organization's operations. Technical skills include knowledge of and proficiency in certain specialized such as engineering, computers, finance or manufacturing. Even though the need for technical skills is less when a manager moves higher in hierarchy but still technical proficiency helps in taking decisions.

Human Skills:

It is the ability to work well with other people both individually and in a group. Managers with human skills can get best out of the people working with them. They know how to communicate, motivate, lead and inspire enthusiasm and trust. These skills are needed by managers at every level but top managers need them the most.

Conceptual Skills:

Conceptual skills are the ability to integrate and coordinate various activities. Managers must have the ability to think and conceptualize about abstract solutions. They must be able to see the organization as a whole and the relationships among its

various subunits and to visualize how the organization fits into its broader environment. Conceptual skills are helpful in decision-making. Since all managers have to take decisions so these skills are essential for all managers but these become more important as they make up the organizational hierarchy.

1.6 ROLE OF THE MANAGER

A role is concerned with the behaviour pattern of a manager within an organization. Henry Mintzberg did a careful study of five chief executives at work in the late 1960's. He discovered that the role of a manager is quite different from the notions held at that time. For instance, the prominent view at that time was that managers were reflective thinkers who carefully and systematically processed information before taking decisions.

Mintzberg found that his managers were engaged in a large number of varied, un-patterned, and short-duration activities. There was little time for reflective thinking because managers encountered constant interruptions. Mintzberg provided a categorization scheme for defining what managers do based on actual managers on the job. He concluded that managers perform ten different but highly interrelated roles. The term management roles refers to specific categories of managerial behaviour. Table gives the ten different roles of the manager.

Interpersonal Roles:

A manager has to perform some duties as a figurehead. He may receive the guests from outside or preside over a social function of employees. He may have to sign some legal documents as head of the organization. These are the roles played as figurehead. He has also to act as leader when he has to sort out the activities of subordinates. He has not only to motivate the employees but is also involved in hiring, firing and discipline employees. The third role in interpersonal roles is of liaisoning. He has to contract outside agencies for collecting business related information. The outside information providers may be individuals or groups.

Informational Roles: All managers are required to perform informational roles. They have to collect information from organizations and institutions outside their own. Managers also play the role of disseminators when they supply information to subordinates in the organization. This information is factual as well as with interpretations for the benefit of users. A manager acts as a spokesperson when he represents the organization to outsiders.

Decisional Roles:

According to Mintzberg, a manager performs four decisional roles. He initiates and oversees new projects for the improvement of organizational performance, this is the entrepreneurial role played by him. As disturbance handler, manager takes corrective actions in response to previously unforeseen problems. He also acts as resource allocation when he assigns and monitors the allocation of human, physical, and monetary resources. He acts as a negotiator when he discusses and bargains with other groups to gain advantage for his own unit.

1.6.1 Qualities of a Manager:

A manager has to undertake a number of functions from planning to controlling. He has to take decisions for every type of activity. The decisions of the manager influence the working of an organization.

He should have the following qualities so for performing his work properly:

1. Education:

A manager must have proper educational background. These days managers are supposed to have management education, besides other educational qualifications. Education not only widens mental horizon but also helps in understanding the things and interpreting them properly. The knowledge of

business environment is also important for dealing with various problems the organization may face.

2. Intelligence:

A manager has to perform more responsibilities than other persons in the organization. He should have higher level of intelligence as compared to other persons. Intelligence will help a manager in assessing the present and future possibilities for the business. He will be able to foresee the things in advance and take necessary decisions at appropriate time.

3. Leadership:

A manager has to direct and motivate persons working in the organization. He will provide leadership to subordinate. The energies of the subordinates will have to be channelize of properly for achieving organizational goals. If a manager has the leadership qualities then he can motivate subordinates in improving their performance and working to their full capacity for the benefit of the organization.

4. Training:

A manager has to acquire managerial skills. These skills consist of technical skills, human skills and conceptual skills. These skills have to be acquired through education, guidance, experience etc. These skills are needed for all levels of managers.

5. Technical Knowledge:

A manager should have technical knowledge of production processes and other activities undertaken in the enterprise. He will be in a better position to inspect and guide if he himself has a knowledge of those activities.

6. Maturity:

A manager should have mental maturity for dealing with different situations. He should be patient, good listener and quick to react to situations. He has to take many awkward

decisions which may adversely affect the working if not taken properly. He should keep calm when dealing with subordinates. All these qualities will come with mental maturity.

7. Positive Attitude:

Positive attitude is an asset for a manager. A manager has to deal with many people from inside as well as from outside the organization. He should be sympathetic and positive to various suggestions and taken humane decisions. He should not judge the things and take sides. He should try to develop good relations with various persons dealing with him. He should understand their problems and try to extend a helping hand.

8. Self-confidence:

A manager should have self-confidence. He has to take many decisions daily, he may analyze the things systematically before taking decisions. Once he takes decisions then he should stick to them and try to implement them. A person who lacks self-confidence will always be unsure of his decisions. This type of attitude will create more problems than solving them.

9. Foresight:

A manager has to decide not only for present but for future also. There are rapid changes in technology, marketing, consumer behaviour, financial set up etc. The changes in economic policies will have repercussions in the future. A manager should visualize what is going to happen in future and prepare the organization for facing the situations. The quality of foresight will help in taking right decisions and face the coming things in right perspective. In case the things are not rightly assessed then the organization may face adverse situations.

1.7 CHARACTERISTICS OR FEATURES OF MANAGEMENT

1. Management is goal oriented process

Management always aims at achieving the organisational objectives.

The functions and activities of manager lead to the achievement of organisational objectives; for example, if the objective of a company is to sell 1000 computers then manager will plan the course of action, motivate all the employees and organise all the resources keeping in mind the main target of selling 1000 computers.

2. Management is Pervasive:

Management is a universal phenomenon. The use of management is not restricted to business firms only it is applicable in profit-making, non-profit-making, business or non-business organisations; even a hospital, school, club and house has to be managed properly. Concept of management is used in the whole world whether it is USA, UK or India.

3. Management is Multidimensional:

Management does not mean one single activity but it includes three main activities:

- i. Management of work
- ii. Management of people
- iii. Management of operations

(a) Management of work:

All organisations are set up to perform some task or goal. Management activities aim at achieving goals or tasks to be accomplished. The task or work depends upon the nature of Business for example, work to be accomplished in a school is providing education, in hospital is to treat patient, in industry to manufacture some product. Management makes sure that work is accomplished effectively and efficiently.

(b) **Management of people:**
People refer to Human resources and Human resources are the most important assets of an organisation. An organisation can win over competitor with efficient employees only because two organisations can have same physical, technological and financial resources but not human resources. Management has to get task accomplished through people only.

Managing people has two dimensions:

- (i) Taking care of employee's individual needs
- (ii) Taking care of group of people

(c) **Management of operations:**

Operations refer to activities of production cycle such as buying inputs, converting them into semi-finished goods, finished goods.

Management of operations concentrates on mixing management of work with management of people, i.e., deciding what work has to be done, how it has to be done and who will do it.

4. Management is a continuous process:

Management is a continuous or never ending function. All the functions of management are performed continuously, for example planning, organising, staffing, directing and controlling are performed by all the managers all the time. Sometimes, they are doing planning, then staffing or organising etc. Managers perform ongoing series of functions continuously in the organisation.

5. Management is a group activity:

Management always refers to a group of people involved in managerial activities. The management functions cannot be performed in isolation. Each individual performs his/her role at his/her status and department, and then only management function can be executed.

Even the result of management affects every individual and every department of the organisation so it always refers to a group effort and not the individual effort of one person.

6. Management is a dynamic function:

Management has to make changes in goal, objectives and other activities according to changes taking place in the environment. The external environment such as social, economical, technical and political environment has great influence over the management.

As changes take place in these environments, same are implemented in organisation to survive in the competitive world.

7. Intangible:

Management function cannot be physically seen but its presence can be felt. The presence of management can be felt by seeing the orderliness and coordination in the working environment. It is easier to feel the presence of mismanagement as it leads to chaos and confusion in the organisation.

For example, if the inventory of finished products is increasing day by day it clearly indicates mismanagement of marketing and sales.

8. Composite process:

Management consists of series of functions which must be performed in a proper sequence. These functions are not independent of each other.

They are inter-dependent on each other. As the main functions of management are planning, organising, staffing, directing and controlling; organising cannot be done without doing planning; similarly, directing function cannot be executed without staffing and planning and it is difficult to control the activities of employees without knowing the plan. All the functions inter-dependent on each other that is why

management is considered as a composite process of all these functions.

9. Balancing effectiveness and efficiency:

Effectiveness means achieving targets and objectives on time. Efficiency refers to optimum or best utilisation of resources. Managements always try to balance both and get the work done successfully. Only effectiveness and only efficiency is not enough for an organisation: a balance must be created in both. For example, if the target of an employee is to produce 100 units in one month time and achieving the target by wasting resources and mishandling the machinery, will not be in the interest of organisation. On the other hand, if the employee spends lot of time in handling the machine carefully and managing the resources carefully and fails to complete the target on time, it will also not be in the interest of organisation. Manager sees to it that this target is achieved on time-and with optimum use of resources.

1.8 TASKS AND RESPONSIBILITIES OF PROFESSIONAL MANAGERS

"A manager is not a person who can do the work better than his team, he is a person who can get his team to do the work better than he can." A good manager can truly define the success of his employees and the company as a whole.

A professional manager is an invaluable asset to the firm. His primary job is directing employees and coordinating various activities of the firm. For this, he needs exception communication, technical, conceptual and human skills.

1. Envisioning Goals

The first and most important task of any manager is providing a direction to the organization. This entails mapping out their visions and missions.

This is one task the manager must not delegate, but perform himself. Defining the company's objectives helps unify the employees and gets them working towards a common goal.

2. Managing Growth

One of the main roles and responsibilities of the manager is to manage the growth and ensure the survival of the firm. There are both internal and external factors that are a threat to this growth and survival of the firm.

3. Improving and Maintaining Efficiency

The manager has many roles and responsibilities regarding the efficiency of the firm. Firstly he must ensure that the firm is efficient, i.e. resources are not being wasted. And then this efficiency has to be effectively maintained.

4. Innovation

It is the task of the manager to be innovative in his job. He must find new and creative solutions to the problems faced by the firm. Innovation not only means having new ideas but also cultivating and implementing them. This is one of the on-going jobs of a professional manager.

5. Looking out for the competition

A manager has to plan and prepare for the competition in the market. He must never be caught unaware, he must prepare for new and/or increased competition.

6. Leadership

The quality of the leadership usually dictates the future of a firm. Hence the manager must also be a good leader. He should be able to inspire and motivate people to work towards the goals of the company.

A leader leads from the front, and the manager must also possess exceptional qualities and work ethic that his team members can learn from.

7. Change Management

In any company or organization, change is a given. The manager has to be the agent of change in such cases. It is his roles and responsibilities to ensure the process of change is smooth and uneventful for the company.

8. Choosing correct Information Technology

This is a problem that all managers of today's era are facing. There are so many choices available in the market for various IT processes. It is a challenge to use the best and most suitable technology for your organization. So this entails choosing the correct software, communication system, network system etc.

1.9 CLASSICAL ORGANISATION THEORY

The classical writers viewed organisation as a machine and human beings as components of that machine. They were of the view that efficiency of the organisation can be increased by making human beings efficient. Their emphasis was on specialisation and co-ordination of activities. Most of the writers gave emphasis on efficiency at the top level and few at lower levels of organisation. That is why this theory has given streams; scientific management and administrative management. The scientific management group was mainly concerned with the tasks to be performed at operative levels.

making the functions effective. Since this theory revolves around structure it is also called 'structural theory of organisation."

Pillars of Organisation Theory:

According to classical writers, the organisation theory is built around four key pillars division of work, scalar and functional processes, structure and span of control.

(i) Division of Labour:

Division of labour implies that work must be divided to obtain specialisation with a view to improve the performance of workers. The classical theory rests on the assumption that more a particular job is broken into its simplest component parts, the more specialised a worker can become in carrying out his part of the job.

The specialisation in workers will make the organisation efficient. Various activities of a job are specified and subdivided into different components so that these may be assigned to different persons. The workers will go on repeating their work under division of labour. The performance of same work will help workers to improve their efficiency and the organisation as a whole is benefitted by this exercise.

(ii) Scalar and Functional Process:

The scalar process refers to the growth of chain of command, delegation of authority, unity of command and obligation to report. It is called scalar process because it provides a scale or grading of duties according to the degree of authority and responsibility. It generates superior- subordinate relationship in the organisation. The functional process deals with the division of organisation into specialised parts or departments and regrouping of the parts into compatible units.

Henry Fayol studied for the first time the principles and functions of management. Some authors like Gullick, Oliver Sheldon, Urwick viewed the problem where identification of activities is necessary for achieving organisation goals. Grouping or departmentation was also considered essential for

(iii) **Structure:** It is the framework of formal relationships among various tasks, activities and people in the organisation. The basic structural element in the classical theory is position. Each position is assigned a specific task and authority is delegated for its accomplishment. The efficiency with which these tasks will be accomplished will determine the effectiveness of the organisation. The classical writers emphasised line and staff organisations.

(iv) **Span of Control:**

The span of control means the number of subordinates a manager can control. Classical thinkers specified numbers at different levels which can be effectively supervised by a superior. A manager cannot exercise proper control if the number of subordinates increases beyond a certain figure, on the other hand if the number is less than his capacity and knowledge cannot be fully utilised.

Appraisal of Classical Theory:

The classical theory suffers from some restraints. Some of its drawbacks are given as follows:

1. Classical thinkers concentrated only on line and staff structures. They did not try to find out the reasons if a particular structure is more effective than others.
2. This theory did not lay emphasis on decision-making processes.
3. Human behaviour was ignored in this theory. Classical thinkers did not realize the complexity of human nature. They take human beings as inert instrument of organisation performing the assigned task.
4. The assumption that organisation in a closed system is unrealistic. Organisation is greatly influenced by environment

and vice-versa. A modern organisation is an open system which has interaction with the environment.

1.10 NEO-CLASSICAL ORGANISATION THEORY

The classical theory of organisation focussed main attention on physiological and mechanical variables of organisational functioning. The testing of these variables did not show positive results. The Hawthorne Studies conducted by George Elton Mayo and associates discovered that real cause of human behaviour was somewhat more than mere physiological variables. These studies focussed attention on human beings in the organisation.

New-classical approach is contained in two points:

- (i) Organisational situation should be viewed in social, economic and technical terms, and
- (ii) the social process of group behaviour can be understood in terms of clinical method analogous to the doctor's diagnosis of human organism.

This theory views formal and informal forms of organisation as important. The behavioural approach followed in this theory is the other contribution of new-classical thinkers. The pillars of classical theory viz. division of work, departmentation, coordination and human behaviour were taken as given but these postulates were regarded as modified by people acting independently or within the context of the informal organisation.

The main propositions of neo-classical theory are given as follows:

1. The organisation in general is a social system composed of numerous interacting parts.
2. Informal organisations exist within the formal organisation. Both are affected by and affect each other.

3. Human being is independent and his behaviour can be predicted in terms of social factors at work.
4. Motivation is a complex process. Many socio-psychological factors operate to motivate human beings at work.
5. A conflict between organisational and individual goals often exists. There is a need to reconcile the goals of the individual with those of the organisation.

6. Team-work is essential for higher productivity.
7. Man's approach is not always rational. Often, he behaves non-logically in terms of rewards which he seeks from his work.

8. Communication is necessary as it carries information for the functioning of the organisation and the feelings of the people at work.

Improvements over Classical Theory:

Neo-classical theory offers modifications and improvements over classical theory in some aspects such as:

- (i) Flat structure,
- (ii) Decentralisation,
- (iii) Informal organisations.

(i) Flat Structure:

The classical theory suggested tall structure whereas neo-classical theory suggested flat structure. In tall structure there is a problem of communication because of differentiation between decision makers and implementers, the levels of management are too many and motivation of people is difficult. In case of flat structure the wide span of control helps in motivation, chain of communication is shorter and it is free from hierarchical control.

- (ii) Decentralisation**
- Neo-classical theory advocates decentralised organisation which is close to flat structure because of wider span of control. It allows autonomy and initiative at the lower level. It also develops people to occupy higher positions in future.

(iii) Informal Organisation:

The neo-classical theorists advocated the need for both formal and informal organisations. Formal organisation represents the intentions of top management for the purpose of interactions among the people. Informal organisation is necessary to plug the loop holes of formal organisation and to satisfy the social and psychological needs of people. Managements use informal organisation for overcoming resistance to change on the part of workers and also for fast communication process. Both formal and informal organisations are interdependent upon each other.

Appraisal of Neo-classical Organisation Theory:

This theory tries to overcome the shortcomings of classical organisation theory. It introduced the concept of informal organisation and human behaviour approach in the study of organisational functioning. However, it is also not free from various shortcomings. Scott observes that, "like classical theory, neo-classical theory suffers from incompetency, a shortsighted perspective and lack of integration among many facts of human behaviour studied by it."

The main criticism of this theory is as follows:

1. The assumptions on which this theory is based are sometimes not true. A thinking that there is always a possibility of finding a solution acceptable to all is not true. There are conflicting interests among various groups that are structural in character and not merely psychological. This aspect has not been discussed in the theory.

2. No particular organisational structure can be suitable for all the organisations. Various organisational formats given by neo-classists are not applicable in all situations.

3. Neo-classical theory is only a modification of classical organisation theory. It suffers from nearly same drawbacks from which classical theory suffered. It lacks unified approach of organisation. This theory has also been criticised on the ground that it is nothing more than "a trifling body of empirical and descriptive information as it was mainly based on Hawthorne Studies."

1.11 MODERN ORGANISATION THEORY

Modern organisation theory is of recent origin, having developed in early 1960's. This theory has tried to overcome the drawbacks of earlier theories. In the words of W.G. Scott, 'The distinctive qualities of modern organisation theory are its conceptual analytical base, its reliance on empirical research data and, above all, its integrating nature. These qualities are framed in a philosophy which accepts the premise that the only meaningful way to study organisation is to study it as a system.' This theory may be understood in two approaches:

Systems Approach:

This approach studies the organisation in its totality. The mutually dependent variables are properly analysed. Both internal and external variables are studied in analysing the nature of organisation. Though this theory passes a much higher conceptual level as compared to earlier theories but different writers have given varied views of the system. Organisation as a system can well be understood by identifying various sub-systems within it. Each sub-system may be conduct. Seiler has classified four components in an

organisation, human inputs, technological inputs, organisational inputs, and social structure and norms

Katz and Kahu have identified five sub-systems of organisation:

- (i) Technical sub-system concerned with the work that gets done;
- (ii) Supportive sub-system of procurement, disposal and institutional relations;
- (iii) Maintenance of sub-systems for tying people into their functional roles

(iv) Adaptive sub-systems concerned with organisational change; and

(v) Managerial sub-systems for direction, adjudication and control of the many sub-systems and the activities of the structure.

Contingency Approach:

Even though systems approach presents a better understanding of organisational and managerial functioning but it does not provide solution for all types of organisational structures. Systems approach offers models which may not suit every type of organisation. A structure suitable for one unit may not be suitable for another. Contingency approach suggests an organisational design which suits a particular unit. A structure will be suitable only if it is tailor made for an enterprise. The influence of both internal and external factors should be considered while framing a suitable organisational structure. This approach suggests that needs, requirements, situations of a particular concern should be considered while designing an organisational structure.

The factors which influence an organisation may be described as:

- (i) Environment
- (ii) Technology
- (iii) Size of operations
- (iv) People.

These factors greatly influence a decision for the selection of an appropriate organisation for an enterprise.

1.12 SYSTEM APPROACH TO MANAGEMENT

In the 1960, an approach to management appeared which try to unify the prior schools of thought. This approach is commonly known as 'Systems Approach'. Its early contributors include Ludwig Von Bertalanffy, Lawrence J. Henderson, W.G. Scott etc.

They viewed organisation as an organic and open system, which is composed of interacting and interdependent parts, called subsystems. The system approach is top took upon management as a system or as "an organised whole" made up of sub-systems integrated into a unity or orderly totality.

Systems approach is based on the generalization that everything is inter-related and inter-dependent. A system is composed of related and dependent element which when in interaction, forms a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole.

One its most important characteristic is that it is composed of hierarchy of sub-systems. That is the parts forming the major system and so on. For example, the world can be considered-to be a system in which various national economies are sub-systems.

In turn, each national economy is composed of its various industries, each industry is composed of firms' and of course a firm can be considered a system composed of sub-systems said as production, marketing, finance, accounting and so on.

Features of Systems Approach:

- (i) A system consists of interacting elements. It is set of inter-related and inter-dependent parts arranged in a manner that produces a unified whole.
- (ii) The various sub-systems should be studied in their inter-relationships rather, than in isolation from each other.

(iii) An organisational system has a boundary that determines which parts are internal and which are external.

(iv) A system does not exist in a vacuum. It receives information, material and energy from other systems as inputs. These inputs undergo a transformation process within a system and leave the system as output to other systems.

(v) An organisation is a dynamic system as it is responsive to its environment. It is vulnerable to change in its environment.

In the systems approach, attention is paid towards the overall effectiveness of the system rather than the effectiveness of the sub-systems. The interdependence of the sub-systems is taken into account. The idea of systems can be applied at an organisational level. In Applying system concepts, organisations are taken into account and not only the objectives and performances of different departments (sub-systems)

The systems approach is considered both general and specialised systems. The general systems approach to management is mainly concerned with formal organisations and the concepts are relating to technique of sociology, psychology and philosophy. The specific management system includes the analysis of organisational structure, information, planning and control mechanism and job design, etc.

As discussed earlier, system approach has immense possibilities. "A system view point may provide the impetus to unity management theory. By definitions, it could treat the various approaches such as the process of quantitative and behavioural ones as sub-systems in an overall theory of management. Thus, the systems approach may succeed where management approach has failed to lead management out of the the process approach." theory of jungle."

Systems theory is useful to management because it aims at achieving the objectives and it views organisation as an open system.

Evaluation of System Approach:

The systems approach assists in studying the functions of complex organisations and has been utilized as the base for the new kinds of organisations like project management organisation. It is possible to bring out the inter-relations in various functions like planning, organising, directing and controlling. This approach has an edge over the other approaches because it is very close to reality. This approach is called abstract and vague. It cannot be easily applied to large and complex organisations. Moreover, it does not provide any tool and technique for managers.

MODULE 2: MANAGEMENT AND ORGANIZATION

Management Process, Planning types , Mission, Goals, Strategy, Programmes, Procedures, Organising, Principles of Organisation, Delegation, Span of Control, Organisation Structures, Directing, Leadership, Motivation, Controlling.

2.1 MANAGEMENT PROCESS

Management is a process which brings the scarce human and material resources together and motivates people for the achievement of objectives of the organization. Management is not a onetime act but an on-going series of interrelated activities. The sum total of these activities is known as management process. It consists of a set of interrelated operations or functions necessary to achieve desired organizational goals. A process is a systematic way of doing things. It is concerned with conversion of inputs into outputs. An analysis of management process will enable us to know the functions which managers perform.

2.1.1 Features of Management Process

Management process is characterized by the following features:

1. Social Process:

The entire management process is regarded as a social process as the success of all organizational efforts depends upon the willing co-operation of people. Managers guide, direct, influence and control the actions of others to achieve stated goals. Even people outside the organization are influenced by the actions of managers.