

Module 1

Management and Planning

Topics to discuss

- ✓ Introduction
- ✓ Meaning-Nature and characteristics of management
- ✓ Scope and functional areas of management
- ✓ Management as a science, art of profession
- ✓ Management & Administration
- ✓ Roles of management
- ✓ Levels of management
- ✓ Development of management thought
- ✓ Early management approaches
- ✓ Modern management approaches

Introduction

Meaning:

- ✓ Managing is one of the **most important** activities of human life.
- ✓ Management has become **essential to ensure** the coordination of individual efforts.
- ✓ Management applies to **all kinds organizations** and to managers at all organizational levels.
- ✓ Principles of management are now used only for managing business but in all walks of life viz., **government, military, social and educational institutions.**
- ✓ It is same process in all forms of organization, may vary widely in its complexity with size and level of organization.

Meaning/Definitions cont..

Mary Parker

"Management is the art of getting things done through people".

- ✓ The above definition has two weaknesses.
- ✓ **It uses the word art. To say management is merely an art is only half truth. It also involves acquisition of knowledge, that is science.**
- ✓ This definition does not throw light on various functions of a manager.

George R Terry

Management is a process consisting of planning, organizing, actuating and controlling, performed to determine and accomplish the objectives by the use people & resources

Meaning/Definitions cont..

- Different context of defining management:
there are four such orientations which have been adopted in defining management process:
 1. Production or efficiency oriented
 2. Decision oriented
 3. People oriented
 4. Function oriented

Meaning/Definitions cont..

- Management **is a process-A systematic way** of doing things.

Activities of Management

✓ Planning

- The manager thinks of their **action in advance**.
- Their actions are based on some **method, plan or logic** rather hunch(intuitive feeling).

✓ Organizing

- Managers **co-ordinate** the human and material resources of the organization.

Meaning/Definitions cont..

Actuating

- ✓ The managers **motivate & direct** subordinates.

Controlling

- ✓ Managers attempt to **ensure that there is no deviation** from the norm or plan.
- ✓ This definition also indicates that **managers use people and other resources, such as finance, equipments etc., in attaining their goals.**
- ✓ Finally this definition states that the management involves the **act of organizations objectives.**

Nature and Characteristics of Management

- ✓ It should be **stable**.
- ✓ It should be **applicable to all kinds of organizations**.
- ✓ It should be **transparent**.
- ✓ Its approaches are to be **clear & goal oriented**.
- ✓ It should **simple**, yet **effective**.
- ✓ It should be **responsible** to many external elements (economic, technological, social, political & ethical factors) that affect the areas of operation.
- ✓ It should have **well defined goals** & effective **means** to accomplish the goal.
- ✓ It should have good **planning, organizing, staffing, directing & controlling** functions.
- ✓ It should provide **conductive atmosphere** of work.

Nature and Characteristic of Management

- ✓ Management is a **universal process**.
- ✓ Management is a **social process**.
- ✓ Management is a **coordinating force**.
- ✓ Management is **dynamic**.
- ✓ Management is **multi-disciplinary**.
- ✓ Management is a **creative activity**.
- ✓ Management is **decision making**.
- ✓ Management is a **profession**.

Nature of Management

- ✓ It is very **difficult** (or Impossible) to achieve production (or objectives) without management.
- ✓ Resources of an enterprise will remain resources(i.e., it will not be converted into production) **without** management.
- ✓ Management is a **special skill and knowledge** which helps achieve the objectives set by an enterprise.

Scope of Management in various areas of work or Functional areas of management

- ✓ Productions / Operations management.
- ✓ Financial management.
- ✓ Personal management or Human resources.
- ✓ Marketing management.
- ✓ Maintenance management.
- ✓ Materials & Purchasing management.
- ✓ Transport management.
- ✓ Systems management.
- ✓ Rural management.
- ✓ Office management.

Scope of Management

- ✓ Management **plans the activities, coordinates and utilizes** the available resources effectively & efficiently at minimum cost.
- ✓ Scope of management is **not limited** only to business organization, but it is extended to **business establishments, hospitals, government officers, service organizations, security organization, financial organizations** etc.,
- ✓ **Nature of function of management** may differ from one type of organization to another, but all these from essence of management.
- ✓ Management **as an economic resource**(effective utilization of money, material, manpower, machinery and methods) .
- ✓ Management **as a system of authority**.
- ✓ Management **as a class or elite**.

Functions of management

- Functions are necessary performed
 - ✓ Planning
 - ✓ Organizing
 - ✓ Directing
 - ✓ Controlling
- Two additional functional areas
 - ✓ Innovation
 - ✓ Representation

Planning

- Planning is the function that determines in **advance** what should be done. It is looking ahead and preparing for the future.
- It is the process of **deciding business objectives and charting out the methods of attaining those objectives.**

Planning is the determination of

- ✓ What is to be done? How and where it is to be done?
- ✓ Who is to do it?
- ✓ How results are to be evaluated?
- ✓ **Planning** is a function which is performed by managers at **all levels** – top, middle and supervisory.
- ✓ Plans made by **top management** for the organization as a whole may cover periods as long as **five or ten years.**
- ✓ Plans made by **middle or first line** managers cover much **shorter periods.**

Organizing

- ✓ **To organize a business well** it is required to provide all the useful things for its proper functioning.
- ✓ All these things (personnel, raw materials, tools etc.,) may be divided into two sections:
- ✓ **Human organization**
- ✓ **Material organization**
- ✓ **Human organization** refers to the structure which results from identifying and grouping work, defining and delegating responsibility and authority and establishing relationship.
- ✓ **Staffing** is also an important function involved in building the human organization.
- ✓ In staffing, the manager attempts to **find the right person** for each job. Staffing involves the **selection and training** of manpower and a **suitable system of compensation**.

Directing

- After planning,organizing,and staffing, the next step is to directing or leading the **people towards the defined objectives**.This process is called directing.
- The manager explains to his people **what they have to do** and **helps them to do it** to best of their ability.

Directing involves three sub-functions:

Comminication:process of passing information and understanding from one person to another.

Leadership: process by which a manager guides and influences the work of his subordinates.

Motivation: It means **arousing desire in the minds of workers** to give their **best to the enterprise**. Art of stimulating or inspiring workers. Two broad categories of motivation are

- ✓ Financial - salary, bonus, profit sharing etc.,
- ✓ Non financial- job security, opportunity of advancement, recognition, praise etc..

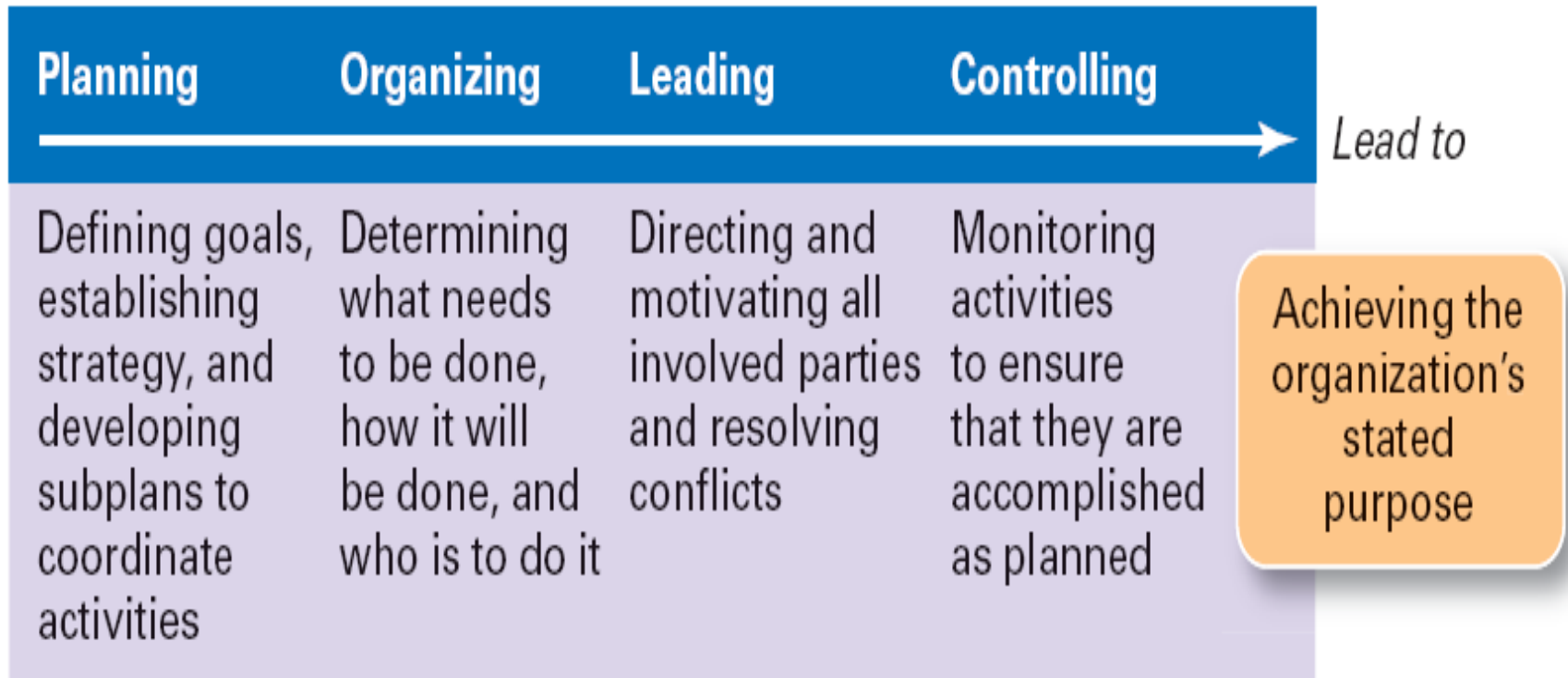
Controlling

- It is the process where the manager must ensure that everything occurs in conformity with the plans adopted, the instructions issued, and the principles established.

It involves three elements

- ✓ Establishing standards of performance.
- ✓ Measuring current performance and comparing it against established standards.
- ✓ Taking action to correct any performance that does not meet those standards.

Management Functions



Management process



Innovation

- ✓ It is not necessary for an organization to grow bigger but necessary to grow better.
- ✓ Innovation means **creating new ideas** which may result in development of new products or finding new uses for the old ones.

Representation

- ✓ A manager is also required to spend a **part of his time** in **representing his organization before various outside** groups which have some stake in the organization.
- ✓ These stake holders can be **government officials, labor unions, financial institutions, suppliers, customers**
- ✓ A manager must win their support by effectively managing the social impact of his organization.

Manager



✓ A manager occupies **different positions in different** roles, because people in each position have different expectations of him concerning his performance. A manager is **indirectly** influenced through other people by their work activities in order to accomplish organizational goals.

Classifying Managers

- ✓ First-line Managers

Are at the lowest level of management and manage the work of non-managerial employees.

- ✓ Middle Managers

Manage the work of first-line managers.

- ✓ Top Managers

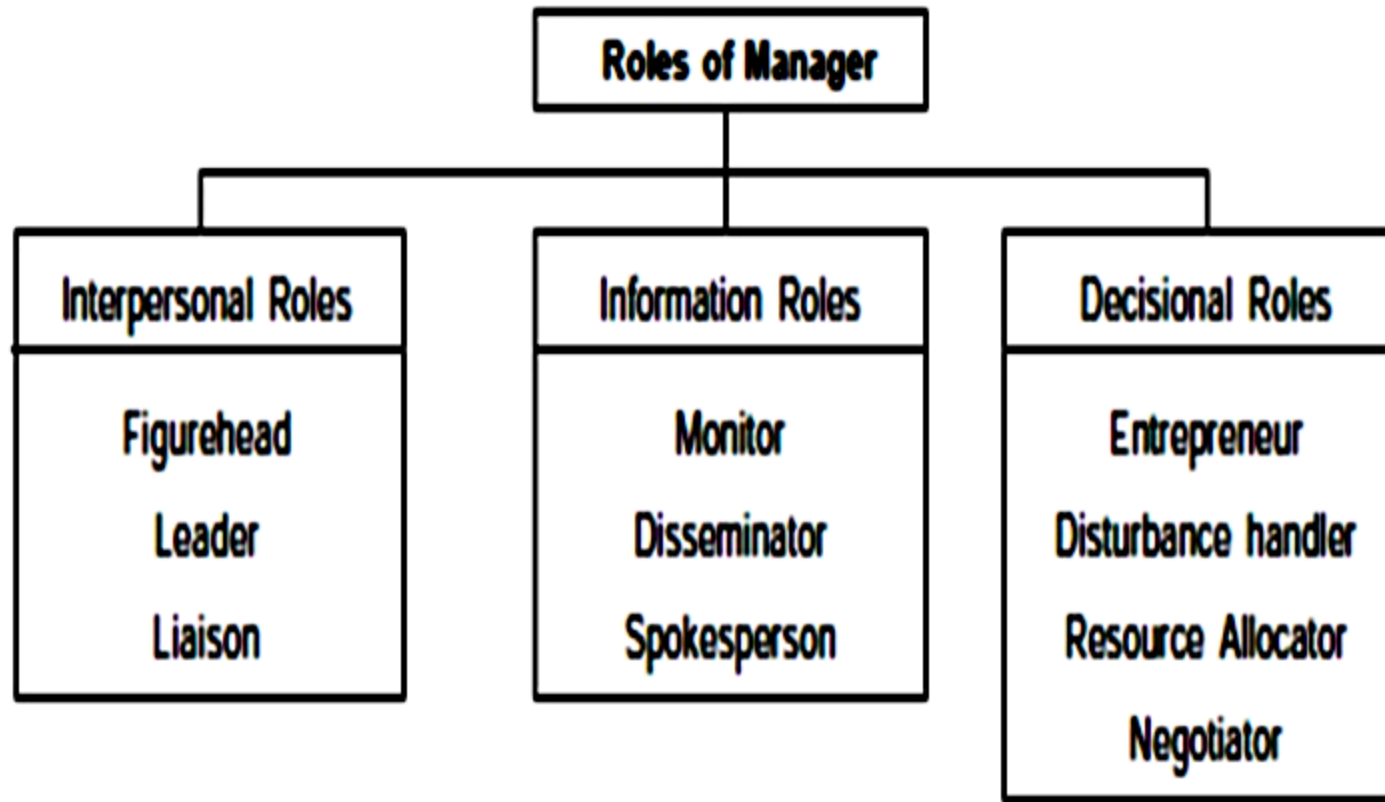
Are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.



Roles of management (Ten Roles must for Managers-Mintzberg Theory)

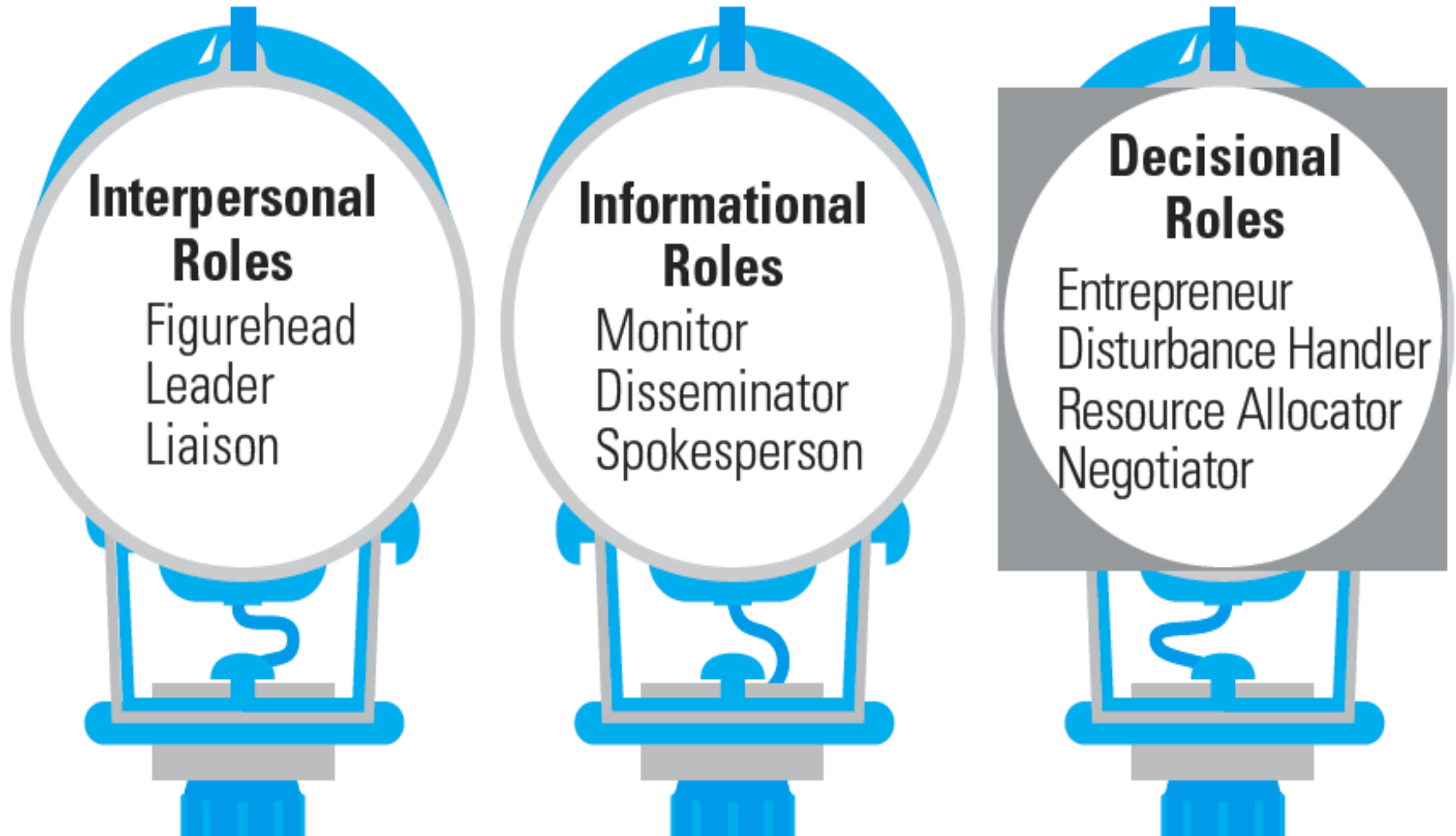
- Roles Approach
 - Interpersonal roles
 - Figurehead, leader, liaison
 - Informational roles
 - Monitor, disseminator, spokesperson
 - Decisional roles
 - Disturbance handler, resource allocator, negotiator, Entrepreneur

Roles of a manager



Roles of manager

Management Roles cont..



Interpersonal role

✓ **Interpersonal role:** This role is concerned with his interacting with people both organizational members and outsiders. There are three types of interpersonal roles:

1. **Figure head role:** In this role manager has to perform some duties of ceremonial nature such as **getting the touring dignitaries, attending social functions of employees, taking an important customer to lunch** and so on.
2. **Leader role:** Manager's leader role involves **leading** the subordinates **motivating and encouraging** them.
3. **Liaison:** In liaison role manager serves as a **connecting link between his organization and outsiders**. Managers must **cultivate contacts outside his vertical chain command** to collect information useful for his organization.

Information role

- **Information roles:** It involves communication. There are three types of informational roles:
 - ✓ **Monitor:** A manager **monitors his environment** and collect information through his **personal contacts with colleagues and subordinates.**
 - ✓ **Disseminator:** In the disseminator role, manager **passes some of his privileged information directly** to his subordinates who otherwise not be in a position to collect/access to it.
 - ✓ **Spokesperson:** As a spokesperson manager **represents his organization while interacting with outsiders** like customers, suppliers, financiers, government and other agencies of the society.
 - ✓ The manager **informs and satisfies various groups and people** who influence his organization.
 - ✓ Thus he advises shareholders about **financial performance, assures** consumer groups that the organization is fulfilling its **social responsibilities** and satisfies government that the **organization is abiding by law.**

Decision role

- **Decisional roles:** Decisional role involves choosing most appropriate alternative among all so that organizational objectives are achieved in an efficient manner. In his decisional role manager perform three roles:
 - ✓ **Entrepreneur:** A manager constantly **looks out for new ideas and seeks to improve his unit by adopting it** to dynamic conditions in the environment.
 - ✓ **Disturbance handler:** In this role manager works like a **fire-fighter**. He must seek solutions of various unanticipated problems both within & outside the organization (i.e: employee complaints and grievances, strikes, shortage of raw materials etc).

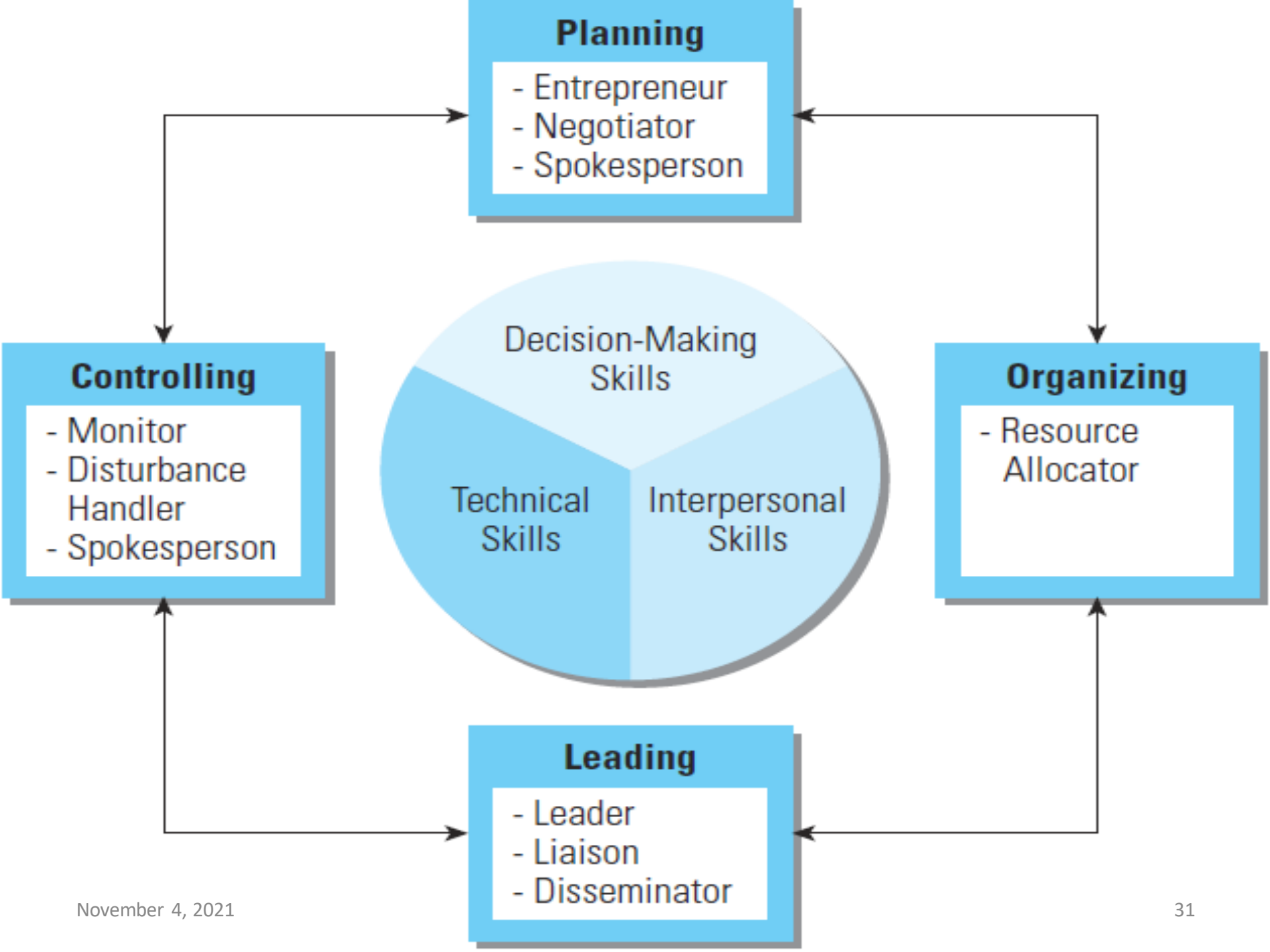
Decision role

Negotiator: In his role of negotiator, manager negotiates with various groups in the organization.

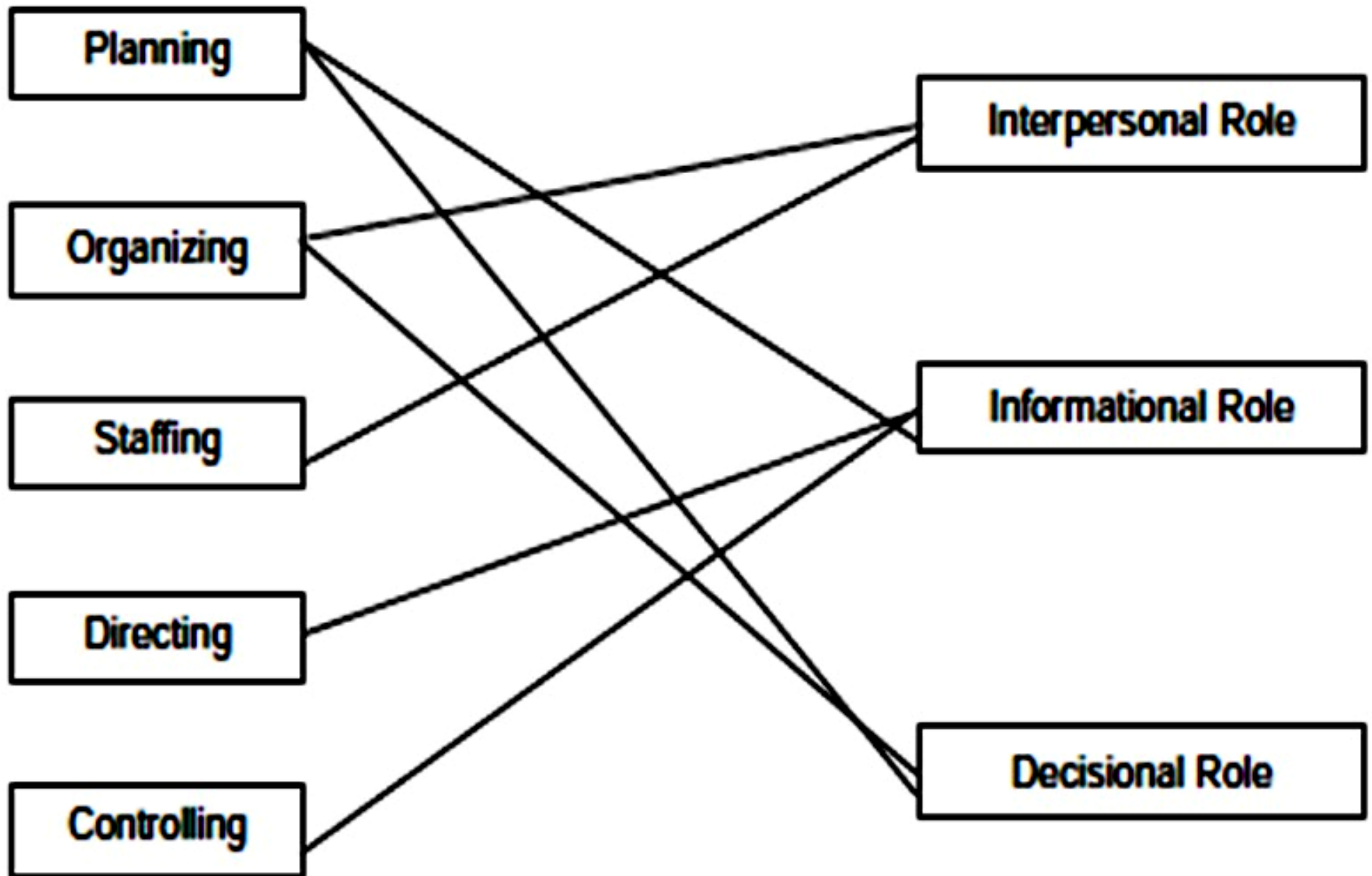
- ✓ The **CEO of the company may negotiate with union leaders regarding strikes, grievances of employees and other issues.**

Resource allocator

- ✓ Manager must **divide the work** and delegate authority among his subordinates.
- ✓ He must decide **who will get what**



Functions and Roles of manager



Skills Needed at Different Management Levels

Top
Managers

Middle
Managers

Lower-level
Managers

**Conceptual
Skills**

**Human
Skills**

**Technical
Skills**



Level of Importance

Conceptual Skill

- ✓ Refer to the ability of a manager to take a **broad and farsighted** view of the **organization & its future**, his ability to think in abstract, his ability to **analyze the forces** working in a situation, his **creative and innovative** ability to assess **the environment and changes taking place in it**.
- ✓ It is the ability to **conceptualize the environment**, the **organization**, his **own job**, so that he can set **appropriate goals for his organization, for himself, for his team**.
- ✓ Using information **to solve** business problems.
- ✓ Identifying of **opportunities for innovation**.
- ✓ Recognizing **problem** areas and implementing **solutions**.
- ✓ **Selecting critical information** from masses of data.
- ✓ Understanding of **business uses of technology**.
- ✓ Understanding of **organization's business model**.

Technical Skill

- ✓ It refers to the persons **knowledge & proficiency** in any type of process or technique.
- ✓ It is the manager's **understanding of the nature of job** that people **under him have to perform**.
- ✓ This type of skill and competence will be more important at the **lower levels of management**, as he moves **higher up**, its relative **importance diminishes**.
- ✓ At **higher levels**, the **conceptual component** become more **important & technical component becomes less important**.

Human relation skill

- ✓ It is the ability to **interact effectively with people at all levels**. This skill **develops in the manager sufficient ability**
- ✓ To recognize the **feelings and sentiments** of others.
- ✓ To judge the **possible reactions to, & outcomes of various courses of actions** he may undertake and
- ✓ To examine his **own concepts** and values which may **enable him to develop more useful attitudes** about himself. This type of skill remains consistently **important at all levels**.
- ✓ At top level ,technical skill becomes least important, and conceptual skill is more important.
- ✓ This is the reason why **people at the top shift** with great ease from **one industry to other** without apparent fall in their efficiency.

Characteristics of Management

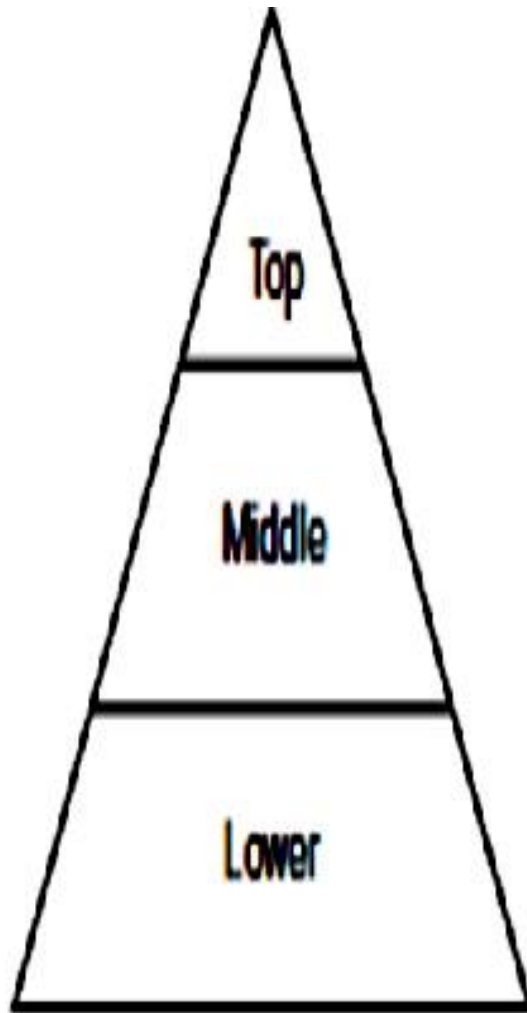
- ✓ Management is a purposeful activity.
- ✓ It is getting done in a desired manner.
- ✓ It concerns with the efforts of people working in the enterprise.
- ✓ It relates to decision-making.
- ✓ Management is both science and art.
- ✓ It is a fast developing profession.
- ✓ It deals with direction & control of business activities.
- ✓ Management is a dynamic concept which adapts itself to changing business conditions.
- ✓ It is a process consisting of various functions such planning,organizing,leading and controlling.

Levels of management

People in an organization are arranged in an hierarchy and they all have the **relationship of superior-subordinates**.

Breech has classified **management** levels into **three categories**

- ✓ **Top Management**, - Chairmans, Directors, Company president, Vice presidents, CEOs. They make policies for the company, set goals & targets.
- ✓ **Middle Management** – Finance manager, Sales manager, Marketing manager Personal Manager , Departmental heads etc.,
- ✓ **Supervisory/ Lower Level** - First line management- Supervisors and foreman. They are one step above the workers.



Board of Directors, Chairman, Chief Executive

Department Heads, Divisional Heads, Section Heads

Senior Supervisor, Front Line Supervisors

Levels of management

Levels of Management



Top Management

- ✓ **Top management** of an organization consists **board of directors, chairman and chief executive officer.**
- ✓ Top level management **determines goals and objectives.** It performs overall **planning, organizing, staffing, directing and controlling.**
- ✓ It integrates **organization with environment**, balances the interest groups and is responsible for overall results.

Middle Management

- ✓ Middle management stands between **top management** and **supervisory management** level.
- ✓ Middle level management **establishes programs** for department and **carries out functions for achieving specific goals.**
- ✓ The other functions of middle level management are **training and development of employees**, integrating various parts of the department.

Supervisory Management

- ✓ Supervisory management is concerned with **efficiency in using resources** of the organization.
- ✓ A supervisor is an **executor of policies** and **procedures making a series of decisions with well-defined** and specified premises.

Management as a Science

We call a discipline becomes scientific if its

1. Method of **inquiry** (an investigation) are **systematic** and **empirical**.
2. Information can be **ordered and analyzed**.
3. Results are **cumulative**(increasing by additions) and **communicable**.

On the basis of above, management can be grouped as scientific.

- ✓ Essential feature of any science is the **application of scientific methods** to the development of knowledge.
- ✓ Being **systematic** means being **orderly and unbiased**.
- ✓ All the scientific information collected first as **raw data** is finally **arranged in order and analyzed** with the help of **statistical tools**.

Management as a Science

- ✓ Science is also **cumulative** in that what is discovered is added to that which has been found before.
- ✓ Science is used to denote two types of **systematic knowledge –exact & inexact (behavioral)**. Management is not like exact science because in this discipline we **study man and a multiplicity of factors affecting him. It is not just possible to predict the outcome and we may not able to replicate the results.**

On the basis of above discussion of science it can be accepted that **management is also a behavioral science than exact science.**

Management as an Art

- ✓ Where as under Science one normally learns the “**why**” of a phenomenon under Art one learn the “**how**” of it.
- ✓ Art is thus concerned with the **understanding** of a particular work can be accomplished.
- ✓ Management is the **art of getting things done** through others in dynamic and mostly non-repetitive situations.
- ✓ The resources like **men ,machine and money** have to be coordinated against **several constraints to achieve the given objectives** in the most efficient manner.
- ✓ Knowledge of a manager has to be applied & practiced by him. In this sense, **management is an art.**
- ✓ It is like the art of a musician/painter who seeks to achieve the desired effect with instruments/ colors but mainly with his own skill. He does not copy the skill of others.
- ✓ **Conclusion: Management involves both element of science and art.**

Management as a Profession

Characteristics of a profession(Mcfarland)

- ✓ Existence of an **organized** and **systematic** knowledge.
- ✓ Formalized methods of acquiring **training & experience**.
- ✓ Existence of an **association** with **professionalization** as its goal.
- ✓ Existence of an **ethical code to regulate** behavior of members of the profession.
- ✓ Charging of **fees based on service**, but with due regard for the priority of service over the desire for **monetary reward**.

Management **does not** possess these characteristics.

- ✓ Unlike **medicine and law**, management **does not have any fixed** norms of **managerial behavior**. There is **no uniform code** of conduct or licensing of managers.

Management – A Profession

- ✓ **Lawyers and doctors** take up **profession after obtaining a valid academic qualification** .Where as a manager job is **not** restricted to individuals **with a special academic degree** only.
- ✓ Based on this ,it can be concluded that the **Management is not a profession.**
- ✓ However, the **present trend** is towards the **professionalization** of management.

Management and Administration

- The term **administration** and **management** are used synonymously.
- Some writers urge that **running of a business** requires skills, which is known as management and **functioning of government departments** and **non-profit** institutions requiring skill is known as administration.
- Various views expressed by thinkers of management led to the emergence of there approaches:
 - (1) Administration **is above** management.
 - (2) Administration **is a part of** management.
 - (3) Management and administration **are same.**

Management and Administration cont..

There is agreeing among writers over the meaning and use of **words management and administration**

First View(Sheldon,Spreigal and Milward)

- ✓ According to Spreigal, “Administration is that phase of business enterprise that concerns itself with the **overall determination of institutional objectives** and the **policies** necessary to be followed in **achieving those objectives**.”
- ✓ **Administration involves “thinking”**. It is a top level function which is **centers** around the **determination of plans ,policies and objectives** of a business enterprise.
- ✓ Management on the other hand is **an executive function** which is primarily concerned with carrying of broad policies laid down by the administration”.
- ✓ Management involves **“doing”**. It is a lower level function which is concerned with execution and direction of policies and operations.

Management and Administration cont..

According to second view(EFL Breech and others)

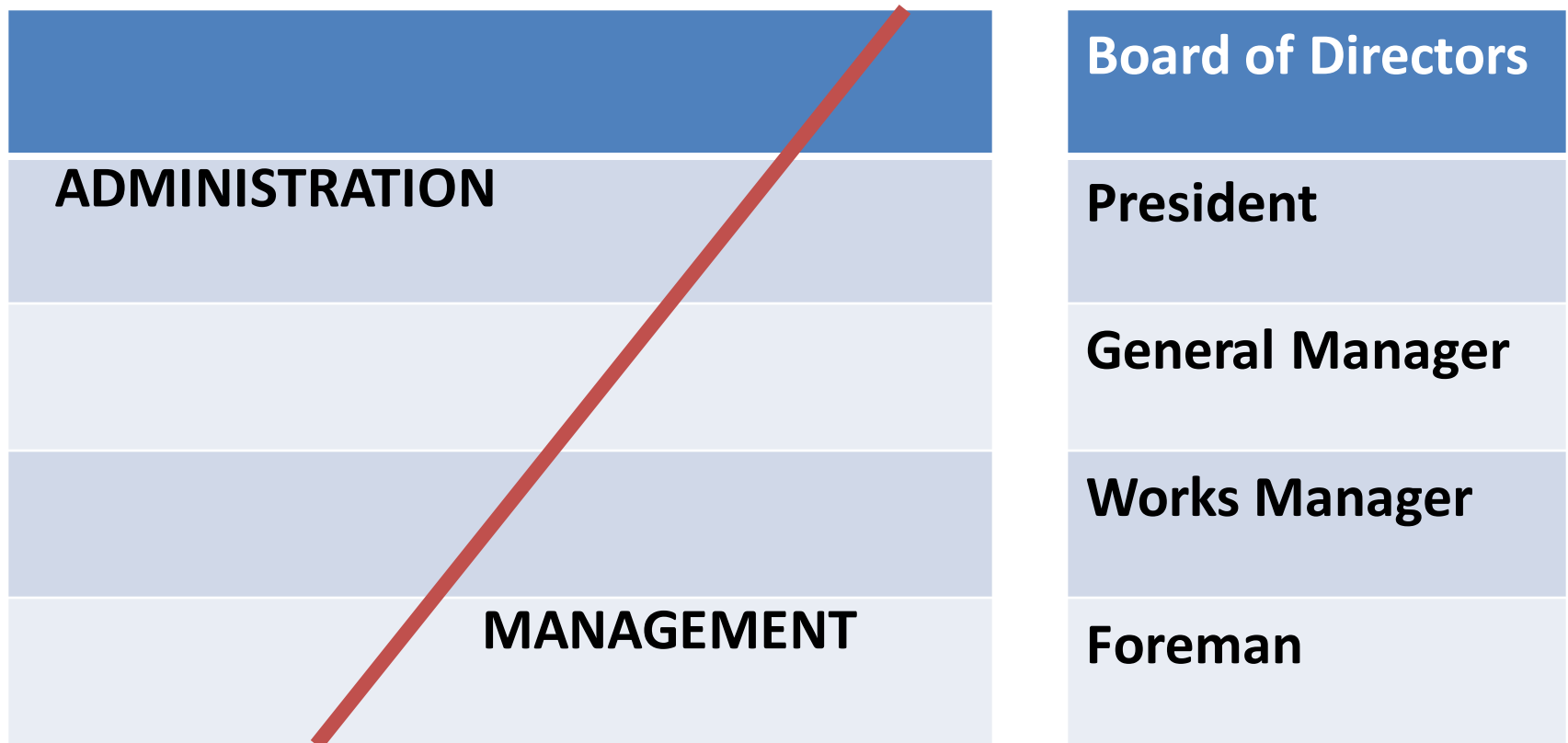
- ✓ **Management is a comprehensive generic term which includes administration.**
- ✓ Management is regarded as **comprehensive generic function covering entire process of planning,organizing,directing & controlling.**
- ✓ **Administration is a branch of management which encompasses planning and control.**
- ✓ The other two functions of management **organizing and directing can be called operative management.**
- ✓ Administrative management – Upper level of management.
- ✓ Operative management - Lower level of management.

Management and Administration cont..

The third view expressed by Peter Drucker

- ✓ The basic difference between **management and administration** lie use of these terms in **different fields**.
- ✓ The **governance of non business institutions** (such as **government, army, church** etc..) is generally called **administration**, while the governance of **business enterprise** is called management.
- ✓ This **argument is accepted**, then **economic performance** becomes the chief dimension of management.

Management and Administration cont..



Management and Administration cont..

- ✓ **Administration is that part of management** which is concerned with the **installation and carrying out of procedures** by which it is laid down and communicated, and the process of activities **regulated and checked against plans.**
- ✓ The term administrator found its origin in **bureaucratic structure of government** or in regulation of some laws.
- ✓ The government often **uses the terms administrator** who is supposed to **execute broad policies laid down by government.**

Differences between administration and management

Basis of difference	Administration	Management
1. Level of organization	Top Level	Middle and Lower Level
2. Major focus	Policies formulation and objective determination	Policies execution for objectives achievements
3. Nature of function	Determinative	Executive
4. Scope of functions	Broad & Conceptual	Narrow & Operational
5. Factors affecting decision	Mostly external	Mostly internal
6. Employer – Employee relation	Entrepreneurs & Owners	Employee
7. Qualities required	Administrative	Technical

Evolution of Management

Early classical approaches

- ✓ Physiological development
- ✓ Scientific management
- ✓ Administration management
- ✓ Human relations movement

Modern approaches

- ✓ Behavioral approach
- ✓ Quantitative approach
- ✓ System approach
- ✓ Contingency approach

Scientific Management

- ✓ **Fredrick Winslow Taylor (1856-1915)** is considered to be the **father of scientific management** conducted series of experiments and promoted the development of management thought through his experiments and writings.
- ✓ While working as chief engineer of Midvale steel company he made **several important contributions** which are classified under scientific management.

Time and Motion Study

- ✓ Taylor started **time and motion study**, under which each **motion of a job was to be timed** with help of a stop watch and shorter and fewer motions were to be developed. Thus the best **way of doing a job was found**.
- ✓ This replaced the rule of thumb knowledge of workman.

Scientific Management

Differential Payment

- ✓ Taylor introduced a **new payment plan** called the differential piece work, in which he linked incentives with production.
- ✓ A worker **received low rate** if he produced **standard number pieces**, and **high rate** if he surpassed the standard.
- ✓ Taylor thought that **attraction of high piece rate** would motivate the workers **to increase the production**.

Drastic reorganization of supervision

Two new concepts

- ✓ **Separation of planning & doing**
- ✓ **Functional foremanship**
- ✓ Taylor advocated that, the **planning of work and selection of tools** and **sequence of doing the work** are to be done by the **foreman** & the **worker had to simply carryout the work** without wasting his time as to how to do that. He also suggested that there should be separate foreman for each function of job.

Scientific Management

Scientific recruitment and training

- ✓ Talyor emphasized on **management should develop and train every worker** to bring out the best facilities and to enable him to do a **higher**, more **interesting**, and more **profitable class of work that has to be in the past**.

Intimate friendly cooperation between management and the workers

- ✓ Talyor said that for the **above suggestions to succeed**, a complete **mental revolution** on the part of the management and worker was required.
- ✓ They should **both try to increase production** so that profit will increase can be shared.

Taylor's Five Principles of Management

- 1. Develop a science for each element of an individual's work, which will replace the old rule-of-thumb method.**
- 2. Scientifically select and then train, teach, and develop the worker.**
- 3. Heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.**
- 4. Divide work and responsibility almost equally between management and workers.**
- 5. Management takes over all work for which it is better fitted than the workers.**

Contributions of scientific management

- **Time and motion study**, this made us aware that the tools and physical movements involved in a task can be made more **efficient and rational**.
- **Scientific selection of workers**: made us to recognize that without **ability and training**, a **person cannot** be expected to **do his job properly**.
- Importance that scientific management gave to work design encouraged managers to seek that **one best way** of doing a job.
- Thus scientific management not only developed a **rational approach** to solving organizational problems, but also contributed a great deal to **professionalization** of management.

Taylor summed up his approach in these words:

- ✓ *Science, not rule of thumb*
- ✓ *Harmony, not discord*
- ✓ *Cooperation and not individualism*
- ✓ *Maximum output, in place of restricted output*
- ✓ *The development of each man to his greatest efficiency and prosperity.*

Note

Time and motion study to increase productivity – hire best qualified employees- design incentive systems based on output

Limitations of scientific management

- ✓ Talyor belief that **economic incentives are strong enough to motivate workers** for increased production proved **wrong** < No man is entirely economic>
- ✓ **Taylor's time and motion study is not accepted** as entirely **scientific**, this is because two time studies done by two separate individuals may time the same job entirely differently.
- ✓ Separation of planning & doing & the greater specialization inherent in the system, tended to reduce the need for skill & produce greater monotony of work.
- ✓ Having a **worker to take orders from many different bosses** results in **confusion, besides increasing the overhead costs.**
- ✓ Advances in **methods and better tools & machines** eliminated some workers, who find it **difficult to get other jobs.** This caused resentment among them.

Henry Fayol's Administrative Management (1841–1925)

- ✓ Henri **fayol-father of administrative management** theory.
- ✓ His theory was focused on the development of **administrative principles applicable to middle and top level managers**.
- ✓ Fayol provided a **broad analytical framework** of the process of administration.
- ✓ He used the **word Administration** for what we call Management.
- ✓ Foyal focused on **general administrative and managerial** functions and processes at the organizational level.
- ✓ Foyal divided activities of business enterprise into **six** groups: **Technical, Commercial, Financial, Accounting, Security, and Administrative or Managerial**.
- ✓ He defined management in terms of **five functions** namely **Planning, Organizing, Commanding, Coordinating and Controlling**.

Fayol's 14 Principles of Management

1. Division of work.
2. Authority.
3. Discipline.
4. Unity of command.
5. Unity of direction.
6. Subordination of individual interest to the interests of the organization.
7. Remuneration.
8. Centralization.
9. Scalar chain.
10. Order.
11. Equity.
12. Stability of tenure of personnel.
13. Initiative.
14. Esprit de corps.

Fayol's 14 principles management/General guidelines to the management process & practice

1.Division of work:

- ✓ Various functions of management **planning, organizing, directing and controlling cannot be done by a single person** and hence must be entrusted to specialists in related fields.
- ✓ **Division of work** in the management process **produces more and better work** with the same effort .

2. Authority and responsibility:

- ✓ As management consists of **getting the work done** through others, it implies that **manager should have the right to give orders and powers to exact obedience.**
- ✓ A manager may exercise **formal authority(official position)** and also **personal power (intelligence, experience).**

3.Discipline

it is **very essential for smooth running** of business.

Discipline **we mean** in management as

- ✓ **Obedience** to authority
- ✓ **Observance** of the **rules of service & norms of performance**
- ✓ **Respect for agreements**
- ✓ **Sincere efforts to complete the jobs**
- ✓ **Respect for superiors**

The **best means of maintaining discipline** are:

- ✓ **Good supervisors** at all levels
- ✓ **Clear and fair agreement** between the employees & employer
- ✓ **Judicious** application of **penalties**

4. Initiative

- ✓ Initiative means **freedom to think** and **execute a plan**.
- ✓ The **zeal and energy** of employees are **augmented** by initiative .

5. Centralization

- ✓ The management must decide **how much** and **what authority** it **can keep** and **what could be delegated** to the **subordinates**.
- ✓ It depends on the **circumstances, size of undertaking** etc.

6. Remuneration (Pay or Reward for Services)

- ✓ The **remuneration** paid to the individual **must be fair**.
- ✓ It should be based on general **business conditions, cost of living, productivity of the employee** and also the **capacity of the firm** to pay
- ✓ Fair remuneration increases the **workers efficiency, morale** and **fosters good relation between them and the management**.

7.Order

- ✓ To put things in order **needs effort.**
- ✓ Management should **obtain orderliness** in work through **suitable organization of men and materials.**
- ✓ The principle of **right place for everything & for every man** observed by the management.

8.Subordination of individual interest to general interest

- ✓ In a business concern the individual interests are **more money, status, recognition etc.,**
- ✓ While the **organizational interest** is more **production.**
- ✓ Hence the need to subordinate the **individual interest to general interest.**

9.Unity of command

- ✓ This principle requires that **each employee** should **receive instructions from boss only.**

10.Unity of direction

- ✓ Unity of direction is the principle that **each group of activities** having the **same objective** must **have one head and one plan.**
- ✓ Fayol perceives **unity of direction** as related to the **functioning of personnel.**

11. Scalar Chain

- ✓ ‘Chain of Superiors’ from the **highest to the lowest** ranks
- ✓ It means the hierarchy of **authority from highest executive to the lowest for** the purpose of **communication**.
- ✓ The orders or communications should **pass through proper channels** of authority along scalar chain.
- ✓ In case **need or emergency**, the **channel must be short circuited and direct contact mode**.

12. Stability of tenure of personnel

- ✓ In order to **motivate workers to do more and better work**, it is necessary that they **should be assured security of job** by the management.

13.Equity

- ✓ Means **equality** of fair treatment.
- ✓ Equity results from a combination **of kindness and justice.**
- ✓ Employees expect management **to be equally just to everybody.**
- ✓ It requires managers to be free from all **prejudices, personnel likes and dislikes.**
- ✓ It ensures **healthy industrial relations** between **management and labor** which is essential for the successful working of enterprise.

14.Esprit De Corps

- ✓ It means team spirit
- ✓ Since union is strength, the management should create team spirit among employee.
- ✓ Harmony and unity among staff are a great source strength to the undertaking.

Contributions of Administrative Management

- ✓ There should be **clear line of authority**.
- ✓ The authority and responsibility of each employee should be **communicated to him in writing**.
- ✓ Each **individual** should perform **one function only**.
- ✓ The span of control of a manager **should never cross six**.
- ✓ **Authority can be delegated** but **not responsibility**.

Limitations of Administrative Management

Ideas of Fayol's and his followers are criticized as under

1. Fayol's principle of specialization produces following consequences:
 - a) It leads to **small work groups with norms** & goals often at **odds** with those of management.
 - b) Results in **dissatisfaction of employees** as their abilities are not fully exploited.
 - c) **Results in increase in overhead cost** since specialization needs greater co-ordination.
2. For many principles you can find **equally plausible** (seeming reasonable or probable) and **acceptable and contradictory** principle.
3. These **principles based** on few **case studies** only and **have not been tested empirically**.
4. These **principles** are stated as **unconditional statements** while, what is needed in **certain cases is conditional**.
5. These principles (**specialization, chain of command, unity of direction and span of control**) result in a mechanistic structure which are sensitive to **social and psychological** needs of employees.
6. These principles are based on assumptions that **organization are closed systems**. But it is not so. **Organizations are open systems**.

Human relations movements(1924-1932)

Hawthorne Experiments

- ✓ **30000 employee** took part in experiment.
- ✓ The objective of the experiment was to find out the **behavior and attitudes of employees** under better working conditions.
- ✓ **Pension, medical allowance, recreation facilities** – productivity, job satisfaction not up to the expectation.

Research phases

- ✓ Illumination experiment.(1924-27)
- ✓ Relay assembly test room experiment(1927-28)
- ✓ Mass interviewing program(1928-30)
- ✓ Bank wiring observation room experiments(1931-32)

Illumination experiment.(1924-27)

- ✓ Effect of changes in lighting on productivity.
- ✓ Basic **assumption of this research was high lighting leads to productivity.**
- ✓ Two **groups- experimental-control**
- ✓ **Changing** light results observed and recorded.
- ✓ **Control group-** no changing in **lighting-constant lighting-productivity** increased.
- ✓ Lighting falls below **normal level productivity decreased.**
- ✓ Illumination affected **production marginally.**

Relay assembly test room experiments

Conducted to determine the **effect of changes of working conditions and productivity.**

Experiment in three phases

- ✓ First relay assembly test
- ✓ Second relay assembly test
- ✓ The mica splitting group.
- ✓ **Samples size 6-group(girls)-** placed in separate room-observer(one)-change in working condition-duration 4 to 12 **week-first change-bonus incentive-productivity** increased to some extent.
- ✓ **Second change- two five minutes** –morning & evening- **five to ten-productivity increased.**
- ✓ **Third change**-Free **snacks & coffee or soup**– productivity increased- withdrawn snacks & coffee and four five minutes interval rest- productivity decreased due to interval not due to snacks.
- ✓ The group complained **that frequent rest intervals affect smooth flow of** work.
- ✓ **Fourth stage-change in working hours, workday**-Saturday no work, half hour cut in regular days-productivity increased.
- ✓ **Fifth stage**-withdraw all benefits-productivity increased instead of going down.
- ✓ Changes introduced-absenteeism decreased-morale increased-responsibility self discipline-good relationship between supervisor & girls

Relay assembly test room experiments

- Productivity increased not because of **improved working conditions**, (positive changes in physical factors) but because of **socio-psychological factors** such as **feeling of being important, recognition, attention, complete communication, participation, small size of the informal cohesive work group, on-directive supervision.**

Mass Interview Program

- ✓ Employee attitude towards **company, supervision, insurance plans, promotions** and wages.
- ✓ Non-directive **interview-Interviewer asked to listen** instead of talking, arguing, advising.
- ✓ Employees **ask to discuss freely** those issues which are relevant to the topics of their own choice.
- ✓ This study revealed that **satisfaction or dissatisfaction of an employee comes from his social status and expected social rewards.**
- ✓ The **personal situation(sentiments, desires and interests), position or status of worker in a company, morale booster, social demand, individual behavior.**

Bank wiring observing room

- **Sample: 14 males. 9 wiremen + 3 soldier + 2 inspectors**

Objective

- ✓ How a group can influence a worker to restrict his output even in the face of attractive incentives for larger output.
- ✓ maximum group bonus, workers to produce more
- ✓ Under this experiment workers have decided their target by themselves.
- ✓ The company target is more than that the target fixed by the workers.

The employees failed to achieve target because

- ✓ Unemployment problem
- ✓ Unduly high standard
- ✓ Protection of slow workers

Contributions of human relations movement

- ✓ A business organization is not merely a **techno-economic system** but is also a **social system**. It is as important to provide **social satisfaction as to production**.
- ✓ There is no relation between **improved working conditions** and **high production**.
- ✓ A worker production norm is set and **enforced by their group** not by **time and motion study**. Those who deviates from group norms are **penalized by their co workers**.
- ✓ A worker **does not work for money only**.
- ✓ Affection, respect to the co-workers also significantly **affect his behavior and largely limit the effect of economic incentive plan**.
- ✓ Employee centered, democratic and participative style.

Limitations

- ✓ This method only **concentrates on human aspects** and ignore other aspects of business such as productivity.
- ✓ Due to the diverse nature of social groups with in compatible values it is **difficult to bring the on to common platform.**
- ✓ This approach over **emphasizes the symbolic rewards and underplays role of material rewards.**
- ✓ This approach provides **unrealistic picture about informal groups by describing them as a major source of satisfaction for industrial workers**
- ✓ This approach is based on wrong assumption that satisfied workers are more productive workers.

Modern Approaches

Quantitative Approach

- ✓ Also known as **management science approach**
- ✓ Developed during 2nd world war to find solutions to some complex new problems in warfare.
- ✓ As a result, the **quantitative approach called operation research(OR)** was developed by a team of interdisciplinary members.
- ✓ This deals with formulating **mathematical models to simulate a given problem that includes the feasibilities, constraints, cost events etc.**
- ✓ An optimum mix of these critical variables is arrived at, either for **minimizing time or cost, or maximizing profit or production or service etc.**, enabling the management to take up a logical decision.
- ✓ ORT are widely used in **project planning & control** where better benefits have been obtained with its use

Systems approach

System approach provides **integrated approach** to management problems.

A system is a set of independent parts:

An organization is also a system composed of **4 independent** parts

- ✓ **Task:** refers to **main purpose** of the organization.
- ✓ **Structure:** refers to formal **division of authority, responsibility, communication channels.**
- ✓ **People** :refers to employees with their **motives, attitudes, values** and the informal organization.
- ✓ **Technology:** refers to the **tools and equipments as well as techniques** used by organization to perform its task.

Systems approach

Central to the system approach is the concept of holism

- ✓ Holism means **no part of the system** can be accurately **analyzed & understood** without analyzing the whole system.
- ✓ Conversely, whole system **cannot be accurately perceived** without understanding all the parts.
- ✓ Each part bears a relation of **interdependence** to every other part. The system approach tries **to give the manager** a way of looking at the **organization as a whole**.

A system can be either open or closed

- ✓ A open system is one which interacts with the environment.
- ✓ A closed system is one which independent of the environment.

Every system has a boundary

- ✓ It helps a system in **determining where it ends** and the other **system begin**.
- ✓ It **divides those** elements that are **part of a system** from those are a **part of its environment**.
- ✓ **problem is studied both** at the level of **subsystem** and the **total system**.

Contingency Approach

- ✓ Also called **if-then** approach
- ✓ It is **most recent development** in the field of management.
- ✓ Attempts to **integrate all management** approaches.
- ✓ There is one **best way of doing things** under all conditions in all organizations.
- ✓ The techniques and methods that are **effective in one particular situation** may be **failure in similar situation in other area**.
- ✓ This approach suggests that the task manager is to identify the **correct techniques** that will suit **a particular situation and apply them to solve the problem**.
- ✓ This approach is very much applicable in preparing organizational **structure, in deciding degree decentralization, motivational & leadership approaches, establishing the communication systems, resolving conflicts, training the employees etc..**

Behavioral Approach

- ✓ It is the **modified version of human relations** approach.
- ✓ The behavioral approach recognizes the **practical and situational constraints on human rationality** for making optimal decisions.
- ✓ This concept attaches great **weightage to participative and group decision-making** because it is felt that business problems are **so complex that it is neither fair nor feasible to make individual response for solving them.**
- ✓ This approach focuses on **self direction and control** instead of **imposed control.**
- ✓ In leadership point of view **democratic participative style, autocratic, task oriented style**

- 1. Define management and bring out its nature and characteristics 5M,7M,8M,10M(dec08,13,Jun09,10,11,14)**
- 2. Briefly explain the functional areas of management 10M(dec08,11,15,14)**
- 3. List the levels of management and also list the roles of management 5M(dec08,Jul15,12)**
- 4. Explain the functions of managers 5M(Jun09,Dec13)**
- 5. Explain management as an Art and science 5M,10M(Jun09 ,Jun10,Dec10)**
- 6. What are modern management approaches? Explain briefly the contingency approach of management 7M(Jun10)**
- 7. What is scientific management? Explain Taylor's scientific principles of management. 5M,10M(Jun09,Dec10,11)**
- 8. Write a short note on development of management**
- 9. Explain different skills and their importance at different levels of management 8M (Jun11,Dec13)**
- 10. Distinguish between management and administration 5M(Jun11,12,14 Dec11)**
- 11. Briefly describe the general principles of management as laid down by Henri Fayol 8M(Dec14,Jul11,12)**
- 12. Explain the roles of a manager 10M(Dec15)**
- 13. List the contributions of F.B Gilberth 5M(Jun14)**
- 14. What is profession and administrative management? 10M(Jul15)**