

MANAGEMENT THEORY & PRACTICE

CHAPTER I

Prof. Rohan Mehra

SMART LEARNING

S-STRATEGIZE

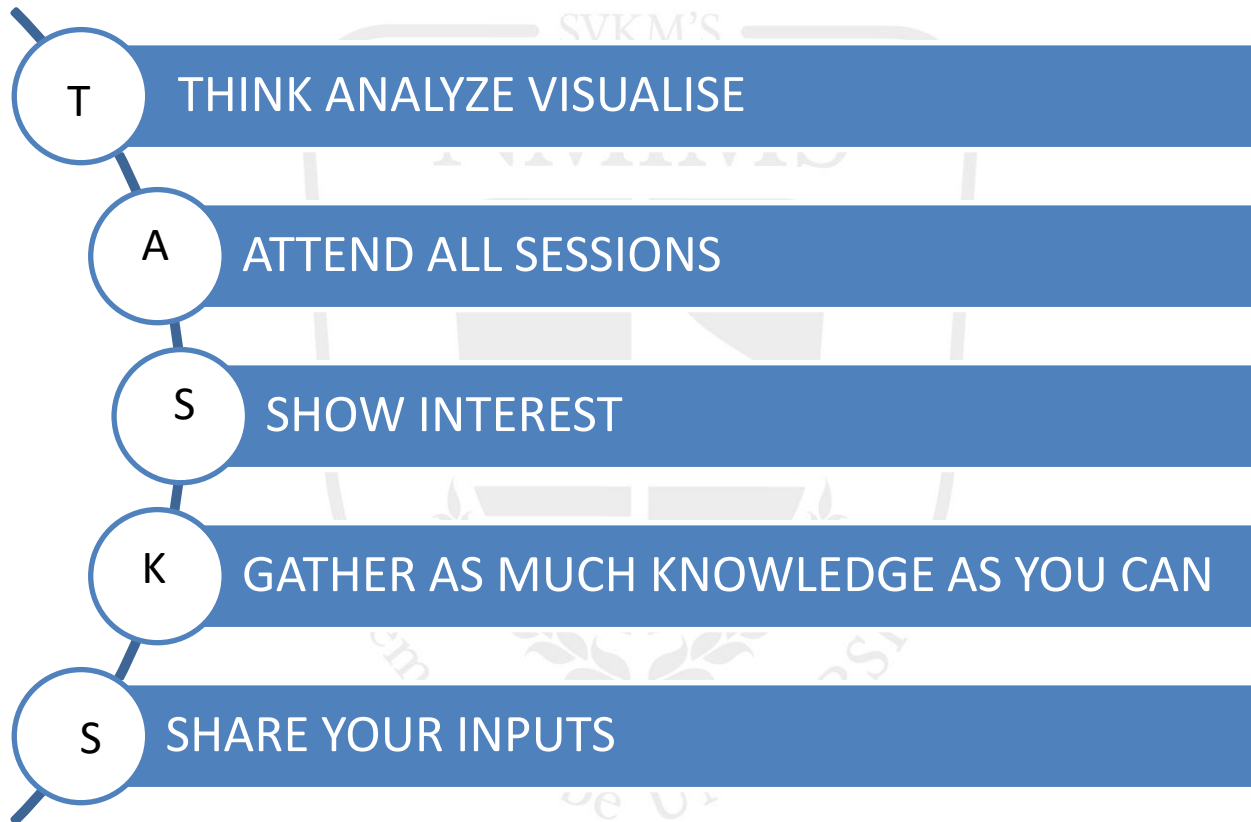
M-MAKE LEARNING FUN

A-ASK QUESTIONS

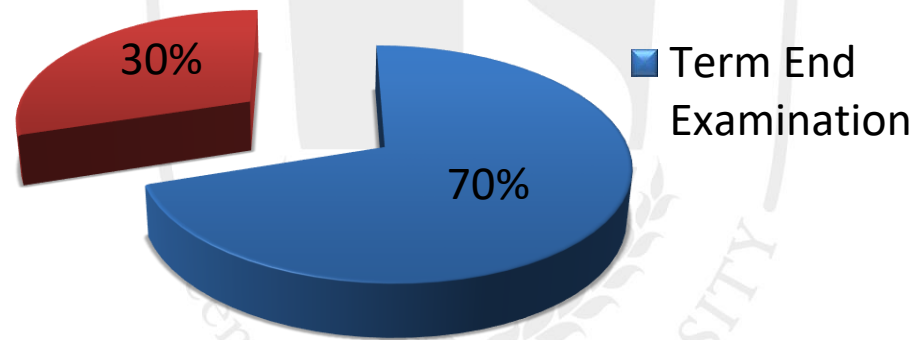
R- READ RECOLLECT REMEMBER

T- COMPLETE TASKS

STUDENT TASKS



PG & Diploma Examination: Weightage Management Theory and Practice

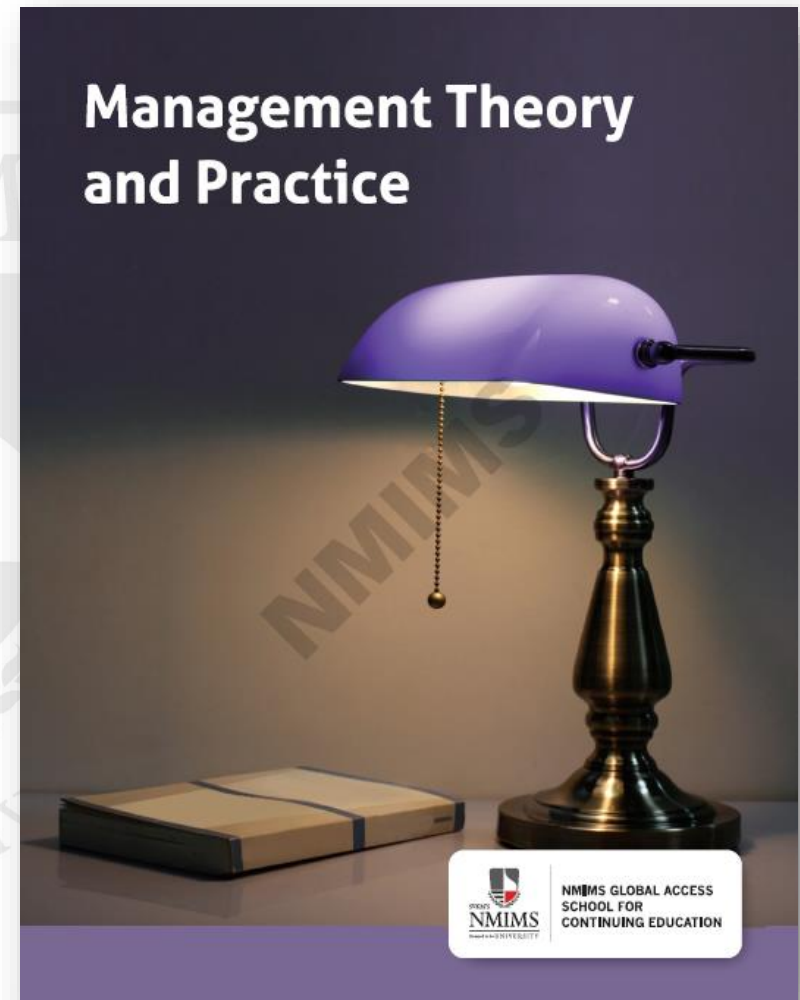


Evaluation Methodology and Structure:

Each subject usually comprises of an Assignment (30 marks) and Online Examination (70 marks).

UNDERSTANDING MTP BOOK

- Introduction
- Content
 - Self Assessment Questions
 - Activity
- Content
 - Self Assessment Questions
 - Activity
- Summary
- Descriptive Questions
- Answers and Hints
- Suggested Reading for Reference



Course Introduction

- Management is a universal phenomenon and is concerned with all the aspects of an organisation's functioning.
- The success of an organisation depends a great deal on the effectiveness of management. The main objective of management is to draw maximum output out of minimum efforts and resources. Therefore, every organisation must ensure effective management.
- Efficiency and effectiveness are the two important aspects of successful management. This is because management is a problem-solving process of effectively achieving the objectives by efficient use of resources.
- In an organisation, management is operated through a number of functions called management functions. These functions are planning, organising, staffing, directing and controlling.

I N D E X

Chapters	Name of the Chapter
Chap No. 1	Evolution of Management
Chap No. 2	Nature of Management
Chap No. 3	Corporate Culture
Chap No. 4	Structure of an Organisation
Chap No. 5	Business Communication
Chap No.6	Managerial Decision Making
Chap No. 7	Leadership
Chap No. 8	Motivation
Chap No. 9	Change Management
Chap No. 10	Management Information Systems



Chapter 1: Evolution Of Management

Chapter 1:

Evolution of Management

- Learning Objectives
- History of Management
- Approaches to Management
- Major Contributors
- Recent Development in Management

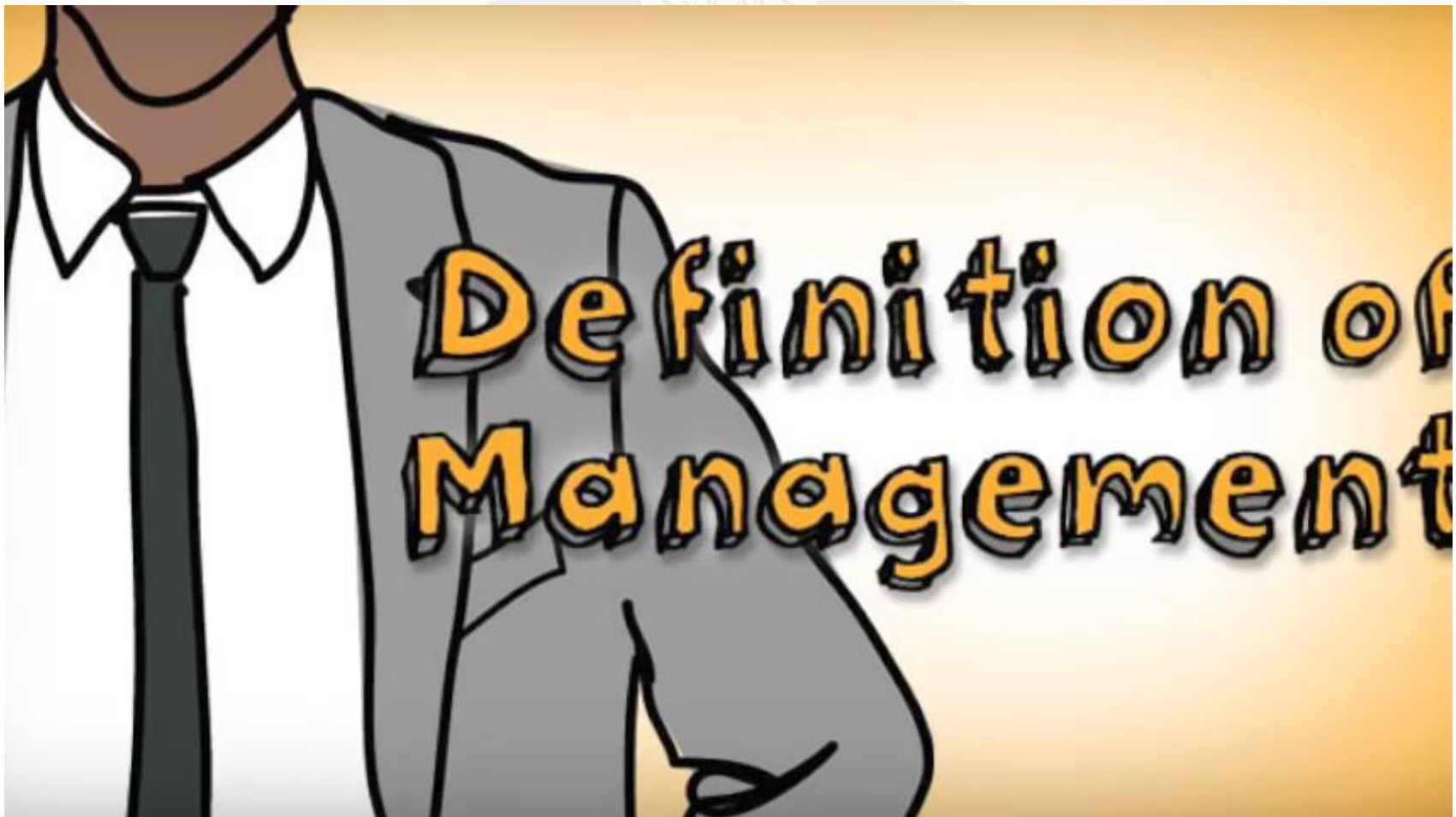


LEARNING OBJECTIVES

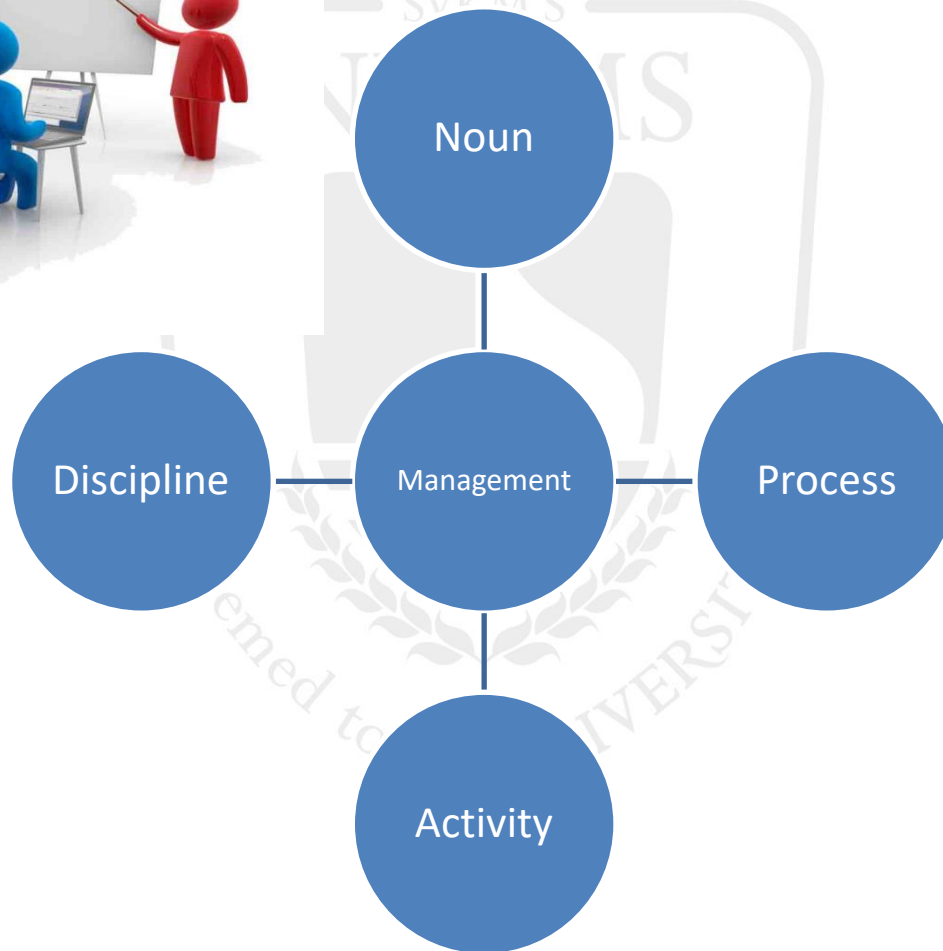
To understand:

- Explain the history of management
- Discuss the approaches to management
- Describe the contributions of leading scholars
- State the recent developments in management

https://www.youtube.com/watch?v=_OBqwhYLEJo



MANAGEMENT



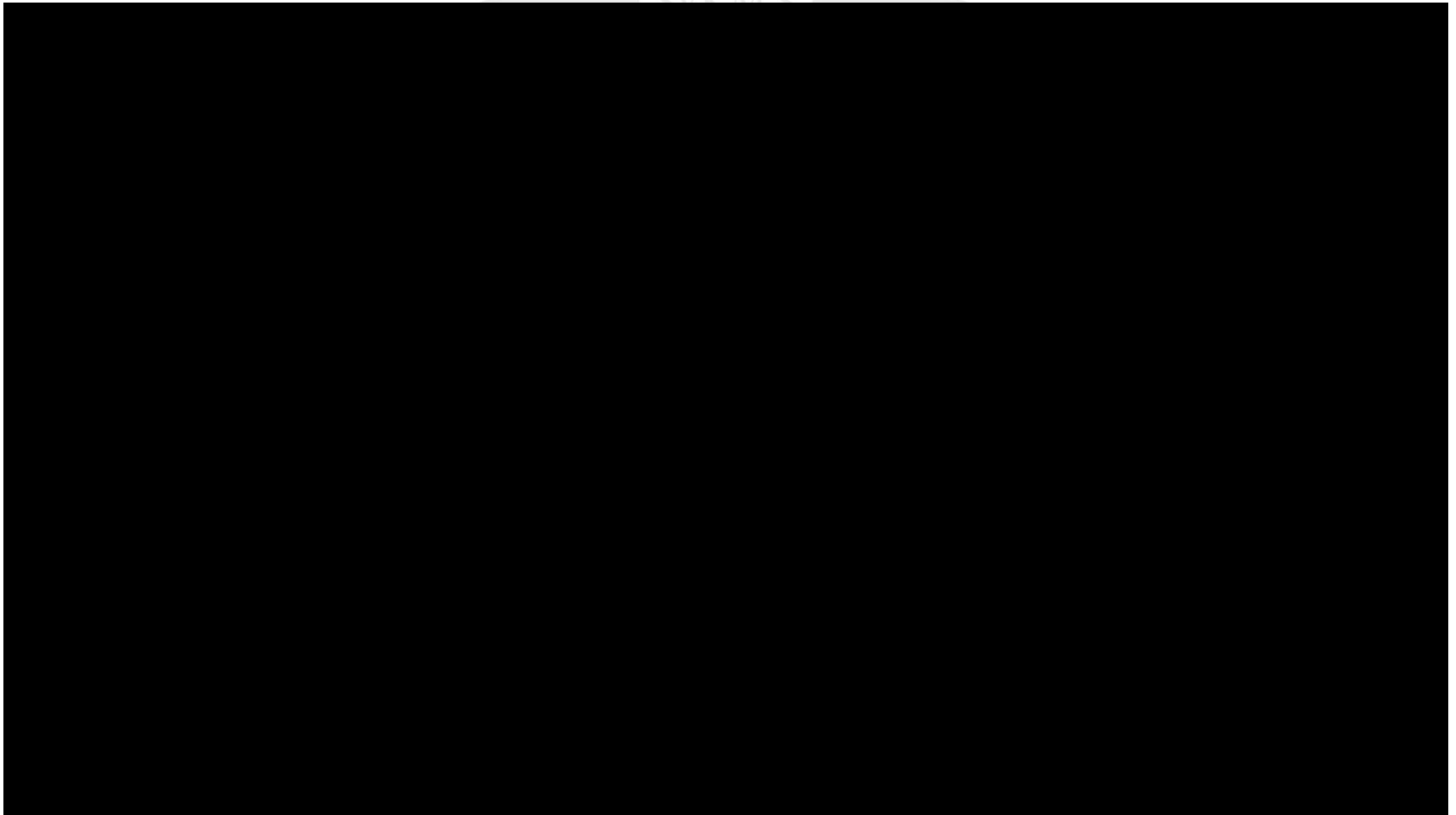
Definitions

- **F.W. Taylor:** Management is the art of knowing what you want to do and then seeing that they do it in the best and cheapest way
- **Harold Koontz:** Management is the creation and maintenance of an internal environment, in an enterprise, where individuals, working in groups, can perform efficiently and effectively towards the attainment of group goals.

History of Management

- The history of management can be traced back to 5000 B.C. when the agriculture revolution was at the initial stage.
- In Egypt, in 2900 B.C., the pyramids were built in a highly organized and coordinated manner.
- Management was also a part of the Roman Empire, which organized its general administration and controlled its political, military and judgmental issues by using effective communication.

<https://www.youtube.com/watch?v=fzMljshWTCU>



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Industrial Revolution

Industrial revolution was a period of transition from manual production methods to new manufacturing processes in the late eighteenth century.

During industrial revolution, management was based on two main propositions, which are:

- Firstly, labour was perceived as a bunch of lethargic people who would work only when controlled and supervised.
- Secondly, labour was the only factor that could bring reduction in costs.
- Therefore, all the efforts were made to reduce labour costs and increase production.

Characteristics of Industrial Revolution

Specialisation

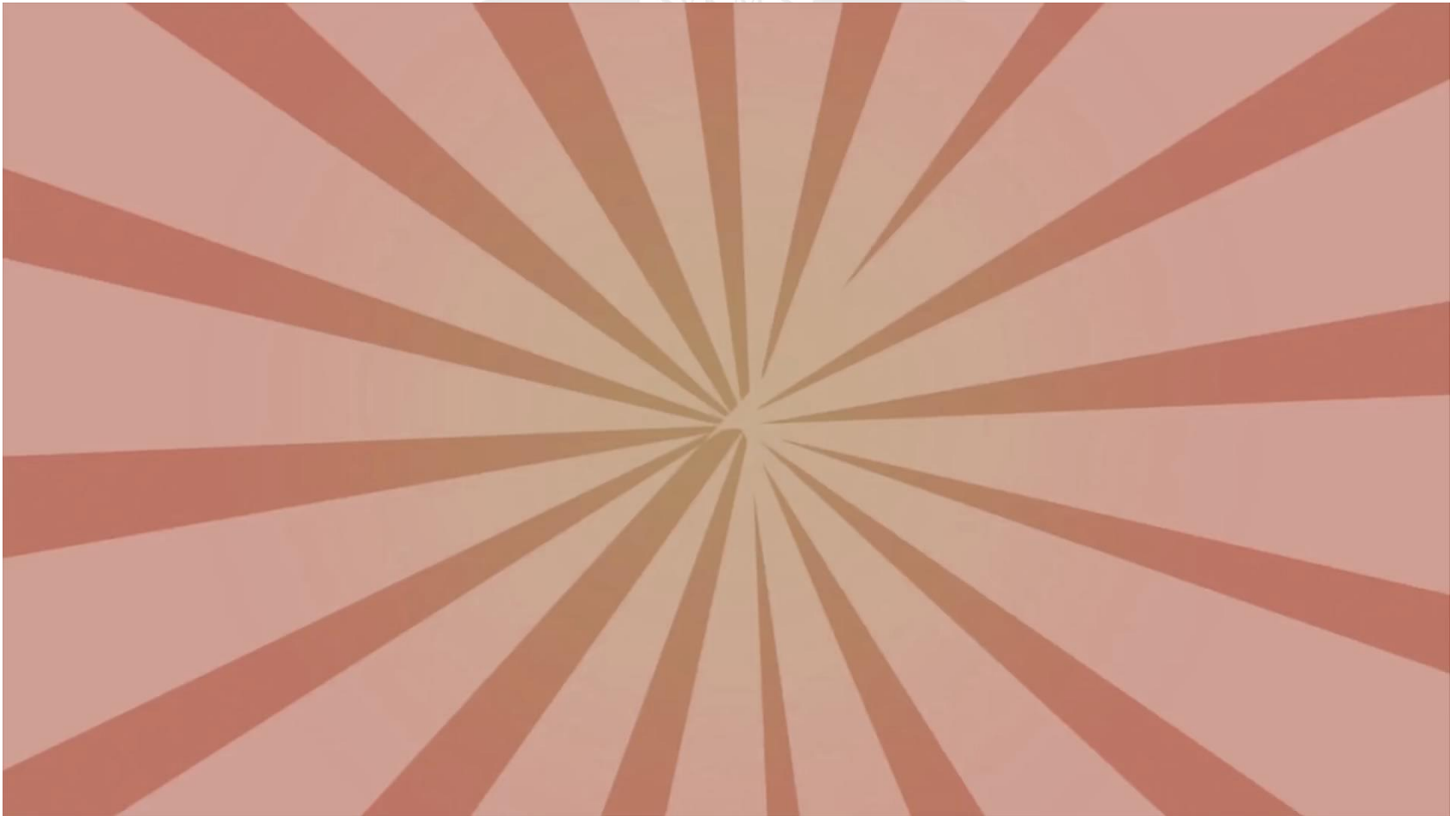
Standardisation

Synchronisation

Maximisation

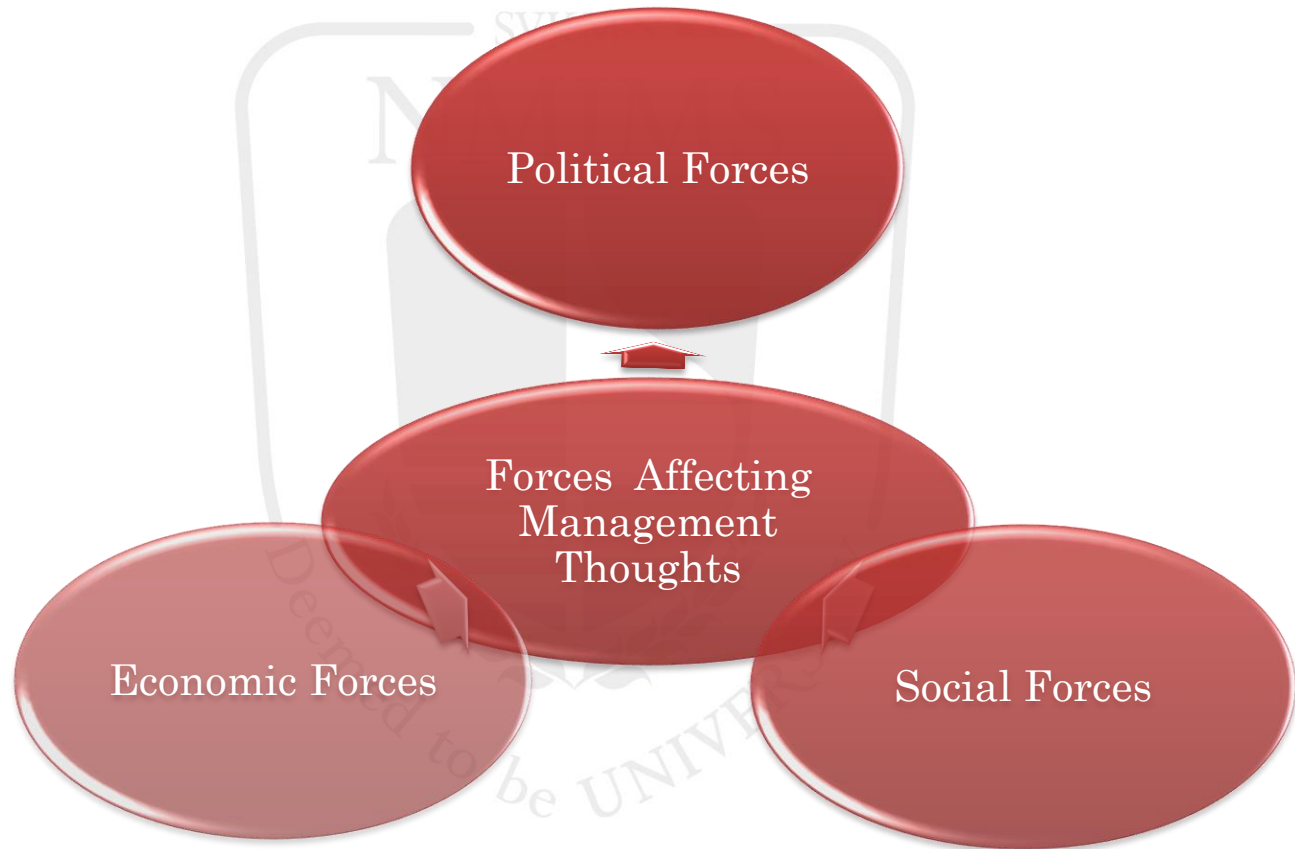
Centralisation

https://www.youtube.com/watch?v=Xh_Lk7kDrUI



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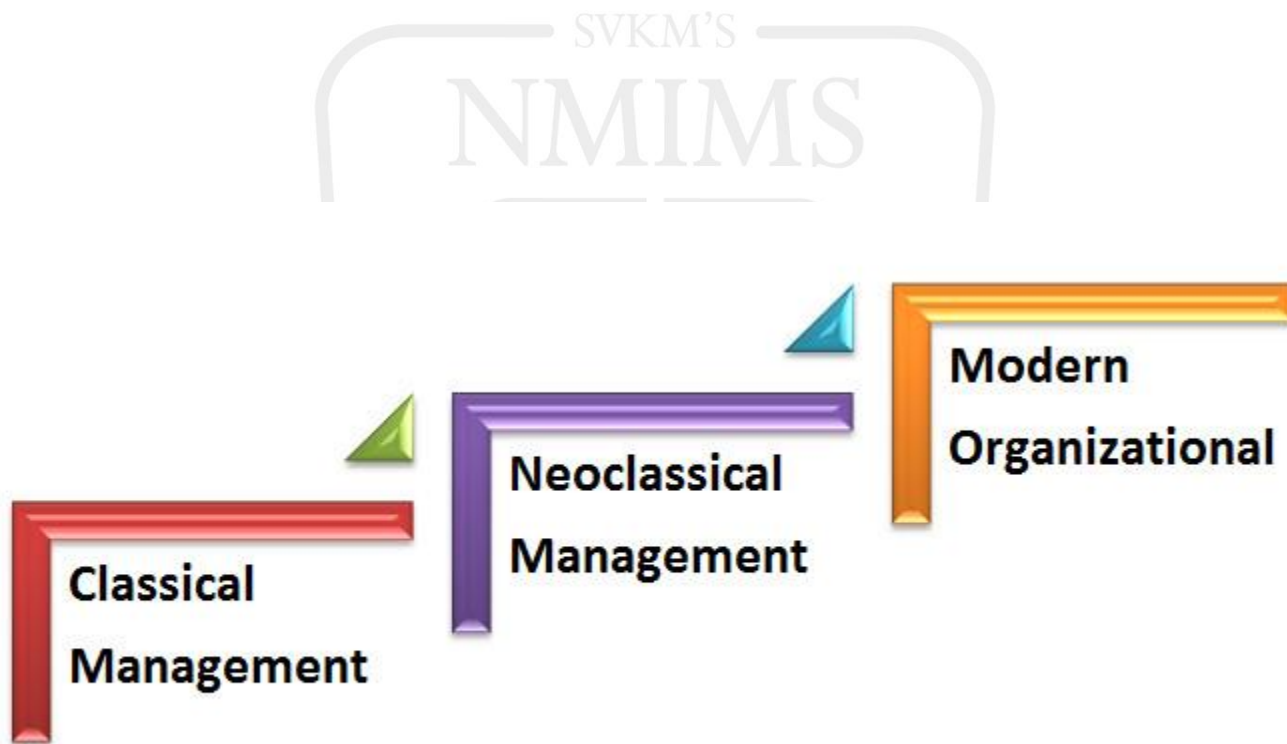
Forces Behind Management Thoughts



<https://www.youtube.com/watch?v=dTzSkz9yrWo>

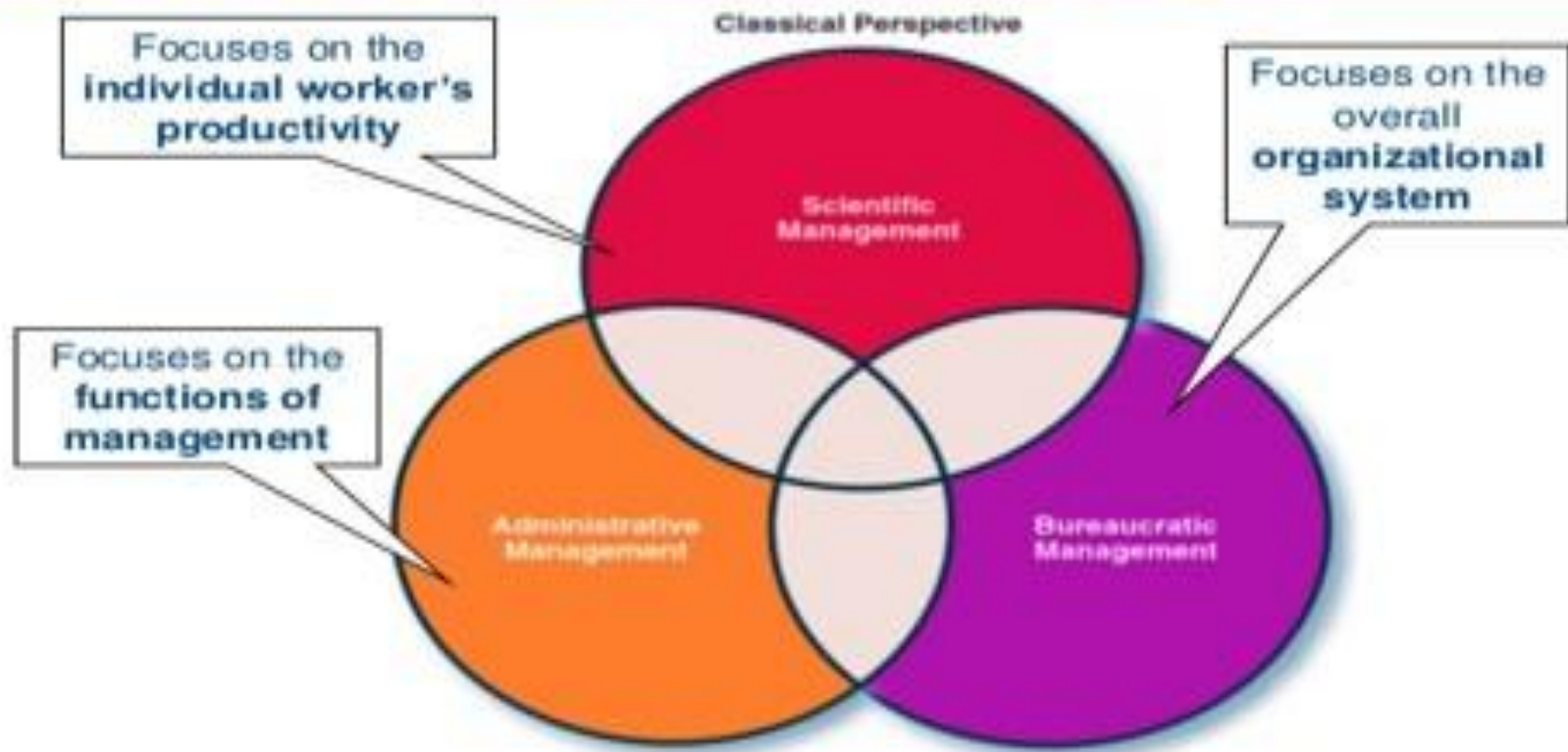


Approaches of Management



Classical Approach to Management

CLASSICAL APPROACH



CLASSICAL MANAGEMENT THEORY



WEBER



TAYLOR



FAYOL

Classical Approach

- **Scientific Management:** The scientific management approach was developed by **Frederick Winslow Taylor** (1856-1915), who was an American engineer. Thus, scientific management is also popular by the name of **Taylorism**.
- **Administrative Management:** **Henri Fayol** (1841-1925), a French mining engineer, promoted the concept of administrative management. He focussed on developing administrative principles that could be applicable to both general and higher managerial levels.
- **Bureaucratic Management:** Bureaucratic management was promoted by **Max Webber** (1864-1920), who was a German sociologist. According to Webber, bureaucratic management is the most appropriate administration.

Important Aspects of Classical Approach

- Work Planning
- Technical Requirements
- Principles of Management
- Formal Structure
- Assumption of Rational and Logical Behaviour

Merits of Classical Approach

- Clarity in Hierarchy
- Clear Definition of Division of Labour
- Motivation by Money
- Decision Making by a Single Leader

<https://www.youtube.com/watch?v=kNrvxh8R1KU>

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Henri Fayol

Henri Fayol is also considered as the **Father of Modern Management**.

He also laid down best practices for managers, which are as follows:

- Managers must be able to complete work within a specified period of time
- Managers must organize both human and non-human resources in order to carry out tasks effectively.
- Managers must take commands while selecting and assessing workers.
- Managers must coordinate with all the workers for sharing information and problems.
- Managers must ensure that all the activities are carried out as planned.

Henri Fayol's 14 Principles of Management

Division of Work

Authority and Responsibility

Discipline

Unity of Command

Unity of Direction

Subordination of Individual Interest to General Interest

Remuneration of Personnel

Centralization

Scalar Chain

Order

Equity

Stability of Tenure

Initiative

Esprit de Corps

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<https://www.youtube.com/watch?v=aMwm2zq1Krl>

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ACRONYM TO REMEMBER

Name of 14 principles of management given by Henri Fayol

DAD U C USSR ?

O I SEE

D	Division of work	O	Order
A	Authority and Responsibility	I	Initiative
D	Discipline	S	Subordination of individual interest to general interest
U	Unity of Command	E	Equity
C	Centralisation and Decentralisation	E	Esprit de Corps
U	Unity of direction		
S	Scalar chain		
S	Stability of Tenure		
R	Remuneration		

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Max Weber

Max Weber is famous for developing the bureaucratic management theory in which he emphasized on the requirement of a hierarchy in organizations.

Weber perceived three types of administration, namely traditional, charismatic and bureaucratic.

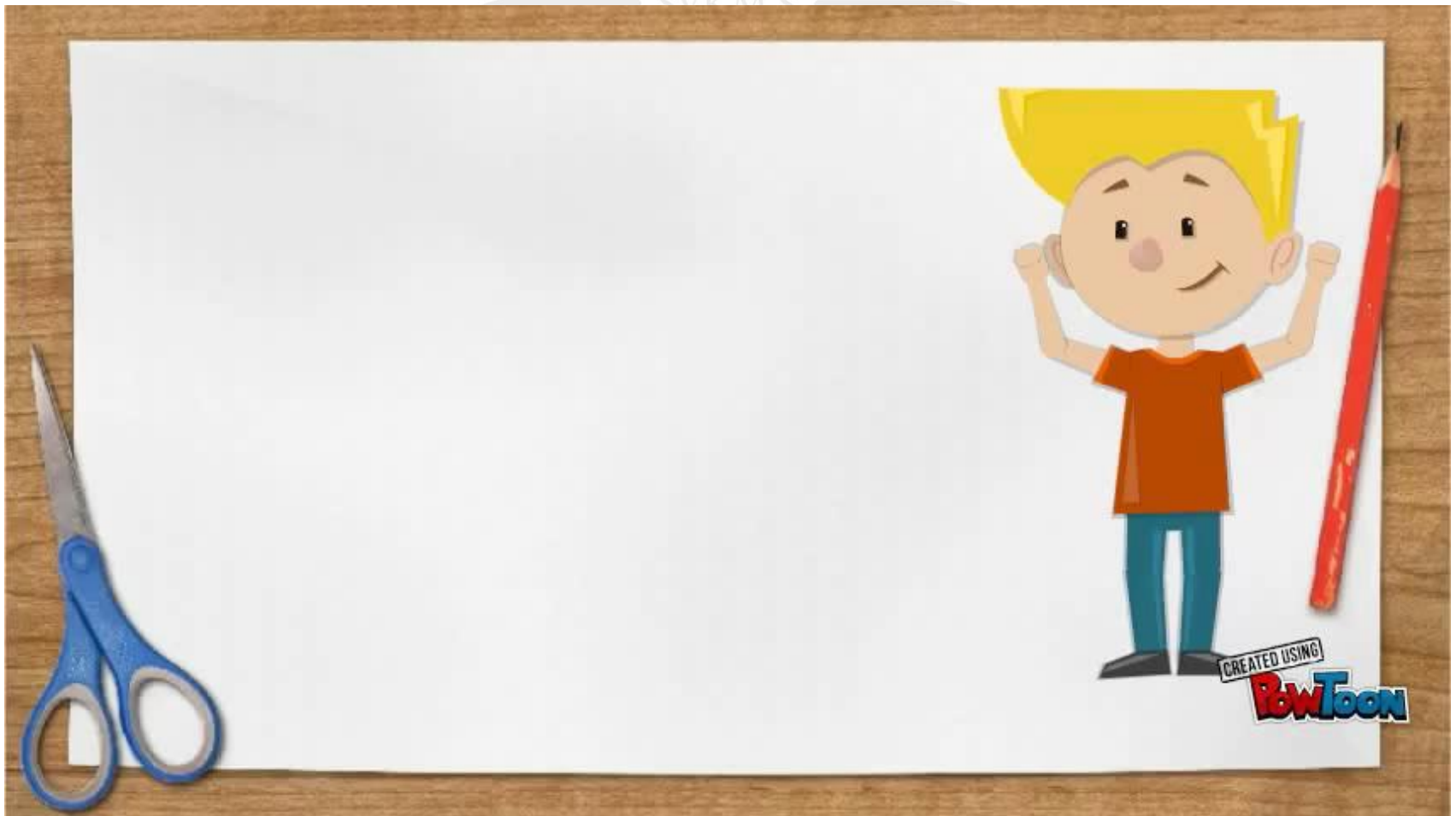
- In traditional organizations, managerial positions are handed down from one generation to the other irrespective of intelligence, knowledge, and experience.
- In charismatic organizations, management functions are not delegated and all the employees are considered to be the loyal subjects of a leader.
- In bureaucratic organizations, a person is given a managerial responsibility as per his/her capability.

BUREAUCRATIC APPROACH

❑ Key points:

- Management by standard rules
- Division of Labour
- Selection of Personnel
- Hierarchical Organization Structure
- Record of all administrative acts

<https://www.youtube.com/watch?v=fs0ALdXqII>



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Frederick W. Taylor

Fredrick Winslow Taylor is known as the **Father of Scientific Management**.

Taylor was also known for his contributions in the following areas:

- Use of descriptive cost accounting
- Concept of mutual understanding between workers and management
- Provision of bonus to workers for making suggestions for improvement in productivity

Principles of Scientific Management Theory

- Replacement of the rule of thumb by development of science for each part of men's job
- Selection, training and development of workers in a scientific manner
- Co-operation between management and workers or harmony not discord
- Division of Responsibility
- Mental Revolution
- Maximum prosperity for employer and employees
- Supervision

Major Concepts of Scientific Management

- Scientific Recruitment and Training
- Friendly Co-operation between Management and Workers

Time and Motion Study

The systematic investigation and analysis of the motions and the time required to perform a specific operation or task with a view to seeking more efficient methods of production as well as setting time standards

Differential Piece Rate Plan

- The underlying principle of this system is to penalize a slow worker by paying him a low piece rate for low production and to reward an efficient worker by giving him a higher piece rate for a higher production.

Criticism against the Theory



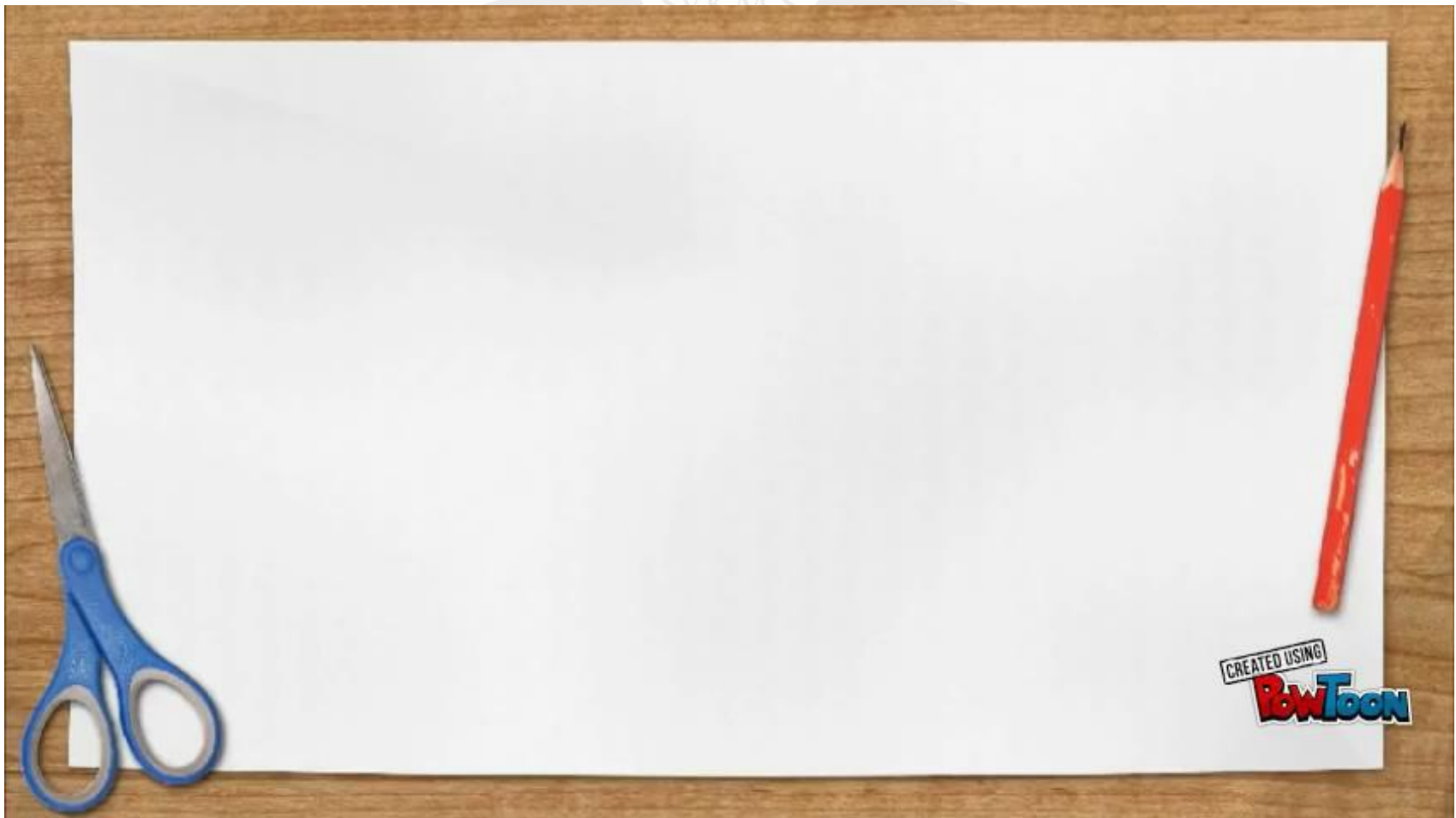
Workers Criticism

- Fast working speed of workers
- Loss of Individual workers creativity
- Issue of Monotony
- Increased Unemployment
- Weakening of Trade Unions
- Exploitation of Workers

Employer's Criticism

- Heavy Investment
- Loss due to re-organization
- Not suitable for small scale firms

<https://www.youtube.com/watch?v=fK4tyKvrj04>



<https://www.youtube.com/watch?v=6n9ESFJTnHs>

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Modern Times © Roy Export S.A.S.

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George E. Mayo

- He is famous for his contribution in Hawthorne studies. Also known as Elton Mayo
- Mayo was involved in the project in 1929 and 1930, and interviewed the workers involved in the experiments.
- The outcome of his findings in Hawthorne studies later gave way for the human relations movement. The movement focuses on the concept of job satisfaction, group norms, and leadership quality and their significance in the improvement of productivity.

<https://youtube.com/watch?v=rLVp-CrBnPo>



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Modern Approach



Modern Approach

According to this approach, employees do not necessarily work for money and they also like to receive affection and respect of co-workers, which further increases their productivity.

- **Quantitative approach:** In this approach, quantitative tools are used for managerial decision making.
 - **Operations research:** It is an approach used for improving the effectiveness of management decisions.
 - **Operations management:** It is used to manage production in manufacturing organizations.
 - **Management information system (MIS):** This is a computerised management system used to provide information required by organisations for their effective management
- **Systems approach:** According to this approach, a system can be defined as a set of components that are interacting regularly or are interdependent, thus making a single unit.
- **Contingency approach:** In this approach, an organization determines problems by analyzing its conditions and environment.

Quantitative Approach

- An approach that focuses on the use of quantitative tools for managerial decision making.
- The quantitative management viewpoint focuses on the use of mathematics, statistics and information aids to supports managerial decision making and organizational effectiveness.
- Three main branches have evolved: operations research, operations management and management information systems.

Operations Research:

- Operations Research is an approach aimed at increasing decision effectiveness through the use of sophisticated mathematical models and possibilities as they can accomplish extensive calculation.
- Some operations research tools are linear programming, querying, waiting line, routing and distribution models.

Operations Management:

- Operation management is a field that is responsible for managing the production and delivery function of an organization's products and services.
- Operations management is generally applied to manufacturing industries and uses tools such as inventory analysis, statistical quality control, networking etc.

Management Information System:

- Management Information System refers to the designing and implementing computer based information systems for use by the management.
- Such systems turn raw data into information that is required and useful to various levels of management.

<https://www.youtube.com/watch?v=CqWXxC1Xcj4>

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Contingency Approach

- A view point which believes that appropriate managerial action depends on the peculiar nature of every situation.
- This approach is a viewpoint which argues that there is no best way to handle problems. Managerial action depends on the particular situation.
- Hence, rather than seeking universal principles that apply to every situation, this theory attempts to identify contingency principles that prescribe actions to take depending on the situation.

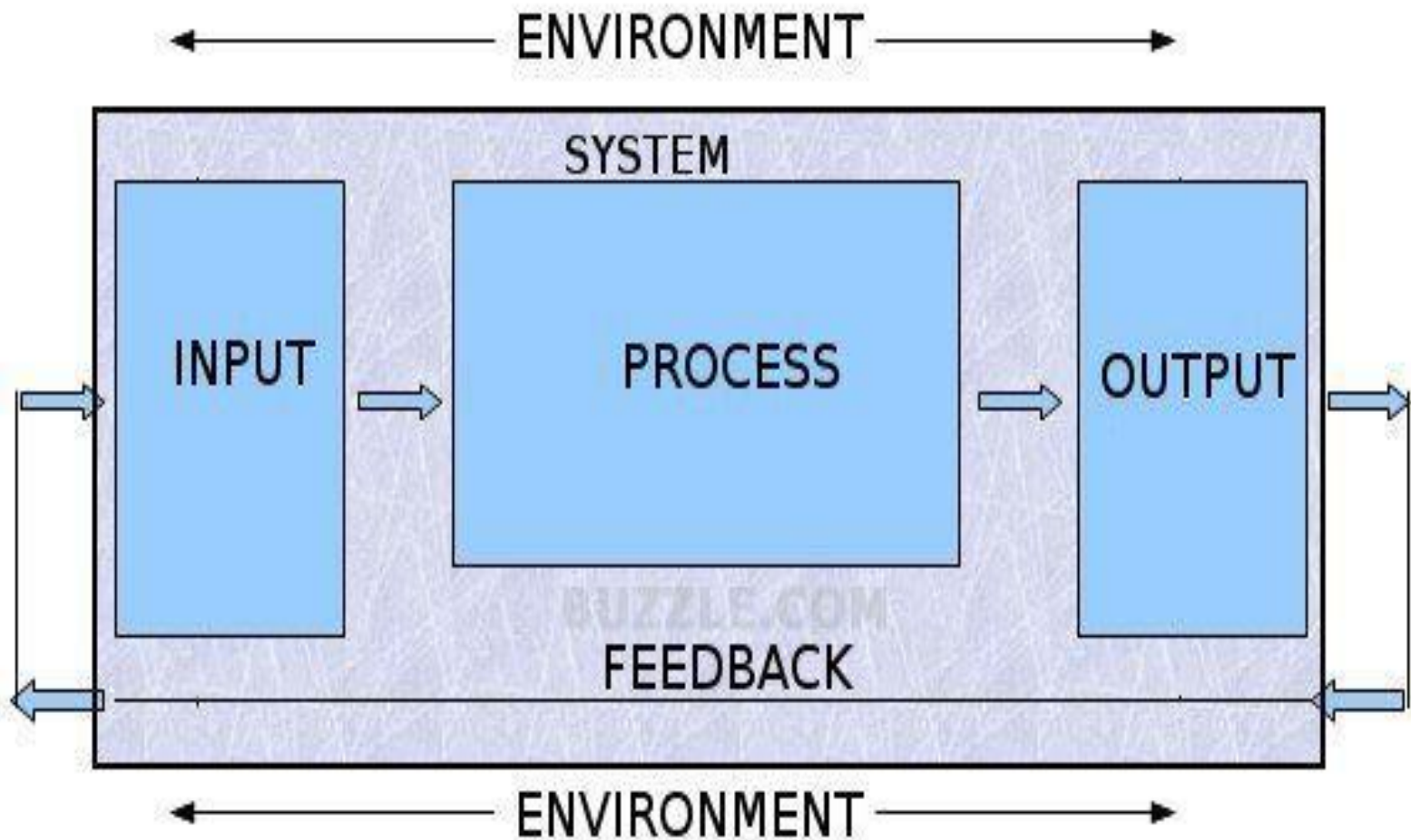
Systems Approach

Systems theory is an approach based on the notion that organizations can be visualized as systems.

A system is a set of interrelated parts that operate as a whole in pursuit of common goals.

Every system has four major components:

1. Inputs are the various resources required to produce goods and services.
2. Transformation processes are the organization managerial and technological abilities that are applied to convert inputs into outputs.
3. Outputs are the products, services and other outcomes produced by the organization.
4. Feedback is information about results and organizational status relative to the environment.



Illustrated by Binduswetha

A SYSTEM

https://www.youtube.com/watch?v=uHL-l_Iz_sA

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Study.com⁵⁵

Examples

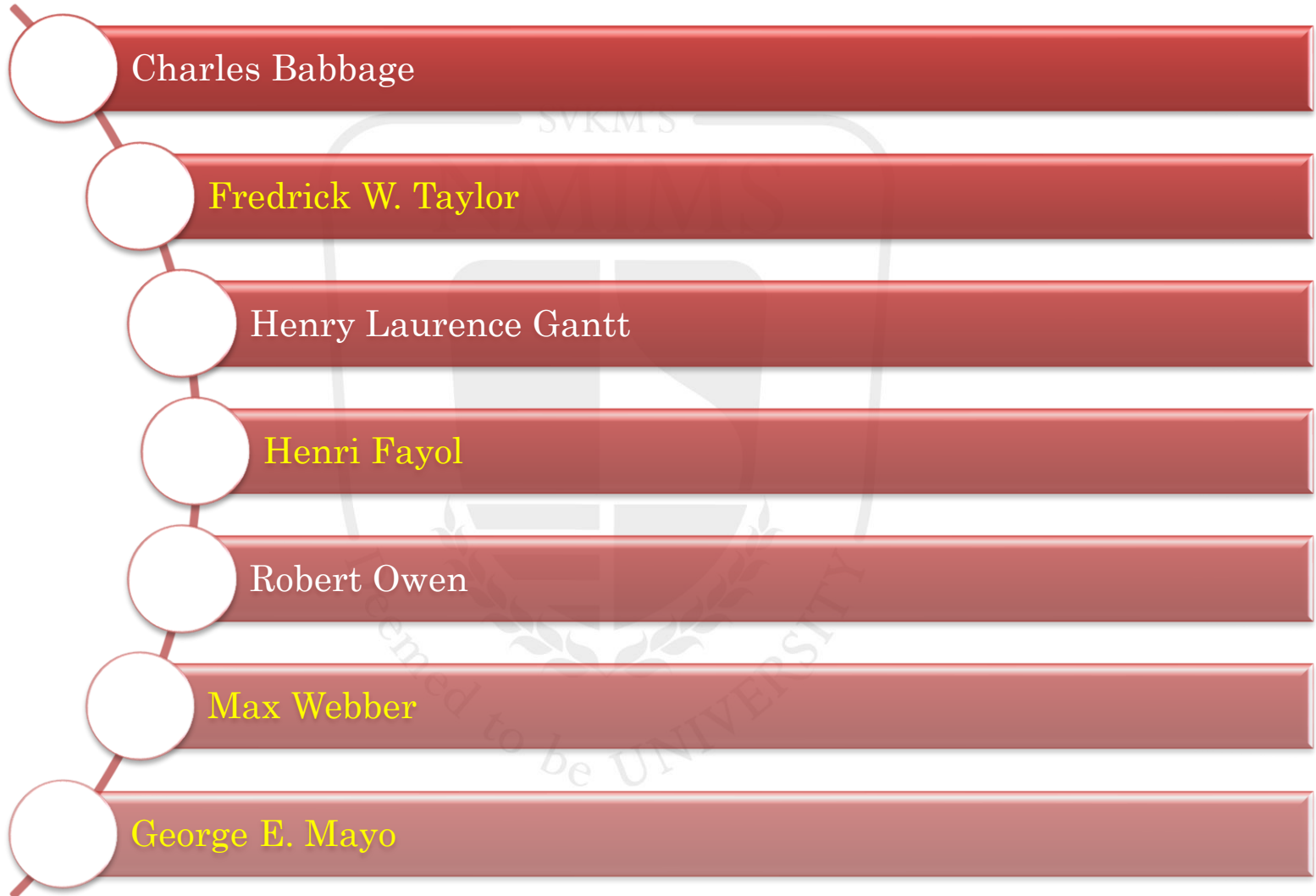
Closed System

- Independent Assembly Lines
- Research and Development Division
- Trade Secrets Documentation Systems

Open System

- A large, publicly traded corporation
- Marketing Department

Major Contributors



Charles Babbage

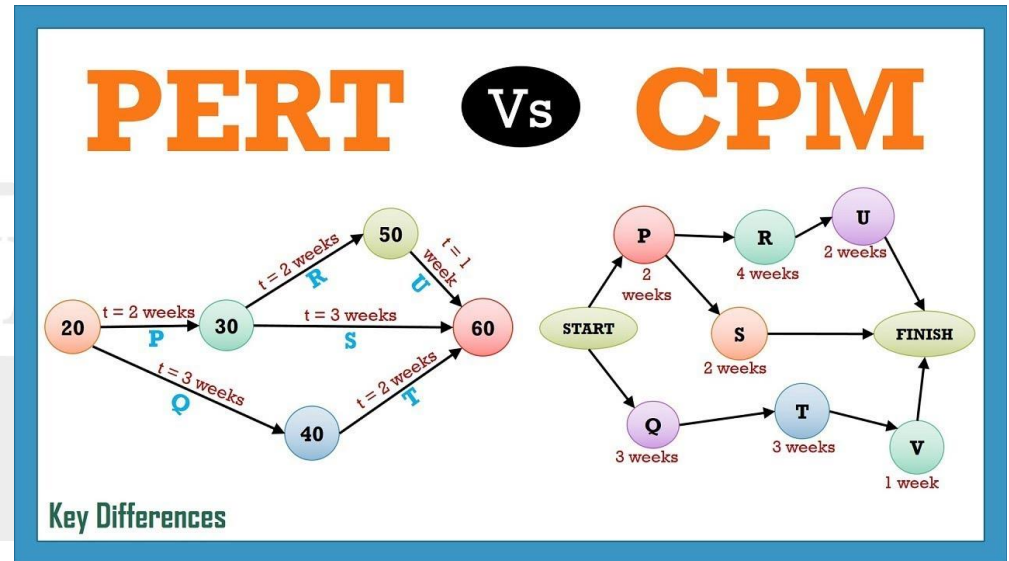
- Charles Babbage was a mathematician, philosopher, and a mechanical engineer.
- In his view, human factor plays a significant role in the success of an organization; therefore, employees should be associated with the management in a manner that benefits both.
- He also developed the concept of profit sharing and participative decision making.
- He advocated the use of quantitative methods and industrial engineering techniques to improve manufacturing.

Henry Laurence Gantt

- Henry Laurence Gantt was a management consultant.
- Gantt has been known for developing 'Task and Bonus Plan. According to the plan, bonus must be paid to those managers who teach their employees to finish tasks efficiently in the given time period.
- His best contribution emerged in the form of Gantt charts, which are visual-diagrammatic tools used for creating production schedules.
- The other variations of Gantt charts are Program Evaluation Review Technique (PERT) and Critical Path Method (CPM).

PERT & CPM/ GANTT CHART

- **The Program Evaluation Review Technique, or PERT**, is a visual tool used in project planning. Using the technique helps project planners identify start and end dates, as well as interim required tasks and timelines. The information is displayed as a network in chart form.
- **The critical path method (CPM)** is a step-by-step project management technique for process planning that defines critical and non-critical tasks with the goal of preventing time-frame problems and process bottlenecks. Create a flowchart or other diagram showing each task in relation to the others.
- A **Gantt chart** is a useful graphical tool which shows activities or tasks performed against time. It is also known as visual presentation of a project where the activities are broken down and displayed on a **chart** which makes it is **easy** to understand and interpret.



Gantt Chart

Task Name	Q1 2019			Q2 2019		Q3 2019
	Jan 19	Feb 19	Mar 19	Apr 19	Jun 19	Jul 19
Planning						
Research						
Design						
Implementation						
Follow up						

Robert Owen

- According to him, investing in human resource is far more intelligent than investing in other assets. He advocated that employees should be working because they are interested in it rather than being forced.
- He also propounded that there should be a harmonious relationship between managers and employees in order to improve the efficacy of production.
- His philosophy and ideas are considered as a forerunner to the development of behavioral approach of management.

Recent Developments in Management

Just In Time

- JIT is a philosophy of continuous improvement, wherein unused or waste resources are identified and removed.
- The technique of JIT was first used by an American organisation called Ford Motor Company during the 1920s.
- However, the technique is known as Japanese Innovation because it was popularised by Toyota Motor Corporation of Japan in 1954.

<https://www.youtube.com/watch?v=rnbH59n5qWE>



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<https://www.youtube.com/watch?v=cAUXHJBB5CM>



Lean Production

- Lean manufacturing is a management philosophy that is based on eliminating the activities that do not add any value to the end product and finding efficiencies.
- In lean manufacturing, the approach of ‘less is better’ is adopted to produce goods on demand only.

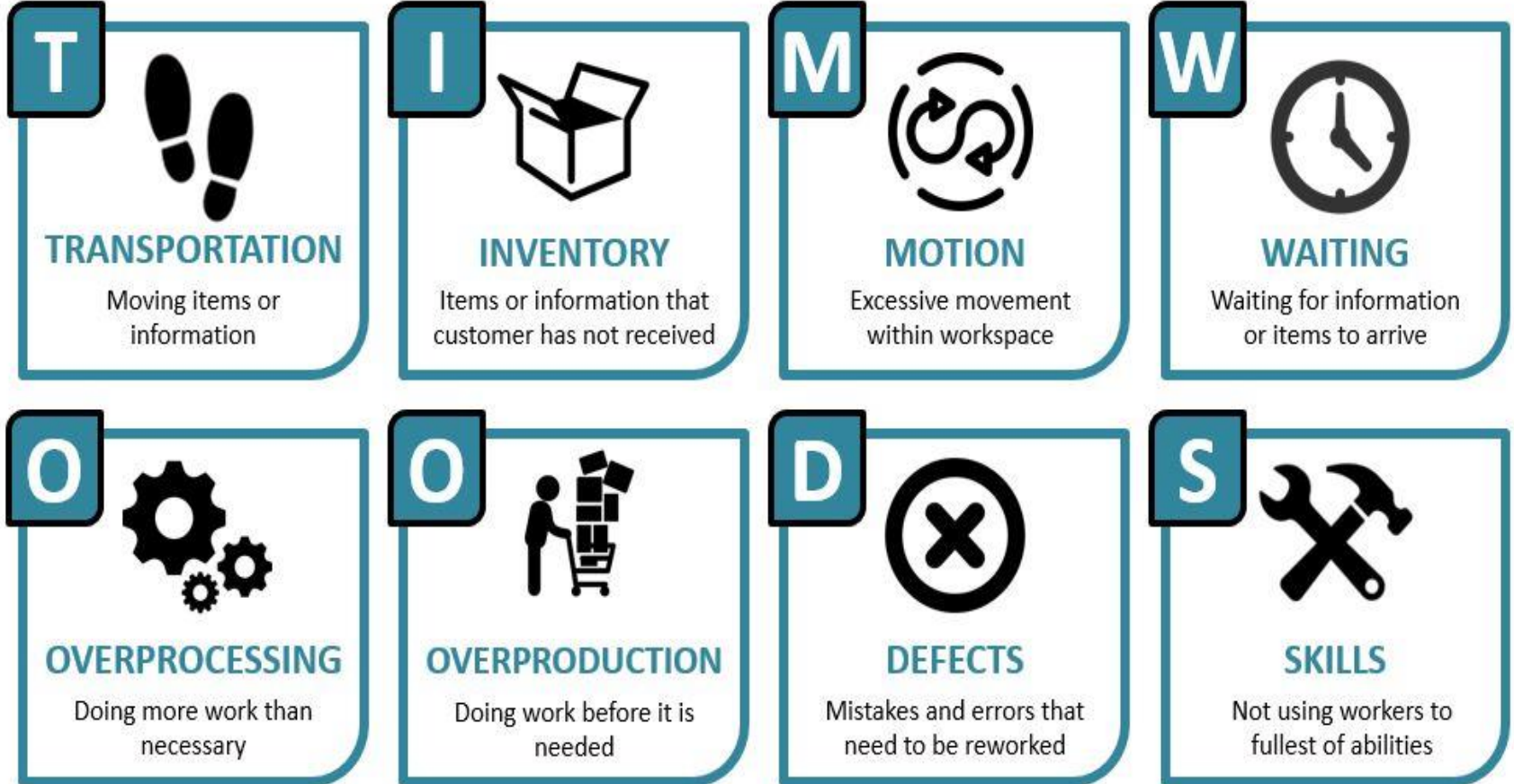
<https://www.youtube.com/watch?v=J4v-HjY3R0Y>

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textbooks minus paper



TIMWOODS



Lean Production Vs. J.I.T.

Lean Production

- It is a macro concept and complete system in itself. It can be used to create a J.I.T. process
- It focusses on manufacturing and operations management
- Aims at eliminating the problems
- Focusses on waste reduction as well as value creation for end users

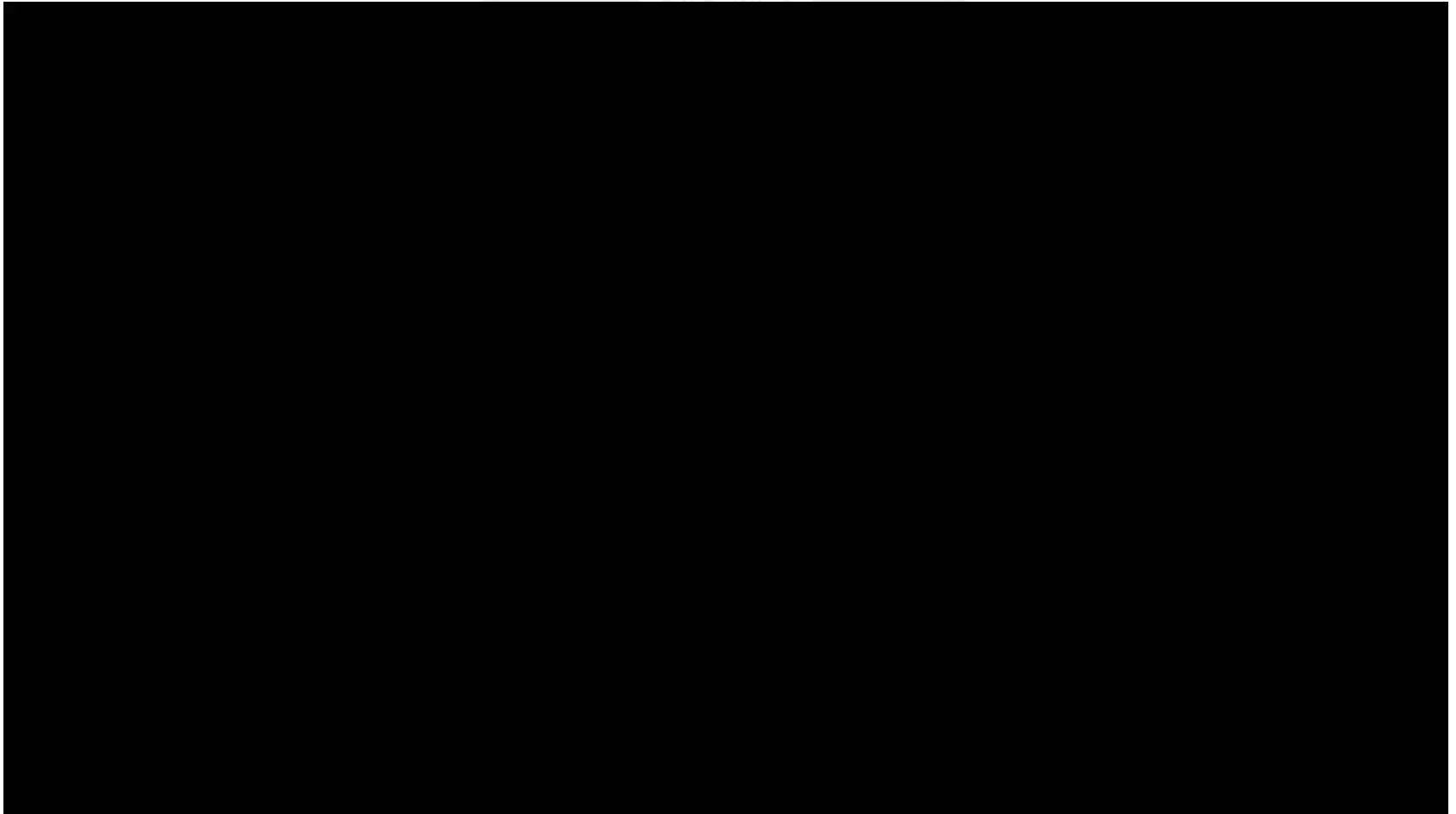
J.I.T.

- It is a part of Lean and focusses on elimination of waste of excess inventory
- Focusses on Inventory Management
- Focusses on Waste Reduction
- It is used to express process problems

5S

- It is a waste eliminating technique used in organisations to improve production efficiency. This technique comprises Japanese words beginning with 'S.'
- **Seiri (Sort):** It refers to organizing the work area in such a manner that all the unnecessary items are eliminated.
- **Seiton (Straighten):** It refers to arranging all the required items in an accessible range for users and substitutes too.
- **Seiso (Shine):** It refers to keeping machines, equipment, and tools clean.
- **Seiketsu (Standardize):** It refers to standardizing the practices so that they are similar across all the workstations that indulge in same type of job.
- **Shitsuke (Sustain):** It refers to continuing the process of improvement.

https://www.youtube.com/watch?v=8gKJ3_Hm3dM



RACI

Responsible

- The person who actually carries out the process task assignment
- Responsible to get the job done

Accountable

- The person who is ultimately accountable for process or task being completed appropriately
- Responsible person(s) are accountable to this person

Consulted

- People who are not directly involved with carrying out the task, but who are consulted
- May be stakeholder or subject matter expert

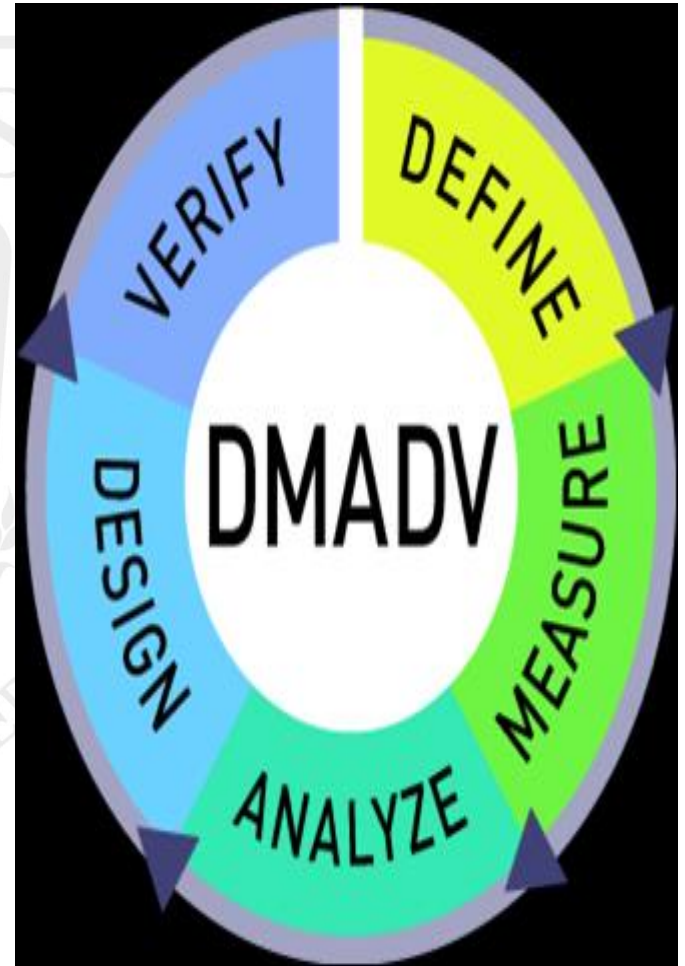
Informed

- Those who receive output from the process or task, or have a need to stay informed

Six Sigma

- It is a technique that lays emphasis on measuring the quality to attain perfection.
- Six Sigma was developed at Motorola in 1986 for improving processes.
- In the process of Six Sigma, 99.99966% of the products manufactured are statistically expected to be free of defects (3.4 defective parts/million).

Sigma Level	Defects per Million	Yield
6	3.4	99.99966%
5	230	99.977%
4	6,210	99.38%
3	66,800	93.32%
2	308,000	69.15%
1	690,000	30.85%



<https://www.youtube.com/watch?v=KDD32skx-zM>



https://www.youtube.com/watch?v=Kz_7njsDUMQ



Kaizen

- It is a Japanese word which means "improvement" or "change for the best."
- It can be described as a philosophy or practice that emphasizes continuous improvement of processes in manufacturing, engineering, and business management.



<https://www.youtube.com/watch?v=fcBXtwGexNc>



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Let's Sum Up

- Management is a process of defining and creating an environment where people can work together to achieve specified goals and objectives.
- The emergence of the management concept is attributed to the industrial revolution which was a shift from manual production methods to new manufacturing processes.
- In order to study management, two important approaches have been developed, namely classical approach and modern approach.
- There have been many contributions to the field of management. Some of the notable scholars who have developed different concepts in management are Charles Babbage, Fredrick W. Taylor, Henry Laurence Gantt, Henri Fayol, Robert Owen, Max Webber, and George E. Mayo.

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Thank you



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