

# Concept and Foundations of Management

# Management

- The term denotes to manage things diplomatically to give good results and accomplish pre-determined goals of the firm.
- Management is basically the process of enabling the companies to operate in both the immediate and near future.
- Management has important role in business and organizations as it coordinates the efforts of people to achieve goals and objectives using available resources competently and successfully.
- Management is a problem solving process of effectively achieving organizational objectives through the efficient use of scarce resources in a changing environment.
- Management as "a process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources".
- "Management is the process by which a cooperative group directs actions towards common goals".

# Definition

- Management is the art of getting things through and with people in formally organized groups. (Koontz)
- Management is a process consisting of activities to plan, organize, mobilize human resources and carry out control to achieve goals. (Fayol)
- Management is a multi-purpose organ that manages business and manages managers and manages workers and work. (Peter Drucker)
- Management is the art of knowing what you want to do and then seeing that they do it in the best and the cheapest way. (F.W. Taylor)

# Features/Attributes of Management

1. Management is a constant process.

The process of management comprises of planning, organizing, directing and controlling the resources to make certain that resources are best utilized in organization and increase productivity.

2. Management is art as well as science.

It is the art to develop people so that they can give their best and this will not be possible without effective management. Others argue that it is a science because management principles or laws are developed for the application to organize business operations.

3. Management is to accomplish predetermined objectives.

4. Management is to make sensible decision to select the best among alternative courses.

5. Universally Applicable

The principles and concepts of management are applicable to every type of industry.

6. Multidisciplinary

It is multidisciplinary as it pulls ideas and concepts from various disciplines like economics, sociology, psychology, statistics, and operations research.

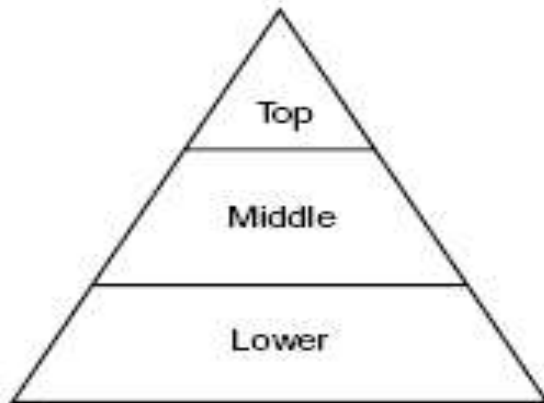
# Management Functions

Planning	Directing	Controlling
Formulating purpose	Leading	Investigating
Decision making	Motivating	Evaluating
Innovating	Commanding	Coordinating
Organizing	Activating	Representing
Staffing	Securing Efforts	Administration
Appraising	Communicating	

The key management functions are planning, organizing, staffing, directing and controlling.

# Levels of Management

- Personnel in an organization are prearranged in a ladder and they all have the relationship of senior to junior post. Every manager in an organization performs all five management functions. The relative importance of these functions varies along the managerial levels.



Board of Directors, Chairman, Chief Executive

Department Heads, Divisional Heads, Section Heads

Senior Supervisor, Front Line Supervisors

### Top level Management:

- Top management of an organization comprises of board of directors, chairman and chief executive officer.
- Top level management determines goals and objectives.
- They are involved in planning, organizing, staffing, directing and controlling.

### Middle level Management:

- Middle management staff lies between top management and supervisory management level.
- Middle level management develops programs for department and perform functions to accomplish corporate goals.
- The other functions of middle level management are training and development of employees, integrating various parts of the department.



### Low level Management:

- Supervisory management is associated with efficiency in using resources of the organization.
- A supervisor implements policies and procedures making a series of decisions with well-defined and specified grounds.

# Management Thinkers

## F. W. Taylor

- F. W. Taylor (1856-1915) was an American mechanical engineer who sought to improve industrial efficiency.
- He was one of the first management consultants.
- Taylor was one of the intellectual leaders of the Efficiency Movement and his ideas, broadly conceived, were highly influential in the Progressive Era (1890s–1920s).
- Taylor developed the body of knowledge which is now called 'scientific management' and conducted various experiments at the workplace to find out how human beings could be made more efficient.

“The principles of Scientific Management” are based on the following four basic principles:-

- i) The development of a true science of management, so that the best method for performing each task could be determined.
- ii) The scientific selection of the workers, so that each worker would be given responsibility for the task for which he or she was best suited.
- iii) The scientific education and development of the workers.
- iv) Friendly to-operation between management and labour.

## Features of Scientific Management

### (a) Separation of Planning and Doing:

Taylor introduced the separation of Planning from actual doing. Before Taylor's Scientific management, a worker used to plan about how he had to work and what instruments were necessary for doing that work. Taylor insisted that planning should be left to on the shoulder of supervisor's and the workers should concentrate on work that has been assigned to him.

### (b) Functional Foremanship:

As all the planning has been moved to shoulder of supervisor, Taylor developed the concept of functional foremanship based on specialization of functions.

### (c) Job analysis:

Taylor suggested that the best way of doing a job requires less time and cost. He analyzed the various jobs to find out the best way of doing things with the help of time and motion and fatigue study.

#### (d) Standardization

According to Taylor, instruments and tools, period of work, amount of work, working condition and cost of the production have to be standardized on the basis of job analysis.

#### (e) Scientific Selection and Training of Workers

Taylor suggested that workers should be selected on scientific basis like their education, work experience, aptitude, physique, strength weakness etc. Also some training must be provided to make them efficient and effective.

#### (f) Financial Incentive

Taylor introduced the concept of financial incentive to motivate workers. He introduced different scheme to give them incentive. He also suggested that wages should be based on individual performance.

## (g) Mental Revolution

Taylor strongly suggested a change in the attitude of employers and employees. Mutual conflict should be replaced by mutual cooperation which is beneficial to both. Taylor argued mental revolution is the most important features of scientific management because in its absence, no principle of scientific management could be applied.

## Henry Fayol

- Henry Fayol (1841 -1925) was a French mining engineer who turned a leading industrialist and a successful manager.
- According to Henry Fayol, all the activities of a business enterprise could be divided into the following six groups:
  - (i) Technical activities (related to production)
  - (ii) Commercial activities (related to buying, selling or exchange).
  - (iii) Financial activities (related to sources of capital & its optimum use )
  - (iv) Security activities (related to protection of the properties and personnel in an enterprise)
  - (v) Accounting activities (related to business transactions).
  - (vi) Managerial activities

- Fayol classified managerial functions as follows:

1. Planning
2. Organizing
3. Commanding
4. Coordinating
5. Controlling

- Fayol suggested some qualities that are required in managers to enable them to become better and more efficient. These are Physical, Mental, Moral, Education, Technical and Experience.



- Fayol advocates fourteen general principles of management:

(1) Division of work:

Division of work (or division of labour) is a famous principle of Economics by Adam Smith. Fayol had applied this principle, in the context of the management of business enterprises. Division of work leading to specialization results in increased human efficiency.

(2) Authority and responsibility:

Authority is the key to managerial jobs. It is the power inherent in a managerial position that enables a manager to command subordinates to work towards the attainment of objectives.

Whereas responsibility is an obligation owed by a subordinate to the superior for the proper performance of the job.

There must be a balance between authority and responsibility known as the principle of parity of authority and responsibility.

### (3) Discipline:

Discipline is obedience to the rules of the organization by both managers and subordinates. Discipline is necessary in an organization to function properly and to grow and prosper.

### (4) Unity of command:

Unity of command is one of the most useful and significant principles of management advised by Fayol. According to this principle, a subordinate must get orders and instructions only from one superior at a time.

### (5) Unity of Direction:

Unity of direction (or similarity of guidance) implies that for each group of activities having the same objective, there must be 'one head and one plan'; or similar activities must be guided in similar ways.

(6) Subordination of individual to general interest:

This principle states that in a group activity, the individual objectives of people are subordinate to the group objectives. Whenever, there arises a conflict between individual and group objectives, the individuals must sacrifice, in favour of larger group objectives.

(7) Remuneration of personnel:

Fayol recommends that the system of remunerating personnel must be such that it provides maximum satisfaction to both-employees and employers.

(8) A Balance of Centralization and decentralization:

Management must maintain a balance between centralization and decentralization which under the circumstances will give the best overall yield.

### (9) Scalar chain:

In the scalar chain, each upper link is a superior; each lower links a subordinate. The principle of scalar chain is significant for having systematic and orderly communication from the highest managerial link to the lower links and vice-versa.

### (10) Order:

The principle of 'order' implies a systematic arrangement of things and personnel. Fayol classified order into two types:

(a) Material order (or physical order)

(b) Social order (or human order)

### (11) Equity:

Observance of equity, alone would make personnel loyal and devoted to the organization.

### (12) Stability of tenure:

To improve efficiency of organization and management, it is important that personnel must stay in the organization for a longer period. This might be called the principle of the stability of tenure.

### (13) Initiative:

Initiative refers to the freedom to think out a plan and its execution. The management must provide initiative to employees as a measure to motivate them.

### (14) Esprit de corps (or union is strength):

Esprit de corps or union is strength is when the members of the group work whole-heartedly in full cooperation with one another. It will greatly facilitate the most effective attainment of common objectives.

## Elton Mayo

- Mayo is known for having established the scientific study of what today is called organizational behavior.
- Some of the major contribution of mayo in developing management thought are as follows:
  1. Human Relations Approach
  2. Non-Economic Awards
  3. Social Man
  4. Organization as a Social System.

## 1. Human Relations Approach:

Mayo is rightly called the father of human relations movement. He recognized the importance of human beings in management. He said that human beings are complex and influential input into organizational performance. The social and psychological needs of human beings cannot be ignored, if management wants to enhance productivity.

## 2. Non-Economic Awards:

Taylor's theory assumed that workers will work more if they are offered more monetary incentives. Elton Mayo was able to show that humane and respectful treatment, sense of participation and belonging, recognition, morale, human pride and social interaction are sometimes more important than pure monetary rewards.

### 3. Social Man:

Mayo believed said that man is basically motivated by social needs and obtains his sense of identity through relationships with others. He is more responsive to the social forces of the informal group rather than managerial incentives and controls. He also related productivity to a social phenomenon.

### 4. Organization as a Social System:

Mayo was of the view that informal relationships in the organization are more effective than formal relationships. People form informal groups to give a bent to their feelings and seek guidance for action from such groups.

In Mayo's words, "An organization is a social system, a system of cliques, grapevines, informal status systems, rituals and a minute of logical, non-logical and illogical behaviour." He thought that besides logic and facts people are also guided by sentiments and feelings.