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**Management :-** “Management is knowing exactly what you men to do and then seeing that they do it in the best and cheapest way.” - **Fredrick Winslow Taylor.**

“To manage is to forecast, to plan, to organise, to command, to coordinate and to control.” - **Henry Fayol** “Management is defined as the creation and maintenance of an internal environment in an enterprise, where individuals, working together in groups, can perform efficiently and effectively towards the attainment of group goals.” - **Koontz and O’ Donnell**

### 1. What is Management?

*Management is the set of principles that relates to the functions of planning, organizing, directing, and controlling, and these principles are applied in harnessing physical, financial, human, and informational resources efficiently and effectively to achieve the organizational goals.*

Management is a universal phenomenon. Every individual or entity requires setting objectives, making plans, handling people, coordinating and controlling activities, achieving goals and evaluating performance directed towards organizational goals. These activities relate to the utilization of variables or resources from the environment – human, monetary, physical, and informational.

Management guru, **Peter Drucker**, says the basic task of management includes both marketing and innovation. According to him, Management is a multipurpose organ that manages a business and manages managers, and manages workers and work.

**Harold Koontz** defined management as the art of getting things done through and with people in formally organized groups.

**Concept of Management :-** Management as economic resource, management of team, Management as discipline ,Management of things ,management of people ,Management of ideas

1. **Process:** Process means the primary functions or activities that management performs to get things done. These functions are planning, organising, staffing, directing and controlling.

2. **Effectiveness:** Effectiveness is concerned with the end result. It basically means finishing the given task. Thus Effectiveness in management is concerned with doing the right task, completing activities and achieving goals
3. **Efficient:** Efficiency means doing the task correctly and with minimum cost. Management is concerned with the efficient use of input resources which ultimately reduce costs and lead to higher profits.

## Objectives of Management

- *Maintain discipline and moral*
- *Optimum utilization of resources*
- *Ensuring regular work flow*
- *Mobilizing best talent*
- *Minimize element of risk*
- *Improving performance*
- *Promotion of research and development*

## Functions of Management

1. *Planning*
2. *Organising*

• Identification of activities. • Classification of grouping of activities. • Assignment of duties. • Delegation of authority and creation of responsibility. • Coordinating authority and responsibility relationships.

### 3. *Staffing*

According to Kootz & O' Donnell, "Managerial function of staffing involves manning the organisation structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure". Staffing involves: • Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place). • Recruitment, Selection & Placement. • Training & Development. • Remuneration. • Performance Appraisal. Promotions & Transfer.

4. *Directing*
5. *Controlling*

## Characteristics of management

- *Management of people*
- *Management of work*
- *Management is multi-dimensional*
- *Management is all-pervasive*
- *Management of operations*
- *Management is a continuous process*
- *Management is a Dynamic Function*
- *Management is a group activity*
- *Management is an intangible force*

• *Management is a goal-oriented process*

**Nature of management:** Management means different aspects to different authors.

**1. Management is universal in character:** Management is applicable in all types of organisations. Wherever there is human activity, there is a management. The basic principles of management are of universal application and can be applied in all organisations whether they are business, social, religious, cultural, sports, educational, politics or military. Henry Fayol states that, “ Be it a case of commerce, politics, religion, war... in every concern there is management function to be performed. ”

**2. Management is a process:** Management is a process, function or activity. This process continues till the objectives set by administration are actually achieved. “Management is a social process involving co-ordination of human and material resources through the functions of planning, organising, staffing, leading and controlling in order to accomplish stated objectives”.

**3. Multidisciplinary:** Though management has developed as a separate discipline but it draws knowledge and concepts from disciplines such as sociology, psychology, economics, statistics, operation research etc. Management integrates ideas and concepts from these disciplines and uses them for improving the efficiency of organisation.

**4. Management is Goal Oriented:** Management is a purposeful activity. It is concerned with the achievement of pre-determined objectives of an organisation. Management aims to achieve economic and social objectives. It exists to achieve some definite goals or objectives. Group efforts in management are always directed towards the achievement of some pre-determined goals. Theo Haimann quotes that, “Effective management is always management by objectives. ”

**5. Management is an art as well as science:** Management is a science because it has developed certain principles which are of universal application. But the results of management depend upon the personal skill of managers and in this sense management is an art. The art of manager is essential to make the best use of management science. Thus, management is both science and art. Management is an art because there are definite principles of management. It is also a science because by the application of these principles predetermined objectives can be achieved.

**6. Management is Intangible:** It cannot be seen with the eyes. It is evidenced only by the quality of the organization and the results i.e. profits, increased productivity etc.

**7. Management is a group activity:** Management is an essential part of a group activity. As no individual can satisfy all his desires himself, he unites with fellow-beings and works in an organised group to achieve what he cannot achieve individually. Wherever, there is an organised group of people working towards common goal, some type of management becomes essential. Management makes the people realize the objective of the group and directs their efforts towards the achievement of these objectives.

## 8. Management of continuous process :-

### Importance of management

- Optimum utilization of resources
- Reduces cost
- Establishes Equilibrium
- Helps in achieving group goals
- Established strong organization

#### Optimum utilization of resources

Management helps in maintaining effective use of skillsets and knowledge of experts and professionals to reduce wastage of manpower, material and all related direct and indirect costs. Management enables maximum utilization of resources by selecting its best possible alternate use in industry. A good manager secures maximum results, in terms of production, sales, profits and employees satisfaction with maximum inputs, in terms of physical resources and manpower efforts. Thus, management results in optimum utilisation of resources

#### Reduces Costs

When the resources you use in terms of investment, transport, manpower and more are all noted down and calculated well in advance, there certainly would be no reason to see an increase in costs. Better yet, this helps an organization in maintaining effective utilization of manpower and machinery, thereby helping in reducing costs.

#### Established Equilibrium

Management as a function is responsible for growth and survival of organization. Management helps organizations adapt to changing demand of market / changing needs of societies. Thereby helping them thrive even as they experience change in market trends.

#### Helps in achieving group goals

The resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals. By defining objective of organization clearly there would be no wastage of time, money and effort.

#### Established strong organization

Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone. The sign of a good management system for an organisation, is spelt by the way it helps the organisation function well financially, as a team and as individuals.

### SCOPE OF MANAGEMENT

┐ **Human Resource Management:** Personnel/Human Resource management covers the Notes various aspects relating to the employees of the organisation such as recruitment, training, transfers, promotions, retirement, terminations, remuneration, labour welfare and social security, industrial relations etc.

**Marketing Management:** Marketing management deals with marketing of goods, sales promotion, advertisement and publicity, channels of distribution, market research etc.

**Production Management:** Production management includes production planning, quality control and inspection, production techniques etc.

**Material Management:** Material management includes purchase of materials, issue of materials, storage of materials, maintenance of records, materials control etc, ┐

**Purchasing Management:** Purchasing management includes inviting tenders for raw materials, placing orders, entering into contracts etc. ┐

**Maintenance Management:** Maintenance management relates to the proper care and maintenance of the buildings, plant and machinery etc.

┐ **Office Management:** Office management is concerned with office layout, office staffing and equipment of the office.

**Production Management.** Production management involves planning, organizing, directing, and controlling the production function so as to produce the right goods, in the right quantity, at the right time, and at the right cost. It includes the following activities:

1. Location and layout of plant and building.
2. Designing the product.
3. Planning and control of factory operations.
4. Purchase and storage of materials.
5. Repairs and maintenance of plant and other related assets.
6. Inventory, cost and quality management.
7. Research and development.

**Marketing Management.** Marketing management involves identification of customers' needs and supplying them the products (goods and services) which can satisfy these needs. It involves the following activities:

1. Marketing research to determine the needs and expectations of customers.
2. Planning and developing suitable products.
3. Setting appropriate prices.
4. Selecting the right channel of distribution.
5. Undertaking promotional activities like advertising, sales promotion, and personal selling to communicate with the customers
6. Customer relationship management.

**Management is both a Science as well as an Art :**

Management is both a science as well as an art. The science of management provides certain general principles which can guide the managers in their professional effort. The art of management consists in tackling every situation in an effective manner. As a matter of fact, neither science should be over emphasized nor art should be discounted;

the science and the art of management go together and are both mutually interdependent and complimentary. Management is thus a science as well as an art. It can be said that- "the art of management is as old as human history, but the science of management is an event of the recent past."

**Management as a profession:** Another question arises in regard to the nature of management is whether management can be regarded as a profession or not. To determine this, we must understand the meaning and special attributes of profession. The meaning of profession is a 'calling in which one professes to have acquired specialised knowledge, which is used either in instructing, guiding or advising others.' In the words of Hodge and Johnson, "Profession is a vocation requiring some significant body of knowledge that is applied with high degree of consistency in the service of some relevant segment of society." Prof. Dalton E. McFarland lays down the following criteria or special attributes in a profession:

1. **Body of specialised knowledge and technique:** When applied to management, it has organised body of knowledge built up by management practitioners, thinkers and philosophers over the period of years. In this sense, we can safely say that modern management is certainly a profession.
2. **Formalised methods of acquiring training and experience:** The management science, today, is fully equipped with formalised methods of acquiring the body of knowledge in theory and practice. To impart management education and training, there are a large number of formal institutes in various countries, including India. Several tools of management such as business, psychology, business law, statistics, data-processing, operations research and cost accounting etc. have been developed.
3. **Establishment of professional associations:** Professional Management Associations are being established in most of the countries (i) to regulate the behaviour of members, (ii) to create a code of conduct for guiding the activities of the profession; and (iii) to promote and build up the image of management as a profession.
4. **Code of conduct:** Members of a profession have to abide by a code of conduct. A code of conduct provides rules and regulations, norms of honesty, integrity and professional morality. There are no restrictions of licensing on the entry of management profession and judge from these standpoint, management cannot be regarded as a profession.
5. **Priority of service over economic considerations:** Unlike an ordinary occupation or trade, a profession, though a source of livelihood, involves the application of expert knowledge for the service of the society. Management aims at providing maximum efficiency at the lowest cost so as to serve the interests of employers, workers, consumers, society and the nation at large.

### ***Administration Vs Management***

There is a controversy on the use of these terms. Some authors say that administration and management are the same thing and there is no difference between the two words while others feel that they are different functions. The following are discussed by various authors:

1. **Administration is different from management:** Administration is concerned with the determination of overall objectives and policies of an enterprise while management is concerned with planning, co-ordinating and controlling of business activities for attaining the enterprise objectives. Various authors like Ordway, Oliver Sheldon, Florance, Lansburg, Haimann are also accept this because administration involves

decision making and policy formulation where as management involves execution and supervisory work.

**2. Administration is part of management:** Administration is that part of management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated and the progress of activities is regulated and checked against plans. Various author and schools like Brech, Kimball and Kimball and Rickman along with them the European school is also accepted this concept.

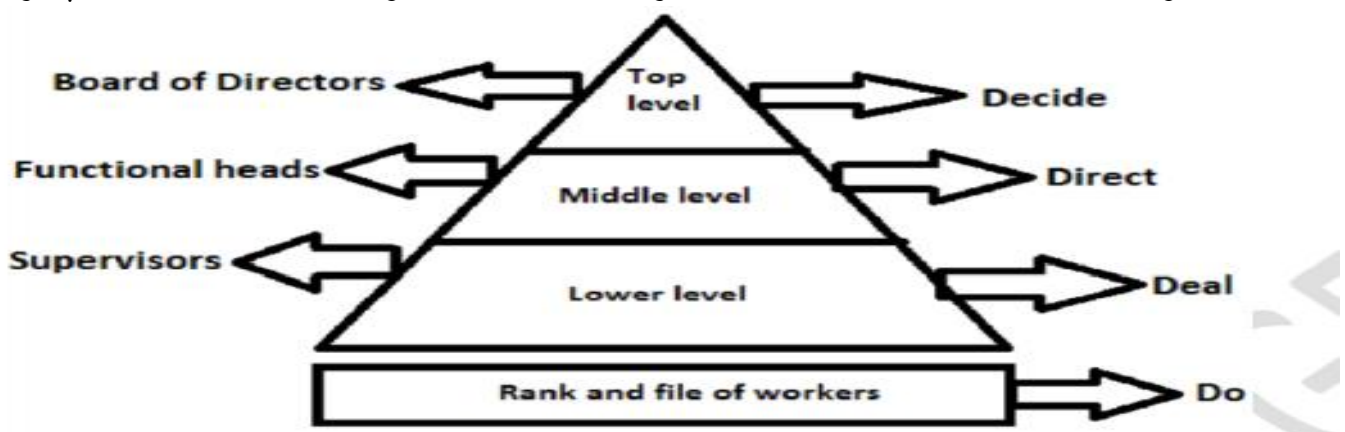
**3. Administration and management are one:** In the words of Newman, “ Management or administration is the guidance, leadership and control of the efforts of a group of individuals towards some common goals.” In Henry Fayol’ s opinion every undertaking requires same function and observes same principles. Other authors such as George Terry, Allen, Koontz and O’ Donnell also feel that both the terms mean the same thing.

### PROCESS OF MANAGEMENT

- 1. Planning:** Denotes the determination of short-to-long range plans to achieve the objectives of organization.
- 2. Organising:** Indicates the development of sound organization structure according to predetermined plans.
- 3. Direction:** Means stimulating and motivation of personnel of the organization according to predetermined plans.
- 4. Controlling:** Offers assurance that directs action i.e., plan in-action is taking place as per plan.

### Levels of management:

*In an industrial enterprise, managers at all levels of management have to perform more or less similar function. However, the scope, nature and importance of these functions may vary according to the level at which they operate. Generally, managers are divided into three broad categories depending upon the level at which they operate in the management hierarchy. It can showed in the following structure:*



**Top Level Management:** Top-level management is the ultimate authority, which is responsible to the shareholders, government and general public. Top-level management of an organisation consists of one of the following: • Board of Directors • General Manager • Chief Executive Manager • Managing Director • President

**Middle Level Management:** Middle level management are the connecting links between the top and the first time managers. The middle level management consists of departmental heads viz., • Production manager • Sales manager • Marketing manager • Finance manager • Public relation officer

**Lower Level Management:** Lower level management is also known as the first line management, because the management level begin with it. It is a vital link between the higher level management and the rank and file of workers. They are important because they link managers with non-managers. They exercise a direct supervision over the entire workforce in factory, office and sales field, where results are obtained.

**Functions:**

- To day-to-day operational planning, as per the directives of the middle level managers.
- To maintain high level of morale among workers and create conducive environment for them to perform.
- To supervise work of employees and ensure that their performance conform to the predetermined standards.
- To submit reports on the performance of workers and to recommend reward or punishment for them.
- To communicate to workers about the decisions of the top level management and its policies.
- To report to higher authority, the problems, feelings and expectations of the rank and file of workers.

## **Who is a Manager?**

*A Manager is a senior professional whose job role, revolves around planning, organising , evaluating the workflow of a team of professionals. In most cases , a manager is also responsible for department activities such as recruiting, selection and training.*

## **Qualities of a good manager**

- 1. Professional Efficiency:** Professional efficiency refers to having a thorough knowledge of the field concerned. In management, professional competence involves being well-versed in management principles and the way these principles are often applied within the given situations.
- 2. Assurance in High Achievement:** Quality managers have faith in high achievement. They have an internal locus of control, implying that they feel that they will control situations and, therefore, the situations cannot control them. They have a sense that if others can do something exceptional, they can also do it the same way. This faith instils confidence in them for doing better and better.
- 3. Creativity:** Creativity involves conceiving original and unique alternatives to the answer to a problem. Creativity is necessary because the nature of problems goes on changing, requiring innovative solutions.
- 4. Analytical Skills:** Managers need to add complex situations which contain both significant and insignificant factors. With analytical skills, quality managers could also be ready to identify those factors which are more relevant for his or her work.



5. **Decisive:** Quality managers are quite decisive. They make decisions after careful examination of the reference variables well in time. They do not waver between 'what to do' or 'what to not do' in a given situation.

6. **Excellent Communication Skills:** Communication involves sharing ideas and understanding with others. To know others and make yourself understood by others, excellent communication skills are required. Further, motivating communication may influence others favorably.

7. **Lead from the Front:** Good Quality managers lead from the front. They are recognized by their work instead of their words. This ability makes the followers follow the leaders enthusiastically.

8. **Openness:** Quality managers have a quality of openness. They are change-prone and not Notes change-resistant. Being open, they consider any beneficial idea and accept it from whatever source it comes from.

9. **High Integrity:** Quality managers have high integrity and adopt ethical practices altogether types of decisions and dealings. Similarly, they expect an equivalent pattern to be followed by others.

10. **Team-based Approach:** Quality managers adopt a team-based approach. For work performance, they choose a give and take approach. They believe in developing themselves as well as others.

## Henri Fayol's 14 Principles of Management

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The Principles of Management are the essential, underlying factors that form the foundations of successful management. According to **Henri Fayol** in his book *General and Industrial Management* (1916), there are 14 'Principles of Management'.

1. **Division of Work** – According to this principle the whole work is divided into small tasks. The specialization of the workforce according to the skills of a person, creating specific personal and professional development within the labour force and therefore increasing productivity; leads to specialization which increases the efficiency of labour.
2. **Authority and Responsibility** – This is the issue of commands followed by responsibility for their consequences. Authority means the right of a superior to give enhance order to his subordinates; responsibility means obligation for performance.
3. **Discipline** – It is obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.
4. **Unity of Command** – This principle states that each subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict.
5. **Unity of Direction** – All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.
6. **Subordination of Individual Interest to Mutual Interest** – The management must put aside personal considerations and put company objectives firstly. Therefore the interests of goals of the organization must prevail over the personal interests of individuals.

7. **Remuneration** – Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity. The quantum and methods of remuneration payable should be fair, reasonable and rewarding of effort.
8. **The Degree of Centralization** – The amount of power wielded with the central management depends on company size. Centralization implies the concentration of decision making authority at the top management.
9. **Line of Authority/Scalar Chain** – This refers to the chain of superiors ranging from top management to the lowest rank. The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels.
10. **Order** – Social order ensures the fluid operation of a company through authoritative procedure. Material order ensures safety and efficiency in the workplace. Order should be acceptable and under the rules of the company.
11. **Equity** – Employees must be treated kindly, and justice must be enacted to ensure a just workplace. Managers should be fair and impartial when dealing with employees, giving equal attention towards all employees.
12. **Stability of Tenure of Personnel** – Stability of tenure of personnel is a principle stating that in order for an organization to run smoothly, personnel (especially managerial personnel) must not frequently enter and exit the organization.
13. **Initiative** – Using the initiative of employees can add strength and new ideas to an organization. Initiative on the part of employees is a source of strength for organization because it provides new and better ideas. Employees are likely to take greater interest in the functioning of the organization.
14. **Esprit de Corps/Team Spirit** – This refers to the need of managers to ensure and develop morale in the workplace; individually and communally. Team spirit helps develop an atmosphere of mutual trust and understanding. Team spirit helps to finish the task on time.

## What are managerial skills?

Simply, managerial skills are the **knowledge and ability** of the individuals in a managerial position to fulfil some specific **management activities or tasks**. This knowledge and ability can be learned and practiced. However, they also can be acquired through practical implementation of required activities and tasks. Therefore, you can develop each skill through **learning and practical experience as a manager**.

## Types of managerial skills

Robert Katz identifies three types of skills that are essential for a successful management process:

Technical skills

Conceptual skills

Human or interpersonal management skills

### Technical skills

potential in the company. Simply, they are **essential skills for all hierarchical levels** in the company.

As the name of these skills tells us, they give the manager **knowledge and ability to use different techniques** to achieve what they want to achieve. Technical skills are not related only for machines, production tools or other equipment, but also they are skills that will be required to increase sales, design different types of products and services, market the products and services, etc.

Technical skills are most important for first-level managers. When it comes to the top managers, these skills are not something with high significance level. As we go through a hierarchy from the bottom to higher levels, the technical skills lose their importance.

### Conceptual skills

Conceptual skills present knowledge or ability of a manager for more abstract thinking. That means he can easily see the whole through analysis and diagnosis of different states. In such a way they can predict the future of the business or department as a whole.

Conceptual skills are vital for top managers, less critical for mid-level managers and not required for first-level managers. As we go from the bottom of the managerial hierarchy to the top, the importance of these skills will rise.

### Human or interpersonal managerial skills

Human or interpersonal management skills present a manager's knowledge and ability to work with people. One of the most critical management tasks is to work with people. Without people, there will not be a need for the existence of management and managers.

These skills enable managers to become leaders and motivate employees for better accomplishments. Additionally, they help them to make more effective use of human

## Evolution of Management

Management is studied in business academics since earlier times and it is considered as an integral part to understand business operations. People have been changing and redesigning organizations for centuries. Though the 20th century is noticeable in history as an 'Era of scientific management', still it does not indicate that management tactics were not used in yester years. Many studies indicated that Management theory evolved with "scientific" and "bureaucratic" management that used measurement, procedures and routines as the basis for operations. Firms developed hierarchies to apply standardized rules to the place of work and penalized labour for violating rules. With the "human relations" movement, companies emphasized individual workers. Modern management theories, including system theory, contingency theory and chaos theory, focus on the whole organization, with employees as a key part of the system.

The evaluation of management can be categorized in to different parts:

- Pre-Scientific Management Era (before 1880),
- Classical management Era (1880-1930),
- Neo-classical Management Era (1930-1950),
- Modern Management era (1950-on word).

Classical Management includes Scientific Management School, Administration Management School, and Bureaucracy Management. Neo- classical Management includes Human relation school and Behavioural Management School. Modern Management includes Social system school, Decision theory school, Quantitative Management School, System Management School, and Contingency Management School.

## The Classical Approach

The classical approach is the earliest thought of management. The classical approach was associated with the ways to manage work and organizations more efficiently. The classical approach are categorized into three groups namely, scientific management, administrative management, and bureaucratic management.

**I. Scientific Management:** Scientific management which is also referred to Taylorism or the Taylor system is a theory of management that evaluates and synthesizes workflows, with the aim of improving labour productivity. In other words, conventional rules of thumb are substituted by accurate procedures developed after careful study of an individual at work. Universal approaches of Scientific management are developed for Efficiency of workers, Standardization of job roles/activities and Discipline – the role of managers and the business hierarchy. The scientific management theory had an enormous impact on the business industry at the beginning of the 20th century. Many big and victorious organizations, such as McDonalds hamburger chain or call centres, utilised a modern version of scientific management. Among famous theorist, Taylor's contribution in the area of scientific management is invaluable. The components of scientific management are determination of the task, planning, proper selection and training of workers improvement in methods, modification of organization and mental revolution such as 'job specialization'. As a result, it became more concerned with physical things than towards the people even though increased the output.

**Taylor's Scientific Management:** Academic records indicated that F.W. Taylor and his colleagues developed the first systematic study in management. He initiated an innovative movement in 1910 which is identified as scientific management. Frederick Taylor is known as the father of Scientific Management and he published Principals of Scientific Management in which he proposed work methods designed to boost worker productivity. Taylor asserted that to succeed in these principles, it is necessary to transform completely the part of management and labour.

**(ii) Administrative Management:** Administrative Management emphasizes the manager and the functions of management. The main objective of Administrative management is to describe the management process and philosophy of management. In contradiction of scientific management, which deals mainly with jobs and work at individual level of scrutiny, administrative management gives a more universal theory of management.

**Henry Fayol's Administrative Management (1841–1925):** Henri fayol is known as the father of modern Management. He was popular industrialist and victorious manager. Fayol considered that good management practice falls into certain patterns that can be recognized and analysed. From this basic perspective, he devised a blueprint for a consistent policy of managers one that retains much of its force to this day. Fayol provided a broad analytical framework of the process of management. He used the word Administration for Management. Foyal categorized activities of business enterprise into six groups such as Technical, Financial, Accounting, Security, and Administrative or Managerial.

**(iii) Bureaucratic Management:.**

Bureaucratic management denotes to the perfect type of organization. Principal of Bureaucracy include clearly defined and specialized functions, use of legal authority, hierarchical form, written rules and procedures, technically trained bureaucrats, appointment to positions based on technical expertise, promotions based on competence and clearly defined career paths. The German sociologist, Max Weber recognized as father of modern Sociology who appraised bureaucracy as the most logical and structure for big organization. With his observation in business world, Weber summarized that earlier business firms were unproductively managed, with decisions based on personal relationships and faithfulness. He proposed that a form of organization, called a bureaucracy, characterized by division of labour, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more well-organized management. Weber also argued that authoritative position of managers in an organization should be based not on tradition or personality but on the position held by managers in the organizational hierarchy.

Max Weber (1864-1920) devised a theory of bureaucratic management that emphasized the need for a firmly defined hierarchy governed by clearly defined regulations and lines of authority.

Max Weber, a German Sociologist developed the bureaucratic model. His model of bureaucracy include (i) Hierarchy of authority. (ii) Division of labour based upon functional specialization. (iii) A system of rules. (iv) Impersonality of interpersonal relationships. (v) A system of work procedures. (vi) Placement of employees based upon technical competence. (vi) Legal authority and power.

**Hawthorne Experiment:** In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiments brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them. Productivity of employees depends heavily upon the satisfaction of the employees in their work situation. Mayo's idea was that logical factors were far less important than emotional factors in determining productivity efficiency.

The Hawthorne experiment consists of four parts. These parts are briefly described below:

**1. Illumination Experiment:** This experiment was conducted to establish relationship between output and illumination. When the intensity of light was increased, the output also increased. The output showed an upward trend even-when the illumination was gradually brought down to the normal level. Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory. There must be some other factor which affected productivity.

2. **Relay Assembly Test Room Experiment:** This phase aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions. In this experiment, a small homogeneous work-group of six girls was constituted. These girls were friendly to each other and were asked to work in a very informal atmosphere under the supervision of a researcher. Productivity and morale increased considerably during the period of the experiment. Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced. The researchers concluded that socio-psychological factors such as feeling of being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.

3. **Mass Interview Programme:** The objective of this programme was to make a systematic study of the employees' attitudes which would reveal the meaning which their "working situation" has for them. The researchers interviewed a large number of workers with regard to their opinions on work, working conditions and supervision. Initially, a direct approach was used whereby interviews is asked questions considered important by managers and researchers. The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say. The findings confirmed the importance of social factors at work in the total work environment.

4. **Bank Wiring Test Room Experiment:** This experiment was conducted by Roethlisberger and Dickson with a view to develop a new method of observation and obtaining more exact information about social groups within a company and also finding out the causes which restrict output. The experiment was conducted to study a group of workers under conditions which were as close as possible to normal. This group comprised of 14 workers. After the experiment, the production records of this group were compared with their earlier production records. It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management. Because of this, workers would produce only that much, thereby defeating the incentive system. Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group.

The findings of the study are:-

- (i) Each individual was restricting output.
- (ii) The group had its own "unofficial" standards of performance.
- (iii) Individual output remained fairly constant over a period of time.
- (iv) Informal groups play an important role in the working of an organization.

**Contributions of the Hawthorne Experiment:** Elton Mayo and his associates conducted their studies in the Hawthorne plant of the western electrical company, U.S.A., between 1927 and 1930. According to them, behavioural science methods have many areas of application in management. The important features -of the Hawthorne Experiment are:-

1. A business organization is basically a social system. It is not just a techno-economic system.
2. The employer can be motivated by psychological and social wants because his behaviour is also influenced by feelings, emotions and attitudes. Thus economic incentives are not the only method to motivate people.
3. Management must learn to develop co-operative attitudes and not rely merely on command.
4. Participation becomes an important instrument in human relations movement. In order to achieve participation, effective two-way communication network is essential.
5. Productivity is linked with employee satisfaction in any business organization. Therefore management must take greater interest in employee satisfaction.
6. Group psychology plays an important role in any business organization. We must therefore rely more on informal group effort.

## What is Human Relations Theory? Human Relations Theory

focuses specifically on the individuals needs and resultant behaviors of individuals and groups. It takes an interpersonal approach to managing human beings. It presents the organization is made up of formal and informal elements.

The formal elements of an organization are its structure. The informal aspects of the organization include the interactions between individuals. In this way, the organization is a type of social system.

This system should be managed to create individual job satisfaction and the resultant motivation of the individual.

Notably, much emphasis is placed on how individuals interact within groups and the result group behavior and performance.

## Elements of Human Relations Theory

At the core of human relations theory are these six basic propositions:

- A focus on people, rather than upon machines or economics



- The organizational environment is not an organized social context
- Human relations are important in motivating people
- Motivation depends upon teamwork, requiring co-ordination and cooperation of individuals involved.
- Human relations within teams must fulfill both individual and organizational objectives simultaneously
- Individuals and organizations desire efficiency by achieving maximum results with minimum inputs

Also, central to the understanding of Human Relations theory is the concept of individual motivation. The drawback of this theory is that it requires the acceptance of numerous assumptions about human behavior.

## **Social Systems Approach** Chester Barnard's Social Systems Approach and Contribution to management!

Chester Barnard was the President of new Jerray Bell Telephone Company. He served in various other organisations too. His important writings include: The Functions of Executive (1938). Organisation and Management (1948). Elementary Conditions of Business Morals.

His writings had important impact on human organisation. In his organisation theory he adopted a sociological approach and in dealing with the functions of executives, he stressed the importance of leadership and communication. Barnard divided organisation into formal and informal. He said that informal organisation is an important part of formal organisation.

### **1. Theory of Formal Organisation:**

Barnard gave a theory of formal organisation. He defined it as "a system of consciously co-ordinated activities of forces of two or more persons." According to him, organisation consisted of human beings whose activities were co-ordinated and therefore becomes a system : According to Barnard initial existence of organisation depends upon three elements : (i) the willingness of persons to contribute efforts to the co-operative system (ii) there should be an objective of co-operation and (iii) proper communication system is necessary.

### **2. Organisational Equilibrium:**

Barnard suggested an equilibrium model to describe the balance achieved between the contributions of the members of an organisation and return contribution made



by the organisation to the fulfilment of private goals of the members. Barnard treated organisation as separate from the environment where it works.

### **3. Acceptance Theory of Authority:**

Barnard did not agree with the classical concept of authority where it comes from top to bottom. He said that authority comes from bottom. In his opinion authority is confirmed only when it is accepted by a person to whom it has been addressed. Disobedience of such a communication is a denial of authority.

**4. Functions of the Executive:** Barnard postulated three types of functions for the executives in formal organisational set up. These functions are:

- (a) Maintaining proper communication in the organisation
- (b) Obtaining essential services from individuals for achieving organisational goals
- (c) Formulating purposes and objectives at all levels.

**5. Informal Organisation:** Barnard was of the opinion that both formal and informal organisations co-exist in every enterprise. Informal organisation refers to those social interactions which do not have consciously co-ordinated joint purpose.

**Decision Theory Approach :** Decision Theory Approach in management is an approach that helps the manager to take the right decision with the logical term.

The Decision Theory of management founded by Herbert Simon looks management process as a decision making process. At the time of making this approach, the manager will identify the uncertainties that will affect the business.

## **Steps Of Decision Theory Approach**

### **Recognize And Identify The Decision Situation**

Before taking any decision the manager should know and understand the situations that will create after taking the decision.

### **Identify Alternatives Solutions**

The Manager should also identify the alternative solution of decision that may help the Manager in the future. The decision theory helps to find out alternative solutions of the problems.

### **Evaluate Each Alternative Solutions**

After identifying the alternative solutions the manager should evaluate each solutions because when the manager evaluate alternative solutions. It helps to come at effective solutions.

## Implement Alternative Solutions

The final step is to Implement alternative solutions to examine the decision. Then the manager should take the final and make sure the final outcome.

**What are Business Ethics?** By definition, business ethics are the moral principles that act as guidelines for the way a business conducts itself and its **transactions**. In many ways, the same guidelines that individuals use to conduct themselves in an acceptable way – in personal and professional settings – apply to businesses as well.



## Social Responsibility

Social responsibility and business ethics are often regarded as the same concepts. However, the social responsibility movement is but one aspect of the overall discipline of business ethics. The social responsibility movement arose particularly during the 1960s with increased public consciousness about the role of business in helping to cultivate and maintain highly ethical practices in society and particularly in the natural environment.

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