



Nature Of Management

Major Topics

- ☐ **Definitions of Management**
 - ☐ **Features of Management**
 - ☐ **Nature of Management**
 - ☐ **Management is Science or Arts**
 - ☐ **Management and Administration**
 - ☐ **Applying Management Theory in Practice**
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Definitions of Management

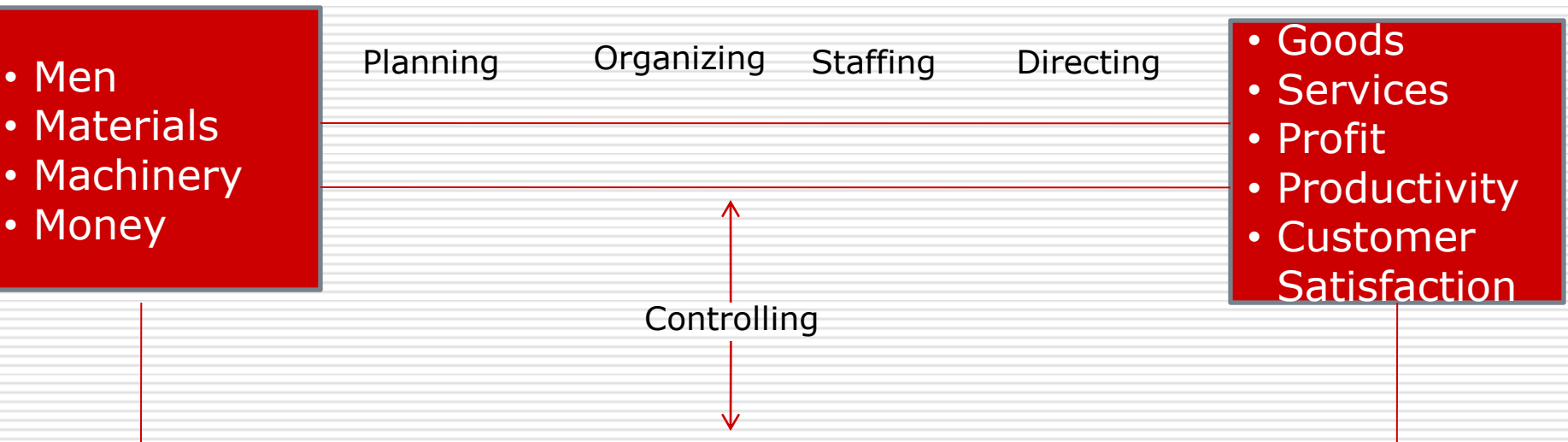
- In the present context, “managing” has become one of the most important areas of Human Activities . . .
 - Attention of Academicians and Professionals
 - Growing importance of Management
 - Greater expectations of people
 - In order to manage all well – People have been trying to evolve some methods and techniques
 - Such attempts have given a birth to management as a separate discipline.
 - Management as one of the most respected disciplines.
-

Definitions of Management...Continue

- ❑ However precise definition of management is difficult
 - because of bringing characteristics of all and its non-standardized use of term of management.
- ❑ Being a new discipline it has drawn management concepts and principles from different disciplines like
 - economics, sociology, psychology, anthropology, history, statistics, and so on.
- ❑ Ex: Economist see management as factors of production
- ❑ Ex: Sociologist see management as a class or group of persons
- ❑ Ex: Practitioners of management treated as a process.

Definitions of Management...Continue

- ❑ Management as process – practitioners view is most prevalent.



Definitions of Management...Continue

- ❑ **Terry** has observed "the word managing is probably more descriptive and precise term than management "
 - ❑ Management is not people, it is an activity like walking, reading, swimming or running. People who perform management can be designated as managers, members of management, or exclusive leaders.
 - ❑ Thus, management can be studied as a process.
-

Definitions of Management...Continue

- ❑ In studying management as a process, various managerial activities can be taken as basis for defining management.
- ❑ Thus, management is what a manager does. However, this definition, though simple, suffers from two serious limitations.
- ❑ **First**, there is a problem in identifying the people in the organization who can be called as managers because there is no uniformity in the titles given to the people.
- ❑ Ex: People at top level may be called as president, chief executive officer, managing director, etc...

Definitions of Management...Continue

- ❑ People at middle level may be called as executives or accountants.
- ❑ People at lower level termed as supervisors.
- ❑ Therefore, it becomes difficult to identify who is a manager and who is not; whose activities should be treated as managerial and whose activities as non-managerial.
- ❑ Thus, what should be studied is not clear.
- ❑ **Second**, even if the problem of identifying people as manager is resolved, the problem of identifying managerial activities remains because people known as managers may perform different kinds of activities some of which may not really be managerial.

Definitions of Management...Continue

- Therefore, unless some yardsticks are prescribed to distinguish between managerial and non managerial activities, managerial activities can not be identified.
- Total activities of an organization can be divided into two groups: Operational and managerial.
- Those activities which are of operative in nature through which actual work is accomplished such as handling machine by worker, putting materials in godown, etc... are called as **Operational activities**.
- As against this, some activities are performed to get things done like a supervisor instructing a worker to do a particular job, or marketing manager instructing his salesman to contact new customer and sell products, etc... are different than first group are managerial activities.

Definitions of Management...Continue

- ❑ Thus, management can be defined as the process of **getting things done by others.**
- ❑ Management is invariably defined as the process of **“getting things done through the efforts of others”.**

OR

- ❑ **“getting from what we are to where we want to be with the least expenditure of time, money, and effort”**

OR

- ❑ **“Coordinating individual and group efforts towards superordinate goals”**
- ❑ Though these definitions of management as process use different statements, all of them convey the same set of meaning in final analysis.

Definitions of Management...Continue

- ❑ **Koontz** defines management in a very simple form
“Management is the art of getting things done through and with the people in formally organized group”
 - ❑ **McFarland** defines management in more elaborate form.
According to him, **“Management is defined for conceptual, theoretical and analytical purposes as that process by which managers create, direct, maintain, and operate purposive organization through systematic, coordinated co-operative human effort”**
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Features of Management

□ In light of discussed above all definitions and discussions, following characteristics of management as process can be identified.

- 1. Organized Activities:**
 - 2. Existence of Objectives:**
 - 3. Relationship among Resources:**
 - 4. Working with and through People:**
 - 5. Decision Making:**
-

Nature of Management

- ❑ The study and application of management techniques in managing the affairs of the organization have changed its nature over the period of time. The nature of management can be described as follows:

1. Multidisciplinary:

- ❑ It draws the knowledge from various disciplines
- ❑ It integrates the ideas and concepts taken from different disciplines and presents newer concepts which can put into practice for managing the organization.
- ❑ In fact, Integration of knowledge of various discipline is the major contribution of Management and this integrated discipline is known as management.
- ❑ Therefore, the contribution on the field can be expected from any disciplines which deals with some aspects of human beings.

Nature of Management

2. Dynamic Nature of Principles:

- ❑ Principle is a fundamental truth which establishes cause and effect relationships of a function.
- ❑ Based on integration and supported by practical evidences, management has framed certain principles.
- ❑ However, these principles are flexible in nature and change with changes in the environment in which an organization exists.
- ❑ Because of the continuous development in the field, many principles are being changed by new principles.
- ❑ Continuous researches are being carried on to establish principles in changing society and no principles can be regarded as a final truth.
- ❑ In fact, there is nothing permanent in the landslide of management.

Nature of Management

3. Relative, Not Absolute Principles:

- ❑ Management principles are relative, not absolute, and they should be applied according to the need of the organizations.
 - ❑ Each organization is different than others because of time, place, socio-cultural factors, etc...
 - ❑ However, individual working within the same organizations may also differ.
 - ❑ Particular management principle has different strengths in different conditions.
 - ❑ Therefore, principles of management should be applied in the light of prevailing conditions.
-

Nature of Management

4. Management : Science or Arts

- ❑ **There is controversy whether management is science or Art**
 - ❑ The controversy with regards to the nature of management, as to whether it is a science or an art, is very old.
 - ❑ Specification of exact nature of management as science or art or both is necessary to specify the process of learning of management.
 - ❑ Learning in science basically involves the assimilation of principles while learning of art involves its continuous practice.
-

Nature of Management

- ❑ Earlier captains of industry and managers have used intuition, hunches, commonsense, and experience in managing business.
- ❑ They were not trained managers, although they were brilliant and had developed commonsense through which they have managed well.
- ❑ Commonsense and Science differ in the following ways:
 - CS is vague as compared to scientific knowledge
 - Inconsistency often appears in CS whereas logical consistency is the basic of science.
 - Science systematically seeks to explain the events with which it deals, CS ignores the need for explanation.
 - Scientific methods conclude based on critical evaluation of experimental analysis, CS methods fail to test conclusion.

Nature of Management

- ❑ Science is based on logical consistency, systematic explanation, critical evaluation, and experimental analysis.
 - ❑ The science is systemized body of knowledge. The process of scientific theory construction and confirmation can be viewed as involving the following steps:
 - The formulation of problem
 - The construction of theory to answer to the problem
 - The deduction of specific hypothesis from the theory
 - The testing of hypothesis
 - The devising of actual situation to test theorem
 - The actual testing
-

Nature of Management

❑ Management as Science:

1. Management may be viewed as science in terms of its structures, goals, and its methods.
2. One of the important rules of science is that concepts have to be defined clearly in terms of the procedure involved in their measurement.
3. In science, observations must be controlled so that causation may be imputed correctly. (by holding constant)
4. Theories in science are in terms that permit empirical confirmation. Scientific statements are testable and the tests are capable of repetition with same results.

Nature of Management

- ❑ The various factors analyzed above suggest that management is not a pure science but it can be simply called **“Inexact Science” or “Pseudo Science”**.
- ❑ **Management as Art**
- ❑ Management can be regarded as an art also.
- ❑ The meaning of art is related with the bringing of a desired result through the application of skills.
- ❑ Where as under science, one learns “why” phenomenon and under arts, one learns the “how” of it.
- ❑ Art is thus understanding of how particular work can be accomplished.
- ❑ That is, art has to do with applying of knowledge or science or of expertness in performance.

Nature of Management

- ❑ This is important in management in many instances much creativity apply in managerial effort.
- ❑ **Ex: Doctor**
- ❑ **EX: Management Student**
- ❑ Management is an art can be seen from the following facts:
 1. The process of management does involve the use of know-how and skills like other art such as music, painting, etc...
 2. The process of management is directed to achieve certain concrete results as other field of art also.
 3. Management is creative like any other art.
 4. Management is personalized meaning thereby that there is no 'one best way of managing'.

Nature of Management

- ❑ **Management: Both Science and Art**
- ❑ Thus, to be a successful manager, a person requires the knowledge of management principles and also the skills of how the knowledge can be utilized.
- ❑ Absence of either will result inefficiency.

| Science | Arts |
|-----------------------|----------------------|
| Advances of Knowledge | Advances by Practice |
| Proves | Feels |
| Predicts | Guesses |
| Defines | Describes |
| Measures | Opines |
| Impresses | Expresses |

Nature of Management

- ❑ It can be concluded that management uses science and art both in managing an organization.
 - ❑ A balance between two is needed. Neither should be overweighed nor slighted.
 - ❑ Therefore, the **old** saying that “**Knowledge is power**” is partly true.
 - ❑ The **correct** saying should be “**Applied knowledge is power.**”
 - ❑ This is particularly true for management phenomenon which is a situational phenomenon.
-

Nature of Management

5. Management as Profession

□ The characteristics of Profession

1. Existence of Knowledge
2. Formal method of Acquisition of Knowledge
3. Professional Association
4. Ethical codes
5. Service Motives

□ Thus, based on discussion we can conclude that above all characteristics are found in management. Hence, Management can be regarded as Profession.

Nature of Management

6. Universality of Management

- ❑ However, management principles are not universally applicable but are to be modified as according to the needs of organization.
 - ❑ **Arguments against Universality**
 - ❑ **Arguments For Universality**
-

Nature of Management

6. Universality of Management

□ Arguments against Universality

1. Management is culture bound

- Individualism & Collectivism
- Power Distance
- Uncertainty Avoidance
- Masculinity
- Time Orientation

2. Objective of an enterprise

3. Differences in Philosophies

Nature of Management

6. Universality of Management

□ Arguments for Universality

1. Management as process
 2. Distinction between management fundamentals and Techniques
 3. Distinction between management fundamentals and Practices
-

Functions of Management

- ❑ The general approach of studying management is to treat as a process. Management as process may involve a number of activities or elements.
 - ❑ Management process suggest that all the managers in the organization perform certain functions to get things done by others.
 - ❑ Management functions varies from author to author.
 - ❑ **Henry Fayol**
 - Planning, Organizing, Commanding, Coordinating
 - ❑ **Gullick & Urwick**
 - POSDCORB (Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting)
-

Functions of Management

☐ **Davis**

- Planning, Organizing, and Controlling

☐ **Brech**

- Planning, Organizing, Motivating, Coordinating, and Controlling)

- ☐ Various functions of management as suggested by various authors taken into account, the list is:

| Planning | Organizing | Commanding |
|---------------|-----------------|------------------------------|
| Coordinating | Controlling | Investigation |
| Communicating | Formulating | Staffing |
| Directing | Leading | Motivating |
| Representing | Decision Making | Activating |
| Evaluating | Administrating | and so on..... List continue |

Functions of Management

- ❑ The list is very long. However this list can be shorten by combining some functions into one major function.
 - ❑ **Directing** may include leading, motivating, communicating, commanding, activating into one function.
 - ❑ Thus, Managerial functions may broadly be grouped into **planning, organizing, staffing, directing, and controlling.**
-

Functions of Management

1. Planning

- Determination of future courses of actions to achieve desired result
 - What one wants to achieve?
 - When to achieve?
 - How to achieve?
 - Determination of Objectives
 - Setting rules and procedures
 - Determining Project
 - Setting policies and Strategies
 - Budgeting
-

Functions of Management

2. Organizing

- Dividing work into convenient tasks or duties
 - Grouping of such duties in the form of positions
 - Grouping of various positions into Departments and Sections
 - Delegating authority to each position. So, that work is carried out as planned
 - It contributes to the efficiency of the organization by ensuring that all necessary activities will be performed and objectives are achieved.
-

Functions of Management

3. Staffing

- Manning various positions created by organizing process
 - Preparing inventory of personnel available and Identifying the gap between manpower required and available.
 - Identifying sources of recruitment, selecting people, training & developing them, fixing financial compensation, apprising them periodically, etc...
 - Performed by individual manager Vs. Personnel department
 - Ex: Performance appraisal system
-

Functions of Management

4. Directing

- People must know, what they are expected to do in the organization.
 - Superior has to communicate to Subordinate about expected behavior.
 - Continuous responsibility of guiding & motivating them to work with zeal & enthusiasm.
 - Thus it includes communicating, motivating and leading.
-

Functions of Management

5. Controlling

- Identifications of actual results
 - Comparisons of actual Vs. expected results by planning process
 - Identifying deviations, if any.
 - Taking corrective actions, so that actual match with expected results.
-

Nature of Management Functions

1. Management functions are universal.
 2. Management functions have iterative quality
 3. Management process suggest a sequential arrangement of functions.
 4. Relative importance of management functions can be identified in the context of management level.
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Development of Management Thought by Management Guru

Contribution of Frederick Winslow Taylor

Taylor and Scientific Management

- Frederick Winslow Taylor and other contributors notably Frank Gilbreth, Lillian Gilbreth, and Henry Gantt, investigated the effective use of human beings in industrial organizations, particularly at the shop floor levels.
 - Taylor has defined the basic problem of managing as the art of **“Knowing exactly what you want men to do and then see in that they do it in the best and cheapest way”**
-

Taylor and Scientific Management

- ❑ Since Taylor has put the problem of managing on a scientific way, he is often known as “**Father of Scientific Management**” and his contributions as the **principles of Scientific Management**.
- ❑ **Taylor** joined Midvale Steel company in U.S.A. as a worker and later on became supervisor. During this period, he continued his studies and completed his ME. Subsequently he joined Bethlehem Steel company. At both places he carried out some experiments, how to increase human efficiency.
- ❑ Even after his retirement, he continued to develop scientific management. On the basis of his experiments many papers and books published and his all contributions compiled in a book “**Scientific Management**”.

Taylor and Scientific Management

□ Taylor's work can be described in two major parts:

1. Main Features of Scientific Management

2. Principles of Scientific Management

Taylor and Scientific Management

❑ Main Features of Scientific Management

1. Separations of Planning and Doing

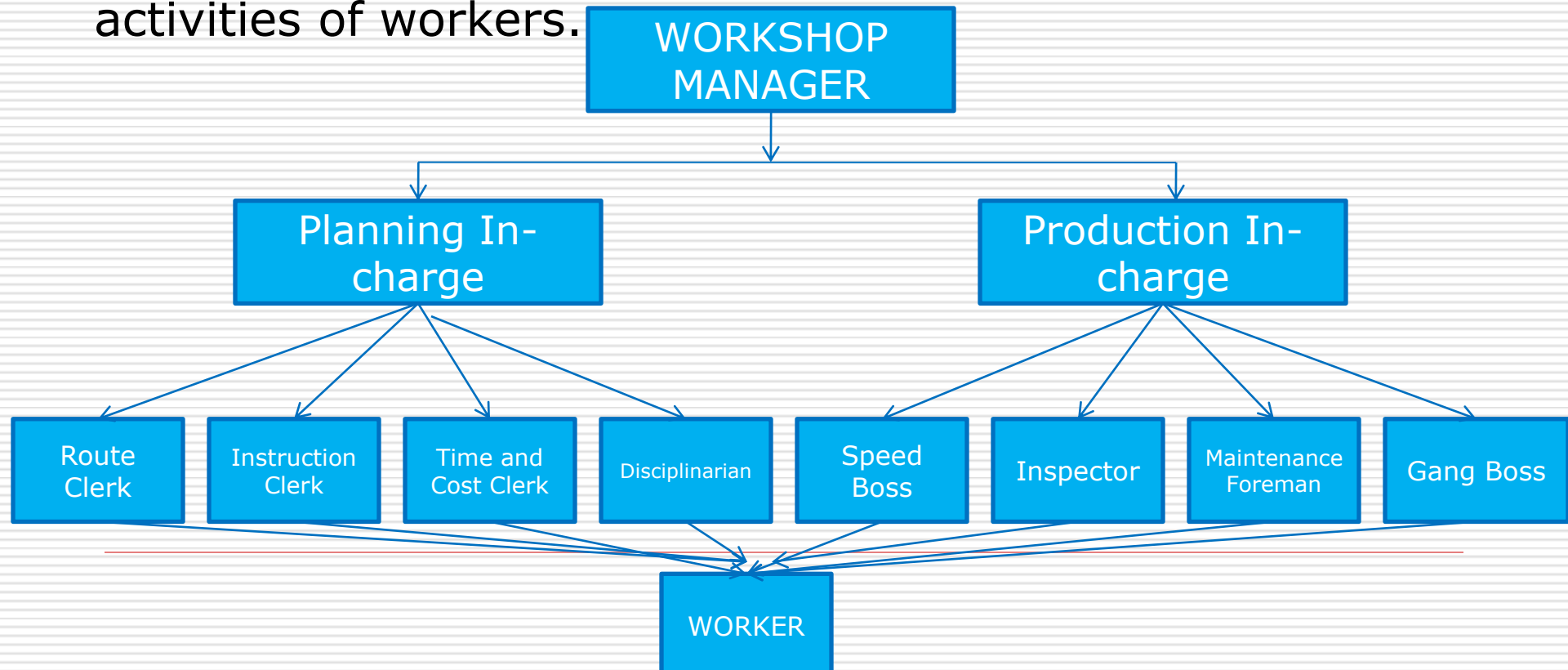
- ❑ The separation of planning aspects from actual doing of work.
 - ❑ Before this concept, Worker used to plan about how he had to work and what instruments were necessary for that.
 - ❑ The worker was put under supervision of a supervisor commonly known as Gang Boss.
 - ❑ The supervisor's job was merely to see how the workers were performing. This was creating a lot of problems.
 - ❑ Hence, he emphasized planning should be left to supervisor and the worker should emphasize only operational work.
-

Taylor and Scientific Management

❑ Main Features of Scientific Management

2. Functional Foremanship

- ❑ In this system eight (8) persons are involved to direct the activities of workers.



Taylor and Scientific Management

☐ Main Features of Scientific Management

3. Job Analysis

- ☐ It is undertaken to find out one best way of doing the thing.

 - ☐ Time Study
 - ☐ Motion Study
 - ☐ Fatigue Study

 - ☐ **Time – Motion – Fatigue Study**
-

Taylor and Scientific Management

☐ Main Features of Scientific Management

4. Standardization

- ☐ Instruments and tools
 - ☐ Period of works
 - ☐ Amount of work
 - ☐ Working conditions
 - ☐ Cost of productions, etc...
-
- ☐ These things should be fixed in advance on the basis of job analysis and various elements of costs that go in performing a work.
-

Taylor and Scientific Management

☐ Main Features of Scientific Management

5. Scientific Selection and Training of Worker

- ☐ Workers education
 - ☐ Work Experience
 - ☐ Aptitude Test
 - ☐ Physical Strength
 - ☐ Technical Skill and Knowledge
-
- ☐ Apart from selection, proper emphasis should be given on the training of workers which makes them more efficient and effective.
-

Taylor and Scientific Management

☐ Main Features of Scientific Management

6. Financial Incentive

- ☐ Differential Piece Rate System
 - ☐ Taylor has suggested that wages should be based on individual performance and not on the position which he occupies.
-

Taylor and Scientific Management

☐ Main Features of Scientific Management

7. Economy

- ☐ Scientific management not only focuses on technical and scientific aspects but also adequate consideration should be given to economy and profit.
 - ☐ Resources should be more productive and eliminate unnecessary wastages.
-

Taylor and Scientific Management

☐ Main Features of Scientific Management

8. Mental Revolution

- ☐ Mutual co-operations between management and workers.
 - ☐ Shift must taken place from Conflict to Co-operations.
 - ☐ In the absence of this, no principles of scientific management can be applied.
-

Taylor and Scientific Management

☐ Principles of Scientific Management

1. Replacing Rule of Thumb with Science

- ☐ Organized knowledge should be applied which replace rule of thumb.
 - ☐ Scientific method denotes precisions in determining any aspects of work, rule of thumb emphasis on estimation.
 - ☐ Various aspects of work like –
 - Differential piece rate system
 - Day's fair work
 - Amount of work, etc...
 - ☐ These should not be based on estimation.
-

Taylor and Scientific Management

☐ Principles of Scientific Management

2. Harmony in Group Action

- ☐ Harmony in group action rather than discord (Conflict)
 - ☐ Mutual give and take situation and proper understanding
-

Taylor and Scientific Management

☐ Principles of Scientific Management

3. Co-operations

- ☐ Mutual confidence, co-operations & Goodwill
 - ☐ Co-operations between Management and Workers
 - ☐ It can be developed through mutual understanding and a change in thinking
 - ☐ Substitution of war for peace, healthy & brotherly co-operations, becoming friends instead of enemies.
-

Taylor and Scientific Management

☐ Principles of Scientific Management

4. Maximum Output

- ☐ Continues increases in production and productivity must be focused
 - ☐ It is worse crime to restrict production
 - ☐ He decried quarrel over production but welcomed quarrel over distribution
-

Taylor and Scientific Management

☐ Principles of Scientific Management

5. Development of Worker

- ☐ All workers should be developed to the fullest level
 - ☐ Scientific Selection
 - ☐ Providing training at Work-place
 - ☐ Training may be through non scientific methods.
-

Taylor and Scientific Management

- ❑ The principles of management were more concerned with problem at the operating or shop floor levels and did not emphasis on management of the organization from manager's point of view.
- ❑ Therefore, it was more relevant from engineering point of view rather than management point of view.
- ❑ As such, the scientific management is more relevant to mechanism and automation – technical aspect of efficiency – than the broader aspects of management of an organization.

Contribution of Henry Fayol

Contribution of Henry Fayol

- ❑ Perhaps, the real father of modern management theory is the French industrialist **Henry Fayol**.
 - ❑ His contributions are generally termed as operational management or Administrative management.
 - ❑ Fayol looked at the problem of managing organization from the top management point of view.
 - ❑ He has used the term “Administration” instead of “Management” emphasizing that there is unity of science of administration.
-

Contribution of Henry Fayol

- ❑ He has emphasized that principles of management is a universal phenomenon.
 - ❑ However, he has also emphasized that principles of management are flexible and not absolute and are usable regardless of changing and special conditions.
 - ❑ Fayol found that activities of an industrial organization could be divided into six groups:
 - 1. Technical**
 - 2. Commercial**
 - 3. Financial**
 - 4. Security**
 - 5. Accounting**
 - 6. Managerial**
-

Contribution of Henry Fayol

- Fayol has divided his approach of studying management into three parts:

1. Managerial Qualities

2. General Principles of Management

3. Elements of Management

Contribution of Henry Fayol

1. Managerial Qualities

- According to him, there are six types of qualities that a manager requires.
 - Physical (health, Vigor (Energy), and Address)
 - Mental (ability to understand or learn, judgment)
 - Moral (firmness, initiative, loyalty, tactful)
 - Educational
 - Technical (Particular to the function being performed)
 - Experience (Arising from the work)
-

Contribution of Henry Fayol

2. General Principles of Management

- ❑ Management principle is a fundamental truth and establishes cause-effect relationship.
 - ❑ Management elements denotes the function performed by a manager.
 - ❑ He has emphasized on two things:
 1. The list of principles is not exhaustive (complete) but suggestive and has discussed only those principles which he followed on most occasions.
 2. Principles of management are not rigid, but flexible.
-

Contribution of Henry Fayol

1. Division of Work

- ❑ To take the advantage of specialization
 - ❑ Work on the same part
 - i.e. manager concerned with same matters (Demand forecasting)
 - ❑ Acquire an ability, sureness, accuracy which increases their output.
 - ❑ Each change of work bring training & adoption which reduces output.
 - ❑ At all level of organization
-

Contribution of Henry Fayol

2. Authority and Responsibility

- ❑ Official authority derives from the manager position
 - ❑ Personal authority is derived from personal qualities such as intelligence, experience, morality, etc...
 - ❑ Responsibility arrives out of assignment of activity
 - ❑ There should be parity of authority & responsibility
-

Contribution of Henry Fayol

3. Discipline

- ❑ Discipline is obedience behaviors and outward mark of respect shown by employees.
 - ❑ Self imposed discipline springs from the within the individual.
 - ❑ Command discipline stems from a recognized authority to secure compliance with desired action, which is expressed by established customs, rules, and regulations.
 - ❑ Command discipline is in form of remunerations, warnings, suspensions, and dismissals, etc...
-

Contribution of Henry Fayol

4. Unity of Command

- ☐ A person should get order and instructions from only one supervisor.
 - ☐ Less number of problem in conflicts in instructions and greater is the feeling of personal responsibilities for results.
 - ☐ Contrary to Taylor's Functional Foremanship
-

Contribution of Henry Fayol

5. Unity of Direction

- ❑ Each group of activities with the same objectives must have one head and one plan.
 - ❑ Unity of direction concerned with functioning of organization
-

Contribution of Henry Fayol

6. Subordination of Individual interest to General Interest

- ☐ Common Interest is above individual interest
 - ☐ Individual interest must be subordinate to general interest when there is conflict between two.
 - ☐ Ambition, laziness, weakness, etc... tend to reduce the importance of general interest.
 - ☐ Continuous vigilance (watchfulness for danger) and supervision is desired.
-

Contribution of Henry Fayol

7. Remuneration of Personnel

- ☐ It must be fair & Provide maximum satisfaction to employee & Employers
 - ☐ He did not favor profit-sharing plan for worker but advocated it for managers
 - ☐ Non-financial benefits must be given.
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Contribution of Henry Fayol

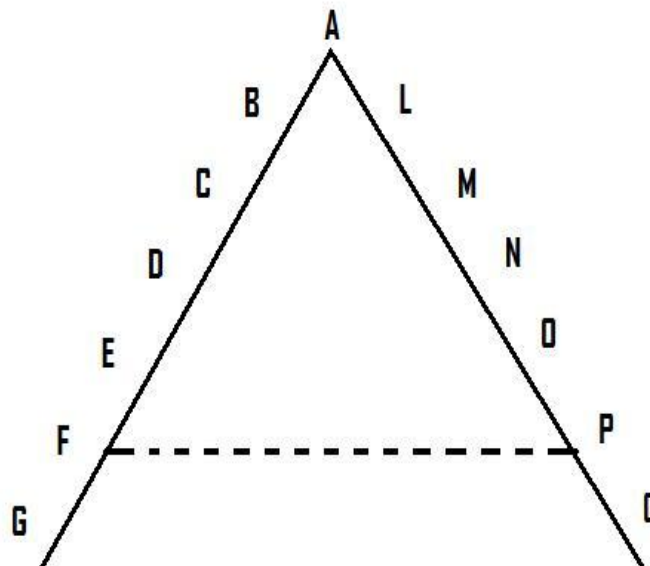
8. Centralisation

- ❑ Subordinates role increases in decentralisation and vice versa
- ❑ In small firm, centralisation is the natural, but in large scale firm, series of intermediaries require
- ❑ Share of authority & Initiative left to intermediaries depend on the personal character of manager, his moral, the reliability of subordinate, and also conditions of the business.
- ❑ Degree of centralisation and decentralisation is desirable, it may vary constantly.

Contribution of Henry Fayol

9. Scalar Chain

- ❑ Communication going up or down, must flow through each position, in the line of authority.
- ❑ Short circuited only in special circumstances.
- ❑ For that Fayol, suggested **"Gang Plank"**



Contribution of Henry Fayol

10. Order

- ❑ Arrangements of things and people
 - ❑ Material Order
 - ❑ Social order (Right man at Right Place)
 - ❑ Balance between requirements and resources
-

Contribution of Henry Fayol

11. Equity

- ❑ Combination of justice and kindness.
 - ❑ Equity in treatment & behaviour is liked by everyone and it brings loyalty .
 - ❑ Good sense, knowledge, and experience
-

Contribution of Henry Fayol

12. Stability of Tenure

- ☐ No employee should remove in short time
 - ☐ Reasonable security of job
 - ☐ Avoid unnecessary tenure
-

Contribution of Henry Fayol

13. Initiative

- ❑ Within the limits of authority & responsibility, manager should encourage their employee for taking initiative.
 - ❑ Thinking out & Execution of plan
 - ❑ It increases Zeal and Energy
-

Contribution of Henry Fayol

14. Esprit de Corps

- Union is the real strength
 - Establishing the team work
-

Contribution of Henry Fayol

3. Elements of Management

- ❑ He enlisted certain elements of management as follows:
 - ❑ Planning
 - ❑ Organizing
 - ❑ Commanding
 - ❑ Coordinating
 - ❑ Controlling
-

Management and Administration

Introduction

- ❑ There is often a terminological conflict between management and administration.
- ❑ Some authors suggest that there is no fundamental difference between the two exists; it exists only in terms of usage in different walks of life.
- ❑ Other author suggests that there is difference between these two term because both of them represent different activities.
- ❑ Therefore, it is desirable to resolve terminological conflict between management and administration.

Introduction

- ❑ At the initial level of development of management thought, no distinction between these two was made and both terms were used interchangeably.
- ❑ In 1923, the terminological conflict between the two was raised by **Oliver Sheldon** when he emphasized administration as decision making function and management as execution function. After that a lot of controversies arises between these two. It covers broadly as follows:
 1. Administration is above management
 2. Administration is a part of management
 3. Administration and management are the same

1. Administration is above management

- The general view is that Administration relates to policy formulation and management relates to policy execution and these two activities are not same.
 - According to Wiiliam Spriegel “**Administration** is that phase of a business enterprise that concerns itself with the policies necessary to be followed in achieving those objectives. **Management**, on the other hand, is an executive function which is primarily concerned with carrying out broad policies laid down by the administration”.
-

1. Administration is above management

- ❑ The basic approach of these authors is that administration determines the basic framework of the organization within which managerial functions are taken.
 - ❑ However, such early authors on management appear to be influenced by the fact that administrative process in non business activity was well developed as compared to management.
 - ❑ Therefore, they could perceive the functions of management as studies to lower levels only.
-

2. Administration is a part of management

- ❑ This approach holds view that management is a comprehensive term and administration is its part.
 - ❑ According to Brech, Management as “a social process entailing responsibility for the effective and economical planning and the regulation of the operation of an enterprise, in the fulfillment of given purpose or task”.
 - ❑ Administration as “that part of management by which it is laid down and communicated and the process of activities regulated and checked against plan”.
-

2. Administration is a part of management

- ❑ If this view is accepted, administration becomes a subordinate function of to overall management function.
 - ❑ It deals with day-to-day executive routine work is a part of management.
 - ❑ Hence, **Administration is a part of management.**
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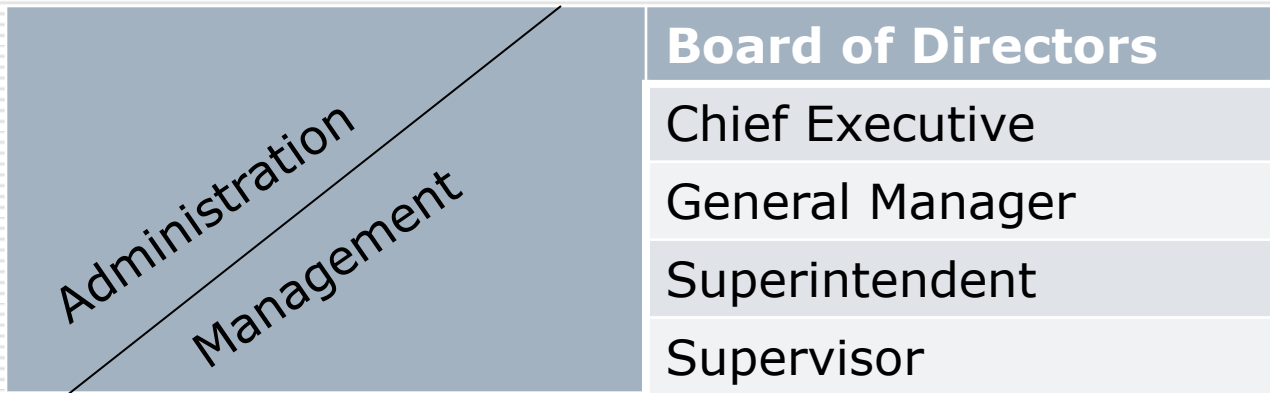
3. Management and Administration are same

- ❑ The most practical approach
 - ❑ Both follows the P, O, S, D, C, Co, and general principles for completing tasks.
 - ❑ The distinction exists between both is in only origin of the terms.
 - ❑ Administration: Government Structure (Non Business)
 - ❑ Management: Business Structure (Business)
-

3. Management and Administration are same

❑ Business Administration - books

❑ MBA Vs. MBM



CENTRALIZATION AND DECENTRALIZATION OF AUTHORITY

Introduction

- ❑ **Centralization:** Concentration of Authority
 - ❑ **Decentralization:** Dispersion of Authority
 - ❑ “Centralization is the systematic and consistent reservation of authority at central point within an organization.”
 - ❑ “Decentralization applies to the systematic delegation of authority in an organization”
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Introduction

□ Factors determining Degree of Decentralization:

1. Size of the organization
 2. History of the organization
 3. Management Philosophy
 4. Availability of Managers
 5. Patterns of Planning
 6. Control Techniques
 7. Decentralized activities
 8. Rate of change in the organization
 9. Environment Influences
-

Introduction

❑ Rationale for Centralization:

- Opportunity for Personal Leadership
 - Integration of Efforts
 - Quick Decision
 - It makes communication and control easier in the organization
 - It helps in reducing wastages of efforts by avoiding duplication
 - Uniformity in actions
-

Introduction

❑ Rationale for Decentralization:

- It reduces burden of top management, they spend more time in strategic management
 - It facilitates growth and expansion
 - It is a good philosophy to motivate managers
 - Encourages development of managers by providing opportunities to their shoulder more responsibility
 - More result oriented approach
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