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## **COURSE INTRODUCTION**

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This course is one of the basic courses for management students. It gives inputs for a learner who begins his career in an organization. This course gives in detail the functions of Management: Planning, Organising, Staffing and Directing, Controlling which is essential for any manager in any type of organization to have an understanding. The course also gives an understanding about the organizational and managerial processes as to how leading an organization is important processes along with motivating employees so that the organization can meet it's goals effectively. Similarly the processes of Decision –making, communication, suitable organization structure and design are necessary for manager to understand in order to be efficient and efective. Lastly, the importance of culture, bringing change and the emerging trend of Corporate Social Responsibility is important to be competitive and strengthening an organisation.





**BLOCK 1**

**INTRODUCTION TO MANAGEMENT**



# **UNIT 1 MANAGEMENT: AN OVERVIEW**

## **Objectives**

After reading this unit, you should be able to:

- Define management and describe its purpose
- Identify the nature of management
- Understand the characteristics of management
- Distinguish between administration and management
- Understand the influence of management on the organization
- Analyze the functions of management
- Appreciate the challenges of management

## **Structure**

- 1.1 Introduction
- 1.2 Meaning and Definition of Management
- 1.3 Nature of Management
- 1.4 Characteristics of Management
- 1.5 Administration and Management
- 1.6 The Importance of Management
- 1.7 Functions of Management
- 1.8 Challenges of Management
- 1.9 Summary
- 1.10 Self-assessment Questions
- 1.11 References/ Further Readings

## **1.1 INTRODUCTION**

One of the most important activities that all of us engage in, is managing. Ever since human life started either to organize for food or shelter, the elements of management were subtly seen in all these activities. History also confirms the application of management techniques, which are visible even today. The Egyptian pyramids built centuries ago, are evidence of excellent organizational skills of scores of workers in those times, thus making us believe that a number of management functions were in use long ago. Similarly, Indus valley civilization also demonstrates the use of management techniques of a higher level of sophistication, considering the time it was built. Further, these instances also show that management has been an inherent part in human survival and organized activity as well. As societies grew, individuals could not achieve their goals individually and hence their

efforts as a group had to be coordinated through the management function. The groups increased in number, thus making the role of the managers critical for success in the contemporary context.

Competition is the key driver for individuals and organizations in the current context. Never before the individual had a plethora of opportunities on the one hand and the challenging work environment, on the other. Thus, competition for the individuals is for the jobs, resources, and rewards, making it mandatory for learning management skills. Similarly, the business landscape has changed remarkably forcing organizations to compete for contracts, clients and customers, to effectively *manage* and deliver for retaining the clients/customers, so as to gain competitive advantage. This situation kindles our interest to know what is the meaning and definition of management.

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## 1.2 MEANING AND DEFINITION OF MANAGEMENT

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It is not an exaggeration to state that everyone is a manager in some measure or the other in our daily lives. People confront different situations/contexts forcing them to *manage* the otherwise messy situations in a planned and organized way so as to achieve the goals. The levels, however, vary depending on the actors and actions. Thus, management could be understood as an activity with a goal accomplishment and results orientation. Since an organization is imbedded with groups of people working together towards an objective, management is characterized by the interaction with others in the accomplishment of the task.

It is in this context that Mary Parker Follett has defined “management as the art of getting things done through the efforts of others”. Although this definition relates to the accomplishment of the task and the people dimension, it has been elaborated further by Herald Koontz and O’Donnel, when they brought the *organized group* into the definition. According to them, “management is the process of getting things done though the organized group efforts”. The *people* dimension has been the focus of Harold Koontz, when they said “Management means Manage Men tactfully” to label it *Manage/Men/T*

As the meaning and definition evolved, the focus on the *process* gained importance. F W Taylor defined management “as the art of knowing what you want to do in the best and cheapest way” In spite of various definitions, the dynamic nature of management makes it difficult to have a universally accepted definition encompassing all its dimensions in its entirety.

In summary, the essence of management revolves around managing people and other resources in an organization both internal and external, leading to the achievement of the objectives of the organization. The meaning could be better understood by examining the nature of management.

## Activity 1

Management:  
An Overview

All of us manage our daily routine. Write down the activities which reflect some form of management in your daily routine.

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### 1.3 NATURE OF MANAGEMENT

A debate continued for quite long on what exactly is the nature of management. One school of thought argues that management is a *science*, which the other school of thought disagrees and views as an *art*. Science represents a systematic body of knowledge with underlying principles that have universal application. Scientific procedure depends on reliability and validity based on experimentation and generalization. One of the principles of science also is to explain the cause and effect phenomenon with *disciplined imagination*. Applying these principles, management over the years has developed certain principles, laws, theories and generalizations which could be applied universally in a variety of organizations. Luther Gullick argues that management has a body of knowledge with underlying principles and is in the process of being called a *science*. He also contended that the interrelationship in the business scenario was being scientifically and systematically explained with emerging theories tested and proven and improved by logic and the facts on the ground. Scientific management proposed by F W Taylor was termed as scientific management, which is proof enough for the status of a science based on a number of experiments on the human beings on the shop floor using management techniques. As the field does not enjoy the status of an exact science in the nature of pure sciences like physics, chemistry etc., some argue it as an *inexact science*. Management deals with human beings and hence it is difficult to verify and predict the complex human behavior. The dynamic nature of management, complicates it all the more in terms of verifiability, reliability, predictability and generalization. Further, management has to account for the contextual variation, which also makes it difficult to prove the exactness of a science. However, the scientific procedure, systematic analysis and methodological rigor used in management research along with advanced tools and techniques provides the field the much needed status to the discipline. Research in the allied areas like mathematics, statistics, Psychology have added the scientific fervor to the discipline.

In contrast, the other school of management thought argues that management cannot be equated with the logical, sequential and scientific methodology of basic sciences and hence, views management as an art. George Terry, a management thinker, states that “management is bringing about desired

results through the application of skills". Art relates to the application of theories and principles in problem solving activities. The manager applies his skills and competency built through his experience/exposure coupled with the intuition and judgment while discharging the functions of managerial decision making. Continuous effort and deliberate practice makes the managers successful managers and they try to develop this art through skillful practice. The creativity and innovation that could be seen in the managerial function could be attributed to the mastery of this art by the managers. While the debate of management as a science or an art still continues, a third group of scholars contend that management could be a combination of both art and science. They argue that managerial activity is a creative art although, it is becoming more scientific in nature. In addition, the theories and practice acknowledge unique characteristics which make it a distinct field.

The nature of management could also be understood in terms of its status as a *profession*. A profession by definition is a certified vocation of individuals that enables applying the basics principles and practices under a certain given code of conduct. Given the above definition, effort has been made to consider management as profession. The criteria for a profession, according to Edgar Shein, a psychologist, is

- A codified body of knowledge
- A long period of formal education and training
- Specified criteria for entry
- A code of conduct/code of ethics
- Professional tools/ techniques
- Specialized fields of study
- A professional body/association

These being the criteria to categorize as profession, management over its evolution has created a body of knowledge with underlying principles that could be applied uniformly across a variety of organizations. Most managers also go through a systematically prepared formal education in B-School/University and complete the prescribed training in the course of the managerial functions. In addition, specialist accreditation agencies (like NAAC, NBC in the Indian context) evaluated the progress of teaching/learning institutions across the educational institutions in a country. Moreover, companies insist on ethical behavior demonstrated by a strict code of conduct. All these have instilled professionalism into the managerial function. The Association of Indian Management Schools (AIMS) examines and monitors the theory and practice of management by bringing together the academic institutions as members to deliberate on the status of imparting business education and training in India. On the other hand, AIMA, which is the All India Management Association, brings together majorly the practicing managers to discuss and deliberate on the practical issues faced by the managers. The efforts of these agencies along with the national and global policy, makes management to be considered a profession, with managers as professionals offering professional service. Like any other profession - law,

accounting etc. - the field of management is slowly but surely attaining the status of a profession. In addition to the various perspectives put forward by different schools of thought, the nature of management could also be understood through a variety of characteristics that the field demonstrates. The characteristics of management are discussed in the following section.

## **1.4 CHARACTERISTICS OF MANAGEMENT**

Management is characterized by a few elements. They are:

### **1.4.1 Management is a group activity**

Since the organization reflects the social dimension, where individuals interact with each other in getting things done, individual efforts alone doesn't guarantee results. Moreover, management cannot be done in isolation and hence, includes group activity. Management is thus seen as integrating individual efforts through organized group activity.

### **1.4.2 Management is Universal in its application**

Management applies to government, business enterprises, education institutions, military, medical and non-governmental organizations in equal measure. The principles of management suggested by the German industrial Psychologist Henry Fayol, are considered as guiding principles which could be adapted to specific organizational context.

### **1.4.3 Management is a continuous activity**

Management is dynamic in nature and hence is continuous. The ever changing organizational activity provides continuity to management functions.

### **1.4.4 Management as an Integrated Effort**

The process of management integrates the human and other resources in the achievement of the objectives of the organization. In the process, the individual goals and the organizational goals get aligned for effective functioning of the organization.

### **1.4.5 Management as a well-defined process**

Management is considered unique because of the well-defined and clear cut process of getting things done through the various functions of management.

### **1.4.6 Management is objective-driven and result-oriented**

Organizations have clearly marked objectives and goals, the accomplishment of which is systematically driven by the management function.

### **1.4.7 Management as a set of roles and skills**

It refers to an individual or a group of individuals who are actively involved in managerial function. The individuals are designated as *managers* and the

group as *management*. The managers are expected to learn the managerial skills to perform their managerial roles effectively.

#### **1.4.8 Management as a function**

The management process is characterized by the functions that the manager performs. They are planning, organizing, staffing, directing, coordinating, controlling and budgeting.

#### **1.4.9 Management as a discipline**

Management as a discipline refers to a body of knowledge with unique pedagogical tools as taught in various educational institutions to impart the basic concepts and principles relating to the practice of management. Its importance is demonstrated by the glut on the growth of B-School across the globe and in India and the way it enjoys a prominent place in popular perception.

### **1.5 MANAGEMENT AND ADMINISTRATION**

Management and Administration are used interchangeably in most discourses, although, they differ significantly in meaning and focus. Administration and management are represented by two groups- one led by British School of thought and other led by American researchers. The British scholars argue that management is much wider compared to administration and usually related to the top management. They contend that administration relates to carrying out the activities at the operational level. Scholars like OrwayTead, William Sprigal supporting the American School, advocate that administration is the thinking function and management is the implementing function. The role of administration according to them is policy formulation while the managers implement the policy and get involved in the day- to- day operations.

The British School of thought argues that management is superior to administration. The focus of administration is on the immediate problems, while the management focus is on the long term objectives. They maintain that management involves itself in the rule making/rule enforcing while administration engages itself with the situation on hand. According to them, management is a comprehensive concept and administration is a part of this.

However, the contemporary thinking equates management and administration. Keith Davis is a supporter of this thinking. According to him, management process is essentially the same in all the organizations and hence, the management and administration have to essentially go through the same process and hence they remain the same.

Herold Koontz also maintained the same stand by observing that any distinction made between the two will be a misleading exercise. These observation by the modern thinkers has drawn a line between the two making them distinct and unique.

## **1.6 THE IMPORTANCE OF MANAGEMENT**

Management plays an important role in an organization irrespective of the size, scale, scope and sector. It facilitates the growth of an organization and stimulates its activities so that the desired results could be achieved. It is important because of the following reasons:

- Effective management leads to optimum utilization of resources. Factors like men, materials, money and machines can be effectively utilized only through management.
- Organizations function through teams and groups. Managers provide the leadership and direct the members of the team towards the achievement of group and organizational goals. Thus, management facilitates the achievement of the individual, team and organizational goals by leading them towards the achievement of the desired objectives.
- Management helps in the smooth functioning of the organization through a proper allocation of tasks to the members and monitoring the implementation effectively. This helps the organization to have cordial inter-personal employee relations and sound industrial relations in the organizations.
- Organizations are influenced by a numbers of internal and external challenges in the organizational environment. The planned activities might get displaced in the event of uncertainty and suddenness of change. Management monitors such changes in the environment and takes care of planned activity by helping the employee to adapt to the changed situation. The recent adaptation to the changes at the workplace due the pandemic is an excellent example of such a situation.
- Management contributes significantly to an improvement in the standard of the organization. Successful managers innovate practices which leads to an improvement of individuals and organizational standards, thus facilitating the creation of best practices in the organization. For example every year the list of most admired companies globally and most admired CEO serve as an example for the improvement in the standards of the both the industry leaders and organization.

### **Activity 2**

Take the example of any successful organization in India and reflect on how management contributed to its success.

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## 1.8 FUNCTIONS OF MANAGEMENT

All managers, irrespective of the level- top, middle and lower –perform management functions. However, the time spent by the managers on these activities differ based on the level at which there are placed. For example, the top managers spent more time on planning and organizing whereas, middle level managers spend more time on leading the group directing and controlling. Similarly the lower level spend more time on organizing themselves to execute the task.

The primary functions of management are generally grouped under five heads- Planning, organizing, staffing, directing and controlling (Figure 1 as proposed by Koontz O' Donnel)

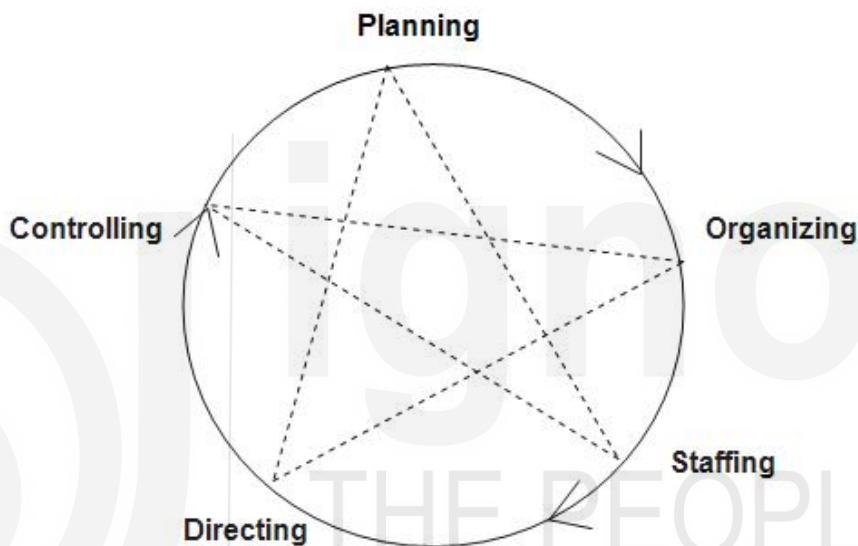


Fig.-1 -Source -Harold Koontz and O'Donnell

Different thinkers explained the functions in different ways. Luther Gullick discussed the function of management through the acronym –POSDCoRB which relate to

- P- Planning
- O-Organizing
- S-Staffing
- D-Directing
- Co-Coordinating
- R-Reporting
- B-Budgeting

According to Gullick, managers generally perform these functions in the course of their work. Henry Fayol has listed the acronym POCCC as the functions of management. According to him, managers perform five functions. They are-

- P- Planning

In general, the primary functions of management are categorized into five functions - Planning, Organizing, Staffing, Directing and Controlling. According to management thinkers, the controlling function includes coordinating, reporting and budgeting. The functions are discussed below.

### **1.7.1 Planning**

Planning is preparation for future action. It relates to an activity which bridges the gap between the present and future. The planning functions starts after the broad organizational objectives are spelt out to decide the future course of action. This is an all pervasive function and hence applies to all the levels of management. The functions includes setting objectives, strategies, policy formulation and the consequent laying down of the procedures and programs for the achievement of objectives. It is future oriented and determines the direction in which the organization is moving. This function involves the ability to foresee the effects of current action in the long run. Planning incorporates both external and internal factors. Some of the external factors include- organizational ability to borrow finances, raw materials, economic environment, advancement of technology, global and national policy etc., while the internal factors include organizational policy, intellectual capital, the financial stability of the organization etc. Planning thus, is a continuous activity and determines the future of the organization.

### **1.7.2 Organizing**

Organizing is related to the structure of an organization with clearly defined lines of authority and responsibility, through which the work is allotted, monitored and coordinated so that each division and department relate to each other to work together for the achievement of organizational objectives. It involves activities like delegation, fixing authority and responsibility for a smooth conduct of work. Thus, it involves the identification of tasks, assigning the tasks, defining and delegating the authority and establishing clear lines of authority and responsibility. The functions also include the blending together of the different factors and actors so that it results in a smooth function in the organization.

### **1.7.3 Staffing**

Staffing relates to finding the right people for the right job in the given structure of the organization. It starts with the design of the job, identifying the job, job analysis, thus, paving the way for the recruiting, selecting, placing the people initially and promoting them at later stage. It also includes the functions of developing the people through training for efficient and effective functioning of their assigned work. Thus, it involves the activity of hiring and retaining the people with skills, competencies, knowledge and

right attitude which makes the functions very critical in organizational success.

#### **1.7.4 Directing**

This function involves providing good leadership, communication channels, Motivation and supervision so that employees are able to function efficiently to attain the desired goals. It consists of the process and techniques which issues the required instruction and monitoring the operation for smooth functioning. The managers communicate and transmits the message for smooth flow of work. The organizational experience has enough evidence of miscommunication or improper communication leading to organizational failure across the world. It's thus, a critical element in the function of direction. Similarly, teams and groups of people require proper guidance from the leaders for effective functioning. Leadership relates to the process of influencing the behavior of people on the job. Leaders motivate the individuals and influence them towards the achievement of individual, group and organizational objectives. Monitoring and supervising the work of the group provides the assurance of the goal of accomplishment in line with the plan. This activity tracks the progress of the groups and provides the confidence to the leader that the directions are being properly carried out.

#### **1.7.5 Controlling**

The function of control consists of those activities that are undertaken to influence that there is no deviation in the plan. The control process includes setting of the standards, performance target and measures along with corrective action that is taken at different stages of the control process. This function is always misunderstood and throws up a negative connotation of restricting people in their job. This function aims at checking whether organizational objectives are met and action that could be taken in future as the work is in progress. Normally, the budgets, the audit of records, pay roll of employees, the items of expenditure etc. are common examples of checking deviation. This function provides the leads to the planning function by monitoring and checking the deviations. An organization performs these five functions of management which are closely interrelated, yet distinct from each other.

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### **1.8 CHALLENGES OF MANAGEMENT**

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Organizations require effective management but there are several challenges which management has to encounter for effectiveness. Some of the challenges are:

#### **1.8.1 Globalization**

A number of economies have embraced Liberalization globalization, privatization ( LPG ) , which pre -supposes that the economies be a signatory and follow the guidelines in terms of trade laid down by the global agencies like the World Trade Organization, International Labor Organization and also similar agencies which the economies form at the regional level like

European Union, South Asian Association for Regional Cooperation etc. It describes the interdependence of economies, cultures and people because of the cross border trade of goods and services, technology, flows of investment, information and communication. This interconnectedness across people and businesses leads to cultural, political and economic integration across the economies in the world. Since business could be conducted internationally, management has to take care of the communication challenges, people related challenges and business related challenges.

In terms of communication, the role of internet and the ICT has transformed the world of work and the way businesses are carried out. For example, TCS , an IT company rooted in India, manages its businesses at several locations in the world using the ICT. Millions of users have gone online and global events like the COVID-19 situation has brought new users in the developing world like China, India, Brazil etc. As the number of new users is increasing, they are forced to develop content in their own language and customize it to their use on the mobiles and laptops. Thus, the internet has become a force for connecting people regardless of time and location, making it easy for the manager to monitor and manage, but the challenges remain in terms of connectivity, security, speed and other factors. Further, in developing nations like India, the penetration of internet, especially in the rural areas, and hilly regions, in addition to these problems, throws up the challenge of computer illiteracy, as a good number of citizens have a low level of education/ literacy levels.

In terms of people related issues, globalization facilitates the acquisition of talent from across the world. The companies benefit by not only having the required talent from across the world, but also use people for backend support. Many of the MNCs like GE, Microsoft, Accenture, IBM, Google, Apple, etc. have employees who work outside the United States. Similarly, car manufacturers like Renault, Hyundai, Honda conduct their manufacturing operations in India to stay in competition. Thus, globalization has enabled the companies to stay competitive and yet provide service and manufacture products at a competitive cost.

The business related challenges can be seen more in terms of a global market place for goods and services. Many companies not only export their products but also assemble their products in other countries. Businesses are thus forced to improve their standard, quality and features to attract the global customer in view of a globalized world. For example auto giants like Honda, Hyundai etc. are forced to compete with the local Indian auto players like Tata Motors, who manufacture affordable, cost effective passenger cars with unique features to suit the Indian road and weather conditions. Thus, globalization has thrown up many opportunities and challenges as well.

### 1.8.2 Technology

The impact of globalization has been quite significant on technology and the technological changes. Technology has revolutionized every sector, it both complicates things and creates new opportunities. The speed with which technological changes take place affect the communication patterns,

information content and knowledge that gets generated, stored and can be retrieved for organizational use. The world is a witness to the significant changes that has taken place in the technology front, with the hardware and software in relation to a computer or other consumables like keyboards, monitors, mouse, the CPU and other parts. Even in terms of music, we have come a long way from a tape recorder to an audio cassette to a CD to a stage where currently music is embedded in the mobile phone itself. We also hear that Google search can be done in more than hundred languages. Technology is important to business because it serves as a market place, a means for manufacturing goods and services, a communication medium, a distribution channel, information service etc. Technology provides access to a wide range of information, thus making the decision making function of the manager efficient and effective. In addition, we are all a witness to the design of new products in many sectors including banking and financial services. Today, technology helps in banking from anywhere for any banking services and products, be it be for account summary, investment summary, credit/ debit card services including ATM, to housing loan information, vehicle and personal loan services. The list is endless and today the citizens across the world are accustomed to digital payments, digital banking and all this is possible only through the technological advancement. Thus if globalization has stretched the work days of some people, technological advancement has made it possible to connect people anytime, anywhere. Cell phones, handy tablets, sleek laptops with wireless connection have connected people across the world. In situations like the current pandemic, it is technology alone which has come to the rescue of businesses and people to deliver the services across the world.

### 1.8.3 Workforce diversity

“Diversity” in English means *variety*. Diversity exists in organizations when there is a variety of demographic, cultural and personal differences among the people who work there. Diversity makes good business sense by helping companies attract and retain talented workforce. Diverse friendly companies attract better and more diverse job applicants. In short, diversity is no longer about counting heads, it is about making heads count, said the Vice President of diversity and inclusion at Pepsico. While there are advantages of diversity – experience, insight and creativity of a diverse workforce, managers also have challenges in dealing with diverse workforce. In terms of demographics companies hire young executives in good numbers, which makes it difficult for the manager to team them up with seniors and experienced people. Similarly companies also hire from different cultures, social and ethnic groups and backgrounds which make it difficult to manage in a multi-cultural environment. During the last decade, diversity and inclusion policies of the companies, mandated hiring women and from different classes/ regions of the nation/globe. The inherent characteristics, personality, perception, attitudes of diverse people differ which is a challenge to management. Currently, a good amount of awareness training, skill based diversity training, diversity audits etc. are being followed by companies to manage diversity.

#### 1.8.4 Innovation

Innovation is the introduction of new goods and services. Companies are forced to innovate to bring changes in their goods and services and stay in competition. Thus innovation becomes the key to sell the goods or to satisfy the customer's preferences. Innovation is all pervasive and has become an important ingredient in business success when Ecommerce has been introduced in a big way. Considering the situation like the pandemic where, all the traditional distribution channels have been transformed to attract the buyers directly, marketing and sales had to be innovated to remain competitive.

Globalization has been a critical driver for innovation. Businesses have to offer products or service their clients using innovative techniques/ methods to deliver the same at a lower price to stay competitive. Organizational experience evidences innovative business models and practices, not only to seize the available opportunity in the business environment, but also achieve competitive advantage. For example, Reliance Industries in India started its operations in textiles and expanded it to every sector – retail, petro-chemical, digital, footwear, communication including JIO. Companies thus are required to foster an innovative environment and the managers have to manage the skills, competencies of innovative people strategically for organizational success.

#### 1.8.5 Ethics and Governance

Globalization has introduced the concept of businesses with no borders, thus allowing businesses to operate anywhere across the world. Managing businesses requires strict adherence to business ethics on a professional level. Governance presupposes the understanding of the rules and regulations, policies and procedures in the different corners of the world, along with the cultural, societal and personal expectations of ethical actions. Thus compliance to the ethical code of conduct in business becomes a critical concern for all managers.

#### 1.8.6 Quality

Quality reflects the excellence of the product or service. The acceptable standards of quality have dramatically increased over the years. Providing world class quality requires adherence to what quality entails. It can be measured in terms of product performance, reliability, customer service, durability, appearance, quality standards etc. It is a management challenge to ensure the quality of the product or service. Companies continually innovate so as to add new features as per customer preference and provide services as per the client satisfaction. For example, a quality product like fruits and vegetables, which are organically grown would be preferred by the customers than those grown with chemicals or frozen foods for health, wellness and well-being

#### 1.8.7 Cost

Consumers compare cost before making a purchase decision. One reason why

the companies worry about cost is because cost leadership always ensures a company's competitiveness. Globalization has provided a wide choice in all the product line for the consumers. Managing the cost requires efficient management of available resources and minimizing waste, all the same ensuring a quality product or service. For example, Reliance Jio, the internet service provider in India, which was launched recently, has challenged established players like Airtel, BSNL, and Vodafone in terms of providing internet connectivity with its popular low cost packages.

### 1.8.8 Change Management

Three facts about change- *that it is everywhere, it is constantly present and the pace of change* is experienced by everyone in the current context. Consciously or unconsciously people dislike change and resist change. In reality however, change is inevitable and the speed with which the pace of change is taking place is increasing day by day. Contemporary organizations have to welcome change and evolves strategies to survive in the competitive scenario. Factors like technology, cost, and competition have provoked change management in business. Managers have to don the role of a change agent to manage the resistance to change and make change more as the nature of a habit in the process of change management. For example, the changes in Learning and development area are so fast that the individuals have no choice than to learn them through internet, e-learning and other online modes willingly in the organizational context.

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### 1.9 SUMMARY

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Management is defined variously by different authors. Managing organisations through people has been agreed by a majority of them. In practice, it is process of continually and consciously shaping organizations. All the organizations have people who are responsible for helping them achieve their goals. These people are referred to as managers. The managers perform a number of functions and face a number of challenges to manage the organizations effectively.

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### 1.10 SELF-ASSESSMENT QUESTIONS

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1. What is management? Why is it important in the contemporary world?
2. Is management a science or an art? Substantiate your answer
3. Is administration and management the same? Why? Why not?
4. What are the characteristics of management?
5. What are the functions of management?

#### Case Study

##### Manage to beat Competition

It's tough to be the little guy, especially when one of the big guys becomes your direct competition. But at Hangers Cleaners, an offbeat image and good

customer service helped them pull through when P&G opened an eco-friendly dry cleaners in the same town. Hangers differentiated itself through van delivery service, funny t-shirts and hangers, as well as social networking. The company also spent time connecting with the community by partnering with local businesses and charities. Instead of out-pricing or out-spending P&G, Hangers embraced its personality and adopted a culture of excellent service that customers found value in. As a result, Hangers has experienced growth while other local dry cleaners have reported flat or declining revenues.

1. What management practices did hangers Cleaners followed to face the competition?
2. What characteristics of management do you see in the small Company?

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## **1.11 REFERENCES/ FURTHER READINGS**

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## **UNIT 2 MANAGEMENT AND ITS EVOLUTION**

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### **Objectives**

After reading this unit, you should be able to understand:

- the evolution of management
- the foundations of management thought
- the different perspectives of management
- the philosophy and approaches of management
- the various ideas of management thinkers during their time
- the principles of Scientific management
- the contribution of the behavioral science to management
- the contingency approach, Systems approach, Decision Theory Approach and other approaches to management.

### **Structure**

- 2.1 Introduction
- 2.2 Perspectives of Management
- 2.3 Summary
- 2.4 Self-Assessment Questions
- 2.5 References/ Further Readings

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### **2.1 INTRODUCTION**

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The evolution of management roots back to the contribution of various Schools of management thought, which emphasize certain philosophies and approaches as best for managing the organizations. They are referred to as approaches / theories and provide various perspectives on management.

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### **2.2 PERSPECTIVES OF MANAGEMENT**

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#### **The Empirical or Classical Perspective**

The empirical or classical approach to management was proposed in the early part of the 20<sup>th</sup> century. To some extent, it is accepted and practiced by many managers even today. The exponents of this school of management emphasized the importance of the study of the experiences of successful managers. They claimed that such a study would provide a better understanding of the most effective way of managing an enterprise. At times, they stressed the need for the study and the analysis of cases. However critics view that management is not like law, to be based on precedent. Management is dynamic and the situation in which managers take decisions vary

considerably to the previous experiences.

Three separate branches of the classical approach are evident – Scientific management, Administrative theory and Bureaucracy.

**A. Scientific Management** –This perspective grew out of a need to improve manufacturing efficiency through more effective utilization of physical and human resources. This was proposed by F.W. Taylor, who is considered as the father of scientific management. He observes that the best management is true science resting upon clearly defined laws, roles and principles as a foundation. He spent a greater part of his life finding solutions to the problem of achieving greater efficiency on the shop floor. Taylor observed that the workers got used to intentionally delay the process of completing the job and complain about the tools and equipment provided to them of a low standard and obsolete. He identified the need to teach the workers that they would not be thrown out of employment, if they turn out more work. The solutions suggested by Taylor was the outcome of his own experience at work, initially at the shop floor and later as a manager . He proposed this at the backdrop of the industrial revolution. Employers gave a high degree of priority to efficient working methods.

Taylor was passionately interested in the efficiency of working methods. He initially realized that the systematic analysis of work would find a solution to all the problems associated with enhancing the efficiency of the working methods. He also realized that this was the only way to address the apprehensions of workers. Taylor, thus consolidated his ideas at the Bethlehem steel company and conducted some of the most famous experiments to improve labor productivity. He has published his work in an article called the *principles of scientific management* in 1911. He was the first person to recognize and emphasize the need for adopting a scientific approach to the task of an enterprise.

**Elements of Scientific Management** – Scientific management referred to the process of applying scientific principles to management related issues. Scientific management methods call for optimizing the way that tasks were preformed and the job simplified so that the workers could be trained to perform specialized sequence of motions in the *one best way*. After years of various experiments to determine optimal work methods, Taylor proposed the following *four principles of management*

- i. Develop a science for each element of an individual's work. This would mean replacing the role of thumb work methods with methods based on a scientific study of the task. Prior to this workers used approximation, which was derived from their experience.
- ii. Scientifically select, train, teach and develop each worker rather than passively leaving them to train themselves. Prior to this, workers chose their own work and trained themselves as they could
- iii. Heartily cooperate with the workers so as to ensure that work is done in accordance with the principles of science that had been

developed. Prior to this management and workers were in continual conflict

- iv. Divide work and responsibility almost equally between management and workers. Management would take over all the work for which it is better suited than the workers, which means that the managers would apply the scientific management principles to planning the work and the workers actually performed the task. Prior to this, almost all the work and the greater part of responsibility were left to the workers.

These principles were implemented in many factories and the productivity increased three to four times. Henry Ford applied Taylor's principles in his automobile factories and even families began to use these principles in their household tasks

### Taylor's Experiments

Taylor demonstrated the benefits of increased productivity and earnings through an experiment in Bethlehem Steel Works. Prior to scientific management, work was performed by skilled craftsmen who had learnt their work in lengthy apprenticeship. They took their own decisions on the way the jobs have to be performed. Scientific management took away much of their autonomy and converted skilled crafts into a series of simplified jobs that could be performed by unskilled workers who could easily be trained for the task. His interest in improving the worker productivity could be seen early in his career, where he observed gross efficiencies during his contact with the steel workers

### Soldering

His work in the steel industry made him observe the phenomenon of workers purposely operating well below their capacity i.e. soldering. He attributed this to the following reasons

1. The almost universally held belief among workers that if they become more productive, fewer of them would be needed, thus eliminating some of the jobs
2. Non incentive wage systems encouraged lower productivity.
3. There were no incentives that were paid as part of the wage and hence all the employees received the same pay irrespective of the volume of work produced by them. They believed that the pace with which they did was good enough and with no incentive if the pace of work is done faster, that would lead to newer benchmarks. Thus, they were working much below their capacity
4. Workers relied more on the rule of thumb method, thus wasting a lot of their effort, and not following the scientific methods to carry out their tasks.

Thus Taylor conducted several experiments to determine the best way of performance in each of the tasks. Some of the experiments are

## 1. Time study

To determine the optimal method to perform a job, Taylor conducted the time and motion studies. He used a stop watch to record the time taken by a worker in the sequence of his movements in the job. His goal was to find out *one best way* to perform a job. He argued that the most basic task, if planned and done scientifically could dramatically increase the productivity rather than the incentive method of motivating workers. The basic premise of the initiative and incentive method was to offer an incentive to the worker for increased productivity but such a method also plays the responsibility of doing it in the best possible way.

Some examples of his experiments in time and motion studies are

### a. Pig iron experiment –

Taylor argued that if the workers were asked to move 12 and a half tonnes of pig iron per day and could be induced to move four times of the same per day, they would get exhausted and fail to reach the goal. According to him if the works manager could conduct an experiment and arrive at a standard time for their rest, work etc, their physical abilities could be used to the optimum. The workers could also be segregated based on their ability and levels of performance to do the job

### b. The science of shoveling

In another study, Taylor used the time studies again to determine that the optimal weight that a worker should lift in a shovel was 21 pounds. He found out that the density of materials are different and hence the size of the shovel should also be appropriate. Based on these experiments, he found out that workers could be optimally used on the shop floor using scientific methods. He gave improvised implements and could record a three or four fold increase in productivity and workers were rewarded with increased pay and incentives

### c. Brick laying

Taking clue from Taylor, the Gilbreth's brick laying experiments also proved a significant increase in the number of motions required to lay the bricks. They used the motion picture technology to do these experiments.

## Contribution of Scientific Management –

1. Taylor was interested in replacing traditional management with scientific management by developing scientific principles through his experiments on people, machines, money and material to see that both the employer and the workers benefited. He argued for optimum use of resources both human and material so that the firm can eliminate waste. With his time and motion studies, he has eliminated unnecessary movements, discovered the best method of doing a particular job and develop standards through the analytical approach/ practices that he followed. He demonstrated how an average, passive worker could perform better, if he's given proper instructions and implements to work. The result of all

these experiments was latest specialization of activities, proper design of the job, appropriate methods and arriving at an optimum level in terms of time and motion standards

2. His contribution in terms of compensation reflected his foresight in improving productivity and reflects the thinking of the current times. His experiments aim at the scientific measurement of the job based on which the wage rates were to be determined. He argued that increased productivity should be compensated and not arbitrarily based on the union demands or management whims and fancies. He suggested the management to focus on creating a surplus and distributing it rather than dividing whatever is produced.
3. He called for a mental revolution both on the part of the workers and management. Mutual trust and cooperation should be built, according to him, to fully enjoy the benefits of scientific management. Such an approach, he argued would replace exploitation and advocated one best way to do everything.
4. Scientific management had a lot to contribute to the workers and their beliefs. Through his experiments he advised the workers to work using scientific principles and methods, stop worrying about how the surplus would be distributed and cooperate with the management to develop scientific ways/ methods discarding the rule of thumb approach. He also called upon them to follow instructions of the management to chalk out the future course of action and get trained in the newer methods of work with conviction.
5. Its contribution has benefited the industry at large with a rational approach, improved working methods, evolution of incentive system and enormous increase in the productivity of workers. The experiments laid the foundation for management techniques like the work study and other techniques.

#### Criticism of Scientific Management-

Scientific management focused on the stakeholders in the process of industrial management. Hence, it was criticized by the employers, workers and leaders:

- a. By insisting on one best way of doing a work, scientific management ignored the creativity and innovation of the workers while on job.
- b. In the name of increasing the productivity and improvement in the standard of work, the workers were reduced to a cog in the machine.
- c. Analysis of the task in the job led to work getting fragmented with narrow specialization. The result was on the mechanical way of conducting a particular task.
- d. The management emphasized on the design and planning of the job, ignored the worker and his experience, thus making it repetitive and boring.

- e. The over emphasized practice of the rule of thumb methods made the workers feel insecure in the name of scientific standards given by the management.

### Activity-1

Do you think Scientific management is relevant today than at the time of its inception ? Take the example of an organization and see if the principles are applied there.

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### B. Administrative theory –

The French industrialist, Henry Fayol was a major contributor to the administrative theory. The other contributors are Mary Parker Follett, Lyndall Urwick Terry, Peter Drucker, Harold Koontz etc .Known as the functional or process approach, the administrative theory describes the efforts to define the universal functions that managers perform and the principles that constitute good management practice. They emphasized management functions and attempted to generate broad administrative principles that serve as a framework/ guidelines for the rationalization of organizational activities including organizational structures and relationship. They viewed the job as an antecedent to the worker. Fayol argues that the organizations function from the management point of view. He proposed that all managers perform five management functions of planning, organizing, commanding, coordinating and controlling. He also described the practice of management as distinct from accounting, finance, production, distribution and other business functions. His contribution also lies in his observation that management was an activity common to all human undertakings in business, government, in a charity organization and even at home.

He also proposed fourteen principles of administration which he believed would be applied most often in organizational functioning. They are:

- i. *Division of work-* Fayol advocated division of work, which means that a worker is given only some elements of work, to take advantage of specialization. Since the worker repeats the same task, the manager corrects him on the task, they acquire an ability and accuracy, thus increasing their output and efficiency. Division of work thus can be applied to all types of work – technical, managerial – and at all levels of management.

- ii. *Authority and responsibility* – Authority provides the right to command to get the work done. It is derived from the position and personal authority is derived from personal factors like intelligence, experience, ethics etc. of the individual. Responsibility is the accountability of the authority and arises out of the assignment of activity.
- iii. *Discipline* – According to Fayol, discipline is obedience, energy, mark of respect, as shown by the behavior of employees in accordance with the employment contracts and rules. Discipline presupposes self-imposed discipline, which springs from within the individual as an act of spontaneous response to an experienced leader. Command discipline on the other hand, is derived from a recognized authority to secure compliance and is bound by rules, regulation, culture etc.
- iv. *Unity of command* – It means that an employee should receive orders from one superior only. If the employee receives multiple commands, he gets confused and cannot carry out any of the orders. In such situations authority gets undermined, discipline is in danger, orders get disobeyed and stability of the organization gets threatened.
- v. *Unity of Direction*- This principle is concerned with the functioning of the organization in respect of its grouping of activities. Activities with the same objective in an organization are grouped together and they must have one head and one plan, which ensures better coordination among the activities.
- vi. *Subordination of individual interest to general interest* – Individuals as members of the organization are bound by the organizational interest and in case of conflict between the two, individual interest should not prevail over that of the organization.
- vii. *Remuneration of personnel*- The methods of payment and remuneration should be fair and should give satisfaction to both employer and the employee. Various systems of payment of wages are not considered of universal application and none of them can be a perfect method, according to Fayol. He also stressed the non-financial incentive system, which was not accepted as a matter of significance by the management.
- viii. *Centralization* – Fayol refers to this principle as the extent to which authority is concentrated or dispersed. A delicate balance of centralization of power and distribution of power should be used by the organization. The objective should be to utilize the talent/ability available in the organization so that authority and responsibility are retained by the management.
- ix. *Scalar chain*- The line of authority from the top management to the lowest ranks represents the scalar chain. Communication flows through this chain only. It can be skipped only when it is detrimental to the organization. Fayol suggested gang plank for cross communication to prevent the scalar chain from preventing action.

- x. *Order* – Order refers to the arrangement of things and people, meaning that there is a place for everything and everything should be in place. In social order there should be the right man in the right place.
- xi. *Equity*- Equity is a combination of justice and kindness. If an organization demonstrates equity in treatment and behavior, the company is admired, liked by everyone and ensures loyalty and devotion from subordinates. Equity also assures cordial relations between the management and the workers, thus leading to organizational health.
- xii. *Stability of tenure*- Stability of tenure is reasonable security of jobs. Turnover is both the cause and effect of inefficient management. Fayol considers that it is much better to have an average or mediocre manager than extraordinary managers who move rapidly in and out of the function.
- xiii. *Initiative* – Initiative within the limits of authority and discipline increases the zeal and energy of the human element. Fayol describes initiative as one of the satisfaction for an intelligent man to experience. Management should encourage their employees to take initiative to turn out the best work with the maximum versatility. Initiative should also be encouraged so that it can be integrated into the planning process in the organization
- xiv. *Esprit de Corps* – Esprit de Corps denotes team spirit and union is strength. It encourages the spirit and devotion that is required to ensure group harmony. Fayol underscores the need for harmonious relation among the people as it is the best source of strength. Strength, stability, stature, and reputation depend on the harmonious relations among the employees.

### Activity-2

Observe any small, medium and large sized organization and see for yourself which principles proposed by Henry Fayol are applicable in each of those organizations. Arrange them in a tabular format against each of the principles.

Principles	Small	Medium	Large
Principle-1			
Principle-2			
Principle-3			
Principle-4			

Write a Summary of your findings

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c. **Bureaucracy –**

While Taylor focused on the management of workers on the shop floor, Fayol's focus was on the general management functions in the organization. Closely related to these ideas Max Weber, the German sociologist focused on developing a theory of bureaucratic management that emphasized a theory of authority, structure and describing organizational activity as based on authority and relations. He looked at management and organizational behavior from a structural perspective.

Weber described an ideal type of organization that he called it a bureaucracy. It is characterized by division of labor, a clearly defined hierarchy, detailed rules and regulations and impersonal relationships. He recognized that this ideal bureaucracy does not exist in reality but rather represented a selective reconstruction of the real world. He meant it to be taken as a basis for theorizing about work and how work could be done in large groups. The features of Weber ideal bureaucracy are

- i. *Job specialization*- Work is divided into simple, routine and well defined specialized tasks
- ii. *Hierarchy* – Positions and people are organized with a clear authority structure in a hierarchy with control and supervision of the higher authority
- iii. *Formal selection*- Employment and promotion must be merit based. Employee selection must be done on the basis of technical qualification demonstrated by training, education or a formal examination
- iv. *Formal rules and regulations* – Rigorous set of formal rules and regulations must be followed to ensure uniformity and regulate the actions of employees
- v. *Impersonality* - Superiors must conduct official duty with an impersonal attitude, apply rules and controls uniformly and avoiding involvement with the personal preferences
- vi. *Career orientation* – Managers are professionals and they work for a fixed remuneration and pursue their careers within the organization.

The classical approach thus provides a basis for training managers by identifying the functions and skills of managers. Its focus is on the universality of management principles. It provides a mechanistic framework that overlooks the human factor in the organization and is based on the concept of rational economic man.

In addition, other thinkers who contributed to the classical management are Mary Parker Follet and Chester Erwin Bernard. Mary Parker Follet argued

that managers and workers should be considered as a group. Follet also proposed the *law of situation*, which makes a person accept the situation in which an individual is placed and tried to work within those boundaries. She also reiterated the concept of coordination, as critical in the early stages of the organization to have a stronghold on the control process.

On the other hand Bernard, who published the *Functions of the Executive* focused on the integration of the individual and the organizational goals. He redefined the organization to include three elements – corporation, purpose and communication. According to him, people have to willingly cooperate and work for a purpose using both the formal and informal channels in the organization. In his book, he proposed three functions of an executive. According to him, the executives must contribute and provide a system of communication, so as to ensure performance according to their potential and contribute to the formulation of the purpose of the organization. Overall, the classical management theory proposed a framework and principles of management, which not only provided the guidelines to an organization to function but also served as the foundation for the modern management approaches.

### Activity-3

Which of the tenets provided by Max Weber apply to any state Government /the Government of India? Take the example of any department / unit and write down your observations.

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### Human Relations Approach or the Behavioral Approach

The evolution of management thought is considered a logical extension of the ideas and experiments that were carried out across organizations and the experience of management thinkers/ consultants in management. The Human Relations approach was considered a radical approach considering their times, because of their focus on the psychological and sociological processes that influence employee performance. The Human Relations School stressed on the utility of human relations practices like leadership, communication and motivation. According to them, the focus of management must be centered on interpersonal relations and managing involves *getting things done through people*. For the first time the *people* aspect of management was highlighted with a heavy orientation to psychology and social psychology with stress on satisfying psychological needs and understanding the behavior of people.

Classical theories have assumed man as an economic being driven by the fear of hunger and that management and workers do not demonstrate any conflict between them. Thus work, structures and rewards were used as focal points to suggest various principles and practices based on the number of experiments to improve productivity and effectiveness. For various reasons, the expected efficiency and productivity could not be achieved as expected. However, the application of scientific principles, motivating the workers through rewards, stability of tenure, encouraging initiative and group harmony as advocated by the classical approach have laid solid foundations for recognizing the people element in organization.

i. Hawthorne studies –

The most important contribution to the human relations movement was beyond doubt, the *first inquiry* and the Hawthorne Studies undertaken at the Western Electrical Company at Hawthorne in Cicero, close to Chicago, in the Illinois State. Originated in 1924 initially, and eventually expanded to the 1930s by a set of consultants from Harvard, George Elton Mayo and his associates were invited to join the team of industrial engineers to examine the effect of illumination levels on workers' productivity. This relationship, which began in 1927, lasted through 1932 and encompassed numerous experiments covering the redesign of jobs, changes in the length of the day and work week, rest periods, lunch along with individual and group wage plans. Control and experimental groups were established and the groups were presented with varying illumination intensities to conduct illumination experiments. Interviews were done to determine attitudes and analysis of the social organization among workers. They found out that the changes in the work environment had little effect on work productivity. When the illumination intensity was not directly related to group productivity, the engineers could not explain the behavior they witnessed. To their surprise, the results were confusing. Thus social norms or standards determined by the group were concluded to be the key determinants of individual work behavior. The results emphasized the recognition of the human factor. He along with his associates Kurt Lewin, Roethlisberger , Dickson , Lipper and White, Cock and French believed that both psychological and physical aspects influence the capacity to work. The findings of the Hawthorne studies have been labeled as *Hawthorne effect*. It is a phenomenon which denotes that employees work harder and perform better if they believe that the management was concerned about their welfare and the superiors pay a special attention to them. Elton Mayo was thus, considered the Father of Human Relations Approach.

Assumptions –

The theory was based on the following assumptions

- i. The usefulness and the importance of people
- ii. Recognition as individuals and their belongingness to the group
- iii. The importance of esteem needs than money to motivate people to work

- iv. Inform, listen to and make people feel that they can contribute to the organization
- v. Exercise of self-control by individuals in routine matters
- vi. Encouraging the participation of people and sharing information with them
- vii. No resistance to change by the subordinates if the basic needs are met

Findings –

The Hawthorne studies have contributed significantly to the Human Relations Theory. Some of the findings are

- i. Social norms determine the level of production, not the psychological abilities of workers
- ii. The behavior of workers is significantly affected by non-economic rewards/ sanctions
- iii. Money is not the motivator of people
- iv. Individuals act and react often as members of group
- v. The importance of leadership in setting and enforcing group norms
- vi. The working conditions do not influence productivity, rather complex attitudes determines productivity
- vii. Group pressure and not managerial demands exert a stronger influence on productivity
- viii. Rational economic man to be replaced by the concept of social man
- ix. The behavior of a person and his sentiments are closely related
- x. People can exercise self-control

The focal point in the Human Relations Approach is the *worker* and *not the job* as in the classical approach. The Human Relations Theory has contributed to new concepts in the understanding of an organization and made critical contribution to the understanding of people at work, people in groups and people in organizations.

## **The Systems Approach**

This approach is an extension of the Human Relations approach and views management as a social system. Influenced by the sociologists, it aims at identifying various social groups with the fundamental belief in the need to solve the biological, physical and social limitations through cooperation. The Systems approach has proposed a new way of thinking about the organization and the managers. The theory proposes that a system has a number of sub systems which are interdependent and each of which contributes to the unique characteristics of the whole system to achieve a set purpose. For example, a number of components like monitor, keyboard, mouse, CPU in a computer together help us in entering the data/ information to make it a readable article. With the advancement of technology, however some of the accessories like keyboard, mouse etc. got in-built into the system. For

example tablet, cell phone etc. where, some of the subsystem got in built with an addition of other sub systems. Thus computers, tablets, cell phones etc. are all equipment which are made up of many parts which are interconnected and interrelated, the absence of one might affect the performance of the entire equipment. Similarly, organization is a social system composed of people, groups, and their relationships. The contribution of the Social Systems Approach thus, stresses on the need for understanding the individual, the group, the relationships and the influence of the informal organization on the formal organization.

### **Decision Theory Approach**

This approach was proposed after the Second World War. Since managerial function revolves round right decision making, this approach adopts this as its central focus and studied the process of decision making, which includes selecting the right course of action from possible alternatives. It involves the application of sophisticated techniques for solving managerial problems, especially planning and control.

### **Mathematical/Quantitative Approach**

The Mathematical Approach provides a quantitative basis for decision making, considering management as a system of mathematical models and processes. According to this approach, decision making is a logical process and can be expressed in terms of mathematical symbols, formulas or models. The contribution of this approach relates to a number of sophisticated tools and technique like simulation, linear programming, gaming etc. which assist managerial decision making and makes it simple even in large organization. Currently, organizations are using big data and data analytics to handle large volumes of data. Such tools and techniques help in the data analytics that are being used by the organizations for decision making

### **Contingency Approach**

This approach emerges from the real life experiences of managers who found out that no single approach/model worked consistently in every situation. This approach believes that managerial practices and styles differ in different situations/ contexts. Closely dependent on the ground realities of the managerial function, it is believed to be a practical and the realistic approach to carry out the tasks of management. This approach is based on the logic that organizations differ in size, scale, scope, purpose and so on, the values, the perception, the attitudes , needs and the experiences of individuals and hence they argue that there can be *no one best way* to manage people in organizations and no single set of principles can be applied universally. Although this approach appears to be a pragmatic approach, it can become operational only when the actions to be taken in alternative situations are prescribed. In addition, determining and including all the relevant contingency factors demonstrating their relations can be a complex process.

### **Theory X and Theory Y**

and Theory Y in his book – the Human Side of Enterprise in 1960. The theory is a simple reminder of the natural rules for managing people, which are forgotten by managers easily in their pressure of day-to- day functioning. McGregor observed the way managers deal with their employees and concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that the employers mould their behavior towards employees according to these assumptions. He classifies these assumptions as theory X which reflects *authoritarian management style* and Theory Y the *participative management style*.

#### Assumptions of Theory X-

The assumptions of managers under Theory X are:

- The average person dislikes work and so he tries to avoid it.
- Since they dislike work they must be forced to work using the *Carrot and Stick theory*.
- The average person is self-centered and indifferent to organizational goals.
- The average person prefers to be directed as he lacks ambition.
- The average person looks for security and hence, resists change.

Thus managers decide, retain their authority and inform the workers about the work/ task to be done.

#### Assumptions of Theory Y –

The assumptions held by the manager under Theory Y are:

- People love work and hence they work like play.
- Since they love work, they seek and look for additional responsibilities.
- Since they enjoy working, they apply self-control and self-direction.
- Commitment to objectives is a function of rewards associated with their achievement.

Thus, these two theories assume a particular behavior from the employees. William Ouchi, a consultant, Japanese by birth and American by training, in his book Theory- Z highlighted how American management can beat the Japanese challenge in 1981. As a board member of several organizations in the USA, he advocated a hybrid management style which is a combination of American management style and the Japanese management style. He argued that management must have a high degree of confidence in the workers for the participative management style that he suggested.

As can be seen, a number of psychologists, sociologists, public administrators, and business managers have contributed to the evolution of management thought. More recently, Peter Drucker has contributed to the building of a number of management concepts, while thinkers like Edwards

Deming, Joseph Juran have contributed towards the quality concerns in management. The perspective of Thomas Peters and Robert Waterman highlighted the characteristics of excellent companies in their book – *In Search of Excellence*. Further, more recent notable contribution from the contemporary management perspectives include the Strategic Management approach of C.K Prahalad and Hamel, the Radical Change concept of Sumantra Ghoshal, the Learning Organization Concept of Peter Senge, the Change Management and the role of managers as change masters of Rosabeth Moss Kanter. All these perspectives turned management into a more dynamic field, to be regarded as the *management theory jungle*.

## 2.3 SUMMARY

The evolution of management thought evidences the contribution of multiple perspectives from the classical approach, which provided the foundations of management. The neo-classical school comprising of the perspectives of the sociologists, psychologists and business managers have contributed to the knowledge and the practice of management. The transformation process continued with the contribution to the theory and practice of management by the contemporary management thinkers and consultants across the world, thus making management an exciting field of study and enquiry for both the researchers and the managers.

## 2.4 SELF-ASSESSMENT QUESTIONS

1. What is the contribution of Scientific management to the management thought?
2. What are the experiments conducted by F. W. Taylor? What is your learning from them?
3. Discuss the principles as enunciated by Elton Mayo?
4. Do you think the principles proposed by Henry Fayol apply to all organizations irrespective of size?
5. What is the contribution of Elton Mayo to the Behavioral Movement?
6. Compare and contrast the Theory-X and Theory-Y with examples?
7. Write short notes on
  - a. Systems Theory
  - b. Contingency Theory
  - c. Hawthorne experiments
  - d. Elements of scientific management.

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## **UNIT 3 ROLES OF MANAGERS**

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### **Objectives**

After reading this unit, you should be able to understand

- the management process.
- the different roles of the managers.
- the management skills.
- the levels of management.
- the characteristics of a manager.
- How to be a good manager
- the changing role of a manager in the current context
- the changing role of a manager from managerial experience

### **Structure**

- 3.1 Introduction
- 3.2 Management process
- 3.3 Managerial roles
- 3.4 Management skills
- 3.5 Management levels
- 3.6 Characteristics of a good manager
- 3.7 How do managers know whether they are good or not?
- 3.8 Changing role of a manager in the current context
- 3.9 The Changing role of a manager – Perspective from managers
- 3.10 Summary
- 3.11 Self-assessment questions
- 3.12 References/ Further Readings

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### **3.1 INTRODUCTION**

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Management is a process of integrating resources and tasks towards the achievement of the stated organizational goals. It is often referred to as a process of planning, organizing, staffing, directing and controlling. Management literature labels them as the *functions* of management. Thus it involves a process which is functional and social as well, as it deals with people in the organizational context.

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### **3.2 MANAGEMENT PROCESS**

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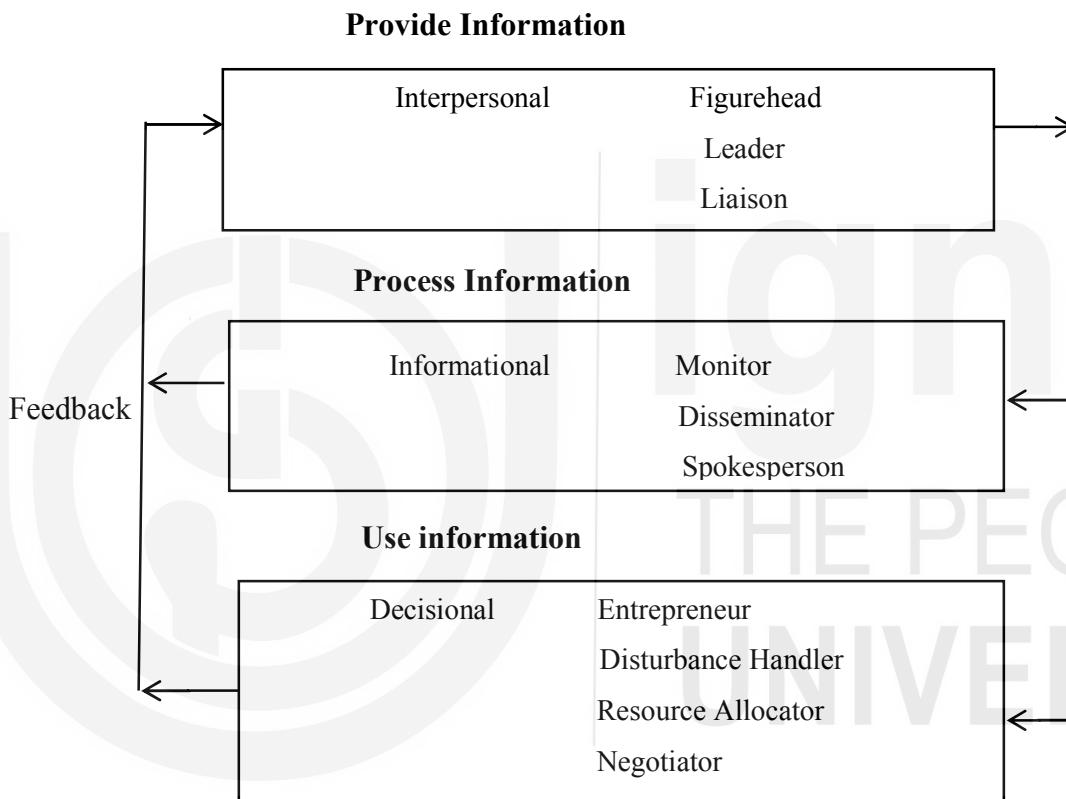
A process is a systematic way of doing things. The management process emphasizes that all managers, regardless of their particular aptitude/ skills engaged in certain interrelated activities to achieve the desired goals. Right from the evolution of management, management thinkers have defined management process in terms of the specific functions of management. Thus, it is a process which is continuous, ongoing and a systematic way of doing

things. However, the managerial role is evidenced in an organization through the strategic, tactical and operational responsibilities that the managers discharge in an organization.

### 3.3 MANAGERIAL ROLES

A classic study of top executives found that they spend their time in performing ten roles, which are grouped under three categories-*interpersonal, informational and decisional*. The study was conducted by Henry Mintzberg and published in *The Nature of Managerial Roles* in 1973. These roles are common to the work of all managers. ( Figure-1)

**Figure-1 -Managerial Roles**



#### Interpersonal role

The three interpersonal roles provide information and are primarily concerned with interpersonal relationships. The *figurehead role* allows the manager to represent the organization in all official business. As a *symbolic head*, the manager performs a number of routine duties of a legal and social nature. As a *leader*, the top level manager represents the company legally to those outside the organization. The supervisor represents the work group to the higher management and is responsible for motivating the group along with participating in the hiring, training, and related duties as the leader. The manager uses the *liaison role* to gain favors from his subordinates and information, while the supervisor uses the same to maintain the routine flow of work. He also uses this role to create his own networks, external and internal, to maintain the relationships.

## The Informational role

The informational role ensures that information is provided and that the manager has enough information to do his routine work. This role links all the managerial work together. The manager in interpersonal role is placed in a unique position to receive lots of information. Thus, the three informational roles are primarily concerned with the informational aspect of the managerial role. Receives and collects information in *monitoring role*, resulting in a thorough understanding of the organization and its internal /external environment. Since manager monitors, it is considered the focal point of internal and external information. As the *spokesperson* transmits information to the outsiders on the organizational policies, actions and decisions. Since the information is received, monitored and stored by the manager, *disseminates* both factual and analytical information, thus serving as the industry expert and the supervisor serves as the unit expert.

## The Decisional role

The decisional role makes significant use of the information. The unique access to information places the manager in the center of the organizational decision making. There are *four decisional roles* that the manager performs. The manager initiates and searches for new opportunities and projects to initiate change in the organization in his *entrepreneurial role*. In the *disturbance handling role* the manager deals with the threats to the organization and takes corrective action accordingly. In the *resource allocation role*, the manager chooses where the organization will spend for its efforts. He takes an active role in providing financial and other resources to the departments/units/people including approving organizational decisions in the resource allocation front. The manager negotiates on behalf of the organization in the *negotiation role*. He engages in negotiations with the parties outside the organization as well as inside the organization and is responsible for representing the organization in major negotiations. The top management makes the decisions for the organization as a whole while the supervisor takes decision about the particular work unit.

Thus, managers play an important role in the organization and management helps in the success of any activity in the organization. All the managers irrespective of the level, perform these roles, with the only difference being the emphasis and focus. Supervisors performs these roles with a focused approach (in their units) and short term in outlook. The figure head role becomes less significant and the disturbance handling and negotiation roles increase in importance for the supervisor. Since leadership permeates all the activities, the leadership role is among the most important of all the roles across all levels of management.

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### 3.4 MANAGEMENT SKILLS

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A manager's job is complex considering the functions and the roles one has to perform. Hence, they need certain skills to perform the functions associated with their job. The key skills of a manager are:

## Technical skills

Technical skills are those skills, which enable an individual to carry out specialized tasks /activities that involve a certain method or a process. Managers develop technical skills to perform the activities that are part of their daily work life. For the performance of such daily activities, a manager should possess a basic education in the related field and gain knowledge pertaining to the methods, processes and procedures which are actually used. Accountants, engineers, computer professionals fall under this category as they possess technical skills required in their specialized fields. It is difficult for any manager to ensure smooth functioning on the part of his employee without requisite technical knowledge.

## Human skills

Human skills relate to those skills which facilitate better coordination among the different people in the organization. Human skills influence the managers' ability to work well with people. Since all managerial activity is people related activity, they must develop their skills to lead , motivate and communicate effectively with their group / organization. Such skills are demonstrated while interacting with subordinates, peers, stakeholders, customers, clients etc. and are important for all the levels of an organization.

## Design skills

It is the ability of the manager to find out solutions to the problems of an organization from time to time. Managers use these skills when they consider the overall objectives and strategy of the organization. Their activities relating to the different units and their role with external members of the organization. The manager should be able to envisage the problem and should be sufficiently resourceful to solve them in an amicable manner. Without such skills, it becomes difficult for managers to put all the units in a single direction towards the accomplishment of the objectives. The design skills are not limited to the *troubleshooting* function but assume much more importance and includes all those activities which remove the grievances of the employees. The design skills are used with increasing frequency as a manager goes up the career ladder and assume greater responsibility in the organization.

## Conceptual Skills

The manager should have the ability to view the organization as an integrated system, with its various sub-systems, connected to each other. An organization has a number of verticals which perform a variety of functions. The manager must be able to understand and relate his function with the other functions that are carried out in the organization using his conceptual skills. The thinking process that is inherent in the conceptual skill contributes to the managerial function of decision making. Management thinkers regard this skill as a critical skill for the top management, who strategize, formulate goals and objectives for the entire organization and also the middle management, who get things done and contribute to the achievement of the goals of the organization.

## Analytical Skills

The analytical skills are equally important for a manager to perform his functions. Logical analysis of the problem/situation assumes importance in the context of organizational functioning. It is all the more significant in the current context in view of the knowledge and the data that is generated in the management of businesses across the world. In these days of data explosion, big data, data mining, data analytics have assumed significance. Technology has simplified the way the data can be treated and processed, but it becomes incumbent on the manager to interpret and make sense out of the data that is generated in the organizations. Analytical skills of the manager to apply logical and systematic approaches to analyze the alternatives and provide the optimal solution thus, assumes significance in the contemporary context.

### Activity 1

Parents are the best managers of our house. Observe your mother or father. See for yourself which of these skills they use in their working. Write down the skills used for each activity in the order of priority. You will know the skills required in their functioning. Repeat the same in a formal organizational context.

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## 3.5 MANAGEMENT LEVELS

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In organizations which are small in size, scale and scope, the owner manages all the activities and needs no support from others. For example, a small store or a small consultancy is handled by the founder with minimal support. However, with the growth and increase in the size of the organization, it becomes difficult for a single individual to run the business. A need for a formal organization and the establishment of formal authority structures becomes a necessity. Management activities are categorized into three levels—*top, middle and lower level*. The three levels are organized along hierarchical lines so that each level could be supervised by the immediate level over and above it. The functions of each level depend on the size, scale, technology, culture prevailing in the organization. Further, the number of managerial positions at each level differ from organization to organization.

### The top level management

Top level management is concerned with the organization as a whole and has interaction with the external environment. This interaction mandates that the manager works with the individuals and outside organization. They are appointed by the governing body of the organization and are usually referred to as the Chief Executive Officer, President, Chairman etc. in large organizations. They are empowered to take decisions pertaining to the organization. Besides the CEO, the board also appoints the Senior Vice-President, Vice President, Executive Director, all of whom form part of the top level management and involve in taking decisions which affect the entire organization. They work with the middle level managers in the implementation of organizational strategy and maintain overall control over organizational performance. The role of top level management is to formulate

organizational strategy and controlling resources. They are also considered the strategy architects and organizational leaders. In their leadership role, they have to create and articulate a broader corporate purpose in which people can identify and to which people enthusiastically commit.

### **The middle level management**

Middle level managers deal with the actual operations of the organization by coordinating with various departments. They are located in the organizational hierarchy below the top level management. They are responsible for the performance of managers at lower levels and are often designated as the Director, Manager, Head of the department etc. This level is responsible for the implementation of plans and strategy developed by the top managers for the accomplishment of the organizational objectives. Most times they decide, but they also look for guidance and direction from the top management for strategy related issues. They act as a *linking pin* between the higher level management and the lower level management.

### **The lower level management**

Termed as tactical management or frontline executives, these are the people who are responsible for the performance of employees involved in the actual day-to-day operations/ tactical activity in the organization. They are designated as supervisors in a service setting or Foreman in a manufacturing setting and are responsible to direct the employees in achieving the targets. They implement the operational plans developed by the middle managers and are responsible for taking corrective/ remedial action whenever needed. They take care of output variables like the number of units produced, labor cost, the inventory levels, quality control etc. They are directly involved in the daily operations/ activities of the organization and the role is critical in the organization. They not only take part in creating and sustaining quality concerns, innovate new methods, but with the proximity to the actual work, they are expected to initiate new activities, new methods, new processes , and new ways of getting things done.

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### **3.6 CHARACTERISTICS OF A GOOD MANAGER**

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Management literature also evidences the characteristics of a good manager, in addition to the skills needed for an effective manager. Organizational experience demonstrates a good number of successful managers and not so successful managers across the world. Success or otherwise is attributed to the characteristics or traits that managers demonstrate in their functioning. It is always heard in corporate circles that people leave organizations not because of the organizations but because of the managers!

When it comes to what are those traits that distinguish the good with not so good managers, literature and also experience does not provide a straight-jacketed, all-encompassing answer. A number of factors like the type, size, goals, strategy, team, location, along with a host of external factors like the

COVID-19 in the current context play a significant role in the organizational success, which impacts the managerial functioning. Successful managers, however, are characterized with the following traits.

### **Understand the vision and communicating it**

Every organization has a vision, mission, and goals that are explicitly spelt out in their vision document. The manager must have the ability to understand it and convey the same with clarity so that he is able to orient his team towards the achievement of the goals spelt out in the strategy document.

### **Independent thinking and assuming responsibility**

Managerial functioning revolves around decision making. Within the given context and resources, the manager must act autonomously and independently to take decisions which meet the standards of the organization. His functioning should be such that he is able to influence and empower his team, all the same assume responsibility for the results.

### **Knowledge**

Organizational functioning involves complex procedures, rules and regulations- both external and internal, which the manager must comprehend in his functioning. Added to that, a sound knowledge of the competition, market, changes in the policy, technology, economic landscape is vital for ensuring success. Thus knowledge in terms of both the theory and practice of management assumes significance, more so, in the contemporary changing context, helping him to be in command of the goals of the organization and winning the trust of his team.

### **Taking the right decisions at the right time**

Decisions are arrived at, after going through a long process. It is important that the manager must take the right decisions at the right time, but he should also have the ability to understand the whole process in such a way that he can contribute in the design stage, looking at the alternatives and then make the decision so that it contributes to the process. Decision making function especially taking the right decisions at the right time makes the manager successful or otherwise.

### **Demonstrating leadership and motivating the team**

A manager is also a leader of his team. As a leader, the actions of the manager influence the actions of the team. On the one hand, his actions contribute to building his relationship with the team and command him the respect for his leadership traits. In getting things done, the manager uses this trait to influence, to inspire and motivate them towards the achievement of the goals of the organization.

### **Empathy**

Empathy in simple terms relates to the art of knowing and understanding the feelings, needs, interests, etc of the team members and all those with whom

the manager connects in his functioning to build harmonious relationships. With the organizational expectations from the employees increasing day-by-day, it becomes very important for the manager to empathize with the team and others in the achievement of the objectives of the organization.

### **Conflict resolution**

All organizational activity in the current context is team based and has no boundaries. It is but natural to have conflicts when a number of teams work from different locations, with different cultures driving them. Managers must have the ability to listen, understand, and comprehend the different opinions to handle the conflicts without losing balance and taking sides. Conflict resolution demands a calm, cool, objective approach from the manager to provide a solution and manage the stresses and strains of team, as well.

### **Emotional balance**

Psychologists have earlier stressed on the intelligence quotient of the manager in the course of the managerial functioning. Research in psychology, however, put forth the importance of the emotional balance of the manager as extremely important in handling the team and the ever changing, uncertain, volatile business environment.

#### **Activity 2**

Observe or interview a manager. List the characteristics he/she possesses. Prioritize the usage in his function.

- 1.
- 2.
- 3.

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### **3.7 HOW DO MANAGERS KNOW WHETHER THEY ARE GOOD OR NOT?**

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Managers perform critical functions in an organization. Their role thus becomes significant and the way they take upon their role assumes much more importance. But how do managers know whether they are doing it right or not? Interviews with managers revealed interesting facts of what they felt about their role. The interviews revealed the following:

#### **Manager-1**

I was happy when I was promoted. I walked into my office with renewed enthusiasm, although I did not know what was in store for me in the job. I did not have any idea about the management principles to be applied and did not give any thought to the approach/method I should use in the new assignment. I went blank on everything I had on hand, when I entered office to assume my new responsibility.

## Manager-2

When I was promoted, of course, it was a good news for me -after all my effort paid off and was recognized. I held my head high and walked into my office, amidst all the cheers from my peers. The thought that it is not just my work that mattered but getting things done by the team bothered me suddenly. I imagined the way my manager struggled his way through in his role. I ran out of ideas on how I can take care of the targets, set targets for the team, not to think of the other responsibilities of the position staring at me!

The managers who were promoted, to the manager's positions, revealed their utter ignorance in taking up the position of managers. The interviews speak volumes about their capability to take up the role of a manager based on their prior performance, although they demonstrated their low confidence in taking up the responsibility. These are normally the hidden feelings of most new managers irrespective of the department they belong to. The transition from their individual performance to the setting of targets, getting work done, which essentially revolved around all the functions of management, suddenly bothered them. The skills that they demonstrated earlier, based on which they were promoted, will not suffice for them in their new managerial position. Organizations would expect them to perform better as managers. Thus the role they take upon themselves, along with the skills they possess, would determine them good managers or not. In addition, the role of a manager is changing fast in the ever changing, volatile, uncertain, complex and ambiguous context, thus making the role of a manager much more significant in an organizational context.

### Activity 3

Take the example of an organization you know. Talk to a manager who was recently promoted to a manager's position. Interview him on what his initial feelings were as a manager. Write down what you think an organization expects from a manager, as understood by the manager.

## **3.8 THE CHANGING ROLE OF MANAGERS IN THE CURRENT CONTEXT**

It is true today that, for various reasons, along with the advances in technology and the tools at their disposal, the employees are aware of their duties and responsibilities and hence can manage their work and the intricate details embedded in it. There is not much for the manager to micro-manage. Further, the changed environment from a manufacturing paradigm to a knowledge driven service economy and the consequent transition from a top down approach to employee centered approach, calls for a changed role of a manager in the current context. There are various perspectives on the role of the manager in the modern, contemporary era. Some of them are explained in the following section.

The very definition of a manager, as one who wields power and authority, to get things done in an organizational context, gets changed in the changed context of self-managed employees and teams. Management is seen more as

a process and that the role of a manager as one whose role is to engage everyone to get things done. It must be admitted that the contemporary context demands management as much more than *getting things done* with the change in the work, work style, work design, workplace with technology support, and the employee orientation towards work. The focus thus, is seen more on *the role and style* of the manager than the *function* of management, as everyone is involved in some form of management or the other, at their levels.

It is thus, understood that the role of a manager relates to a particular application of management and not the entire management, as was done in the past. With innovation as the key driver, the knowledge driven economy with the knowledge workers, the managerial role is woven around engaging them to complete their activities, without much focus on the details of their work. Thus, a relook at the role of managers in the changed context, highlights four roles to the manager. According to McCrimmon, managers have to behave as investors, customers, coach and partners, as they share some attributes of each of the actors.

### Managers as Investors

An investor tries to allocate his resources in return for the best outcomes. One of the functions of management is to allocate resources to achieve the goals and get the best return, like any other investor. A good manager is thus one, who can effectively use the given resources for optimum returns. In a knowledge based economy, the manager differs from the investor in two ways. First, the knowledge workers know their work and hence bargain on the resources they tend to get from the manager. It cannot be unilaterally decided by the manager, as can be done by the investor with the investment. Second, since teams are built by managers in organizations, they work closely with the knowledge workers, unlike the investors, who maintain a distance, after the investment is made.

### Managers as Customers

Effective management is determined by the customer feedback on the products or services. In a knowledge driven context, the employees are self-targeted and self-managed, and hence, provide services to the organization and the manager, as internal customers. Since the employees know their work, they can gauge the needs of the manager, and give him services which at times, even managers can overlook. In this context, they feel empowered to not only do their work but also decide on the processes of work, thus contributing to the manager and the organization, as operators of business. Unfortunately, the knowledge workers are generally in short supply and hence, they demonstrate more power than their customers (manager) and are able to provide more advice, thus transforming the function bottom up from the earlier top down approach. The managerial role in the changed context is like any other customer waiting for the feedback from the employees.

## Manager as a Coach

A Coach is normally seen in sports, guiding the players towards winning matches. Similarly a manager in the role of a coach facilitates guides and coordinates the activities of his team towards the achievement of the goals. In the contemporary organizational context, where talented resources with niche skills are scarce, a manager has to essentially manage and retain the talent. In the role of a coach, the manager has to weigh his options very carefully to retain the talent. Thus the role of a manager is seen more in coaching rather than directing the employees.

## Manager as a Partner

The knowledge workers are understood more as partners in the process of management. Organizations forge partnerships with external suppliers to fulfill many of its requirements. Employees because of their knowledge, similarly act as internal suppliers of services and partner with the organization in the process of management.

Thus, the manager must understand the changed organizational context and practice the notions of leadership and management as *an investor, coach, partner and a customer* for competitive advantage.

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### 3.9 THE CHANGING ROLE OF A MANAGER – PERSPECTIVE FROM MANAGERS

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The very thought of a manager that comes to anyone's mind is that of a person, heading a project, occupying a decent office room, monitoring a team of people reporting to him. The role, for more than a century, restricted to well defined set of actions. The manager was in his comfort zone with a more or less stable profit line and with not much vagaries of the market to bother with. The market economy and the consequent management trends has brought a sea change in the role of a manager. Competition is the norm for every organization today. Therefore, organizations look for managers who can model and remodel their behaviors to suit the changing conditions. The focus thus is on the following actions of the manager for renewed role in the modern context.

#### Lifelong learning

The functions of a manager earlier were performed easily by the knowledge gained through the education and managerial experience overtime. The advancements in technology has, however, thrown challenges of a different order thus, making the knowledge no longer useful in the technology driven context. Artificial Intelligence, Robotics, machine learning has all transformed the world of work to such an extent that the manager is forced to focus on continuous learning himself and see that his team also gets on a continuous learning mode.

## **Delegation**

Controlling is an essential function of management. The knowledge driven economy with knowledge workers bring in versatility to the workspace with enormous talent and niche skills. The new role of a manager demands the manager to take the team along reposing confidence in the team and delegate instead of supervising and policing in the name of control. The ultimate objective in the control function should be to bring the best out of every employee and see that they inculcate and work with confidence in the given task.

## **Create future leaders**

Providing leadership and guiding the team is traditionally a manager's function. In the changed context, the new role of a manager demands the manager to create leaders, who can manage themselves and also their peers. In the decision making function, the manager can involve and allow employees who show promise to take informed decisions and implement them. The manager thus is able to develop leadership qualities in the team and create future leaders for the organization

## **Innovation is the key**

Innovation is the key in the competitive scenario today. Competitive advantage presupposes quality products and services, which entail innovation and creativity among the employees. Managers must innovate and encourage the team to innovate with new ideas and take on new challenges. Innovation has been taken to such a level in today's context that it has been included as a performance parameter among the employees in so much so that repetitive tasks are no more counted and the managerial role lies in encouraging the same.

## **Proactive attitude**

The manager today is expected to proactively interact and encourage the team to take on challenges rather than monitor the allotted tasks. The role gets enlarged where the manager would inculcate the habit of proactively initiate dialogue and discussion with the team, so as to bring out the best in the team

## **Out-of-box thinking and working**

Organizations today expect employees, not only to do their allotted tasks, but much more than that. The role of a manager in such a context is to break the monotony of repetitive tasks by the team, and encouraging them to think differently out of box to do the same task in a different way. Instead of a role of a problem solver for the team, the manager should draw everyone into the process, allow them to solve problems, come out with solutions, implement them and learn from mistakes.

Thus, the role of a manager demands the understanding of the evolving organization and rising to the occasion so that he is able to look into the future challenges, and ready to learn and teach the team to sail through the uncertain times.

## 3.10 SUMMARY

Management is a practice, which is used consciously and continually in shaping organizations. The role of managers, the functions they perform, and the processes they follow assumes significance in the achievement of organizational goals. They possess skills and competencies which are critical in their day- to- day functioning. Managerial function is performed across all levels but the fact remains that management as a practice, produces contribution and consequences and the role of the manager assumes significance in this context. The managerial functions are geared towards this end. However, modern organizations are facing challenges of a different order. The role of a manager has been transformed in the ever evolving organizational context to understand the future challenges and ready to model the role accordingly.

## 3.11 SELF-ASSESSMENT QUESTIONS

1. Discuss the role of a manager in an organization?
2. List out the skills needed for a manager?
3. What do you think are the characteristics of a manager?
4. What are the levels of management? Are the functions at each level applied in the same measure in an organization?
5. Do you think that the role of a manager is changing in the modern organizational context? Elaborate with examples.

## 3.12 REFERENCES/ FURTHER READINGS

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