

Definitions of management

① people oriented definition

management is the art of getting things done through and with people in formally organized groups.

— By Harold Koontz.

② production or efficiency oriented definition

management is the art of knowing what you want to do & then seeing that it is done in the best and cheapest way.

— By F.W. Taylor.

③ Decision oriented definition

management is simply the process of decision making & control over the actions of human beings for the expressed purpose of attaining pre-determined goals.

— By Stanley Vance

④ function oriented definition

management is a process of involving planning, organizing, staffing, directing & controlling human efforts to achieve stated objectives in an organization.

tion

For the sake of simplicity and convenience, we can broadly define the term thus: 'Management is concerned with resources, tasks and goals. It is the process of planning, organising, directing and controlling to accomplish organisational objectives through the coordinated use of human and material resources.'

Box 1.2 ♦ Different Ways of Looking at Management

- **Management as a Noun:** In popular usage, management refers to a group of people who direct the activities of other people and material resources towards the attainment of predetermined goals.
- **Management as a Process:** In this sense, management refers to a series of inter-related functions such as planning, organising, staffing, leading and controlling. Management is a social process because it is concerned with relations among people at work. A manager sets the objectives of an organisation. He provides an environment that is helpful to group action. He offers incentives to those who show good performance and thus, helps the organisation realize its goals.
- **Management as a Group/Team:** The term 'management' is used to denote the persons who manage the affairs of an organisation. Broad expressions such as 'management has declared a lockout', 'management takes a tough stand against workers,' often hit newspaper headlines. When such statements are made, reference is actually made to the people who manage the affairs of an organisation. Thus, as a group of persons, management includes all those who are responsible for making decisions and supervising the work of others.
- **Management as a Discipline:** As a discipline, management is a specialised branch of knowledge which involves the study of certain principles and practices. Over the years, management has emerged as a separate field of study. It can be studied, knowledge about it obtained, and skill in its applications acquired. The old saying 'managers are born, not made' stands depreciated now. People believe that managerial skills could be acquired through formal education and training. As a result, many institutes have been set up in India with a view to impart management education to the prospective managers.
- **Management as an Activity:** Management refers to a separate class of activities which are performed by managers. Managerial activity consists of planning, organising, staffing, directing and controlling. These activities are performed to get the work done with and through people. Managerial activity cannot be measured in a precise way (unlike non-managerial operations like typing and machine operations where the output can be measured). A manager directs the work of others. He contributes indirectly towards the achievement of enterprise objectives. His work defies precise measurement. Terry, therefore, said that *management is intangible*. The student is advised not to confuse this point (management is an invisible force) with the persons (a team of managers who are visible) who perform managerial activities. The evidence of good managerial work in the form of employee satisfaction would only be seen in results which cannot be quantitatively measured.
- **Management as an Economic resource:** Management is one of the factors of production along with land, labour and capital. In modern organisations, the effective use of the five 'M's of management (Money, Materials, Manpower, Machinery and Methods or ways of doing things) depends to a great extent on the quality of management. In other words, how effectively and economically the Five 'M's are combined together to produce desired results. According to Newman, *management is required to convert the disorganised resources of men, materials, money and machines into a useful, productive, on-going concern*.
- **Management as a System of Authority:** According to Herbison and Myers, management is the rule-making and rule-enforcing body. It is bound together by a web of relationships between superiors and subordinates, that is, people are bound by authority relationships. Managers working at top levels enjoy more authority than people working at lower levels.
- **Management as a Class or Elite:** Sociologists view management as a distinct class in society having its own value system. The managerial class has become very important in modern organisations owing to its contribution to business success. Individuals occupying managerial positions and all the managers from the Chief Executive to the first line supervisors are collectively addressed as 'Management'.

Characteristics of Management

To achieve goals, managers put the scarce organisational resources – physical, financial, material and human – to best use. Managerial effort is always goal-oriented. They decide the priorities, clear the hurdles, offer direction, put everything on track and secure extraordinary effort from ordinary people. They inspire, encourage and impel people – using their mystical and magical influence – to accomplish desired goals. They do everything possible in order to convert 'dreams' into concrete action plans. The most important ingredients of managerial effort may be listed thus:

1. **Management is intangible:** As pointed out by Terry, management is intangible. It cannot be seen. It is an unseen force. However, its presence can be felt by the results of its efforts in the form of production, sales and profits.

2. **Management is goal-oriented:** Management seeks to achieve goals. These goals may be economic or non-economic. In a business organisation, the primary goal is to produce and distribute goods and services in order to earn profit. In a service organisation, the goal might be customer service (hospitals, educational institutions, etc.)
3. **Management is universal:** Management is an all-pervasive activity. The basic principles of management are applicable in business as well as in other organisations. These principles, however, need careful application depending on situational demands.
4. **Management is a social process:** According to Newman, management is a social process because it deals with people. To make the best use of human efforts, managers have to create close co-operation among employees in an organisation. They have to use resources for the benefit of society as a whole. They have to look after the interests of employees, shareholders, customers, investors and community.
5. **Management is a group activity:** Management is concerned with getting things done through people. People join groups in order to achieve results collectively. Management helps people in realizing their individual as well as group goals in a coordinated way.
6. **Management is a system of authority:** A manager is supposed to get things done, rather than doing things himself, by using authority. Authority is the right to give orders and the power to obtain obedience from subordinates.
7. **Management is an activity:** Management is a distinct activity (like playing, teaching, studying). In the face of continual changes in environment, technology, and competition, new problems crop up displacing old ones. 'Old order changes yielding place to the new!' Management must, therefore, address itself to problems on a continuous basis. The cycle of management is a never-ending process and it continues as long as the organisation continues to operate. Management, above all, is a human activity. It refers to and emphasizes the importance of employees who work with managers and are managed in accomplishing an organisation's objectives. People are an organisation's most important asset and successful organisations require a strong, mutually satisfying partnership between managers and the people they manage. (Ivancevich, 2009)
8. **Management is dynamic:** Management is a dynamic and growth-oriented function. It tries to visualise problems before they turn into emergencies and takes suitable steps. It tries to adapt itself to the environmental changes quickly. It proposes to take actions to make the desired results to come to pass. According to Drucker, 'managers do not wait for the future; they make the future'.
9. **Management is a science as well as an art:** Management is a systematised body of knowledge based on certain principles capable of general application. The principles underlying time and motion studies, morale, motivation and leadership can be applied by persons working in various capacities. Art is the application of knowledge and skills to achieve results. Management is an art because it involves the use of know-how and skills like any other art such as music, painting, etc. In recent years, management has developed into a separate, distinct discipline, receiving vital inputs from subjects such as Psychology, Sociology, Anthropology, economics, etc. Management degrees are the hottest selling products in the corporate world now. In the days ahead, the status of management as a discipline is bound to increase. In fact, management becomes essential whenever and wherever people come together to achieve some common objective.
10. **Management is Multidisciplinary:** Management has received rich contributions from various disciplines like psychology, sociology, anthropology, etc. The insights obtained from these disciplines greatly help managers in understanding the 'black-box' (human mind) much better. More importantly, management is a creative activity. Managers utilize the scarce resources at their disposal in a rational way. They make things happen in a desired manner. 'They convert the disorganised resources of men, materials and machines into a useful, productive enterprise' (Newman). They create a whole that is greater than the sum of its parts. They achieve results in an efficient and effective manner.

Importance of Management

According to Drucker, Management is the dynamic life-giving element in every organisation. It is the activating force that gets things done through people. Without management, an organisation is merely a collection of men, machines, money and material. In its absence, the resources of production remain resources and never become production. The importance of management can be understood from the following points:

6 ■ Management: Text & Cases

1. **Optimum use of resources:** Management ensures optimum utilisation of resources by attempting to avoid wastage of all kinds. It helps in putting the resources to the best advantage within the limitations set by organisation and its environment. A right climate is created for workers to put in their best and show superior performance.
2. **Effective leadership and motivation:** In the absence of management, the working of an enterprise will become random and haphazard in nature. Employees feel a sense of security when they find a body of individuals working day and night for the continued growth of an organisation. Management makes group effort more effective. It enables employees to move co-operatively and achieve goals in a co-ordinated manner. Management creates teamwork and motivates employees to work harder and better by providing necessary guidance, counselling and effective leadership.
3. **Sound industrial relations:** Management minimises industrial disputes and contributes to sound industrial relations in an undertaking. Industrial peace is an essential requirement for increasing productivity. To this end, managers try to strike a happy balance between the demands of employees and organisational requirements. They initiate prompt actions whenever workers express dissatisfaction over organisational rules, methods, procedures and reward systems.
4. **Achievement of goals:** Management plays an important role in the achievement of objectives of an organisation. Objectives can be achieved only when the human and non-human resources are combined in a proper way. Management is goal-oriented. With a view to realise the pre-determined goals – managers plan carefully, organise the resources properly, hire competent people and provide necessary guidance. They try to put everything on the right track. Thus, unnecessary deviations, overlapping efforts and waste motions are avoided. In the final analysis, all these help in realising goals with maximum efficiency.
5. **Change and growth:** A business concern operates in a constantly changing environment. Factors such as changes in technology, government policy, competition, etc., often threaten the survival of a firm. Failure to take note of customer's needs regarding fuel efficiency has spelt doom for 'Ideal Jawa' in the two-wheeler market in India. An enterprise has to take note of these changes and adapt itself quickly. Managers help an organisation by anticipating these changes (careful planning, forecasting combined with efficient use of resources) and taking appropriate steps. Successful managers are the ones who anticipate and adjust to changing circumstances rather than being passively swept along or caught unprepared. Employers today are hiring managers who can take unfamiliar situations in their stride. At AT&T, people remark, 'If you are hiring people who do not like surprises, you are probably not hiring the right people.'
6. **Improvement in standard of living:** Management improves the standard of living of people by (a) using scarce resources efficiently and turning out profits; (b) ensuring the survival of the firm in the face of continued changes; (c) exploiting new ideas for the benefit of the society as a whole; and (d) developing employee talents and capabilities while at work and prompting them to show peak performance.

The great economist, Schumpeter, referred to management and entrepreneurs as the engine of growth. Drucker called management 'the life-blood' of an enterprise. According to him, management is 'the crucial factor in economic and social development'. Admittedly, firms can fail because of inadequate funds, improper marketing, incompetent product design, and for many other reasons. They often fail because the basic management functions are performed poorly or not at all. Management is 'the single most critical social activity in connection with economic progress. Physical, financial and manpower resources are, by themselves, only passive agents: they must be effectively combined and co-ordinated through sound and effective management if a country is to experience a substantial level of economic growth and development.'

Concept of management

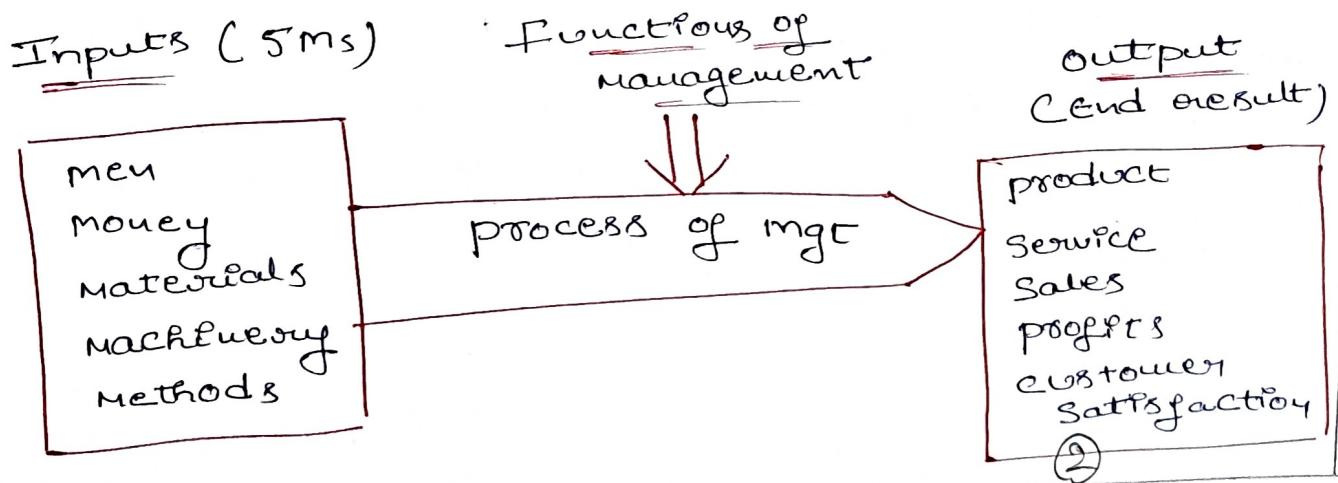
- (1) management as a discipline
- (2) management as a group of people
- (3) management as a process.

(1)- Discipline refers to the field of study bounded with well defined concepts & principles. From this point of view mgt can be treated either as an art or science, the two basic and broad disciplines.

(2)- whenever & wherever group of people working together there is a need for management. Human resources are important for any organization as employees are investing their talent. So the success or failure of the org depends on competitive ability of employees.

Employees of the org work together as a group to achieve a common & predetermined goal (shared goal).

(3)- A process can simply be defined as systematic method of handling activities.



EVOLUTION OF MANAGEMENT THOUGHT

The development of management thought has been evolutionary in nature under the following four parts:

1. Pre-Scientific Management Era (Before 1880)
2. Classical Management Era (1880-1930)
3. Neo-Classical Management Era (1930-1950)
4. Modern Management Era (1950 onwards)

Pre-scientific Management Period

The advent of industrial revolution in the middle of the 18th century had its impact on management. Industrial revolution brought about a complete change in the methods of production, tools and equipments, organization of labour and methods of raising capital. Employees went to their work instead of receiving it, and so, the factory system, as it is known today, became a dominant feature of the economy. Under this system, land and buildings, hired labour and capital are made available to the entrepreneur, who strives to combine these factors in the efficient achievement of a particular goal. All these changes, in turn, brought about changes in the field of management. Traditional, conventional or customary ideas of management were slowly given up and management came to be based on scientific principles. In the words of L. F. Urwick - "Modern management has thrown open a new branch of human knowledge, a fresh universe of discourse". During the period following the industrial revolution, certain pioneers tried to challenge the traditional character of management by introducing new ideas and character of management by introducing new ideas and approaches. The notable contributors of this period are:

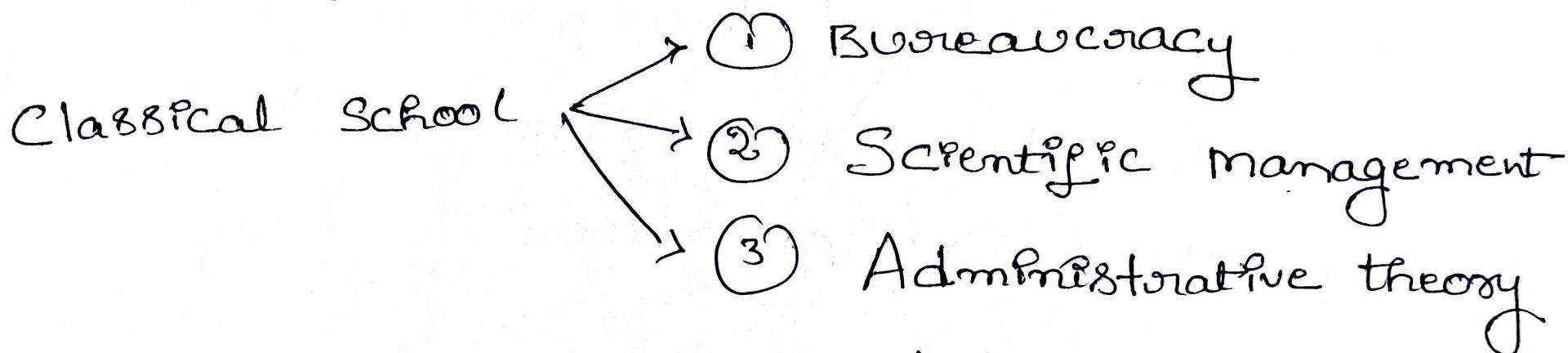
(A) **Professor Charles Babbage (UK 1729 -1871):** He was a Professor of Mathematics at Cambridge University. Prof Babbage found that manufacturers made little use of science and mathematics, and that they (manufacturers) relied upon

opinions instead of investigations and accurate knowledge. He felt that the methods of science and mathematics could be applied to the solution of methods in the place of guess work for the solution of business problems. He advocated the use of accurate observations, measurement and precise knowledge for taking business decisions. He urged the management of an enterprise, on the basis of accurate data obtained through rigid investigation, the desirability of finding out the number of times each operation is repeated each hour, the dividing of work into mental and physical efforts, the determining of the precise cost for every process and the paying of a bonus to the workers in proportion to his own efficiency and the success of enterprise.

(B) **Robert Owens (UK 1771 – 1858):** Robert Owens, the promoter of co-operative and trade union movement in England, emphasized the recognition of human element in industry. He firmly believed that workers' performance in industry was influenced by the working conditions and treatment of workers. He introduced new ideas of human relations – shorter working hours, housing facilities, training of workers in hygiene, education of their children, provision of canteen etc. Robert Owen, managed a group of textile mills in Lanark, Scotland, where he used his ideas of human relations. Though his approach was paternalistic, he came to be regarded as the father of Personnel Management.

Branches of Classical Theory

Classical theory developed in three streams.



① Bureaucracy— (max weber) - 1920

- people work within their boundaries.
- The work is processed with the help of rules and regulations.
- persons with proper qualifications are selected so that the work is done efficiently.

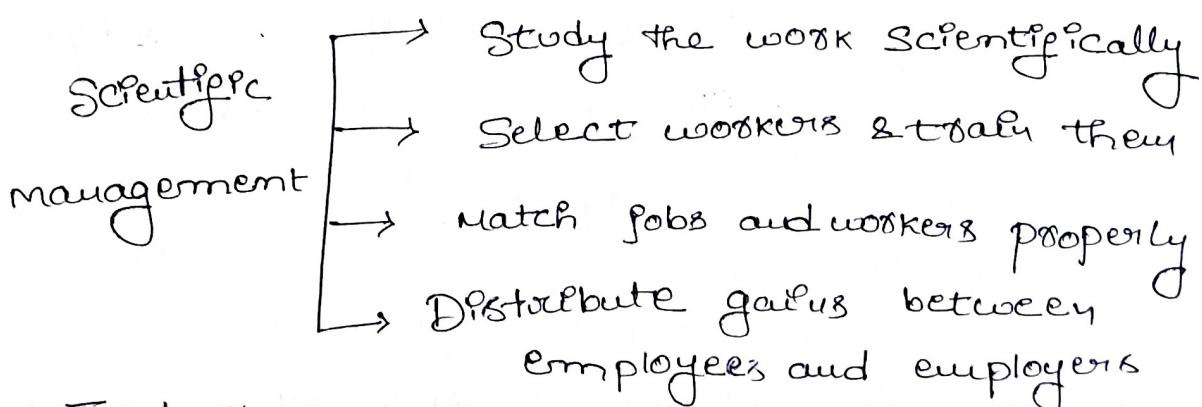
Elements of Bureaucracy.

- ⇒ Hierarchy
- ⇒ Division of work
- ⇒ Rules, regulations and procedures.
- ⇒ Records. (proper records have to be kept for everything)
- ⇒ Impersonal relationships (no room for personal involvement, emotions and sentiments)
- ⇒ Administrative class (officials are selected on the basis of their competence and skills).

② Scientific management & Scientific management arose, in part from the need to increase productivity.

- Sm, an approach that emphasises the scientific study of work in order to improve worker efficiency.
- (1856-1915)
→ Frederick W. Taylor slowly built the body of principles that constitute the essence of Scientific management (1890-1930)

Basics of Scientific management



To boost up productivity, wage incentives based on performance (differential piece rate system) were introduced.

The emphasis was on maximum output with minimum effort through elimination of waste and inefficiency at the shop floor level.

Taylor summed up his approach in the following words. (Principles).

- (i) Science, not rule of thumb
- (ii) Harmony, not discord
- (iii) Cooperation, not Individualism.
- (iv) Maximum output in place of restricted output.
- (v) Development of each man to his greatest efficiency & prosperity.
- (vi) Equitable division of work and responsibility between mgt & labour.

Key concepts

① Scientific task planning :- Scientific task is the amount of work which an average worker can perform during a day under normal working conditions.

mgt should decide in advance as to what work is to be done, how, when, where and by whom. The ultimate goal is to see that work is done in a logical sequence promoting maximum efficiency.

The principles & contributions of SM theory seeks to improve an org's efficiency by systematically improving the efficiency of task completion by utilizing scientific, engineering & mathematical analysis.

→ The
② Time & motion studies— Time study would indicate the minimum time required to do a given job. The time taken by workers to do a job is being recorded first and this information is being used to develop a time standard. Time standard is the period of time that an average worker should take to do a job.

⇒ motion study is carried out to find out the best sequence of motions to do a job. The aim is to eliminate unnecessary, ill-directed and wasteful motions and find out the one best way of doing a job.

③ Standardisation— Under scientific management, standards have to be set in advance for the task, materials, work methods, quality, time and cost, working conditions etc.

In this scheme,
④ Differential piece rate system— A worker who completes the normal work gets wages at higher rate per piece than a worker who fails to complete the same within the time limit set by the mgt.

⑤ functional foremanship— In order to achieve better production control, Taylor advocated functional foremanship where the factory is divided into several components, each in charge of a specialist, namely, route clerk, instruction card clerk, cost and time clerk, gang boss, Inspector, shop disciplinarian. These people perform the planning function and provide expert advice to workers. (13)

3

Administrative Theory 8— Henry fayol (1841-1925)

About the time when f.w.taylor was developing the principles of scientific management in the United States, Henry fayol was revolutionizing managerial thinking in France.

Administrative theory is an approach that focuses on principles that can be used by managers to coordinate the internal activities of organisations.

In setting out to develop a science of management, fayol began by classifying business operations into six major activities.

- * Technical (production)
- * Commercial (Buying & selling)
- * Financial (use of capital)
- * Security (protection of property)
- * Accounting (keeping financial records)
- * Managerial.

Since the first five activities were commonly understood by many practitioners at that time, fayol devoted his attention to the last activity (managerial).

Henry Fayol's 14 principles of management

At the operational level, Fayol asserted that managers should apply 14 principles. According to Fayol, these principles can be applied to all types, functions, levels and sizes of organisations. These had earned him the title of universalist.

DAD U²S²E² of CIS → code

(1) Division of work- This is the principle of specialisation which applies to all kinds of work. The more people specialize, the more efficiently they can perform their work.

(2) Authority & Responsibility- Authority is the right to give orders and the power to obtain obedience. Responsibility arises out of assignment of an activity. An individual to whom authority is given to exercise power, must also be prepared to bear responsibility to perform the work in a satisfactory manner.

(3) Discipline- Employees must obey & respect the rules that govern the enterprise. Good discipline is the result of effective leadership, a clear understanding between mgt and workers regarding the organisation's rules and judicious use of penalties for violation of the rules.

(14)

- (4) Unity of command — An employee should receive commands from only one superior. Fayol believed that when an employee reported to more than one superior, conflicts in instructions and confusion of authority would result.
- (5) Unity of direction — This principle calls for one manager one plan for all operations having the same objective. The unity of direction principle when applied properly, ensures unity of action and facilitates coordination.
- (6) Subordination of individual interest to the common good — In any organisation, the interests of employees should not take precedence over the interests of the organisation as a whole. This can be achieved when managers set an example through good conduct and behaviour.
- (7) Scalar chain — The graded chain of authority from top to bottom through which all communications flow is termed as 'Scalar Chain'. However, if following the chain creates communication delays, cross communication (gangplank principle) can be permitted, if agreed to by all parties and superiors are kept informed.

⑧ Order— materials and people should be in the right place at right time. The general principle in this respect should be "a place for everything and everything in its place" and a place for everyone and everyone in his place".

⑨ Fair remuneration— Compensation for work done should be fair to both employees & employers.

⑩ Centralisation of authority & Decreasing the role of subordinates in decision making. Centralisation, increasing their role & decentralisation. Fayol felt that managers should carry dual responsibility but also need to give their subordinates enough authority to do their jobs properly.

⑪ Initiativeness— Employees must be encouraged to think through to implement plan of action, even though some mistakes may result. The opportunity to perform independently is an essential component of employee growth and development.

⑫ Stability of tenure— This is essential because time is required for an employee to get used to new work and succeed in doing it well.

Instability of tenure can significantly affect the fortunes of a company.

(15)

Equity :- managers should be fair in dealing with employees. Equity is the combination of justice and kindness. The application of equity requires good sense, experience, and good nature for soliciting loyalty and devotion from subordinate.

Espoir de corps - This principle states that "union is strength". promoting team spirit will give the organisation a sense of unity.

II NEO-classical Theory

- In the 1920s & 1930s, observers of business mgt began to feel the incompleteness and shortsightedness in the scientific as well as administrative mgt movements.
- The scientific mgt movement analysed the activities of workers whereas administrative mgt workers focussed attention on the activities of managers.
- The importance of the man behind the machine, the importance of individual as well as group relationships in the workplace was never recognised.

⇒ The Human Relation theory (also called neo-classical theory) tried to compensate for the deficiencies in the classical theory, modifying it with insights from behavioural sciences like psychology, sociology and anthropology.

Human Relations Theory — A movement by mgt thinking and practice that emphasised satisfaction of employee's basic needs as the key to increased worker productivity.

This theory gained popularity after famous studies of human behaviour in work situations conducted at western electric company from 1924 to 1933.

These studies eventually became known as the "Hawthorne studies" because many of them were conducted at Western Electric's Hawthorne plant near Chicago.

Hawthorne experiments :- A group of study conducted at the Hawthorne plant of the Western Electric Company during the late 1920 and early 1930s whose results ultimately led to the Human Relations view of mgt.

- ⇒ The purpose of this experiment was to determine the effects of different levels of illumination on workers productivity.
- ⇒ The intensity of light under which one group was systematically varied (test group) while the light was held constant (control group) for the second group.
- ⇒ The productivity of the test group increased each time when the intensity of the light increased.
- ⇒ However, productivity also increased for the control group which received no added light.
- ⇒ Researchers felt that something besides lighting was influencing the workers performance.
- ⇒ work group norms, beliefs, sentiments had a greater impact on influencing individual behaviour than the economic incentives offered by mgt.

Human relations theory: Key concepts.

The Hawthorne experiments, thus, indicated that employees were not only economic beings, but also social & psychological beings. The man at work is motivated by more than the satisfaction of economic needs. The main emphasis should be on creating a humanistic or informal organisation in the place of a mechanistic or formal organisation.

- (i) The individual— According to Human relationists, each person is unique. The individual is not only motivated by economic factors, but is motivated by multifarious social & psychological factors.
- (ii) The work group— Good Interpersonal and intergroup relationships among people need to be maintained to obtain productivity goals.
- (iii) The work environment— managers have to create positive work environment where the employee finds it easy to achieve organisational goals as well as his own personal goals.
- (iv) The leaders— The leader must offer a pleasant work climate where bosses are totally absent and where members are allowed to have a say by the decision making process.

III. Modern Management Thought :- (Integrative perspective)

modern mgt thought is an integrative theory in the sense that it combines the valuable concepts of classical theory with social and natural sciences.

→ The source of inspiration for modern mgt theory is systems analysis.

→ Mgmt theorists pick up where the Hawthorne researchers left off.

MMT is characterised by the following features proposed by Hicks and Gullett.

(1) Open-System view :- MMT treats the org as an open system. It interacts with the environment continually in order to survive and flourish.

(2) Dynamic & Adaptive :- Modern theory is dynamic in line with changes in the outside environment. It tends to adapt itself constantly.

(3) Multilevel and multidimensional. MMT is both micro and macro in its approach. It is not a paradox. It is macro when considered with respect to the entire nation or industry, it is micro with respect to integral parts of the org.

(4) multimotivated & multidisciplinary-

MMT views the individual as a complex being who can be motivated in several ways. (20) (economic as well as non-economic incentives are important).

→ MMT is multidisciplinary in the sense that it heavily draws its concepts from various disciplines.

⑤ Descriptive and probabilistic

→ MMT is descriptive rather than prescriptive or normative.

→ It does not tell how to handle things, it simply tells how things are handled.

→ MMT is also probabilistic, not deterministic.

→ Deterministic system is one where outcome is predictable & certain.

Ex: $400 + 50 \rightarrow 450 \rightarrow$ It is a deterministic.

→ probabilistic system is one where no uniquely determined outcomes exist.

⑥ Integrative - The classical theory focuses

attention on the technical side of work while the neo-classical theory focuses on human side of work.

⇒ MMT tries to correct the deficiencies by both the theories by aggregating the classical components with the neoclassical band wagon.

C A popular trend that attracts growing support