

UNIT-I

INTRODUCTION TO MANAGEMENT

Management provides leadership to a business enterprise. Without able managers and effective managerial leadership the resources of production remain merely resources and never become production. Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it.

The managers achieve organizational objectives by getting work from others and not performing in the tasks themselves. It involves coordinating human, financial, and material resources to ensure that an organization operates smoothly and meets its objectives.

Management is a vital aspect of the economic life of man, which is an organized group activity. A central directing and controlling agency is indispensable for a business concern. The productive resources – material, labour, capital etc. are entrusted to the organizing skill, administrative ability and enterprising initiative of the management.

DEFINITION

“Management is the art of getting things done through and with people in formally organized groups” --- Koontz

“Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way” – F.W. Taylor

“Management is the accomplishment of results through the efforts of other people” -- Lawrence

“Management is a process involving planning, organizing, staffing, directing and controlling human efforts to achieve stated objectives in an organization.”

APPROACHES /EVALUATION OF MANAGEMENT THOUGHT:

This evolution of management thought can be studied in the following stages:

- A. The Classical Theory of Management (Classical Approach): It includes the following three streams of thought:
 - (i) Scientific Management; and
 - (ii) Administrative Management
 - (iii) Bureaucracy
- B. The Neo-classical theory of Management: It includes the following two streams:
 - (i) Human Relations Approach
 - (ii) Behavioral Sciences Approach.



- C. The Modern Theory of Management: It includes the following three streams of thought:
- (i) Systems Approach to Management
 - (ii) Contingency Approach to Management.

The Classical Theory of Management

It includes the following three streams of thought:

- (i) Scientific Management; and
- (ii) Administrative Management
- (iii) Bureaucracy

(i) SCIENTIFIC MANAGEMENT

The concept of scientific management was introduced by **Frederick Winslow Taylor** in USA in the beginning of 20th century.

“Scientific management is concerned with knowing exactly what you want to do and then see in that they do it in the best and cheapest way”

Since Taylor has put the emphasis on solving managerial problems in a scientific way, often, he is called as father of scientific management and his contributions as the principles of scientific management. His contributions are divided into two parts.

- ❖ Elements and tools of scientific management
- ❖ Principles of scientific management

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FEATURES / ELEMENTS AND TOOLS OF SCIENTIFIC MANAGEMENT

- 1) **Separation of planning & doing:** Taylor emphasized the separation of planning aspect from actual doing of the work. In other words planning should be left to the supervisor and the worker should concentrate only operational work.
- 2) **Functional foremanship:** Taylor introduced the concept of functional foremanship based on specialization of functions. In this system, eight persons are involved to direct the activities of workers. Out of these four persons are concerned with planning viz., route clerk, instruction card clerk, time and cost clerk and disciplinarian. The remaining four persons are concerned with doing aspect of the job, viz., speed/ route boss, inspector, gang boss and maintenance foreman. It is against to the principle of unity of command.
- 3) **Job Analysis:** It is useful to find out the one best way of doing the things. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way of doing the thing can be determined by taking up time – motion - fatigue studies.



- ❖ Time study involves the determination of time a movement takes to complete.
 - ❖ Motion study involves the study of movements in parts which are involved in doing a job and thereby eliminating the wasteful movements.
 - ❖ Fatigue study shows the amount and frequency of rest required in completing the work.
- 4) **Standardization:** As far as possible, standardization should be maintained in respect of instruments and tools, period of work, amount of work, working conditions, cost of production etc.,. These things should be fixed in advance on the basis of job analysis and various elements of costs that in performing a work.
 - 5) **Scientific selection and training of workers:** Taylor has suggested that workers should be selected on scientific basis taking into account their education, work experience, aptitude, physical strength, etc., A worker should be given work for which he is physically and technically most suitable. Apart from selection, proper training should be provided to workers to make them more effective and efficient.
 - 6) **Financial Incentives:** Financial incentives can motivate workers to put in their maximum efforts. If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more.
 - 7) **Economy:** while applying scientific management, not only scientific and technical aspects should be considered but adequate consideration should be given to economy and profit.
 - 8) **Mental Revolution:** scientific management depends on the mutual co-operation between management and workers. For this co-operation, there should be mental change in both parties from conflict to co-operation.

PRINCIPLES OF SCIENTIFIC MANAGEMENT:-

Taylor has given certain basic principles of scientific management.

- 1) **Replacing rule of thumb with science:** According to Taylor, exactness of various aspects of work like day's fair work, standardization in work, differential piece rate for payment, etc., is the basic core of scientific management, it is essential that all these are measured precisely and should not be based on mere estimates.
- 2) **Harmony in group action:** Taylor has pointed out that attempts should be made to obtain harmony in group action rather than discord. Group harmony suggests that there should be mutual give and take situation and proper understanding so that group as a whole contributes to the maximum.



- 3) **Co-operation:** Scientific management involves achieving cooperation rather than chaotic individualism. It is based on mutual confidence, co-operation and goodwill. Co-operation between management and workers can be developed through mutual understanding and a change in thinking.
- 4) **Maximum output:** scientific management involves continuous increase in production and productivity instead of restricted production either by management or by worker.
- 5) **Development of workers:** all workers should be developed to the fullest extent possible for their own and for the company's highest prosperity. Training should be provided to the workers to keep them fully fit according to the requirement of new methods of working which may be different from non-scientific methods.

(ii) ADMINISTRATIVE MANAGEMENT

Henry Fayol is a French Industrialist and the father of modern operational management theory. Fayol recognized the following organizational activities.

Organizational Activities: Fayol divided the activities of organization into six groups---

- ❖ Technical (related to production)
- ❖ Commercial (buying, selling and exchange)
- ❖ Financial (search for capital and its optimum use)
- ❖ Security (protection of property and person)
- ❖ Accounting
- ❖ Managerial (planning, organizing, commanding, coordinating and controlling)

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Managerial Qualities and Training: According to Fayol the following are the list of qualities required in a manager.

- ❖ Physical (Health, Vigor and Health)
- ❖ Mental (Ability to understand and learn, judgment , mental vigor and capability)
- ❖ Moral (energy, firmness, initiative, loyalty, tact etc.,)
- ❖ Educational
- ❖ Technical (peculiar to the function being performed)
- ❖ Experience

GENERAL PRINCIPLES OF MANAGEMENT:

Fayol has given 14 principles of management. He has made distinction between management principles and management elements. While management principles is a fundamental truth and establishes cause effect relationship, elements of management denotes the function performed by a manager.



While giving the management principles, Fayol has emphasized two things.

1. The list of management principles is not exhaustive but suggestive and has discussed only those principles which he followed on most occasions.
2. principles of management are not rigid but flexible

14 Principles of Management:

1. **Division of work:** It is helpful to take the advantage of specialization. Here, the work is divided among the members of the group based on the employee's skills and talents. It can be applied at all levels of the organization.
2. **Authority and Responsibility:** Authority is the power to give orders and get it obeyed or in other words it is the power to take decisions. Responsibility means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.
3. **Discipline:** All the personal serving in an organization should be disciplined. Discipline is obedience, application, behavior and outward mark of respect shown by employees.
4. **Unity of Command:** Unity of command means that a person should get orders from only one superior. Fayol has considered unity of command as an important aspect in managing an organization.
5. **Unity of Direction:** According to this principle, each group of activities with the same objective must have one head and one plan. Unity of direction provides better coordination among various activities to be undertaken by an organization.
6. **Subordination of individual interest to general interest:** Individual interest must be subordinate to general interest when there is conflict between the two. However factors like ambition, laziness, weakness, etc., tend to reduce the importance of general interest.
7. **Remuneration to Personnel:** Remuneration to employees should be fair and provide maximum possible satisfaction to employees and employers. He was also in favor of non-financial benefits.
8. **Centralization:** Everything which goes to increase the importance of subordinate's role is decentralization; everything which goes to reduce it is centralization. The degree of centralization or decentralization is determined by the needs of the company.
9. **Scalar Chain:** There should be a scalar chain of authority and of communication ranging from the highest to the lowest. It suggests that each communication going up or coming



down must flow through each position in the line of authority. It can be short-circuited only in special circumstances.

10. **Order:** This is a principle relating to the arrangement of things and people. In material order, there should be a place for every thing and every thing should be in its place.
11. **Equity:** Equity is the combination of justice and kindness. Equity in treatment and behavior is liked by everyone and it brings loyalty in the organization. The application of equity requires good sense, experience and good nature.
12. **Stability of tenure:** No employee should be removed within short time. There should be reasonable security of jobs. Stability of tenure is essential to get an employee accustomed to new work and succeeding in doing it well
13. **Initiative:** Within the limits of authority and discipline, managers should encourage their employees for taking initiative. Initiative is concerned with thinking out and execution of a plan. Initiative increases zeal and energy on the part of human beings.
14. **Esprit de corps:** It is the principle of 'union is strength' and extension of unity of command for establishing team work. The manager should encourage esprit de corps among his employees.

(iii) BUREAUCRACY APPROACH

Max Weber's theory of bureaucracy is an approach that proposes a specific way to manage an organization. It proposes that the most appropriate way to run an organization is to structure it into a rigid hierarchy of individuals governed by strict rules and regulations. It is used in government and business organizations.

Bureaucracy as an institution that is highly organized, formalized, and also impersonal. He also developed the belief that there must be a fixed hierarchical structure for an organization and clear rules, regulations, and lines of authority that regulate it. The bureaucracy of Max Weber has the following attributes:

- ❖ Specialization of labour
- ❖ A formal set of rules and regulations
- ❖ Well-defined hierarchy within the organization
- ❖ Impersonality in the application of rules

Max Weber Bureaucracy Theory Organizational Structure

Bureaucratic organizations evolved from traditional structures due to the following changes: In traditional structures, the leader delegate's duties and can change them at any time.



However, over time, this changed and there was a clear specification of jurisdiction areas along with a distribution of activities as official duties.

In a bureaucratic organization, the subordinates follow the order of superiors but can appeal if they feel the need. On the other hand, in the traditional structure, the authority was disseminated. The rules are detailed, stable, and can be easily understood by employees. Additionally, the company registers them in permanent archives. The selection of officials shall be based on professional qualification and appointment and shall not be based on an election. In addition, for their service, officials receive a salary as compensation.

Weber has observed three types of power in organization:

- ❖ Traditional
- ❖ Charismatic
- ❖ Rational- Legal or Bureaucratic

Principles of Bureaucratic theory

Max Weber identified the following six core principles of the bureaucratic form:

A Structured Hierarchical Structure: In a bureaucratic organization, each level governs the level below it. Also, the level below it governs it. The foundation of central planning and centralized decision making is a formal hierarchy.

Rules-Based Management: To exercise control, the company uses rules. Therefore at higher levels, the lower levels effortlessly execute the decisions made. Dr. Sk. Meeravali

Organization of Functional Specialties: Specialists do the job. The company often breaks workers into groups depending on the type of work they do or the abilities they possess.

Up-Focused Or In-Focused: If the organization's purpose is to represent the stockholders, board, or some other institution that motivated it then it is up-focused. On the other hand, it is in-focused if the goal is to serve the company itself and others inside it (like producing income, etc.).

Impersonal: All workers are handled fairly by hierarchical organizations. They also fairly treat all clients and do not allow individual differences to affect them.

Employment-oriented Professional Qualifications: Selection is based on technical qualifications and skills as well as employee promotion.

Features of Bureaucratic Organization

- | | |
|-------------------------|-----------------------------|
| 1. Administrative class | 4. Official record |
| 2. Hierarchy | 5. Impersonal relationships |
| 3. Division of work | 6. Official record |



The Neo-classical theory of Management: It includes the following two streams:

- (i) Human Relations Approach
- (ii) Behavioural Sciences Approach.

(i) HUMAN RELATIONS APPROACH:

Human relations approach of management. The human relations approach was born out of a reaction to classical approach. A lot of literature on human relations has been developed. For the first time, an intensive and systematic analysis of human factor in organizations was made in the form of Hawthorne experiments. The Hawthorne plant of the general Electric Company, Chicago, was manufacturing “Telephone System Bell”

Elton Mayo and his associates to investigate the relationship between productivity and physical working conditions. They conducted various researches in four phases with each phase attempting to answer the question raised at the previous phase. The phases are ---

1. Experiments to determine the effects of changes in illuminations on productivity.
Illumination experiments (1924-27)
2. Experiments to determine the effects of changes in hours and other working conditions on productivity. (Relay assembly test room experiments 1927-28)
3. Mass interviewing Programme (1928-1930)
4. Determination and analysis of social organization at work (Bank wiring observation room experiments 1931-32)

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IMPLICATIONS OF HAWTHORNE EXPERIMENTS

- ❖ Social factor in output
- ❖ Group influence
- ❖ Conflict
- ❖ Leadership & Communication
- ❖ Supervision

Conclusions:

- Individual workers must be seen as members of a group
- The sense of belongingness and effective management were the two secrets unfolded by the Hawthorne experiments.
- Informal or personal groups influenced the behaviour of workers on the job.
- Need for status and belongingness to a group were viewed as more important than monetary incentives or good physical working conditions.

(ii) BEHAVIOURAL SCIENCE APPROACH



The behavioural science approach is also called "Human Resource Approach". It gave importance to attitudes, behaviour and performance of individuals and groups in the organisations.

Behavioural scientists brought two new aspects to the study of management.

- ✓ They gave a more complex view of human beings and their needs and motives.
- ✓ They used scientific methods to study the group behaviour in organisations.

Contributions of Behavioural Scientists

Name of the Scientist	Theory
Abraham Maslow	Hierarchy of Needs Theory
Fredrick Herzberg	Two factor theory
Douglas McGregor	Theory X and Theory Y
Victor Vroom	Expectancy theory
Blake & Mountain	Managerial Gird Theory
Chester Barnard	Communication

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The Modern Theory of Management: It includes the following three streams of thought:

- (i) Systems Approach to Management
- (ii) Contingency Approach to Management.

(i) SYSTEM APPROACH

System approach considers the organisation as a dynamic and inter-related set of parts. Each part represents a department or a sub-system. Organisations constantly respond to changes in the internal and external environmental conditions. They also act as market leaders in the dynamic, competitive environment.

System approach integrates goals of different parts of the organisation (sub-systems or departments) with the organisation as a whole. It synthesizes knowledge of different fields of study such as biology, sociology, psychology, information systems, economics etc. System approach enables organisations to frame policies that promote business objectives and social objectives.

Open system: All living organisms

Closed system: Non-living systems



(ii) CONTINGENCY THEORY or SITUATIONAL APPROACH

The basic idea of contingency approach is that there cannot be a particular management action which will be suitable for all situations. It suggests an active interrelationship between the variable in a situation and managerial actions devised. Management is situational in nature. The technique of management depends on complexity of the situation.

It is the 'if and 'then' approach to management, 'If' represents the independent variable and 'then' represents the dependent management variable. Management principles are not universal in nature as there is no best style of management. Management is situational and managerial actions depend upon the environmental circumstances.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. Corporate social responsibility is a business model by which companies make a concerted effort to operate in ways that enhance rather than degrade society and the environment. CSR can help improve society and promote a positive brand image for companies. CSR includes four categories: environmental impacts, ethical responsibility and financial responsibilities.

Corporate Social Responsibility (CSR) refers to the practices and policies undertaken by corporations to have a positive impact on society. It goes beyond profit generation to consider the social, environmental, and economic effects of a company's operations. CSR is increasingly becoming an essential part of corporate strategy, with consumers, investors, and employees expecting companies to contribute positively to society.

PRINCIPLES OF CSR:

1. **Ethical behaviour:** Business should conduct its business in an ethical and responsible manner, and should uphold high standards of integrity and honesty. This principle emphasizes the importance of doing the right thing and treating others with respect and fairness.
2. **Respect for your stakeholder's interests:** Business should take into account the interests of its stakeholders. This includes your employees, customers, suppliers, communities, and the environment, and should strive to create value for them. This principle emphasises the importance of building relationships with your stakeholders that will last and working collaboratively to achieve shared goals.
3. **Respect for the rule of law:** Although this may be obvious, your business should comply with applicable laws and regulations, while respecting human rights and labour standards.



4. **Accountability** - Your business should look to be accountable for the impacts of its activities on the wider society it operates in, as well as the environment. Taking into account any negative impact it should have on these factors, this could well effect future practices. This principle emphasises the importance of transparency and the need for companies to take responsibility for their actions.
5. **Transparency** - The CSR policies, activities, and impacts your business undertakes may be considered need-to-know information. You should communicate this information with your stakeholders. This principle highlights the importance of open communication and the need for companies to be honest and forthright about their CSR activities. The thought process being that if you're acting in an ethical manner, there should be nothing to hide regarding your day to day operations.
6. **Respect for international norms (Globalisation):** Business should respect international norms and standards, including those relating to human rights, labour, and the environment. The area you choose to operate within, be sure to respect the area & its custom. This principle emphasises the importance of being a responsible global citizen and following international best practices.
7. **Respect for human rights:** Business should respect human rights, and should not engage in business practices that violate any rights of individuals or groups. This principle emphasizes the importance of treating all individuals with dignity and respect, regardless of their background or circumstances.

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SOCIAL RESPONSIBILITY:

Social responsibility refers to the businessman's decisions and actions taken into business model. Social responsibility of a business is also viewed as conducting its operation in a free and fair manner by discharging its commitment towards different segments of its operational environment such as shareholders, consumers, employees, creditors, government, competitors and the general public as explained below:

- ✚ Responsibility towards shareholders
- ✚ Responsibility towards consumers
- ✚ Responsibility towards employees
- ✚ Responsibility towards creditors
- ✚ Responsibility towards the government
- ✚ Responsibility towards competitors
- ✚ Responsibility towards general public

